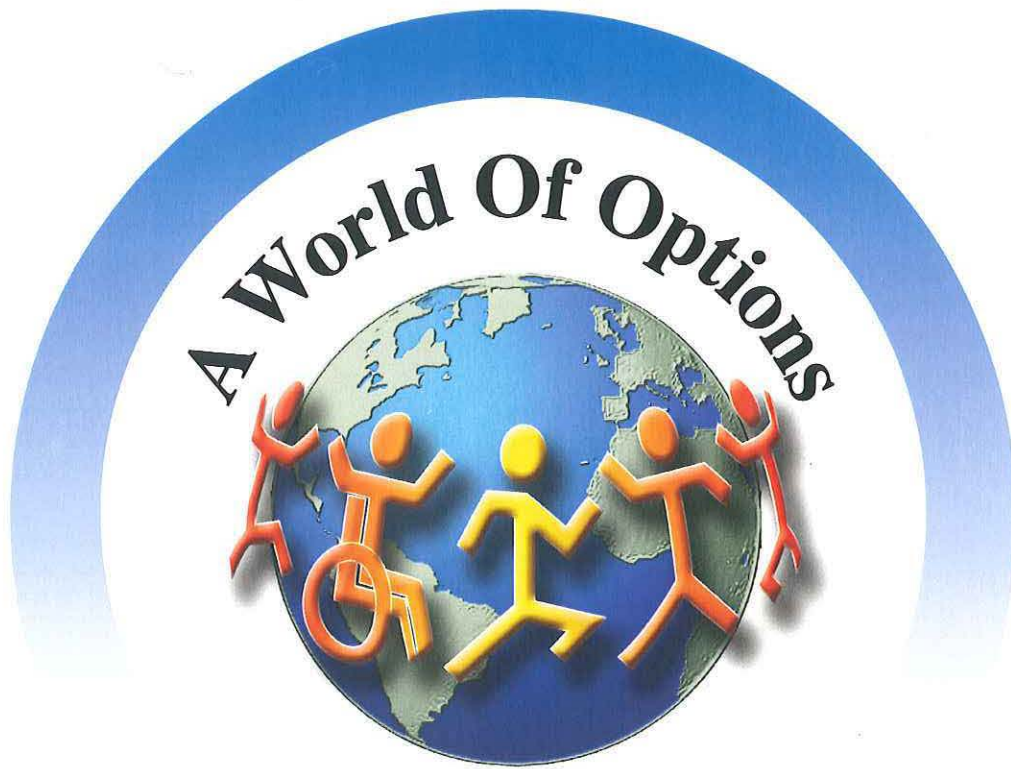




Bergen County Special Services School District

A Component Unit of The County of Bergen

Comprehensive Annual Financial Report For The Fiscal Year Ended JUNE 30, 2016

BERGEN COUNTY, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Bergen County Special Services

School District

Bergen County, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

**Bergen County Special Services
School District
Business Department**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
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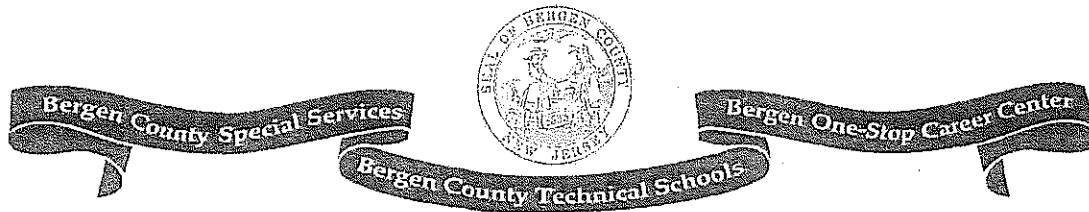
**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT BOARD OF EDUCATION
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INTRODUCTORY SECTION



BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

District Administration Office

540 Farview Avenue, Paramus, New Jersey 07652 • Tel. (201) 343-6000 ext. 4056 • Fax (201) 996-6978 • Email: johsus@bergen.org

