

# **Comprehensive Annual Financial Report**

**of the**

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

**Cape May County, New Jersey**

**For the Fiscal Year Ended June 30, 2017  
Prepared by the Finance Department**



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# **Introductory Section**





**CAPE MAY COUNTY  
SPECIAL SERVICES SCHOOL  
DISTRICT**

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

**BARBARA J. MAKOSKI**  
Superintendent of Schools  
Ext. 2200

**KATHLEEN M. ALLEN**  
School Business Administrator  
Board Secretary  
Ext. 2211

**JONATHAN PRICE**  
Director of Related Services  
Ext. 4400

**ANNAMARIE HAAS**  
Principal, CMC High School  
Principal, Ocean Academy  
Principal, COMPACT  
Ext. 8800

**LORI VILARY**  
Assistant Principal  
Ext. 5500



September 25, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Cape May County Special Services School for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the basic financial statements, schedules and the Management Discussion and Analysis as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The Board of Education of the Cape May County Special Services School is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cape May County Special Services Board of Education and all its schools constitute the District's reporting entity.

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

Cape Educational COMPACT is housed off campus and provides the educational program for approximately 50 students. As of June 30, 2017, this program was discontinued due to the lack of adequate enrollment.

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	233	-2.5%
2015-16	239	-4.4%
2014-15	250	-7.7%
2013-14	271	-1.5%
2012-13	275	-6.1%
2011-12	293	2.8%

**2. ECONOMIC CONDITION AND OUTLOOK:** The 2016-17 school year ended with enrollment in line with what was budgeted. Tuition adjustments for the 2014-2015 school year were completed resulting in a net refund to the sending districts of approximately \$339,788. We continue to closely monitor enrollment in light of the overall decline in year-round population in the County as well as the effects of the “least restrictive environment” mandate. We remain steadfast in our philosophy that we offer the optimum environment for a segment of the disabled youth of our County and surrounding area in a cost-effective manner.

**3. MAJOR INITIATIVES:** In the 2016-2017 school year the district continued to provide staff and students with updated technology hardware. This is an ongoing initiative requiring evaluation of obsolete equipment and the purchase of new equipment conducive to the instructional and assessment needs of the students and the professional requirements for staff. Keeping our students, staff and visitors safe is a high priority and a new camera system was purchased and installed this year. Due to the increased behavioral needs of the students who are attending our schools, a full time Board Certified Behavior Analyst was employed. In addition, to better coordinate a cohesive IEP process with our sending districts and to make more efficient use of professional staff time, Frontline IEP was purchased to replace an outdated IEP system. To exceed the requirements of the Antibullying Bill of Rights Act (ABR), My-K12 software was purchased and staff trained in its use. My K-12 guarantees complete compliance with legal timelines embedded in the law and allows administration to view investigations as they are being completed. The district continued to place a high priority on professional development providing in-services, the opportunity for professional staff to attend outside conferences pertinent to their responsibilities, and participation in the SRI ETTC through Stockton. Additionally, lead testing was completed.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's Management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2017.

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the GASB. The accounting system of the District is organized on the basis of entity-wide governmental and business type activities as well as various governmental, enterprise and fiduciary funds. These funds are explained in the "Notes to the Financial Statements," Note 1.

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

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

**9. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as revised and the related Budget Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**ACKNOWLEDGMENTS:**

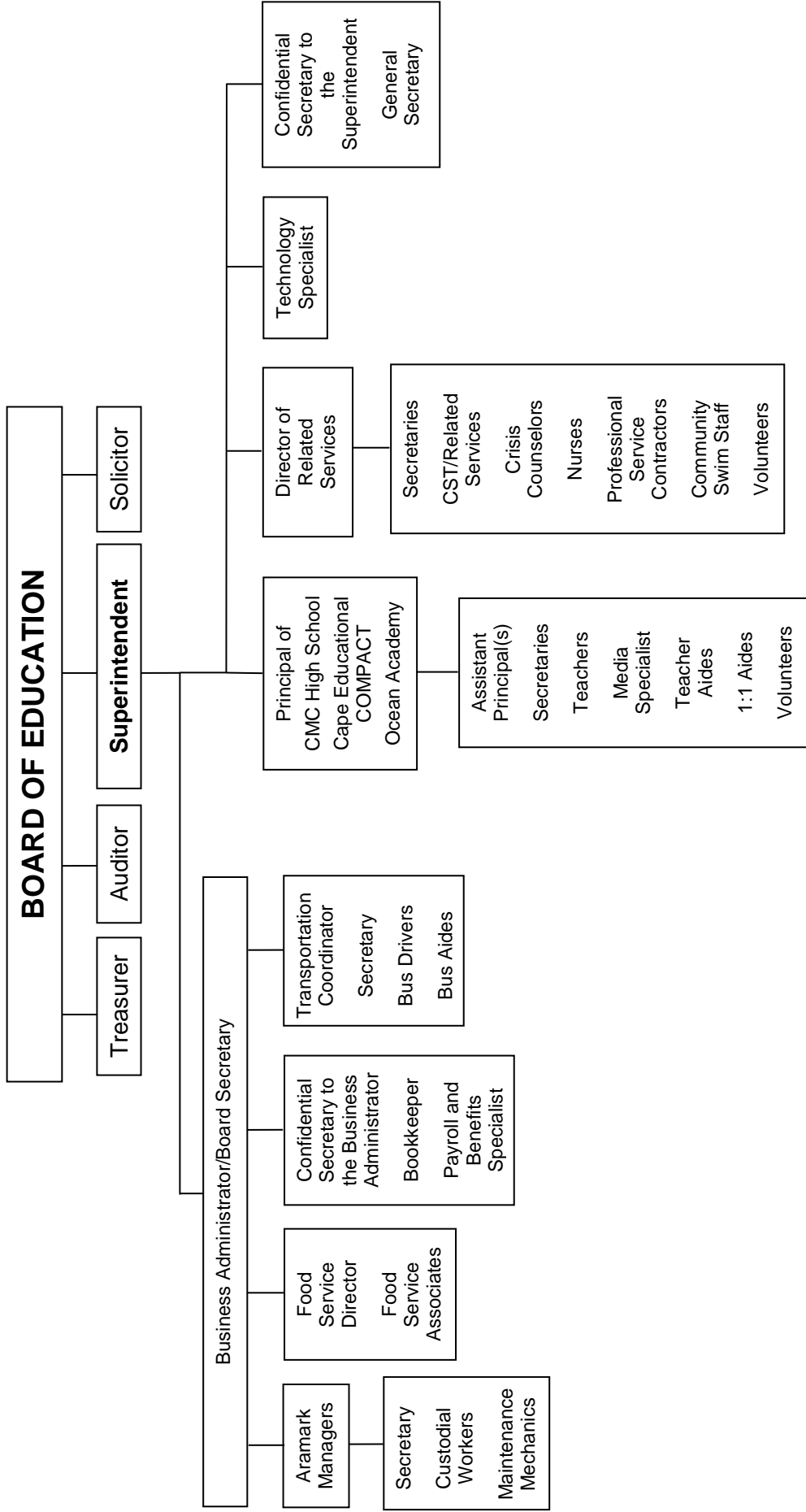
We would like to express our appreciation to the members of the Board of Education of the Cape May County Special Services School for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and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

Respectfully submitted,

*Barbara J. Makoski*  
Barbara J. Makoski  
Superintendent

*Kathleen M. Allen*  
Kathleen M. Allen  
School Business Administrator/Board  
Secretary

# Cape May County Special Services School District 2016 – 2017 Organizational Chart



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Lenora B. Kodytek, President	2018
Michael T. Palombo, Sr., Vice President	2020
Thomas C. Whittington	2019
Nancy Delp	2019
Kenneth R. Merson	2018
Jane Elwell	2020
Richard Stepura, Ed.D	Ex-officio – with Vote

**Other Officials**

Barbara J. Makoski, Superintendent

Kathleen M. Allen, School Business Administrator/Board Secretary

Lewis J. Mawson, Treasurer

Michael P. Stanton, Esq., Solicitor

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

**Audit Firm**

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

**Attorney**

Michael Stanton, Esquire  
618 West Avenue  
Suite 201  
Ocean City, NJ 08226

**Official Depository**

Ocean First Bank  
225 N. Main Street  
Cape May Court House, NJ 08210

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## **Financial Section**





# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May County Schools for Special Services (a component unit of the County of Cape May), State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cape May County Schools for Special Services (a component unit of the County of Cape May), in the County of Cape May, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cape May County Schools for Special Services' (a component unit of the County of Cape May) basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB 15-08, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017 on our consideration of the Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cape May County Schools for Special Services' (a component unit of the County of Cape May) internal control over financial reporting and compliance.

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

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**September 25, 2017**

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**REQUIRED SUPPLEMENTARY INFORMATION – PART I**





**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

The discussion and analysis of Cape May County Schools for Special Services' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- In total, net position decreased by \$44,324, which represents an 1 percent decrease from 2016. This decrease is primarily attributed to a small reduction in revenues, particularly non-resident tuition fees, and an increase in expenses, specifically employee health benefits. The net position also reflects the third year of implementation of GASB 68 regarding pension liabilities.
- General revenues accounted for \$4,141,716 in revenue or 18 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$18,646,865 or 82 percent of total revenues of \$22,788,581.
- Total assets of governmental activities increased by \$639,376 as cash and cash equivalents increased by \$550,251, and capital assets increased by \$142,874. There was no specific cause for these normal fluctuations.
- The School District had \$22,537,783 in expenses; \$18,646,865 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily the county appropriation) of \$4,141,716 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$13,495,069 in revenues and other financing sources and \$12,942,363 in expenditures and other financing uses. The General Fund's fund balance increased \$404,570 over 2016. This change was the result of a increase in tuition charges over 2016, as well as a slight increase in State sources.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

**Reporting the School District as a Whole**

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

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

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

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

- **Governmental Activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Shared Services Itinerant, Shared Service Transportation, Community Use and Extended School Year enterprise funds along with several "non-major" enterprise funds are reported as a business activity.

### **Reporting the School District's Most Significant Funds**

#### Fund Financial Statements

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

#### Governmental Funds

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

#### Enterprise Fund

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

### **Notes to the Financial Statements**

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**The School District as a Whole**

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

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

Table 1 provides a summary of the School District's net assets for 2017 and 2016.

**Table 1  
Net Position**

	2017	2016
<b>Assets</b>		
Current and Other Assets	\$ 6,450,437	\$ 5,657,286
Capital Assets	1,813,876	1,688,556
Total Assets	8,264,313	7,345,842
<b>Liabilities</b>		
Long-Term Liabilities	12,157,945	9,603,279
Other Liabilities	270,012	228,606
Total Liabilities	12,427,957	9,831,885
<b>Net Position</b>		
Net Investment in Capital Assets	1,813,876	1,688,556
Restricted	942,251	741,526
Unrestricted	(4,354,920)	(4,279,673)
Total Net Position	\$ (1,598,793)	\$ (1,849,591)

The District's combined net position was \$(1,598,793) on June 30, 2017. This was an increase of 14 percent from the prior year. The increase was caused by an increase in assets as well as an increase in deferred outflows related to pensions. Table 2 shows changes in net position for fiscal year 2017.

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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**Table 2  
Changes in Net Position**

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 13,832,446	\$ 13,381,690
Operating Grants and Contributions	4,814,419	3,667,017
General Revenues:		
County Appropriation	3,974,832	3,974,832
Other	166,884	237,716
Total Revenues	<u>22,788,581</u>	<u>21,261,255</u>
<b>Program Expenses</b>		
Instruction	6,458,444	6,124,541
Support Services:		
Pupils and Instructional Staff	2,670,335	2,147,201
General Administration, School Administration, Business Operations and Maintenance of Facilities	7,546,255	7,239,425
Food Service	201,272	251,997
Shared Services	4,460,069	4,596,814
Other Enterprise Funds	1,201,408	1,122,655
Total Expenses	<u>22,537,783</u>	<u>21,482,633</u>
Change in Net Position	<u>\$ 250,798</u>	<u>\$ (221,378)</u>

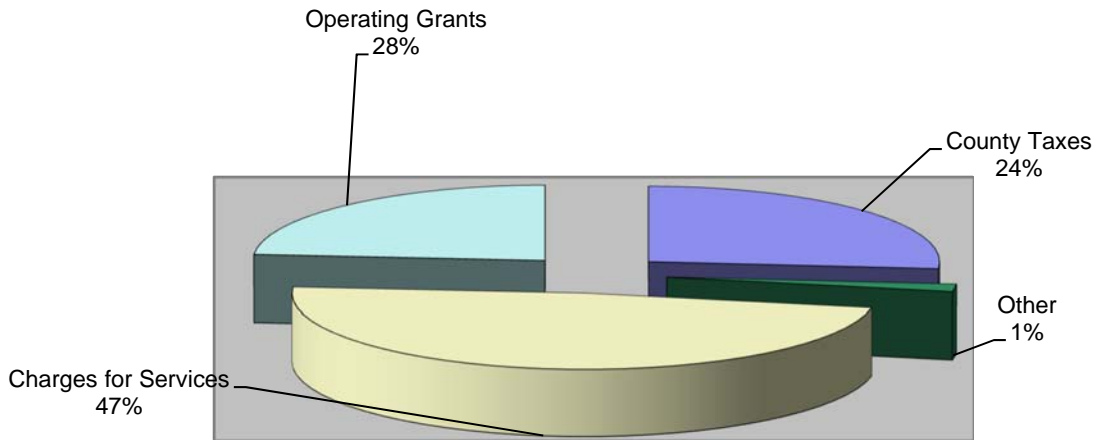
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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**Governmental Activities**

Charges for services (mostly tuition from sending districts) made up 47 percent of revenues for governmental activities for the Cape May County Schools for Special Services for fiscal year 2017 and 48 percent of revenues for fiscal 2016. Tuition received from sending districts and nonresident fees increased by \$631,254, which is a 9% increase from the prior year. The increase in tuition revenue can be attributed to the tuition adjustment which was a reduced net payable due to the districts as compared with the prior year. The District's total revenues were \$16,630,710 for the year ended June 30, 2017. The county appropriation accounted for 24 percent of revenue.