December 2, 2016

Honorable President and
Members of the Board of Education
Bergen County Special Services School District
County of Bergen, New Jersey

Dear Board Members:

State Department of Education statutes require that all general-purpose local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Bergen County Special Services for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the Bergen County Special Services School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Bergen County Special Services School District has established a comprehensive internal control framework that is designed both to protect the School District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Bergen County Special Services School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Bergen County Special Services School District's comprehensive framework or internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Bergen County Special Services School District's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Bergen County Special Services School District for the fiscal year ended June 30, 2016, are free of

material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Bergen County Special Services School District's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Bergen County Special Services' MD&A can be found immediately following the "Independent Auditors' Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the basic financial statements and required supplemental information (RSI). 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, as amended, and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the state Treasury Circular Letter 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The District provides unique services throughout the County for individuals with severe, profound, complex or unmet needs for students ranging in age from birth to 21 years; others we serve are adults over age 21. Students are served in one of our continuum, each of which is organized around broad categories in order to address severe, profound, unique and complex special needs.

The School District's revenue source is primarily tuition paid by local school districts. A small portion of overall district revenues comes from county taxes through the Bergen County Board of Chosen Freeholders. The school district operates programs in both Bergen and Essex County on 21 different program sites. Students who live in 7 or more counties in northern New Jersey are either serviced in District operated programs or receive services from the District while still attending programs in their home school.

The District completed the 2015-16 fiscal year with an average daily enrollment of 658 students, which is 5 students more than the previous year's enrollment. The following details the changes in the average daily enrollment over the last ten years.

Fiscal Year <u>Change</u>	Average Daily Enrollment <u>(ADE)</u>	<u>Percent</u>
2015-16	655.0	(2.96%)
2014-15	675.0	(0.44%)
2013-14	678.0	1.73%
2012-13	667.0	(4.10) %
2011-12	695.1	(10.02) %
2010-11	772.5	(3.80)%
2009-10	803.0	(6.30)%
2008-09	857.0	(.35) %
2007-08	860.0	4.12%
2006-07	825.8	6.72%

ECONOMIC CONDITION AND OUTLOOK: Located in Northeastern New Jersey in close proximity to New York City, Bergen County is an important economic entity. Although Bergen County comprises only 3% of New Jersey's total land area, it has the largest number of workers, private-sector jobs, and highest per capita income in the state. Its 900,000 residents live in 70 municipalities, which include 56 boroughs, 9 townships, 3 cities and 2 villages.

According to the Bergen County Economic Development Corporation, Bergen has over 14% of the states jobs (487,000) and over 14% of New Jersey's manufacturing jobs - both records for the state, at \$15 billion. Hackensack, the County Seat, is home to Bergen's top employer, Hackensack University Medical Center. This state-of-the-art teaching and research hospital is the largest provider of inpatient and outpatient services in the state and has been rated one of the best hospitals in the United States by U.S. News. The New Jersey Sports and Exposition Authority (Met Life Stadium, Meadowlands Racetrack, IZOD Arena) and the Valley Hospital System round out the top three employers in the county. Other leading notable employers include: Quest Diagnostics, Englewood Hospital & Medical Center, Bergen Regional Medical Center, AT&T Wireless, Holy Name Hospital, United Parcel Service, The County of Bergen, Mercedes-Benz and BMW.

MAJOR INITIATIVES: During this past year, the District has increased the number of sites in which it operates programs for students. Going forward, the major initiatives of the District include the following:

- a. Continued expansion of Educational Enterprises, a division in which the District provides supports and services to local school districts, enabling students with disabilities to attend class with regular education students. This expansion also includes provision of child study team services.
- b. Established new programs to service elementary and middle school students with behavioral disorders, secondary students with autism and auditory impaired students.
- c. Continued development of community based learning experiences and transition services to master workplace readiness skills.
- d. Expansion and enhancement of community outreach programs.
- e. Expansion and enhancement of support services for District families and community members.

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

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

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the internal service funds for the Regional Day School. 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

ACCOUNTING SYSTEM REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "*Notes to the Basic Financial Statements*".

DEBT ADMINISTRATION: At June 30, 2016 the District does not have any debt service. All bonded long-term debt is included in the County of Bergen's Financial Statements.

CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "*Notes to the Basic Financial Statements*". 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT: The Board carries various forms of insurance including but not limited to general liability, automobile liability and comprehensive insurance and property damage on buildings and contents, fidelity bonds, workers' compensation, and a self-insured unemployment fund.

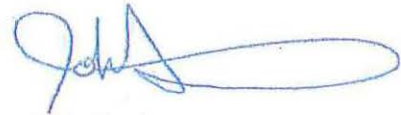
ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Bergen County Special Services School Board for their concern in providing fiscal accountability to the Bergen County Executive and Board of Chosen Freeholders and to the Local Educational Agencies 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 accounting staff.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'H. Lerner', with a long horizontal line extending to the right.

Dr. Howard Lerner
Superintendent

A handwritten signature in blue ink, appearing to be 'John Susino', with a large loop at the end.

John Susino
Business Administrator/Board Secretary

BCSS Administrative Plan 2015-2016

Superintendent
Howard Lerner, Ed.D.

Assistant Superintendent
Curriculum & Instruction
Richard Panicucci

Coordinator of Human Resources
Gary Hall

Coordinator of Technology
Ed Hayward

Business Administrator/
Board Secretary
John Susino

Curriculum
Office

Business
Office

Construction
Office

Transportation
Office

Operations
Office

Assistant Board
Secretary

District Director
Tara Bohan

District Director
Mitchell S. Badner

Visions Becton,
Springboard, Transition
Center
R. Mortorano

Blesman RDS
A. Cupo

Hearing Impaired
Programs
K. Treni

Visions Emerson, NOVA's,
Evergreen, Gateway, Venture
S. Lodhi

Washington Programs
J. Borda

Rehabs, CTT, Stepping Stones
J. D'Aiuto

Education Enterprises,
Visions SB
G. Espinosa

BELA

Career
Crossroads

Brownstone School
D. Perez

North Street School / JDC
G. Janz

Suspension
Alternative Program

Consultant Services
Becton, Bogota, Manchester, Wood-
Ridge

District Supervisor
Ann Potvin

Executive Director
CAPE Center
Linda Wieseneck

Bergen Regional
Medical Center
Hospital Instruction

192/193 Services
to Non-Public Schools

Nursing
Services

McKinney Vento
Homeless Grant

Professional
Development

Parent Support
& Outreach

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BERGEN COUNTY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016**

COUNTY EXECUTIVE

James J. Tedesco III

MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS

Steve Tanelli – Chairman
Tracy Silna Zur – Vice Chairwoman
John A. Felice, Chairman Pro Tempore
Maura DeNicola
David L. Ganz
Thomas J. Sullivan Jr.
Joan Voss

BOARD OF EDUCATION

President – Gary Lentini

Vice-President - Joan C. Fragala

Members of the Board

Beth Lancelloti
Daniel Golabek
William Barnaskas
Marisa Laura Heluk
Norah Peck

Superintendent
Bergen County Office of Education

OTHER OFFICIALS

Superintendent
Business Administrator/Board Secretary
Director of Personnel
District Director
District Director
Supervisor of Instruction 192/193
Principal, Bleshman
Principal, North Street School
Principal, Brownstone
Principal, Washington Programs
Principal, Nova, Emerson, Evergreen, Venture, Gateway
Principal, Hearing Impaired
Principal, Springboard, Transition Center, Visions

Dr. Howard Lerner
John Susino
Gary Hall
Mitchell Badiner
Tara Bohan
Ann Potvin
Angela Cupo
Gregory Janz
David Perez
Jan Borda
Dr. Seema Lodhi
Kathleen Treni
Robert Mortorano