**Sources of Revenue for Fiscal Year 2017**

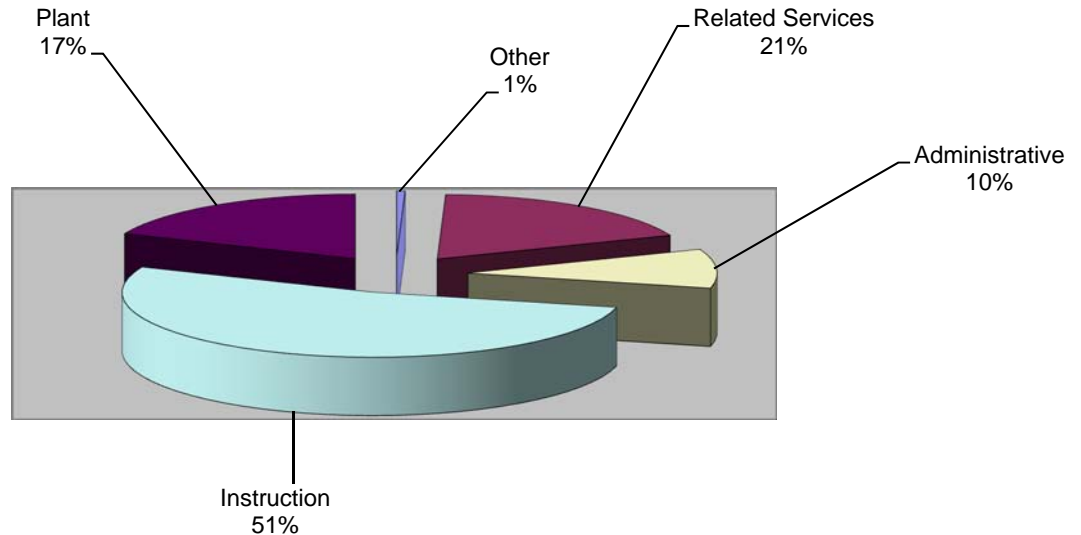


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**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

The total cost of all program and services was \$16,749,102. Instruction comprises 51 percent of District expenses and Related Services another 21%.

**Cost of Programs and Services for Fiscal Year 2016**



**Business-Type Activities**

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

- Food service expenses exceeded revenues, both operating and non-operating by \$12,128 prior to a contribution from the general fund of \$74,068. These amounts are similar to the prior year as anticipated
- Charges for services in the food service fund represent \$69,194 of total revenue compared to \$67,746 in the prior year. This represents amounts paid by patrons for daily food service and amount received from catering and special functions.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$119,950 compared to \$110,011 in the prior year
- Shared Services revenues for Itinerant Services exceeded expenses by \$234,263. Shared Services revenues for Transportation Services exceeded expenses by \$117,934.
- Charges for services in the Shared Service Fund for Itinerant Services represent \$2,587,437 of revenue. This represents amounts paid by users for itinerant services of other local school districts. Charges for services in the Shared Service Fund for Transportation Services represent \$2,224,829 of revenue. This represents amounts paid by users for transportation services provided by the district.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**Governmental Activities**

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

**Table 3  
Costs of Services**

	Total Cost of Services 2017	Net Cost/(Profit) of Services 2017	Total Cost of Services 2016	Net Cost/(Profit) of Services 2016
Instruction	\$ 8,429,428	\$ (2,444,584)	\$ 8,201,034	\$ (1,380,498)
Support Services:				
Pupils and Instructional Staff	3,485,266	2,284,160	2,880,544	2,098,546
General Administration, School Administration, Business				
Operations	1,680,587	1,509,345	1,520,111	1,372,233
Operation and Maintenance of Facilities	<u>3,079,753</u>	<u>2,763,051</u>	<u>2,909,478</u>	<u>2,624,021</u>
Total Expenses	<u>\$ 16,675,034</u>	<u>\$ 4,111,972</u>	<u>\$ 15,511,167</u>	<u>\$ 4,714,302</u>

The net cost of services in 2017 is comparable to 2016.

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

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

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

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

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$13,627,095 compared to \$12,970,951 in 2016. The change is directly related to an increase in tuition revenue related to a lower refund due to the districts for prior year tuition. Expenditures and other financing uses were \$13,222,525 compared to \$13,044,758 in 2016. The increase was not in any one specific area but was the result of a slight increase in costs. The net increase in fund balance for the year was directly related to a increase in revenues.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues.

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

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local Sources	\$ 11,953,130	88%	\$ 718,213	6%
State Sources	1,532,080	11%	100,149	7%
Federal Sources	141,885	1%	(162,218)	-53%
<b>Total</b>	<b>\$ 13,627,095</b>	<b>100%</b>	<b>\$ 656,144</b>	<b>5%</b>

The increase in local revenues of \$718,213 is due to a much lower debit of tuition for a prior year tuition adjustment.

State aid increased by \$100,149 primarily related to an increase in on-behalf TPAF pension and post retirement contributions.

Federal aid decreased by \$162,218 primarily due to and decrease medical assistance in the general fund.

The following schedule represents a summary of general fund, special revenue fund and capital outlay expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

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

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Current Expense:				
Instruction	\$ 4,265,814	32%	\$ (310,654)	-7%
Undistributed Expenditures	8,669,324	66%	327,101	4%
Capital Outlay	213,319	2%	172,005	416%
<b>Total</b>	<b>\$ 13,148,457</b>	<b>100%</b>	<b>\$ 188,452</b>	<b>-3%</b>

Instruction expense decreased specifically in the areas of behavioral and multiple disabilities salaries. Undistributed expenditures increased minimally and were mostly attributable to an increase in health benefits.



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**General Fund Budgeting Highlights**

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

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

- Actual tuition revenue was more than the budgeted amount by \$146,886.
- Salaries for Behavioral Disabilities Teachers were decreased by approximately \$163,137.
- Salaries for Autism Teachers were increased by approximately \$34,488.
- Non-resident fees were more than the budgeted amount by \$20,350

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$1,688,556 invested in land and building improvements, furniture and equipment, and vehicles. Table 6 shows fiscal year 2016 balances as compared to 2015.

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

**Governmental Activities:**

	2017	2016
Capital Assets Being Depreciated:		
Building Improvements	\$ 1,161,632	\$ 1,163,406
Infrastructure	133,244	108,074
Machinery and Equipment	404,849	284,801
Licensed Vehicles	-	570
Total Capital Assets Being Depreciated at Historical Cost	1,699,725	1,556,851

**Business-Type Activities:**

Capital Assets Being Depreciated:		
Equipment	114,151	131,705
	\$ 1,813,876	\$ 1,688,556

Overall capital assets increased \$125,320 from fiscal year 2016 to fiscal year 2017. For more detailed information, please refer to the Notes to the Basic Financial Statements.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED**

**For the Future**

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

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

**Contacting the School District's Management**

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

## **BASIC FINANCIAL STATEMENTS**



## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Statement of Net Position**  
**June 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,139,806	3,026,194	5,166,000
Internal Balances	39,607	(39,607)	-
Receivables, Net	184,302	1,093,795	1,278,097
Inventory	-	6,340	6,340
Capital Assets:			
Capital Assets Being Depreciated, Net	1,699,725	114,151	1,813,876
<b>Total Assets</b>	<b>4,063,440</b>	<b>4,200,873</b>	<b>8,264,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	3,171,542		3,171,542
<b>Total Deferred Outflows of Resources</b>	<b>3,171,542</b>	<b>-</b>	<b>3,171,542</b>
<b>LIABILITIES</b>			
Accounts Payable	169,839	2,172	172,011
Accrued Salaries and Benefits	1,657		1,657
Payable to Other Governments	11	147	158
Unearned Revenue	86,038		86,038
Advances from Students	-	1,863	1,863
Deposits Payable	-	8,285	8,285
Noncurrent Liabilities			
Due Beyond One Year	328,941	20,700	349,641
Net Pension Liability	11,808,304		11,808,304
<b>Total Liabilities</b>	<b>12,394,790</b>	<b>33,167</b>	<b>12,427,957</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	606,691		606,691
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,699,725	114,151	1,813,876
Restricted for:			
Capital Projects	110,976	-	110,976
Other Purposes	831,275	-	831,275
Unrestricted (Deficit)	(8,408,475)	4,053,555	(4,354,920)
<b>Total Net Position</b>	<b>\$ (5,766,499)</b>	<b>4,167,706</b>	<b>(1,598,793)</b>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

Function/Programs	Expenses	Program Revenue			Net (Expense Revenue and Changes in Net Assets)			
		Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
<b>Instruction:</b>								
Special Education	\$ 5,245,447	1,600,802	7,562,243	2,464,015	-	3,180,009	-	3,180,009
Other Instruction	1,212,997	370,182	306,350	541,404	-	(735,425)	-	(735,425)
<b>Support Services:</b>								
Student & Instruction Related Services	2,670,335	814,931		1,201,106	-	(2,284,160)		(2,284,160)
School Administrative Services	458,240	171,099		64,126	-	(565,213)		(565,213)
Plant Operation and Maintenance	2,234,744	845,009		316,702	-	(2,763,051)		(2,763,051)
General Administrative and Business Services	765,445	285,803		107,116	-	(944,132)		(944,132)
Unallocated Benefits	4,087,826	(4,087,826)						
<b>Total Governmental Activities</b>	<b>16,675,034</b>	<b>-</b>	<b>7,868,593</b>	<b>4,694,469</b>	<b>-</b>	<b>(4,111,972)</b>	<b>-</b>	<b>(4,111,972)</b>
<b>Business-Type Activities:</b>								
Food Service	201,272		69,194	119,950			(12,128)	(12,128)
Shared Services - Itinerant	2,353,174		2,587,437				234,263	234,263
Shared Services - Transportation	2,106,895		2,224,829				117,934	117,934
Community Use	89,585		134,678				45,093	45,093
Extended School Year	335,320		478,200				142,880	142,880
Non-major Enterprise Funds	776,503		469,515				(306,988)	(306,988)
<b>Total Business-Type Activities</b>	<b>5,862,749</b>	<b>-</b>	<b>5,963,853</b>	<b>119,950</b>	<b>-</b>	<b>-</b>	<b>221,054</b>	<b>221,054</b>
<b>Total Primary Government</b>	<b>\$ 22,537,783</b>	<b>\$ -</b>	<b>\$ 13,832,446</b>	<b>\$ 4,814,419</b>	<b>\$ -</b>	<b>\$ (4,111,972)</b>	<b>\$ 221,054</b>	<b>\$ (3,890,918)</b>

**General Revenues:**

Taxes:								
County Appropriation, Levied for General Purposes, Net	\$	3,974,832						3,974,832
Federal Aid Not Restricted				114,520				114,520
Investment Earnings				22,794				22,794
Miscellaneous Income				29,570				29,570
Transfers							74,068	
Total General Revenues, Special Items, Extraordinary Items and Transfers				4,067,648			74,068	4,141,716
Change in Net Position				(44,324)			295,122	250,798
Net Position (Deficit) - Beginning				(5,722,175)			3,872,584	(1,849,591)
Net Position (Deficit) - Ending	\$	(5,766,499)					4,167,706	(1,598,793)

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



## **FUND FINANCIAL STATEMENTS**

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2017**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,073,269	66,537	2,139,806
Due from Other Funds	66,770		66,770
Receivables from Other Governments	102,109	10,784	112,893
Other		16,669	16,669
<b>Total Assets</b>	<b>2,242,148</b>	<b>93,990</b>	<b>2,336,138</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	161,887	7,952	169,839
Payable to Other Governments	11		11
Accrued Salaries and Benefits	1,657		1,657
Unearned Revenue	-	86,038	86,038
<b>Total Liabilities</b>	<b>163,555</b>	<b>93,990</b>	<b>257,545</b>
Fund Balances:			
Committed to:			
Maintenance Reserve	831,275		831,275
Capital Reserve	110,976		110,976
Encumbrances	-		-
Unassigned			
General Fund	1,136,342		1,136,342
<b>Total Fund Balances</b>	<b>2,078,593</b>	<b>-</b>	<b>2,078,593</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,242,148</b>	<b>93,990</b>	

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

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$2,384,106 and the accumulated depreciation is \$684,381.