BERGEN COUNTY SPECIAL SERVICES BOARD OF EDUCATION

Consultants and Advisors

Architects

Fraytak, Veisz, Hopkins, Duthie, PC
DMR Architects
RSC Architects

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

Attorney

Nowell, P.A.
155 Polifly Road
Hackensack, New Jersey 07601

Engineers

Boswell Engineering
330 Phillips Avenue
South Hackensack, NJ 07606

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Bergen County Special Services School District
Paramus, 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 Bergen County Special Services School District, a component unit of the County of Bergen as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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

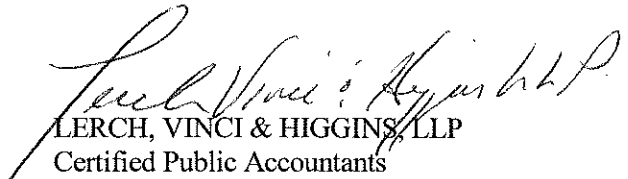
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bergen County Special Services School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Bergen County Special Services School District.

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

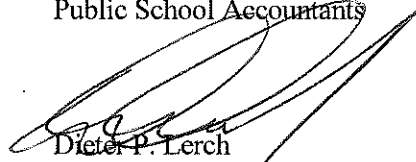
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2016 on our consideration of the Bergen County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bergen County Special Services School District's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

As management of the Bergen County Special Services School District, we offer readers of the Bergen County Special Services School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets of Bergen County Special Services School District exceeded its liabilities at the close of the fiscal year by \$18,810,791 (net position).
-
- The District's total net position decreased by \$5,141,213.
- Overall district-wide revenues were \$110,367,788, which were \$5,141,213 less than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$7,191,411. Of this amount, \$2,990,291 is available for spending at the District's discretion (unassigned fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

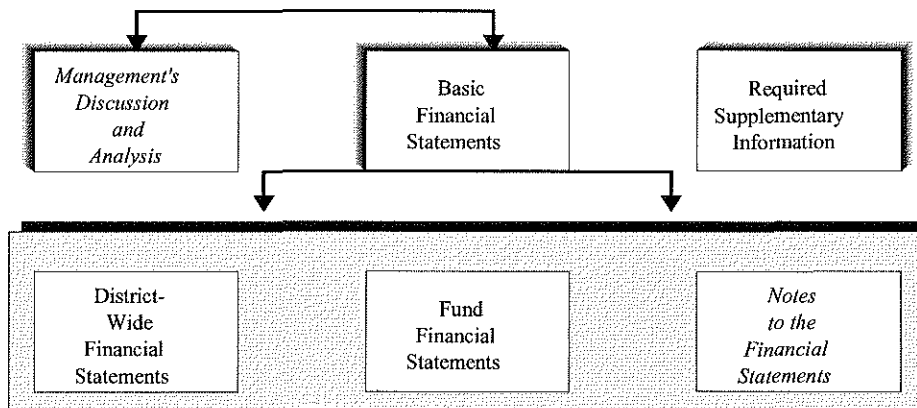
BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
 - The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund	Financial	Statements
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Internal Service funds and Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, student activities, and Payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or Services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as special education, transportation, administration, and community education. County taxes, tuition charged to other school districts and State and Federal aid finance most of these activities.
- *Business-type activities* – The District charges fees to help cover the costs of certain services it provides. The District's food service operations are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities. The district currently has thirteen internal service funds for the following:

- | | |
|--------------------------------|------------------------|
| • Millburn Regional Day School | • Touchstone |
| • Blesham Regional Day School | • Home Hospital |
| • One to One Aides | • Education Enterprise |
| • Extended Year Program | • Management Agreement |
| • Detention Center (TAP) | • Compensated Absences |
| • ETTC | • Interlocal Agreement |
| • Career Crossroads | |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

The District uses *enterprise funds* to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund for its food service (cafeteria) program.

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the General and Special Revenue Funds. A budgetary comparison statement has been provided for these Funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparison, if required.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier net position may serve over time as a useful indicator of a government's financial position. The District's *combined* net position were \$18,810,791 on June 30, 2016 compared to \$23,952,004 on June 30, 2015. See Table A-1

**Table A-1
Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015 (Restated)
Current Assets	\$ 12,450,896	\$ 21,672,592	\$ 72,430	\$ 25,026	\$ 12,523,326	\$ 21,697,618
Capital Assets	58,293,757	55,642,957	-	601	58,293,757	55,643,558
Total Assets	70,744,653	77,315,549	72,430	25,627	70,817,083	77,341,176
 Deferred Outflows	 7,685,058	 1,905,785	 -	 -	 7,685,058	 1,905,785
 Total Assets and Deferred Outflows	 78,429,711	 79,221,334	 72,430	 25,627	 78,502,141	 79,246,961
 Long-Term Liabilities	 56,122,891	 46,910,646			 56,122,891	 46,910,646
Other Liabilities	2,644,090	5,706,035	60,934	24,730	2,705,024	5,730,765
Total Liabilities	58,766,981	52,616,681	60,934	24,730	58,827,915	52,641,411
 Deferred Inflows	 863,435	 2,653,546	 -	 -	 863,435	 2,653,546
 Total Liabilities and Deferred Inflows	 59,630,416	 55,270,227	 60,934	 24,730	 59,691,350	 55,294,957
 Net Position						
Net Investment in capital assets	58,293,757	55,642,957	-	601	58,293,757	55,643,558
Restricted	3,012,582	8,056,525			3,012,582	8,056,525
Unrestricted	(42,507,044)	(39,748,375)	11,496	296	(42,495,548)	(39,748,079)
Total Net Position	\$ 18,799,295	\$ 23,951,107	\$ 11,496	\$ 897	\$ 18,810,791	\$ 23,952,004

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

By far, the largest portion of the Bergen County Special Services net position reflects its investment in capital assets (i.e., machinery and equipment); less any reflected debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future use. Resources need to repay this debt (i.e., capital leases) must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the District was able to report a positive balance in the net position for the government as a whole.

**Table A-2
Change in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 74,884,156	\$ 72,993,799	\$ 126,777	\$ 94,363	\$ 75,010,933	\$ 73,088,162
Operating Grants and Contributions	24,011,839	21,918,039	201,509	208,112	24,213,348	22,126,151
Capital Grants and Contributions	857,842	38,228,087			857,842	38,228,087
General Revenues						
County Property Taxes	8,867,475	8,867,475			8,867,475	8,867,475
State/Federal Aid	50,791	80,341			50,791	80,341
Investment Earnings	18,330	25,775			18,330	25,775
Miscellaneous	1,349,069	1,292,403	-	-	1,349,069	1,292,403
Total Revenues	110,039,502	143,405,919	328,286	302,475	110,367,788	143,708,394
Expenses						
Instruction						
Special Education	67,247,123	63,251,697			67,247,123	63,251,697
Support Services						
Student and Instruction Related Services	28,918,263	25,932,852			28,918,263	25,932,852
School Administration Services	5,079,817	4,522,433			5,079,817	4,522,433
General Administration	1,027,257	1,339,388			1,027,257	1,339,388
Plant Operations and Maintenance	8,570,967	7,726,049			8,570,967	7,726,049
Pupil Transportation	1,903,511	1,622,300			1,903,511	1,622,300
Business/Central Svcs/Admin. Info. Tech.	2,272,376	2,235,759			2,272,376	2,235,759
Food Services	-	-	489,687	404,752	489,687	404,752
Total Expenses	115,019,314	106,630,478	489,687	404,752	115,509,001	107,035,230
Increase (Decrease) in Net Position Before Transfers and Other Items	(4,979,812)	36,775,441	(161,401)	(102,277)	(5,141,213)	36,673,164
Disposal of Capital Assets, net Transfers	(172,000)	(5,648,897)	172,000	97,000	-	(5,648,897)
Change in Net Position	(5,151,812)	31,029,544	10,599	(5,277)	(5,141,213)	31,024,267
Beginning of Year, Net Position	23,951,107	(1,140,214)	897	6,174	23,952,004	(1,134,040)
Prior Period Adjustment - Pension	-	(5,938,223)	-	-	-	(5,938,223)
End of Year, Net Position	\$ 18,799,295	\$ 23,951,107	\$ 11,496	\$ 897	\$ 18,810,791	\$ 23,952,004