1,699,725

Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the funds

(328,941)

Pension Liabilities Net of Deferred Outflows & Inflows

(9,243,453)

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

27,577

Net position of governmental activities

**\$ (5,766,499)**

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2017**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Local Sources:			
County Line Item Appropriation	\$ 3,974,832		3,974,832
Tuition Charges	7,514,923		7,514,923
Non-Resident Fees	306,350		306,350
Miscellaneous	52,364	104,661	157,025
Total Local Sources	11,848,469	104,661	11,953,130
State Sources	1,532,080	-	1,532,080
Federal Sources	114,520	27,365	141,885
Total Revenues	<u>13,495,069</u>	<u>132,026</u>	<u>13,627,095</u>
<b>EXPENDITURES</b>			
Current:			
Special Education Instruction	3,341,841	122,786	3,464,627
Other Instruction	801,187		801,187
Support Services:			
Student & Instruction Related Serv.	1,754,522	9,240	1,763,762
School Administrative Services	370,310		370,310
Other Administrative Services	618,566		618,566
Plant Operation and Maintenance	1,828,860		1,828,860
Employee Benefits	4,087,826		4,087,826
Capital Outlay	213,319	-	213,319
Total Expenditures	<u>13,016,431</u>	<u>132,026</u>	<u>13,148,457</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>478,638</u>	<u>-</u>	<u>478,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			-
Transfers out	(74,068)		(74,068)
Total Other Financing Sources and Uses	<u>(74,068)</u>	<u>-</u>	<u>(74,068)</u>
Net Changes in Fund Balance	404,570	-	404,570
Fund Balance - July 1	1,674,023	-	1,674,023
Fund Balance - June 30	<u>\$ 2,078,593</u>	<u>-</u>	<u>2,078,593</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	404,570
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount depreciation exceeded capital outlays for the period.</p>		
Depreciation expense	\$ (78,397)	
Capital Outlays	<u>221,271</u>	142,874
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS	354,198	
Cost of benefits earned net of employee contributions	<u>(991,103)</u>	(636,905)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).</p>		
		(2,183)
<p>Internal service funds are used by management to charge the costs of certain activities, such as extra services, to individual funds or other governmental entities. The net revenue (expense) of the internal service funds is reported with governmental activities. (See B-5)</p>		
		47,320
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(44,324)</u>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	Business Type Activities - Enterprise Funds					Total 2017	Governmental Activities Internal Service Fund
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year		
<b>ASSETS</b>							
Current Assets:							
Cash and Cash Equivalents	\$ 19,203	1,244,224	85,698	492,561	1,191,632	3,026,194	-
Accounts Receivable	6,155	467,337	581,259	-	2,750	1,093,795	54,740
Inventory	4,156	-	-	-	-	6,340	-
Total Current Assets	\$ 29,514	1,711,561	666,957	492,561	1,194,382	4,126,329	54,740
Noncurrent Assets:							
Furniture, Machinery & Equipment	\$ 164,409	-	219,800	14,811	-	451,215	-
Less Accumulated Depreciation	(162,981)	-	(110,743)	(14,811)	-	(337,064)	-
Total Noncurrent Assets	\$ 1,428	-	109,057	-	-	114,151	-
Total Assets	\$ 30,942	1,711,561	776,014	492,561	1,194,382	4,240,480	54,740
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable			1,332	700		2,172	
Intergovernmental Accounts Payable:							
State						147	
Interfunds Payable	\$ 39,607					39,607	27,163
Unearned Revenue	1,863					1,863	-
Deposits Payable				8,285		8,285	
Total Current Liabilities	\$ 41,470	-	1,332	8,985	-	52,074	27,163
Noncurrent Liabilities:							
Compensated Absences		9,398				11,302	
Total Noncurrent Liabilities	\$ -	9,398	-	-	-	20,700	-
<b>NET POSITION</b>							
Invested in Capital Assets Net of Related Debt Unrestricted	\$ 1,428	-	109,057	-	-	114,151	-
	(11,956)	1,702,163	665,625	483,576	1,194,382	4,053,555	27,577
Total Net Position	\$ (10,528)	1,702,163	774,682	483,576	1,194,382	4,167,706	27,577

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Fund						Total 2017	Governmental Activities Internal Service
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-2)		
<b>Operating Revenue:</b>								
Charges for Service:								
Daily Sales - Non-reimbursable Programs	\$ 10,632					43,398	54,030	
Daily Sales - Reimbursable Programs	35,970					-	35,970	
Special Functions and Other Revenue	22,301					-	22,301	
Itinerant and Professional Services		2,587,437				-	2,587,437	47,320
Transportation Fees from Other LEA's Within the State			2,224,829			-	2,224,829	
Day Care Facility Rental			48,092			-	48,092	
Pool/Gym Use and Community Swim			80,361		478,200	-	80,361	
Tuition and Fees				6,225		425,931	904,131	
Miscellaneous	291					186	6,702	
<b>Total Operating Revenue</b>	<b>69,194</b>	<b>2,587,437</b>	<b>2,224,829</b>	<b>134,678</b>	<b>478,200</b>	<b>469,515</b>	<b>5,963,853</b>	<b>47,320</b>
<b>Operating Expenses:</b>								
Cost of Sales - reimbursable programs	51,165					39,102	90,267	
Cost of Sales - non-reimbursable programs	10,070						10,070	
Salaries	103,072	1,711,247	140,828	60,809	300,035	455,579	2,771,570	
Employee Benefits	33,074	421,445	67,936	13,529	16,304	99,299	651,587	
Transportation - Contracted Services			1,828,785		1,904	-	1,830,689	
Other Purchased Professional Services	2,412	2,100	1,000	2,075	15,631	-	21,143	
Other Purchased Services		209,227				23,621	234,923	
Cleaning, Repair and Maintenance Services	80		23,539			-	23,619	
Professional Development						-	-	
Rentals						-	-	
Utilities and Gasoline		2,260	6,812			14,498	23,570	
Insurance			9,390			-	9,390	
Tuition						-	-	
General Supplies	1,227	6,895	15,336	9,158	1,446	19,234	53,296	
Other			1,401	4,014		3,127	8,542	
Depreciation	172		11,868			16,380	28,420	
<b>Total Operating Expenses</b>	<b>201,272</b>	<b>2,353,174</b>	<b>2,106,895</b>	<b>89,585</b>	<b>335,320</b>	<b>670,840</b>	<b>5,757,086</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(132,078)</b>	<b>234,263</b>	<b>117,934</b>	<b>45,093</b>	<b>142,880</b>	<b>(201,325)</b>	<b>206,767</b>	<b>47,320</b>

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Fund						Total 2017	Governmental Activities Internal Service
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-2)		
Nonoperating Revenues (Expenses):								
State Sources:								
State School Lunch Program	1,483						1,483	
Federal Sources:								
National School Lunch Program	69,531						69,531	
School Breakfast Program	36,054						36,054	
Food Distribution Program	12,882						12,882	
Interest and Investment Income		-					-	
Loss on Disposal of Capital Assets						(105,663)	(105,663)	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>119,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(105,663)</b>	<b>14,287</b>	<b>-</b>
Income (loss) before Contributions & Transfers	(12,128)	234,263	117,934	45,093	142,880	(306,988)	221,054	47,320
Capital Contributions (Uses)								
Transfers In (Out)	74,068						74,068	
Changes in Net Position	61,940	234,263	117,934	45,093	142,880	(306,988)	295,122	47,320
<b>Total Net Position - Beginning</b>	<b>(72,468)</b>	<b>1,467,900</b>	<b>656,748</b>	<b>438,483</b>	<b>1,051,502</b>	<b>330,419</b>	<b>3,872,584</b>	<b>(19,743)</b>
<b>Total Net Position - Ending</b>	<b>\$ (10,528)</b>	<b>1,702,163</b>	<b>774,682</b>	<b>483,576</b>	<b>1,194,382</b>	<b>23,431</b>	<b>4,167,706</b>	<b>27,577</b>

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Comparative Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	Business-Type Activities - Enterprise Fund						Total 2017	Governmental Activities Internal Service Fund
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-3)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers	69,194	2,518,201	2,032,033	135,178	485,450	506,658	5,746,714	28,211
Payments to Employees	(111,572)	(1,710,116)	(140,828)	(60,809)	(300,035)	(461,031)	(2,784,391)	-
Payments for Employee Benefits	(33,074)	(421,445)	(67,936)	(13,529)	(16,304)	(99,299)	(651,587)	-
Payments for Supplies and Services	(65,211)	(220,543)	(1,891,960)	(11,468)	(18,981)	(102,394)	(2,310,557)	-
Net Cash Provided by (Used for) Operating Activities	(140,663)	166,097	(68,691)	49,372	150,130	(156,066)	179	28,211
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
State Sources	1,496						1,496	
Federal Sources	119,010						119,010	
Operating Subsidies and Transfers to Other Funds	20,151			-	-		20,151	(28,211)
Net Cash Provided by (Used for) Noncapital Financing Activities	140,657	-	-	-	-	-	140,657	(28,211)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Purchase of Capital Assets			(116,528)				(116,528)	
Interfund Returned							-	
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	(116,528)	-	-	-	(116,528)	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
Net Cash Provided by (Used for) Investing Activities	-	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(6)	166,097	(185,219)	49,372	150,130	(156,066)	24,308	-
Balance - Beginning of Year	19,209	1,078,127	270,917	443,189	1,041,502	148,942	2,566,203	-
Balance - End of Year	19,203	1,244,224	85,698	492,561	1,191,632	(7,124)	2,590,511	-

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Proprietary Funds**  
**Comparative Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	Business-Type Activities -						Governmental Activities Internal Service Fund
	Enterprise Fund		Enterprise Fund		Enterprise Fund		
	Food Service	Itinerant Services	Shared Services Transportation	Community Use	Extended School Year	Non-Major Enterprise Funds (See Note 1) (See G-3)	Total 2017
	(132,078)	\$ 234,263	\$ 117,934	\$ 45,093	\$ 142,880	\$ (201,325)	\$ 206,767
	172		11,868			16,380	28,420
	(1,283)	(69,236)	(192,796)	500	7,250	37,143	(217,139)
	1,026	(61)	(5,697)	3,779		(559)	(1,842)
	(8,500)	1,131				(2,253)	(4,232)
	(8,585)	(68,166)	(186,625)	4,279	7,250	(5,452)	1,026
	(140,663)	166,097	(68,691)	49,372	150,130	(156,066)	179

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

Operating Income (Loss)  
 Adjustments to Reconcile Operating (Loss) to  
 Net Cash Provided by (Used for) Operating  
 Activities  
 Depreciation and Net Amortization  
 (Increase) Decrease in Accounts Receivable  
 (Increase) Decrease in Inventories  
 Increase (Decrease) in Accounts Payable  
 Increase (Decrease) in Deferred Revenue  
 Increase (Decrease) in Accrued Salaries  
 Total Adjustments  
 Net Cash Provided by (Used for) Operating  
 Activities

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Unemployment Compensation</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 208,714	60,638
Total Assets	<u>208,714</u>	<u>60,638</u>
<b>LIABILITIES</b>		
Accounts Payable	4,079	-
Payable to Student Groups	-	27,981
Payroll Deductions and Withholdings	-	32,657
Total Liabilities	<u>4,079</u>	<u>60,638</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 204,635</u>	

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2017**

	Unemployment Compensation
<b>ADDITIONS</b>	
Contributions:	
Employee Withholdings	\$ 26,768
Board Contribution	40,000
Total Contributions	66,768
Investment Earnings:	
Interest	742
Net Investment Earnings	742
Total Additions	67,510
<b>DEDUCTIONS</b>	
Unemployment Claims	46,076
Total Deductions	46,076
Changes in Net Assets	21,434
Net Position - Beginning of the Year	183,201
Net Position - End of the Year	\$ 204,635

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the Board of Education (Board) of Cape May County Schools for Special Services (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Reporting Entity**

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

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

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

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

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

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

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**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

**B. Basic Financial Statements – Government-Wide Statements**

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

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

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

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

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

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

**C. Basic Financial Statements – Fund Financial Statements**

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

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

The following fund types are used by the District:

**Governmental Funds**

The District reports the following governmental funds:

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

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

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

**Fund Balances – Governmental Funds**

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

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

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

**Proprietary Funds**

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

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

**Internal Service Fund** is treated as governmental fund for the entity-wide financial reporting. This fund is used to account for extra services provided that are over the contractual amounts.

The District reports the following proprietary fund:

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

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

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

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

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

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

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

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

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

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

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

**Fiduciary Funds**

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



**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

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

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

**D. Basis of Accounting**

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

**1. Accrual:**

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

**2. Modified Accrual:**

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

**E. Financial Statement Amounts**

**1. Cash and Cash Equivalents:**

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

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

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

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

**2. Investments:**

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

**3. Inventories:**

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2017, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	5,567
Supplies		<u>773</u>
	\$	<u><u>6,340</u></u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2017 is \$1,863.

**4. Capital Assets:**

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

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

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

**5. Revenues:**

Substantially all governmental fund revenues are accrued. The Districts primary source of revenue is a line item appropriation in the annual County of Cape May budget. The District records the entire approved appropriation as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

**6. Expenditures:**

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Financial Statements  
June 30, 2017**

**7. Compensated Absences:**

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

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

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

**8. Interfund Activity:**

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

**9. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and then to the Board of School Estimates for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

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**Cape May County Schools for Special Services  
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Significant transfers approved by the Board of Education during the fiscal year were as follows:

Behavioral Disabilities	
Salaries of Teachers	(131,490)
Multiple Disabilities	
Salaries of Teachers	(23,175)
Other Salaries for Instruction	42,864
Autism	
Salaries of Teachers	33,985
Undist. Expend.-Other Support Serv. Students-Related Srvs	
Salaries of Teachers	80,465
Undist. Expend.-Required Maint. School Facility	
Five Year Plan	(37,385)
Unallocated Benefits	
Unemployment Compensation	40,000
Health Benefits	(117,300)

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

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

**10. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. The final cost is based on a determination by the State of New Jersey Department of Education pursuant to the provisions of NJAC 6A:23-17.1.

**11. Use of Estimates:**

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

**12. Allocation of Costs:**

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

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**13. 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 Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. 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.

**F. Recent Accounting Changes**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, other than additional disclosure, will not have any effect on the Borough's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District' financial reporting.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$6,164,335 of June 30, 2017, \$134,871 was uninsured and uncollateralized.

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**NOTE 3 – CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 110,701
Interest earnings	275
Ending balance , June 30, 2017	<u>\$ 110,976</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is greater than \$110,976.

**NOTE 4 – MAINTENANCE RESERVE**

A maintenance reserve account was established by the Board for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 630,825
Increased by:	
Interest earned	450
Transfer by Board Resolution	200,000
Ending Balance, June 30, 2017	<u>\$ 831,275</u>

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**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2017, consisted of accounts (tuition and miscellaneous), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full. A summary of the principal items of accounts receivable follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 102,109	\$ 102,109
Federal Aid	-	-
Interfunds	66,770	-
Other	27,453	1,175,988
Gross Receivables	<u>196,332</u>	<u>1,278,097</u>
Less: Allowance for Uncollectibles		
Total Receivables, Net	<u>\$ 196,332</u>	<u>\$ 1,278,097</u>

**NOTE 6 – INTERFUND TRANSFERS AND BALANCES**

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

The following interfund balances remained on the fund financial statements at June 30, 2017:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 66,770	
Food Service Fund		39,607
Internal Service Fund		27,163
Total	<u>\$ 66,770</u>	<u>66,770</u>

The general fund receivable relates to \$39,607 owed to the general fund, which the food service enterprise fund received to pay food service charges. It is not anticipated that this interfund will be cleared in the current fiscal year. The remainder of the receivable \$27,163 is owed to the general fund from the internal service fund that is used to account for extra services provided that are over the contractual amounts.

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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Land Improvements	\$ 6,250.00	19,165.00		25,415
Building Improvements	1,383,215	7,176		1,390,391
Infrastructure	112,696	26,956		139,652
Machinery and Equipment	614,329	167,974	2,647	779,656
Licensed Vehicles	48,992			48,992
Total capital assets being depreciated at historical cost	<u>2,165,482</u>	<u>221,271</u>	<u>2,647</u>	<u>2,384,106</u>
Less accumulated depreciation for:				
Land Improvements	(404)	(433)		(837)
Building Improvements	(225,655)	(27,682)		(253,337)
Infrastructure	(4,622)	(1,786)		(6,408)
Machinery and Equipment	(329,528)	(47,926)	(2,647)	(374,807)
Licensed Vehicles	(48,422)	(570)		(48,992)
Total accumulated depreciation	<u>(608,631)</u>	<u>(78,397)</u>	<u>(2,647)</u>	<u>(684,381)</u>
Governmental activity capital assets, net	<u>\$ 1,556,851</u>	<u>\$ 142,874</u>	<u>\$ -</u>	<u>\$ 1,699,725</u>
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Equipment	\$ 630,805	\$ 116,528	\$ 296,118	\$ 451,215
Less accumulated depreciation	(499,100)	(28,420)	(190,456)	(337,064)
Enterprise Fund capital assets, net	<u>\$ 131,705</u>	<u>\$ 88,108</u>	<u>\$ 105,662</u>	<u>\$ 114,151</u>

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 38,702
Other Special Education Instruction	8,949
Student and Instruction Related Services	19,701
School Administrative Services	4,136
Other Administrative Services	6,909
	<u>\$ 78,397</u>

No interest on debt was capitalized during the year.



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**NOTE 8 – GENERAL LONG-TERM DEBT**

Changes in long-term obligations for the year ended June 30, 2017 are as follows:

	<u>Balance July 1, 2016</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Balance June 30, 2017</u>	<u>Within One Year</u>
Compensated Absences				-	
General Fund	\$ 326,758	\$ 26,676	\$ 24,493	\$ 328,941	-
Business Type Funds	<u>33,521</u>	<u>1,731</u>	<u>14,552</u>	<u>20,700</u>	-
	<u>\$ 360,279</u>	<u>\$ 28,407</u>	<u>\$ 39,045</u>	<u>\$ 349,641</u>	-

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

**NOTE 9 – OPERATING LEASES**

The District has commitments to lease the school building annually for \$400,000 and certain office equipment under operating leases that expired in 2017. The District will enter into a new office equipment lease in the subsequent school year. Total operating lease payments made during the year ended June 30, 2017 were \$441,159, which was for rent paid to the County of Cape May for use of the school building, and the final lease payment of the office equipment. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2018	400,000
Total future minimum lease payments	<u>\$ 400,000</u>

**NOTE 10 – PENSION PLANS**

Description of Plans

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

<http://www.state.nj.us/treasury/pensions/annrpts.shtml>

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Teachers' Pension and Annuity Fund (TPAF)

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

Public Employees' Retirement System (PERS)

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

Defined Contribution Retirement Program (DCRP)

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.9% and the PERS rate is 6.9% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2017, 2016 and 2015 were \$624,371, \$474,402 and \$323,660 respectively, and paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2017, 2016 and 2015 were \$355,102, \$353,996 and \$365,385 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2017, 2016 and 2015, the State of New Jersey contributed \$520,243, \$564,882, and \$513,811, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. During the fiscal years ended June 30, 2017, the State of New Jersey contributed \$1,794 to the TPAF for long-term disability insurance. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$385,672, \$392,647, and \$415,995, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB standards.

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For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were no employees enrolled in the DCRP for the year ended June 30, 2017.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

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

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

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2013, the member contribution rates increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS and TPAF from the amount of annual compensation to the number of hours worked weekly. Also, it returned

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the benefit multiplier for new members of PERS and TPAF to 1/60<sup>th</sup> from 1/55<sup>th</sup>, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

**NOTE 11: PUBLIC EMPLOYEES RETIREMENT SYSTEM**

At June 30, 2017, the District reported a liability of \$11,808,304 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was .03986984410%, which was a decrease of 3.17% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$991,103. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 219,599	
Changes of assumptions	2,446,050	
Net difference between projected and actual earnings on pension plan investments	450,261	
Changes in proportion and differences between District contributions and proportionate share of contributions	55,632	606,691
District contributions subsequent to the measurement date	354,198	
Total	<u>\$ 3,525,740</u>	<u>\$ 606,691</u>

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\$354,198 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended 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:

Year ended June 30,		
2018	\$	580,442
2019		580,442
2020		663,564
2021		555,293
2022		185,110
Total	<u>\$</u>	<u>2,564,851</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2014 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

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In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt (Except US)	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participated employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the net pension liability	\$ 14,151,116	11,808,304	9,876,187

*Pension plan fiduciary net position.*

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

**NOTE 12. TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net position liability associated with the District	<u>46,612,126</u>
Total	<u>46,612,126</u>

The net pension liability was measured as of June 30, 2016 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2015.

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**Cape May County Schools for Special Services  
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For the year ended June 30, 2017, the District recognized pension expense of \$3,502,253 and revenue of \$3,502,253 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,262	79,715
Changes of assumptions	9,304,340	
Net difference between projected and actual earnings on pension plan investments	850,119	
Changes in proportion and differences between District contributions and proportionate share of contributions		1,402,140
District contributions subsequent to the measurement date		471,890
	<hr/>	<hr/>
Total	<u>10,318,721</u>	<u>1,953,745</u>

\$471,890 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended 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:

Year ended June 30,	
2018	\$ 1,298,176
2019	1,298,176
2020	1,520,788
2021	1,422,273
2022	1,201,427
Thereafter	2,096,026
Total	<u>\$ 8,836,866</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%



**Cape May County Schools for Special Services  
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Pre-retirement, post-retirement and disable mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 20012 to June 30, 2015.

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging market equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - Multi Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

*Discount rate.* The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Cape May County Schools for Special Services  
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*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.22% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.22%) or 1-percentage point higher (4.22%) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net pension liability	\$ -	-	-

*Pension plan fiduciary net position.*

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

**NOTE 13 – POST-RETIREMENT BENEFITS**

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

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2008, C. 103 amended the law to eliminate the funding and payment of post-retirement medical benefits for retired state employees through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides free health benefits for members PERS and the Alternative Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014. The State also makes on-behalf payments for Teacher Pension and Annuity Program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2017 was \$520,243.

**NOTE 14 – COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as required by GASB standards. A liability for compensated absences attributable to services already rendered and not

**Cape May County Schools for Special Services  
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June 30, 2017**

contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

**NOTE 15 – DEFERRED COMPENSATION**

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

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

**NOTE 16 – RISK MANAGEMENT**

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability and surety bonds.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior year:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$ 40,742	26,768	46,076	204,635
2015-2016	41,274	41,743	26,888	183,201
2014-2015	19,287	12,070	50,972	127,072

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
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June 30, 2017**

**NOTE 17 – CONTINGENT LIABILITIES**

Federal and State Grants

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

**NOTE 18 – ECONOMIC DEPENDENCY**

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

**NOTE 19 – FUND BALANCE APPROPRIATED**

General Fund – Of the \$2,078,593 General Fund fund balance, at June 30, 2017, \$831,275 is reserved as Maintenance Reserve in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701), \$110,976 has been reserved in the Capital Reserve Account; \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$1,136,342 is classified and Unassigned.

**NOTE 20 – CALCULATION OF EXCESS SURPLUS**

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

**NOTE 21 – DEFICIT IN NET POSITION – ENTERPRISE FUNDS**

The Food Services Enterprise Fund has a cumulative deficit in net position of \$10,528 as of June 30, 2017. This deficit will either be provided for in the 2017-18 budget or made up through operations.

**NOTE 22 – SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2017 through September 25, 2017, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements. The Cape Educational "Compact" program, which was an educational program previously housed off campus, was discontinued in the subsequent school year.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



## **BUDGETARY COMPARISON SCHEDULES**





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

**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>REVENUES:</b>					
Local Sources:					
County Line Item Appropriation	3,974,832	-	3,974,832	3,974,832	-
Tuition from LEAs	7,368,037	-	7,368,037	7,514,923	146,886
Non-Resident Fees	286,000	-	286,000	306,350	20,350
Interest Earned on Capital Reserve	275	-	275	-	(275)
Interest Earned on Maintenance Reserve	450	-	450	-	(450)
Interest Earned on Deposits	8,475	-	8,475	22,794	14,319
Other Miscellaneous	25,000	-	25,000	29,570	4,570
<b>Total Local Sources</b>	<b>11,663,069</b>	<b>-</b>	<b>11,663,069</b>	<b>11,848,469</b>	<b>185,400</b>
State Sources:					
On-behalf TPAF - Pension Contributions (non-budgeted)	-	-	-	624,371	624,371
On-behalf TPAF Postretirement Contributions (non-budgeted)	-	-	-	520,243	520,243
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,794	1,794
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	385,672	385,672
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,532,080</b>	<b>1,532,080</b>
Federal Sources:					
Medical Assistance Program	120,000	-	120,000	114,520	(5,480)
<b>Total Federal Sources</b>	<b>120,000</b>	<b>-</b>	<b>120,000</b>	<b>114,520</b>	<b>(5,480)</b>
<b>Total Revenues</b>	<b>11,783,069</b>	<b>-</b>	<b>11,783,069</b>	<b>13,495,069</b>	<b>1,712,000</b>