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

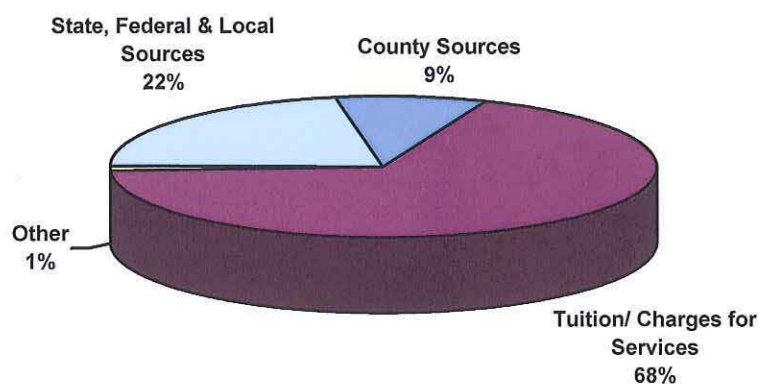
Governmental Activities. The District's total governmental activities revenues were \$110,039,502 for the year ended June 30, 2016, a decrease of \$33,366,417 (23 percent) over the previous year. Tuition and charges for services accounted for 68 percent of total revenues. County property taxes and capital grants and contributions account for 9% percent of total revenue for the year. Another 23 percent came from state and federal grants, contributions and aid, the balance came from investment earnings, and other miscellaneous revenues.

The total cost of all governmental activities programs and services was \$115,019,314, an increase of \$8,388,836 (8 percent) over the previous year. The District's expenses are predominantly related to educating and caring for students with special needs.

Total governmental activities revenues were less than expenses, other items and transfers, decreasing net position by \$5,151,812 over the last year.

- The cost of all governmental activities this year was \$115,019,314.
 - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$74,884,156, an increase of \$1,890,357 (3 percent).
 - The federal and state governments subsidized certain programs with grants, contributions and aid of \$24,062,630, an increase of \$2,064,250 (9 percent). This increase was primarily a result of additional on-behalf revenues and expenditures as a result of GASB 68-Pensions.
 - In addition, the District also received \$857,842 in capital contributions from the County to fund capital projects during the year, a decrease of \$37,370,245 from the prior year.
 - District's costs in the amount of \$8,867,475 were provided by County sources from property taxes, the same amount as the prior year.

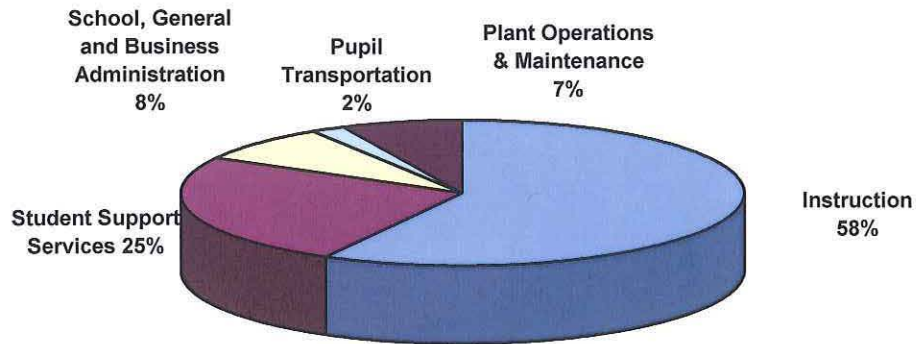
**Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2016**



BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

**Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2015**



For the most part, increases in certain expenses closely paralleled inflation and the growth in the demand for services while others decreased.

The District's total cost of services was \$115,019,314. After applying program revenues derived from charges for services of \$74,884,156 operating grants, and contributions of \$24,011,839 and capital grants and contributions of \$857,842, the net cost of services to the District was \$15,265,477. See Table A-5.