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

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXPENDITURES:</b>					
CURRENT EXPENSE					
SPECIAL EDUCATION - INSTRUCTION					
Behavioral Disabilities					
Salaries of Teachers	507,590	(131,490)	376,100	371,555	4,545
Other Salaries for Instruction	244,039	(31,647)	212,392	209,773	2,619
Purchased Technical Services	2,000	-	2,000	520	1,480
Other Purchased Services (400-500 series)	3,250	1,000	4,250	3,863	387
General Supplies	11,500	(1,500)	10,000	10,000	-
Textbooks	7,500	(3,742)	3,758	3,729	29
Other Objects	1,000	-	1,000	1,000	-
Total Behavioral Disabilities	<u>776,879</u>	<u>(167,379)</u>	<u>609,500</u>	<u>600,440</u>	<u>9,060</u>
Multiple Disabilities					
Salaries of Teachers	1,052,615	(25,933)	1,026,682	994,565	32,117
Other Salaries for Instruction	434,463	45,379	479,842	457,938	21,904
Purchased Professional - Educational Services	8,000	(3,500)	4,500	2,320	2,180
Other Purchased Services (400-500 series)	14,500	(1,452)	13,048	12,216	832
General Supplies	28,000	(4,739)	23,261	23,228	33
Textbooks	5,000	-	5,000	5,000	-
Other Objects	4,500	-	4,500	4,500	-
Total Multiple Disabilities	<u>1,547,078</u>	<u>9,755</u>	<u>1,556,833</u>	<u>1,499,767</u>	<u>57,066</u>
Autism					
Salaries of Teachers	608,850	33,985	642,835	629,934	12,901
Other Salaries for Instruction	296,441	503	296,944	296,922	22
Other Purchased Services (400-500 series)	8,000	(2,000)	6,000	4,479	1,521
General Supplies	10,500	11,246	21,746	21,621	125
Other Objects	7,000	(5,496)	1,504	1,504	-
Total Autism	<u>930,791</u>	<u>38,238</u>	<u>969,029</u>	<u>954,460</u>	<u>14,569</u>

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

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Preschool Disabilities - Full-Time					
Salaries of Teachers	151,075	225	151,300	151,300	-
Other Salaries for Instruction	40,749	-	40,749	40,749	-
General Supplies	2,750	-	2,750	2,750	-
Other Objects	1,000	750	1,750	1,750	-
<b>Total Preschool Disabilities - Full-Time</b>	<b>195,574</b>	<b>975</b>	<b>196,549</b>	<b>196,549</b>	<b>-</b>
Cognitive - Severe					
Salaries of Teachers	61,520	23,000	84,520	84,186	334
Other Purchased Services (400-500 series)	2,900	-	2,900	980	1,920
General Supplies	6,150	(1,000)	5,150	4,459	691
Other Objects	1,000		1,000	1,000	-
<b>Total Cognitive - Severe</b>	<b>71,570</b>	<b>22,000</b>	<b>93,570</b>	<b>90,625</b>	<b>2,945</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>3,521,892</b>	<b>(96,411)</b>	<b>3,425,481</b>	<b>3,341,841</b>	<b>83,640</b>
Other Instructional Programs - Instruction					
Salaries	685,490	-	685,490	685,449	41
Other Salaries for Instruction	76,028	1,790	77,818	77,818	-
Purchased Services (300-500 series)	4,000	(1,500)	2,500	2,500	-
Supplies & Materials	14,597	4,142	18,739	18,720	19
Other Objects	11,000	-	11,000	11,000	-
<b>Total Other Instructional Programs - Instruction</b>	<b>791,115</b>	<b>4,432</b>	<b>795,547</b>	<b>795,487</b>	<b>60</b>
Community Service Programs - Instruction					
Salaries	6,500	-	6,500	5,700	800
<b>Total Community Service Programs - Instruction</b>	<b>6,500</b>	<b>-</b>	<b>6,500</b>	<b>5,700</b>	<b>800</b>
<b>TOTAL INSTRUCTION</b>	<b>4,319,507</b>	<b>(91,979)</b>	<b>4,227,528</b>	<b>4,143,028</b>	<b>84,500</b>

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

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>UNDISTRIBUTED EXPENDITURES</b>					
Undistributed Expenditures - Health Services					
Salaries	195,694	(3,700)	191,994	189,936	2,058
Purchased Professional and Technical Services	17,000	-	17,000	10,244	6,756
Purchased Services (400-500 series)	300	-	300	-	300
Supplies & Materials	8,750	-	8,750	8,330	420
Other Objects	500	-	500	75	425
<b>Total Undistributed Expenditures - Health Services</b>	<b>222,244</b>	<b>(3,700)</b>	<b>218,544</b>	<b>208,585</b>	<b>9,959</b>
Undistributed Expenditures - Speech, OT, PT and Related Services					
Salaries of Other Professional Staff	803,579	80,465	884,044	882,496	1,548
Purchased Professional - Education Services	2,500	13,200	15,700	13,153	2,547
Supplies & Materials	8,500	7,500	16,000	15,862	138
Other Objects	300	-	300	-	300
<b>Total Undistributed Expenditures - Speech, OT, PT and Related Services</b>	<b>814,879</b>	<b>101,165</b>	<b>916,044</b>	<b>911,511</b>	<b>4,533</b>
Undistributed Expenditures - Child Study Teams					
Salaries of Other Professional Staff	358,670	17,770	376,440	376,440	-
Salaries of Secretarial and Clerical Assistants	55,791	15	55,806	55,806	-
Other Salaries	83,655	(21,065)	62,590	56,832	5,758
Purchased Professional and Technical Services	13,500	10,220	23,720	23,651	69
Other Purchased Services (400-500 series)	5,450	(1,700)	3,750	3,750	-
Supplies & Materials	3,000	3,800	6,800	6,481	319
<b>Total Undistributed Expenditures-Child Study Teams</b>	<b>520,066</b>	<b>9,040</b>	<b>529,106</b>	<b>522,960</b>	<b>6,146</b>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	83,955	-	83,955	83,955	-
Supplies & Materials	6,000	-	6,000	5,999	1
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>89,955</b>	<b>-</b>	<b>89,955</b>	<b>89,954</b>	<b>1</b>

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

**General Fund**

**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	3,000	-	3,000	500	2,500
Other Purchased Professional and Tech. Services	41,000	(4,580)	36,420	17,441	18,979
Supplies & Materials	3,000	580	3,580	3,571	9
Total Undistributed Expenditures - Instructional Staff Training Services	<u>47,000</u>	<u>(4,000)</u>	<u>43,000</u>	<u>21,512</u>	<u>21,488</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	198,766	(950)	197,816	197,701	115
Legal Services	16,000	-	16,000	10,074	5,926
Audit Fees	18,870	-	18,870	17,200	1,670
Other Purchased Professional Services	9,900	520	10,420	10,420	-
Communications/Telephone	64,960	300	65,260	65,237	23
BOE Other Purchased Services	1,000	(520)	480	-	480
Misc. Purch Serv (400-500 series)	21,500	2,500	24,000	24,000	-
General Supplies	8,000	(3,725)	4,275	3,833	442
BOE In- House Training/Meeting Supplies	2,500	(25)	2,475	2,475	-
Miscellaneous Expenditures	5,500	-	5,500	5,014	486
BOE Membership Dues and Fees	7,000	750	7,750	7,455	295
Total Undistributed Expenditures - Support Services - General Administration	<u>353,996</u>	<u>(1,150)</u>	<u>352,846</u>	<u>343,409</u>	<u>9,437</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	174,726	780	175,506	175,503	3
Salaries of Other Professional Staff	45,258	-	45,258	45,257	1
Salaries of Secretarial and Clerical Assistants	133,949	2,120	136,069	136,068	1
Other Purchased Services (400-500 series)	8,200	-	8,200	6,953	1,247
Supplies & Materials	7,375	(500)	6,875	3,935	2,940
Other Objects	3,000	-	3,000	2,594	406
Total Undistributed Expenditures - Support Services - School Administration	<u>372,508</u>	<u>2,400</u>	<u>374,908</u>	<u>370,310</u>	<u>4,598</u>

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

**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed Expenditures - Central Services					
Salaries	184,073	(2,175)	181,898	178,739	3,159
Purchased Technical Services	9,700	87	9,787	9,787	-
Miscellaneous Purchased Services (400-500 series)	5,600	(387)	5,213	4,940	273
Supplies & Materials	3,250	1,750	5,000	4,758	242
Miscellaneous Expenditures	2,300	(450)	1,850	1,850	-
Total Undistributed Expenditures - Central Services	204,923	(1,175)	203,748	200,074	3,674
Undistributed Expenditures - Information Technology					
Salaries	75,451	-	75,451	75,083	368
Total Undistributed Expenditures - Info Technology	75,451	-	75,451	75,083	368
Undist. Expend. - Required Maint. School Fac.					
Salaries	179,449	-	179,449	175,752	3,697
Cleaning, Repair and Maintenance Service	55,000	13,000	68,000	65,613	2,387
General Supplies	118,691	(38,485)	80,206	79,315	891
Total Undistributed Expenditures - Required Maintenance for School Facilities	353,140	(25,485)	327,655	320,680	6,975
Undistributed. Expenditures. - Custodial Services					
Salaries	337,685	-	337,685	330,258	7,427
Purchased Professional and Technical Services	220,000	-	220,000	214,069	5,931
Cleaning, Repair and Maintenance Service	14,000	-	14,000	9,248	4,752
Rental of Land and Buildings	400,000	-	400,000	400,000	-
Other Purchased Property Services	50,000	-	50,000	37,500	12,500
Insurance	25,000	-	25,000	22,986	2,014
General Supplies	21,000	7,750	28,750	28,712	38
Natural Gas	210,500	(12,866)	197,634	101,722	95,912
Electricity	266,600	-	266,600	260,048	6,552
Total Undistributed Expenditures - Other Custodial Services	1,544,785	(5,116)	1,539,669	1,404,543	135,126

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
Undistributed. Expenditures. - Buildings and Grounds					
Purchased Professional and Technical Services	14,500	8,000	22,500	22,390	110
General Supplies	3,500	1,500	5,000	4,975	25
Total Undistributed Expenditures - Buildings and Grounds	<u>18,000</u>	<u>9,500</u>	<u>27,500</u>	<u>27,365</u>	<u>135</u>
Undistributed. Expenditures. - Security					
Purchased Professional and Technical Services	87,600	(8,000)	79,600	76,272	3,328
Total Undistributed Expenditures - Security	<u>87,600</u>	<u>(8,000)</u>	<u>79,600</u>	<u>76,272</u>	<u>3,328</u>
Total Undistributed Expenditures	<u>2,003,334</u>	<u>(29,101)</u>	<u>1,974,233</u>	<u>1,828,860</u>	<u>145,373</u>
Operations and Maintenance of Plant					
Unallocated Benefits					
Social Security Contribution	195,000	-	195,000	184,260	10,740
Other Retirement Contributions - PERS	225,000	-	225,000	217,761	7,239
Other Retirement Contributions - DCRP	5,500	-	5,500	3,723	1,777
Unemployment Compensation	-	40,000	40,000	40,000	-
Workmen's Compensation	137,000	(14,068)	122,932	106,979	15,953
Health Benefits	2,082,700	(117,300)	1,965,400	1,965,370	30
Tuition Reimbursement	40,000		40,000	12,626	27,374
Other Employee Benefits	47,340	(2,500)	44,840	25,027	19,813
Unused Sick Payment to Terminated/Retired			-		-
Total Unallocated Benefits	<u>2,732,540</u>	<u>(93,868)</u>	<u>2,638,672</u>	<u>2,555,746</u>	<u>82,926</u>

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

**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
On-Behalf Contributions					
On-behalf TPAF - Pension Contributions (non-budgeted)	-	-	-	624,371	(624,371)
On-behalf TPAF Postretirement Contributions (non-budgeted)	-	-	-	520,243	(520,243)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	1,794	(1,794)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	385,672	(385,672)
Total On-Behalf Contributions	-	-	-	1,532,080	(1,532,080)
Total Personal Services - Employee Benefits	2,732,540	(93,868)	2,638,672	4,087,826	(1,449,154)
TOTAL UNDISTRIBUTED EXPENDITURES	7,436,896	(20,389)	7,416,507	8,660,084	(1,243,577)
TOTAL GENERAL CURRENT EXPENSE	11,754,306	(112,368)	11,641,938	12,803,112	(1,161,174)
CAPITAL OUTLAY					
Equipment					
Required Maintenance	179,000	24,682	203,682	199,818	3,864
Austism	-	3,699	3,699	3,699	-
Undistributed Expenditures					
Support Services	-	4,419	4,419	4,418	1
Admin Info Tech	-	5,500	5,500	5,384	116
Total Equipment	179,000	38,300	217,300	213,319	3,981
TOTAL CAPITAL OUTLAY	179,000	38,300	217,300	213,319	3,981
TOTAL EXPENDITURES	11,933,306	(74,068)	11,859,238	13,016,431	(1,157,193)



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

**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(152,525)</u>	<u>74,068</u>	<u>(78,457)</u>	<u>478,638</u>	<u>557,095</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Transfer to Food Service Fund-Board Contrib.	(74,068)		(74,068)	(74,068)	-
Total Other Financing Sources:	<u>-</u>	<u>(74,068)</u>	<u>(74,068)</u>	<u>(74,068)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(152,525)</u>	<u>-</u>	<u>(152,525)</u>	<u>404,570</u>	<u>557,095</u>
Fund Balance July 1	1,674,023	-	1,674,023	1,674,023	
Fund Balance June 30	<u>1,521,498</u>	<u>-</u>	<u>1,521,498</u>	<u>2,078,593</u>	<u>557,095</u>
Recapitulation:					
Nonspendable Fund Balance				-	
None					
Restricted Fund Balance:				-	
None					
Committed Fund Balance:					
Capital Reserve				110,976	
Maintenance Reserve				831,275	
Year-end Encumbrances				-	
Unassigned Fund Balance				1,136,342	
Fund Balance per Governmental Funds (GAAP)				<u>2,078,593</u>	

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

**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2017**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 120,953		120,953	104,661	(16,292)
Federal Sources	71,853		71,853	27,365	(44,488)
State Sources			-	-	-
<b>Total Revenues</b>	<b>192,806</b>	<b>-</b>	<b>192,806</b>	<b>132,026</b>	<b>(60,780)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	33,780		33,780	30,774	3,006
Purchased Professional and Technical Services	48,371		48,371	39,850	8,521
General Supplies	101,115		101,115	51,862	49,253
Other Objects	300		300	300	-
<b>Total Instruction</b>	<b>183,566</b>	<b>-</b>	<b>183,566</b>	<b>122,786</b>	<b>60,780</b>
Support Services:					
Salaries of Other Professional Staff	9,240		9,240	9,240	-
<b>Total Support Services</b>	<b>9,240</b>	<b>-</b>	<b>9,240</b>	<b>9,240</b>	<b>-</b>
Capital Outlay					
Non-Instructional Equipment	-		-	-	-
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outflows</b>	<b>192,806</b>	<b>-</b>	<b>192,806</b>	<b>132,026</b>	<b>60,780</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Required Supplementary Information**  
**Budget to GAAP Reconciliation**  
**Note to RSI**  
**For the Year Ended June 30, 2017**

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 13,495,069	[C-2]	132,026
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Prior Year				-
Current Year				-
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>13,495,069</u>	[B-2]	<u>132,026</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 13,016,431	[C-2]	132,026
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		-		
Prior Year				-
Current Year				-
	[B-2]	<u>\$ 13,016,431</u>	[B-2]	<u>132,026</u>

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**REQUIRED SUPPLEMENTARY INFORMATION – PART III**





**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee Retirement System**  
**Last Four Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0398698441%	0.0411751663%	0.0443221000%	0.0437771654%
District's proportionate of the net pension liability (asset)	\$ 11,808,304	\$ 9,243,000	\$ 8,298,309	\$ 8,366,686
District's covered payroll	\$ 2,633,466	\$ 2,711,933	\$ 2,832,299	\$ 3,047,499
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	448.39%	340.83%	292.99%	274.54%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of District Contributions**  
**Public Employee Retirement System**  
**Last Four Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 354,198.00	\$ 353,996.00	\$ 365,385.00	\$ 329,852.00
Contributions in relation to the contractually required contribution	<u>\$ 354,198.00</u>	<u>\$ 353,996.00</u>	<u>\$ 365,385.00</u>	<u>\$ 329,852.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,633,466.00	\$ 2,711,933.00	\$ 2,832,299.00	\$ 3,047,499.00
Contributions as a percentage of covered-employee payroll	13.45%	13.05%	12.90%	10.82%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period. However, information is only currently available for four years. Additional years will be presented as they become available.

**CAPE MAY COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers' Pension and Annuity Fund**  
**Last Four Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 37,838,160.00</u>	<u>\$ 32,756,275.00</u>	<u>\$ 31,350,599.00</u>	<u>\$ 31,642,150.00</u>
<b>Total</b>	<u><u>\$ 37,838,160.00</u></u>	<u><u>\$ 32,756,275.00</u></u>	<u><u>\$ 31,350,599.00</u></u>	<u><u>\$ 31,642,150.00</u></u>
District's covered payroll	\$ 5,454,324.00	\$ 5,642,686.00	\$ 5,814,330.00	\$ 5,807,877.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.64%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to be show information for a 10 year period.  
However, information is only currently available for four years.  
Additional years will be presented as they become available.

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## **OTHER SUPPLEMENTARY INFORMATION**



**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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





**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	Total Brought Forward (Ex. E-1a)	Education Foundation Cape Kids	LEEP Donation	Woodbine Baptist	Totals 2017
<b>REVENUES:</b>					
Local Sources	\$ 81,081	\$ 5,989	\$ 16,138	\$ 1,453	\$ 104,661
Federal Sources	27,365				27,365
State Sources	-				-
<b>Total Revenues</b>	<b>108,446</b>	<b>5,989</b>	<b>16,138</b>	<b>1,453</b>	<b>132,026</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	30,774				30,774
Purchased Professional and Technical Services	29,243	5,989	3,165	1,453	39,850
General Supplies	48,429		3,433		51,862
Other Objects	-		300		300
<b>Total Instruction</b>	<b>108,446</b>	<b>5,989</b>	<b>6,898</b>	<b>1,453</b>	<b>122,786</b>
Support Services:					
Salaries of Other Professional Staff	-		9,240		9,240
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>9,240</b>	<b>-</b>	<b>9,240</b>
Capital Outlay					
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Outflows</b>	<b>108,446</b>	<b>5,989</b>	<b>16,138</b>	<b>1,453</b>	<b>132,026</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2017**

	Education Foundation Annual	NJSIG Safety Grant	Pregnancy Prevention	In School Youth Grant Prior Years	In School Youth Grant FY 16	Total Carried Forward
<b>REVENUES:</b>						
Local Sources	\$ 17,612	\$ 7,952	\$ 750	27,365	54,767	\$ 81,081
Federal Sources						27,365
State Sources						-
<b>Total Revenues</b>	<u>17,612</u>	<u>7,952</u>	<u>750</u>	<u>27,365</u>	<u>54,767</u>	<u>108,446</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	6,000		750		30,774	30,774
Purchased Professional and Technical Services	11,612	7,952		27,365	22,493	29,243
General Supplies					1,500	48,429
Other Objects						
<b>Total Instruction</b>	<u>17,612</u>	<u>7,952</u>	<u>750</u>	<u>27,365</u>	<u>54,767</u>	<u>108,446</u>
Support Services:						
Salaries of Other Professional Staff						
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay						
Non-Instructional Equipment						
<b>Total Capital Outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Outflows</b>	<u>17,612</u>	<u>7,952</u>	<u>750</u>	<u>27,365</u>	<u>54,767</u>	<u>108,446</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## PROPRIETARY FUNDS – DETAILED STATEMENTS

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

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

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

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

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

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

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

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2017**

	Non-Major Business-Type Activities - Enterprise Fund			Total Non-Major Funds (See B-4)
	The "Compact"	Shop Rite	Business Services	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ (58,044)	40,914	10,006	(7,124)
Accounts Receivable	\$ 36,294			36,294
Inventory		2,184		2,184
Total Current Assets	<u>\$ (21,750)</u>	<u>43,098</u>	<u>10,006</u>	<u>31,354</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalents				-
Furniture, Machinery & Equipment	\$ 31,791	20,404		52,195
Less Accumulated Depreciation	\$ (30,154)	(18,375)		(48,529)
Total Noncurrent Assets	<u>\$ 1,637</u>	<u>2,029</u>	<u>-</u>	<u>3,666</u>
Total Assets	<u>\$ (20,113)</u>	<u>45,127</u>	<u>10,006</u>	<u>35,020</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 140			140
Intergovernmental Accounts Payable:				
State		147		147
Total Current Liabilities	<u>\$ 140</u>	<u>147</u>	<u>-</u>	<u>287</u>
Noncurrent Liabilities:				
Compensated Absences	\$ 11,302			11,302
Total Noncurrent Liabilities	<u>\$ 11,302</u>	<u>-</u>	<u>-</u>	<u>11,302</u>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	\$ 1,637	2,029		3,666
Unrestricted	\$ (33,192)	42,951	10,006	19,765
Total Net Position	<u>\$ (31,555)</u>	<u>44,980</u>	<u>10,006</u>	<u>23,431</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	Non-Major Business-Type Activities - Enterprise Fund			Totals
	The "Compact"	Shop Rite	Business Services	Non-Major Funds (See B-5)
Operating Revenue:				
Charges for Service:				
Daily Sales - Non-reimbursable Programs	\$ -	43,398	-	43,398
Tuition and Fees	425,931			425,931
Miscellaneous		186		186
Total Operating Revenue	<u>425,931</u>	<u>43,584</u>	<u>-</u>	<u>469,515</u>
Operating Expenses:				
Cost of Sales		39,102		39,102
Salaries	455,579			455,579
Employee Benefits	99,299			99,299
Other Purchased Services	23,621			23,621
Utilities and Gasoline	14,498			14,498
General Supplies	19,234			19,234
Other	3,127			3,127
Depreciation	16,210	170		16,380
Total Operating Expenses	<u>631,568</u>	<u>39,272</u>	<u>-</u>	<u>670,840</u>
Operating Income (Loss)	<u>(205,637)</u>	<u>4,312</u>	<u>-</u>	<u>(201,325)</u>
Nonoperating Revenues (expenses):			-	
State Sources:				
Adult Day Care - DDD Contract				-
Interest and Investment Income	-			-
Loss on Disposal of Capital Assets	(105,663)			(105,663)
Total Nonoperating Revenues (expenses)	<u>(105,663)</u>	<u>-</u>	<u>-</u>	<u>(105,663)</u>
Income (loss) before Contributions & Transfers	<u>(311,300)</u>	<u>4,312</u>	<u>-</u>	<u>(306,988)</u>
Transfers In (Out)				-
Changes in Net Position	(311,300)	4,312	-	(306,988)
Total Net Position - Beginning	<u>279,745</u>	<u>40,668</u>	<u>10,006</u>	<u>330,419</u>
Total Net Position - Ending	<u>\$ (31,555)</u>	<u>44,980</u>	<u>10,006</u>	<u>23,431</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Non-major Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	Non Major Business-Type Activities - Enterprise Fund			
	The "Compact"	Shop Rite	Business Services	Total Non-Major Funds (See B-6)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Other Income	\$ 463,074	43,584		506,658
Payments to Employees	(461,031)			(461,031)
Payments for Employee Benefits	(99,299)			(99,299)
Payments for Supplies and Services	(62,635)	(39,759)		(102,394)
Net Cash Provided by (Used for) Operating Activities	<u>(159,891)</u>	<u>3,825</u>	<u>-</u>	<u>(156,066)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Subsidies and Transfers from/(to) Other Funds	-			-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Sale of Capital Assets				-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(159,891)	3,825	-	(156,066)
Balance - Beginning of Year	101,847	37,089	10,006	148,942
Balance - End of Year	<u>\$ (58,044)</u>	<u>40,914</u>	<u>10,006</u>	<u>(7,124)</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (205,637)	4,312	-	(201,325)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation and Net Amortization	16,210	170		16,380
(Increase) Decrease in Accounts Receivable	37,143			37,143
(Increase) Decrease in Inventories	-	(559)		(559)
Increase (Decrease) in Accounts Payable	(2,155)	(98)		(2,253)
Increase (Decrease) in Accrued Salaries	(5,452)			(5,452)
Total Adjustments	<u>45,746</u>	<u>(487)</u>	<u>-</u>	<u>45,259</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (159,891)</u>	<u>3,825</u>	<u>-</u>	<u>(156,066)</u>

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## **FIDUCIARY FUNDS DETAIL STATEMENTS**

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

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

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

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

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



**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 208,714	60,638	269,352
Total Assets	<u>208,714</u>	<u>60,638</u>	<u>269,352</u>
<b>LIABILITIES</b>			
Accounts Payable	4,079	-	4,079
Payable to Student Groups	-	27,981	27,981
Payroll Deductions & Withholdings	-	32,657	32,657
Total Liabilities	<u>4,079</u>	<u>60,638</u>	<u>64,717</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 204,635</u>		<u>204,635</u>
Total Net Assets			<u>204,635</u>
Total Liabilities and Net Position			<u>269,352</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
 (A Component Unit of the County of Cape May)  
 Fiduciary Funds  
 Combining Statement of Changes in Fiduciary Net Assets  
 For the Year Ended June 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
<b>ADDITIONS</b>		
Contributions:		
Employee Withholdings	\$ 26,768	26,768
Board Contribution	<u>40,000</u>	<u>40,000</u>
Total Contributions	<u>66,768</u>	<u>66,768</u>
Investments Earnings:		
Interest	742	742
Net Investment Earnings	<u>742</u>	<u>742</u>
Total Additions	<u>67,510</u>	<u>67,510</u>
<b>Deductions</b>		
Unemployment Claims	46,076	46,076
Total Deductions	<u>46,076</u>	<u>46,076</u>
Change in Net Position	21,434	21,434
Net Position - Beginning of the Year	<u>183,201</u>	<u>183,201</u>
Net Position - End of the Year	<u>\$ 204,635</u>	<u>204,635</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Ocean Academy Elementary School	\$ 8,718	10,499	11,764	7,453
Alternative High School	12,600	56,298	48,370	20,528
Total Assets	\$ <u>21,318</u>	<u>66,797</u>	<u>60,134</u>	<u>27,981</u>

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**(A Component Unit of the County of Cape May)**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**As of June 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 86,972	4,787,081	4,841,396	32,657
Total Assets	<u>86,972</u>	<u>4,787,081</u>	<u>4,841,396</u>	<u>32,657</u>
 <b>LIABILITIES:</b>				
Payroll Deductions & Withholding	86,972	4,787,081	4,841,396	32,657
Accounts Payable	-	-	-	-
Total Assets	<u>\$ 86,972</u>	<u>4,787,081</u>	<u>4,841,396</u>	<u>32,657</u>