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

	Total Cost of Services		(Revenue) Net Cost of Services	
	2016	2015	2016	2015
Instruction				
Special Education	\$ 67,247,123	\$ 63,251,697	\$ (9,439,757)	\$ (14,218,613)
Support Services				
Student and Instruction Related Services	28,918,263	25,932,852	12,034,193	13,313,180
School Administrative Services	5,079,817	4,522,433	3,186,237	2,807,628
General Administrative Services	1,027,257	1,339,388	970,684	1,193,000
Plant Operations and Maintenance	8,570,967	7,726,049	6,656,961	(31,763,987)
Pupil Transportation	1,903,511	1,622,300	1,832,136	1,537,398
Other Support Services-Business/Central Svc./Admin. Info. Tech.	2,272,376	2,235,759	25,023	621,947
Total	\$ 115,019,314	\$ 106,630,478	\$ 15,265,477	\$ (26,509,447)

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

Business-Type Activities –The District's total business-type activities revenues were \$328,286 for the year ended June 30, 2016, an increase of \$25,811 (8 percent) from the previous year. Charges for services accounted for 39% of total revenues. Operating grants and contributions accounted for 61% of total revenue for the year.

The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities expenses were less than revenues and transfers, increasing net position by \$10,599 from the last year.

The cost of all business-type activities this year was \$489,687.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$126,777, an increase of \$32,414 (34 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$201,509, a decrease of \$6,603 (3 percent). This decrease is a result of a decrease in meals served to low income students during the year.
- The District transferred \$172,000 from its governmental activities to subsidize the Food Service program during the year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$7,191,411, a decrease of \$5,721,900 from last year's fund balance of \$12,901,311. There was also a decrease compared to prior year in costs relating to the various capital projects in progress throughout the District. \$2,990,291 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has been committed 1) to liquidate contracts and purchase orders of the prior period \$327,525; 2) restricted for capital purposes \$1,856,492; 3) restricted for maintenance \$400,000; or 4) designated for appropriation in the 2015/2017 budget \$975,000.

Revenues and total other financing sources (net) for the District's governmental funds were \$72,125,640, while total expenses were \$77,847,540.

General Fund

The General Fund is the chief operating fund of the District and includes the primary operations of providing educational services to students with special needs.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
County Property Taxes	\$ 8,867,475	\$ 8,867,475	\$ -	0%
Tuition	44,613,401	44,579,033	34,368	0.1%
Investment Earnings	18,330	25,775	(7,445)	-29%
Miscellaneous	2,443,469	2,424,003	19,466	1%
State Sources	4,069,169	3,995,129	74,040	2%
Federal Sources	453,318	1,090,870	(637,552)	-58%
Total General Fund Revenue	<u>\$ 60,465,162</u>	<u>\$ 60,982,285</u>	<u>\$ (517,123)</u>	-0.8%

Total General Fund Revenues decreased by \$517,123 or less than 1.0% from the previous year.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

General Fund (Continued)

County Property Taxes remained the same as over the previous year. Tuition which represents 74% of total General Fund revenues for the year remained relatively flat from the previous year.

Revenue from federal sources decreased \$637,552 due to a decrease in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$74,040 largely due to an increase in the Special Revenue Fund.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 35,902,308	\$ 34,189,778	\$ 1,712,530	5%
Support Services	24,982,173	24,684,078	298,095	1%
Capital Outlay	389,614	499,351	(109,737)	-22%
Total General Fund Expenditures	<u>\$ 61,274,095</u>	<u>\$ 59,373,207</u>	<u>\$ 1,900,888</u>	3.2%

Total General Fund expenditures increased \$1,900,888 or 3.2% from the previous year.

In Fiscal Year 2016 General Fund revenues and other financing sources were less than expenditures and other financing uses by \$808,933. After adding statutory transfers and other financing source/(use), the fund balance decreased from \$8,006,746 at June 30, 2015 to \$6,549,308 at June 30, 2016.