## **Statistical Section**





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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	407,942	402,688	354,181	841,833	1,457,231	1,476,610	1,564,573	1,573,287	1,556,851	1,699,725
Restricted	210,025	572,405	822,019	984,263	166,589	143,783	292,301	540,801	741,526	942,251
Unrestricted	1,547,689	1,737,070	1,378,245	181,489	860,085	961,671	(7,385,317)	(7,249,756)	(8,020,552)	(8,408,475)
<b>Total governmental activities net position</b>	<b>2,165,656</b>	<b>2,712,163</b>	<b>2,554,445</b>	<b>2,007,585</b>	<b>2,483,905</b>	<b>2,582,064</b>	<b>(5,528,443)</b>	<b>(5,135,668)</b>	<b>(5,722,175)</b>	<b>(5,768,499)</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	201,881	340,589	284,071	246,661	207,428	210,764	190,704	161,042	131,705	114,151
Restricted	1,657,644	1,832,645	1,868,157	2,119,964	2,235,173	2,498,067	2,949,378	3,346,413	3,740,879	4,053,555
Unrestricted	1,859,525	2,173,234	2,152,228	2,386,625	2,442,801	2,708,831	3,140,082	3,507,455	3,872,584	4,167,706
<b>Total business-type activities net position</b>										
<b>District-wide</b>										
Invested in capital assets, net of related debt	609,823	743,277	638,252	1,088,494	1,664,659	1,687,374	1,755,277	1,734,329	1,688,556	1,813,876
Restricted	210,025	572,405	822,019	984,263	166,589	143,783	292,301	540,801	741,526	942,251
Unrestricted	3,205,333	3,569,715	3,246,402	2,301,453	3,095,258	3,459,738	(4,435,939)	(3,903,343)	(4,279,673)	(4,354,920)
<b>Total district net position</b>	<b>4,025,181</b>	<b>4,885,397</b>	<b>4,706,673</b>	<b>4,374,210</b>	<b>4,926,506</b>	<b>5,290,895</b>	<b>(2,388,361)</b>	<b>(1,628,213)</b>	<b>(1,849,591)</b>	<b>(1,598,793)</b>

Source: CAFR Schedule A-1

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

\* Net Position was restated as of June 30, 2014 as required for implementation GASB 68

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Special education	5,245,151	5,451,382	5,587,321	5,568,860	5,719,315	5,760,886	5,278,160	6,211,214	6,610,871	6,846,249
Other instruction	1,382,445	1,506,454	1,558,462	1,514,644	1,345,408	1,397,302	1,317,978	1,511,810	1,590,163	1,583,179
Support Services:										
Student & instruction related services	2,581,417	2,438,084	2,430,011	2,427,201	2,344,928	2,472,502	2,385,022	2,760,628	2,880,544	3,485,266
General administrative/Business services	1,072,912	980,214	971,306	902,168	820,795	831,714	1,313,273	815,752	912,760	1,051,248
School administrative services	527,488	577,281	582,680	636,080	514,030	510,425	392,383	518,805	607,351	629,339
Plant operations and maintenance	2,034,444	2,107,781	1,871,779	2,003,860	1,984,942	2,027,214	2,060,727	2,473,295	2,909,478	3,079,753
Unallocated depreciation	44,620	45,298	25,272	24,224	25,895	-	-	-	-	-
Total governmental activities expenses	12,888,477	13,106,493	13,126,821	13,077,037	12,755,313	13,000,043	12,717,543	14,291,504	15,511,167	16,675,034
Business-type activities:										
Food service	341,676	327,449	306,599	291,398	248,600	254,556	254,399	263,867	251,997	201,272
Linerant services	1,854,292	1,905,205	2,007,068	2,093,384	2,318,988	2,304,061	2,282,064	2,211,615	2,339,395	2,353,174
Transportation services	1,920,393	1,914,067	2,036,107	1,836,665	1,933,313	1,842,056	1,773,602	2,080,443	2,257,419	2,106,895
Other	1,653,918	1,748,487	1,754,660	1,472,782	1,492,086	1,587,193	1,389,085	1,325,382	1,122,655	1,201,408
Total business-type activities expenses	5,770,279	5,895,209	6,104,434	5,694,228	5,992,967	5,987,886	5,679,150	5,881,517	5,971,466	5,862,749
Total district expenses	18,658,757	19,001,702	19,231,254	18,771,266	18,748,280	18,987,929	18,396,693	20,173,021	21,482,633	22,537,783
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	1,667,728	1,251,046	1,069,559	1,163,437	1,294,808	1,460,342	1,292,949	2,775,356	3,557,006	4,694,469
Charges for services:	7,445,480	8,145,268	7,475,894	6,851,524	7,340,644	7,667,761	7,241,604	7,646,504	7,239,859	7,866,593
Total governmental activities program revenues	9,113,208	9,396,314	8,545,453	8,014,961	8,635,452	9,128,103	8,534,553	10,421,860	10,796,865	12,561,062
Business-type activities:										
Charges for services:										
Food service	55,174	72,333	73,639	67,431	65,398	61,915	66,852	63,267	67,746	69,194
Shared services	1,994,580	1,994,122	2,128,661	2,131,822	2,241,669	2,304,199	2,503,716	2,455,281	2,517,989	2,587,437
Linerant services	1,828,988	1,941,292	2,099,336	1,924,027	1,967,877	1,981,693	1,809,337	2,143,587	2,302,896	2,224,829
Transportation services	1,884,641	1,936,127	1,475,807	1,386,976	1,462,282	1,525,559	1,407,949	1,336,929	1,253,190	1,082,393
Other	104,168	104,189	324,758	318,303	324,546	324,784	324,401	183,469	110,011	119,950
Operating grants and contributions	5,967,551	6,048,063	6,102,202	5,798,559	6,081,722	6,198,150	6,112,255	6,182,533	6,251,842	6,083,603
Capital grants and contributions	15,080,759	15,444,377	14,647,655	13,813,520	14,697,224	15,326,253	14,646,808	16,604,393	17,048,707	18,646,865
Total business-type activities program revenue	26,994,699	27,614,438	27,781,113	26,833,140	27,858,152	28,451,997	27,438,624	29,451,085	29,948,102	29,537,712
Total district program revenue	36,107,907	36,990,752	36,326,566	34,848,101	36,493,604	37,580,100	35,973,177	39,872,945	40,745,007	42,128,774
<b>Net (Expense)/Revenue</b>										
Governmental activities	(3,775,269)	(3,710,179)	(4,581,368)	(5,062,076)	(4,119,861)	(3,871,940)	(4,182,990)	(3,869,644)	(4,714,302)	(4,111,972)
Business-type activities	197,271	152,854	(2,232)	104,331	68,805	210,264	433,105	301,016	280,376	221,054
Total district-wide net expense	(3,577,998)	(3,557,325)	(4,583,599)	(4,957,746)	(4,051,055)	(3,661,676)	(3,749,885)	(3,568,628)	(4,433,926)	(3,890,918)

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
County appropriation	3,674,956	3,821,954	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832
Unrestricted grants and contributions	102,570	47,364	86,972	45,321	36,365	15,905	7,369	323,018	208,632	114,520
Investment earnings	512,245	417,390	53,379	422,219	331,045	40,252	73,642	8,099	11,565	22,794
Miscellaneous income		44,532		184,190	253,918			22,827	17,519	29,570
Capital contributions (Uses)	(142,844)	(100,000)	(91,389)	(107,701)		(60,890)	(89,531)	(66,357)	(84,753)	(74,068)
Transfers				(3,644)						
Gain/(Loss) on Disposal of Capital Assets										
Total governmental activities	4,146,927	4,231,240	4,515,039	4,515,216	4,596,179	3,970,099	3,986,312	4,262,419	4,127,795	4,067,648
Business-type activities:										
Investment earnings	2,066	813	750	2,365	2,916	1,757				
Transfers	142,844	100,000		107,701		60,890	69,531	66,357	84,753	74,068
Gain/(Loss) on Disposal of Capital Assets			(19,523.04)		4,254	(6,680)				
Total business-type activities	144,910	100,813	(18,773)	110,066	7,170	55,967	69,531	66,357	84,753	74,068
Total district-wide	4,291,837	4,332,053	4,496,266	4,625,283	4,603,349	4,026,066	4,055,843	4,328,776	4,212,548	4,141,716
Changes in Net Assets										
Governmental activities	371,658	521,061	(66,329)	(546,860)	476,318	98,159	(196,678)	392,775	(586,507)	(44,324)
Business-type activities	342,181	253,667	(21,005)	214,397	75,975	266,231	502,636	367,373	365,129	295,122
Total district	713,839	774,728	(87,334)	(332,463)	552,294	364,390	305,958	760,148	(221,378)	250,798

Source: CAFR Schedule A-2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Restricted	-	-	-	62,442	64,325	-	-	-	-	-
Committed	-	-	-	16,449	77,193	140,061	292,301	541,047	743,814	942,251
Assigned	-	-	-	499,425	-	403,722	-	-	-	-
Unassigned	-	-	-	1,057,806	1,297,160	989,908	1,362,846	1,206,783	930,209	1,136,342
Reserved	210,025	572,405	822,019	-	-	-	-	-	-	-
Unreserved	2,000,335	2,220,219	1,938,228	-	-	-	-	-	-	-
Total general fund	<u>2,210,360</u>	<u>2,792,625</u>	<u>2,760,248</u>	<u>-</u>	<u>1,438,678</u>	<u>1,533,691</u>	<u>1,655,147</u>	<u>1,747,830</u>	<u>1,674,023</u>	<u>2,078,593</u>
<b>All Other Governmental Funds</b>										
Restricted	-	-	-	-	25,071	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned to	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	405,948	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Capital projects fund	153,824	146,180	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>153,824</u>	<u>146,180</u>	<u>-</u>	<u>-</u>	<u>25,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As a result of GASB standards, the classification of fund balance was modified effective in fiscal year 2011

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
County appropriation	3,674,956	3,821,954	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832	3,974,832
Tuition charges	7,346,480	8,145,268	7,443,173	7,156,231	6,912,197	7,308,861	6,894,678	7,311,594	6,874,621	7,514,923
Nonresident fees	481,433	402,442	350,132	348,211	298,956	302,500	303,845	306,350	315,398	306,350
Miscellaneous	183,408	162,480	159,257	208,291	140,849	107,732	134,094	86,009	70,066	157,025
County - capital										
State sources	1,477,167	934,691	922,944	1,081,213	1,356,901	1,319,983	1,172,543	1,278,458	1,431,931	1,532,080
Federal sources	140,535	253,073	177,433	177,452	119,450	88,784	175,581	401,535	304,103	141,885
Total revenue	<u>13,303,979</u>	<u>13,719,908</u>	<u>13,027,771</u>	<u>12,946,230</u>	<u>12,803,185</u>	<u>13,102,692</u>	<u>12,855,573</u>	<u>13,358,778</u>	<u>12,970,951</u>	<u>13,627,095</u>
<b>Expenditures</b>										
Instruction:										
Special education instruction	3,597,684	3,995,260	3,995,627	3,882,341	4,004,744	3,857,854	3,710,751	3,810,382	3,684,244	3,464,627
Other instruction	936,659	1,077,229	1,107,663	1,054,102	907,779	931,961	937,770	931,375	892,224	801,187
Support Services:										
Student & instruction related services	1,794,250	1,759,938	1,750,770	1,713,016	1,605,379	1,667,474	1,675,649	1,700,790	1,616,243	1,763,762
General & business administrative services	741,202	743,449	735,577	685,980	604,231	621,115	571,760	571,891	550,649	618,566
School administrative services	382,695	420,348	416,318	436,630	369,598	346,368	279,189	363,713	366,402	370,310
Plant operations and maintenance	1,825,513	1,916,895	1,774,926	1,809,157	1,745,047	1,752,043	1,828,913	1,753,482	1,779,782	1,828,860
Pupil transportation										
Unallocated employee benefits	3,502,303	3,087,637	3,233,813	3,430,029	3,468,593	3,729,705	3,615,354	3,703,726	4,029,147	4,087,826
Special schools										
Capital outlay	-	44,532	45,454	503,171	643,420	65,340	137,501	72,138	41,314	213,319
Total Expenditures	<u>12,780,306</u>	<u>13,045,288</u>	<u>13,060,148</u>	<u>13,514,426</u>	<u>13,348,791</u>	<u>12,971,860</u>	<u>12,756,887</u>	<u>12,907,497</u>	<u>12,960,005</u>	<u>13,148,457</u>
Excess (Deficiency) of revenues over (under) expenditures	523,673	674,620	(32,377)	(568,196)	(545,606)	130,832	(101,314)	451,281	10,946	478,638
<b>Other Financing Sources (Uses)</b>										
Transfers in	50,900					25,071				
Transfers out	(142,844)	(100,000)	(146,180)	648,000	(32,715)	(85,961)	(69,531)	(66,357)	(84,753)	(74,068)
Capital Authorization Canceled				(797,984)						
Capital leases										
Total other financing sources (uses)	<u>(91,944)</u>	<u>(100,000)</u>	<u>(146,180)</u>	<u>(149,984)</u>	<u>(32,715)</u>	<u>(60,890)</u>	<u>(69,531)</u>	<u>(66,357)</u>	<u>(84,753)</u>	<u>(74,068)</u>
Net change in fund balances	431,729	574,620	(178,557)	(718,180)	(578,321)	69,942	(170,845)	384,924	(73,807)	404,570

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Non-Resident</u> <u>Fees</u>	<u>E- Rate</u>	<u>Miscellaneous</u>	<u>Totals</u>
2008	102,570	7,346,480	481,433	29,097	1,715	7,961,294
2009	47,364	8,145,268	402,442	36,661	4,522	8,636,256
2010	53,379	7,443,173	350,132	36,282	13,441	7,896,407
2011	45,321	7,156,231	348,211	45,839	28,169	7,623,771
2012	36,385	6,912,197	298,956	28,871	3,218	7,279,627
2013	15,905	7,308,861	302,500	36,993	3,259	7,667,518
2014	7,369	6,894,678	303,845	51,216	22,426	7,279,534
2015	8,099	7,311,594	306,350	44,296	231	7,670,570
2016	11,565	6,874,621	315,398	39,579	380	7,241,543
2017	22,794	7,514,923	306,350	40,014	676	7,884,757

Source: District Records

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

**Exhibit J-14**

Fiscal Year Ended June 30,	(a) Population	(b) Personal Income (thousands of dollars)	(c) Per Capita Personal Income	(d) Unemployment Rate
2008	96,470	4,150,718,220	43,026	8.0%
2009	96,091	4,229,637,547	44,017	11.4%
2010	97,267	4,373,610,655	44,965	11.9%
2011	96,604	4,599,413,044	47,611	12.5%
2012	96,460	4,756,153,220	49,307	13.4%
2013	95,868	4,766,173,488	49,716	12.0%
2014	95,417	4,943,745,604	51,812	12.0%
2015	94,843	4,914,005,516	51,812	10.9%
2016	94,430	4,892,607,160	51,812	10.9%
2017	94,430	5,033,968,870	53,309	9.1%

Source:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development - most current information is as of 7/1/2016
- (b) Personal income provided by the NJ Dept of Labor and Workforce Development - most current information is as of 4/15/16
- (c) Per capital personal income source Regional Economic Information System, Bureau of Economic Analysis, November 2016 estimate based on 2015 amount
- (d) Unemployment data provided by the U.S. Department of Labor, Bureau of Labor Statistics

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

Exhibit J-16

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function/Program</b>										
Instruction:										
Special education instruction	95	95	97	90	86	81	80	78	72	72
Support Services:										
Student & instruction related services	23	28	28	27	26	25	24	25	25	26
General administrative services	3	4	3	3	3	3	3	3	3	3
School administrative services	7	7	7	7	7	7	6	7	6	6
Business administrative services	4	4	4	4	4	4	4	4	4	4
Plant operations and maintenance	11	12	12	12	12	12	12	11	12	11
Pupil transportation								2	2	2
Special schools										
Food Service								2	2	2
Child Care										
<b>Total</b>	<b>143</b>	<b>150</b>	<b>151</b>	<b>143</b>	<b>138</b>	<b>132</b>	<b>129</b>	<b>130</b>	<b>123</b>	<b>124</b>

Source: District Personnel Records



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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Overall	District				
2008	339	12,923,150	38,121	-5.52%	95	3.5:1	330	298	13.79%	90.30%	
2009	330	13,100,756	39,699	4.14%	95	3.5:1	317	277	-3.94%	87.38%	
2010	322	13,014,694	40,418	1.81%	97	3:3:1	315	278	-0.63%	88.25%	
2011	277	12,363,255	44,633	10.43%	90	3:3:1	285	250	-9.68%	87.70%	
2012	289	12,738,086	44,076	-1.25%	86	3.3-1	293	258	2.99%	88.05%	
2013	264	12,906,520	48,888	10.92%	81	3.1-1	275	242	-6.14%	88.00%	
2014	275	12,619,386	45,889	-6.14%	80	3.4-1	271	233	-1.53%	86.04%	
2015	251	12,835,299	51,137	11.44%	78	3.2-1	250	221	-7.54%	88.30%	
2016	225	12,918,691	57,416	12.28%	72	3.2-1	239	212	-4.53%	88.62%	
2017	231	12,935,138	55,996	-2.47%	72	3.2-1	233	209	-2.52%	89.70%	

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

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

Exhibit J-18

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>District Buildings</b>										
<b>Elementary,Middle,High School</b>										
CMC Special Services										
Square Feet	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208	166,208
Capacity (students)	400	400	400	400	400	400	400	400	400	400
Enrollment	339	330	322	277	238	264	275	251	225	231

Number of Schools at June 30, 2017  
 Elementary - 1  
 Middle - 1  
 High - 1

Source: District Records, ASSA

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

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Special Services - One Building		446,422	450,160	345,379	351,530	325,380	334,978	366,873	288,246	315,184	320,680
Total School Facilities		446,422	450,160	345,379	351,530	325,380	334,978	366,873	288,246	315,184	320,680
Other Facilities											
Grand Total		446,422	450,160	345,379	351,530	325,380	334,978	366,873	288,246	315,184	320,680

Source: District Records

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2017**  
*(Unaudited)*

**Exhibit J-20**

Company and Type of Coverage	Amount of Coverage	Deductible
<b>New Jersey School Boards Association Insurance Group</b>		
<b>Package Policy</b>		
<b>I Property</b>		
Blanket Real & Personal Property - per occurrence	\$ 350,000,000	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Papers & Records	10,000,000	1,000
Demolition and Increased Cost of Construction	10,000,000	
Fire Department Service Charge	10,000	
Arson Reward	10,000	
Pollutant Cleanup and Removal	250,000	
Contingent Liability		
Flood - per occurrence/NJSBAIG annual aggregate - Zone A & V	10,000,000	500,000
Flood - per occurrence/NJSBAIG annual aggregate - All Other Zones	50,000,000	10,000
Earthquake - per occurrence/NJSBAIG annual aggregate	50,000,000	
Increased Cost of Construction/Demolition		
Terrorism - per occurrence/NJSAIG annual aggregate	1,000,000	
<b>II Electronic Data Processing</b>		
Blanket Hardware/Software	556,000	1,000
Blanket Extra Expense	Included	
Coverage Extensions:		
Transit	25,000	
Loss of Income	10,000	
<b>III Equipment Breakdown</b>		
Combined Single Limit per Accident for Property Damage & Expense	100,000,000	1,000
Property Damage	Included	
Off Premises Property Damage	100,000	
Business Income	Included	
Extra Expense	10,000,000	
Service Interruption	10,000,000	
Perishable Goods	500,000	
Data Restoration	100,000	
Contingent Business Income	100,000	
Demolition	1,000,000	
Ordinance or Law	1,000,000	
Expediting Expenses	500,000	
Hazardous Substances	500,000	
Newly Acquired Locations	250,000	
Terrorism	Included	
<b>IV Crime</b>		
Public Employee Dishonesty with Faithful Performance	250,000	1,000
Theft, Disappearance and Destruction - Loss of Money and Securities on or off Premises	100,000	1,000
Forgery or Alteration	250,000	1,000
Public Officials Bond - Board Secretary/Business Administrator	2,000	500
Public Officials Bond - Board Treasurer	200,000	1,000

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
**Insurance Schedule**  
**For the Fiscal Year Ended June 30, 2017**  
*(Unaudited)*

**Exhibit J-20**

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

Source: District records

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# **Single Audit Section**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

## K-1 INDEPENDENT AUDITOR'S REPORT

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

We have audited the basic financial statements of the Board of Education of the Cape May County Schools for Special Services School (a component unit of the County of Cape May), State of New Jersey, as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 25, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements presented by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

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

*Leon P. Costello*

**Leon P. Costello**  
**Certified Public Accountant**  
**Licensed Public School Accountant**  
**No. 767**

**September 25, 2017**

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
 (A Component Unit of the County of Cape May)  
 Schedule of Federal Financial Awards  
 For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures			MEMO Pass Through to Sub-Recipients	Repayment of Prior Years Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
										Pass Through	Direct	Total					
<b>U.S. Department of Education</b>																	
Special Revenue Fund	93.778	1605NUSMAP	N/A	7/1/2016 7/1/2013	114,520 46,623	\$ \$ (46,623)	-	-	114,520 46,623	(114,520)	-	(114,520)	-	-	-	-	-
Medical Assistance Program	93.778	1605NUSMAP	N/A			(46,623)			161,143	(114,520)		(114,520)					
Total General Fund																	
<b>U.S. Department of Labor (Passed through Atlantic- Workforce Investment Board)</b>																	
Special Revenue Fund	17.25817.259	16-0174-0-1-504	K08.207	7/1/2015 7/1/2014	92,652 56,825	70,897 3,805	(5,474)	-	2,232 33,945	(7,530) (3,805)	-	(7,530) (3,805)	-	-	-	58,814	-
In School Youth Grant-CMC High School	17.25817.259	16-0174-0-1-504	K08.207	7/1/2014	56,825	3,805	-	-	4,383	(16,021)	-	(16,021)	-	-	-	-	-
In School Youth Grant-CMC High School	17.25817.259	16-0174-0-1-504	K08.207	7/1/2013	93,857	16,021	-	-	65,959	(16,021)	-	(16,021)	-	-	-	-	-
Total Special Revenue Fund							(5,474)		104,179	(27,365)		(27,365)				59,814	
<b>U.S. Department of Agriculture</b>																	
Passed-Through State Department of Education Enterprise Funds:	10.555	1616NJ304N1099	N/A	7/1/2015 7/1/2016	13,661 12,862	837	-	-	12,862	(837)	-	(837)	-	-	-	1,863	-
Food Distribution Program	10.555	1616NJ304N1099	N/A														
Child Nutrition Program Cluster:																	
School Breakfast Program - Severe	10.553	1616NJ304N1099	N/A	7/1/2015 7/1/2016	31,590 36,054	(2,232)	-	-	2,232 33,945	(36,054)	-	(36,054)	-	(2,09)	-	-	-
National School Lunch Program	10.555	1616NJ304N1099	N/A	7/1/2015 7/1/2016	63,346 68,531	(4,383)	-	-	4,383 65,959	(62,931)	-	(62,931)	-	(3,827)	-	1,863	-
Total Child Nutrition Program Cluster:									104,179	(102,362)		(102,362)		(6,071)		1,863	
Total Enterprise Funds						(5,778)	-	-	119,011	(117,441)		(117,441)		(6,071)		1,863	
<b>Total Federal Financial Awards</b>						\$ 40,252	(5,474.0)	-	295,036	(270,345)		(270,345)		(6,071)		63,540	

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

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES**  
 (A Component Unit of the County of Cape May)  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years Balances	Balance at June 30, 2017		MEMO
				Deferred Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue (Warrant Payable)	
<b>State Department of Education</b>												
General Fund:												
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/2015 6/30/2016	385,672	\$ (18,704)			385,864	(385,672)		(18,512)		385,672
Total General Fund				(18,704)			385,864	(385,672)		(18,512)		385,672
Special Revenue Fund:												
<b>State Department of Environmental Protection</b>												
Passed through County of Cape May												
Clean Communities	4900-765-78920	7/1/2016 6/30/2017	2,000				2,000		2,000			
Total Special Revenue Fund							2,000		2,000			
<b>State Department of Agriculture</b>												
Enterprise Funds:												
Food Service Fund:												
Child Nutrition Program Cluster (State):												
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/2016 6/30/2015	1,483	(96)			1,400	(1,483)		(83)		1,483
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/2015 6/30/2016	1,415				96					1,415
Total Child Nutrition Program Cluster (State)				(96)			1,496	(1,483)		(83)		2,898
Total Enterprise Funds				(96)			1,496	(1,483)		(83)		2,898
<b>Total State Financial Assistance</b>				(18,800)			389,360	(387,155)	2,000	(18,595)		388,570

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

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Schedules of Expenditures of Federal Awards and  
State Financial Assistance  
June 30, 2017**

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) and 1(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance and NJ OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

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

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 114,520	\$ 1,532,080	\$ (1,146,408)	\$ 500,192
Special Revenue Fund	27,365	-		27,365
Enterprise Funds	<u>118,467</u>	<u>1,483</u>		<u>119,950</u>
Total Financial Award Revenues	<u>\$ 260,352</u>	<u>\$ 1,533,563</u>	<u>\$ (1,146,408)</u>	<u>\$ 647,507</u>

**Cape May County Schools for Special Services  
(A Component Unit of the County of Cape May)  
Notes to Schedules of Expenditures of Federal Awards and  
State Financial Assistance  
June 30, 2017**

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions, TPAF Post-Retirement Contributions, and TPAF Long-Term Disability Insurance represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. These amounts, \$624,371, \$520,243, and \$1,794, respectively, are reported in the basic financial statements as both a revenue and expenditure of the District. These amounts are not reported on the schedule of state financial assistance and were not considered for major program determination. TPAF social security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017. This amount, \$385,672 is reported in the basic financial statements as both a revenue and expenditure of the District. This amount is reported on the schedule of state financial assistance.

**CAPE MAY COUNTY SCHOOLS FOR SPECIAL SERVICES  
(A Component Unit of the County of Cape May)  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

**STATUS OF PRIOR YEAR FINDINGS**

**FEDERAL PROGRAMS**

There were no prior year findings.

**STATE PROGRAMS**

There were no prior year findings.

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