Special Revenue Fund

The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the District in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$10,474,636 for the year ended June 30, 2016. Local sources account for the majority of the Special Revenue Funds' revenues, which represented in excess of 80% of the total revenue for the year. The majority of the local sources comes from other LEAs that contract with Bergen County Special Services to provide services in conjunction with nonpublic allotments.

Total Special Revenue Fund revenues increased \$616,962 or 6% from the previous year.

Expenditures of the Special Revenue Fund were \$10,524,348. Special Education instructional expenditures were \$4,473,522 or 43% of the total expended for the year ended June 30, 2016.

Total Special Revenue Fund expenditures increased \$601,112 or 6% from the previous year. Instruction expenditures decreased \$280,071 or 7%. Support services expenditures increased \$350,591 (6%) over the previous year. Capital outlay expenditures decreased \$29,550 or 37%.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

Capital Projects Fund

The capital projects revenues and other financing sources were less than expenditures by \$4,264,462 resulting in a fund balance of \$630,103 at June 30, 2016.

Proprietary Funds

The District maintains both an Enterprise Fund and Internal Service Fund to account for activities which are supported in part through user fees.

- *Enterprise Fund* - The District uses an Enterprise Fund to report activities related to the District's Food services program. The District's Enterprise Fund provides the same type of information found in the government-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

- *Internal Service Fund* - The District uses internal service funds to report activities that provide services and supplies for the District's other programs and activities, as well as services provided on behalf of other districts. The internal service fund is also utilized to account for the District's liabilities relating to compensated absences.

The District also operates the Norman A. Bleshman Regional Day Schools. The related operations for this school are also accounted for in the internal service fund.

The internal service fund revenues were less than expenditures and transfers by \$418,722 resulting in a fund balance of \$1,381,991 at June 30, 2016 down from \$1,800,713 at June 30, 2015.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

CAPITAL ASSETS

By the end of June 30, 2016, the District had invested \$58,293,757 in a range of capital assets for its governmental and business-type activities. This includes leasehold improvements to buildings, computers, specialized machinery and various other types of equipment. The District is a county-wide school district and all properties but one were acquired and constructed by the County of Bergen. The District also operates certain state owned facilities. Title to all real property utilized by the District with the exception of the Montesano School remains with the County of Bergen or State of New Jersey. See Table A-6 for details. Depreciation charges for the fiscal year 2015-2016 amounted to \$2,714,754 for governmental activities and \$601 for business-type activities.

**Table A-6
Capital Assets
As of June 30, 2016 and 2015**

	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Buildings	\$ 56,885,750	\$ 52,578,573			\$ 56,885,750	\$ 52,578,573
Improvements Other Than Buildings	625,694	578,685			625,694	578,685
Leasehold Improvements	6,913,587	6,760,056			6,913,587	6,760,056
Machinery and Equipment	13,091,836	12,233,999	\$ 69,406	\$ 69,406	13,161,242	12,303,405
Total Capital Assets	77,516,867	72,151,313	69,406	69,406	77,586,273	72,220,719
Less Accumulated Depreciation	19,223,110	16,508,356	69,406	68,805	19,292,516	16,577,161
Capital Assets, Net	\$ 58,293,757	\$ 55,642,957	\$ -	\$ 601	\$ 58,293,757	\$ 55,643,558

Additional information on the District's capital assets is presented in the "Notes to the Financial Statements" of this report.

LONG TERM LIABILITIES

At year-end, the District's long-term liabilities for its governmental activities consisted of compensated absences payable of \$2,420,247 and net pension liability payable of \$53,702,644.

Additional information on the Districts long-term liabilities is presented in the "Notes to the Financial Statements" of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated county, state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased by 4.4 percent from the 2015/2016 adopted budget to \$59,644,893 in fiscal year 2016-2017. Increased tuition revenue is the primary reason for the increase in operating costs.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)

Three goals served as the foundation for the development of the 2016/2017 budget. The goals balanced fiscal and program issues. The goals were: 1) maintain and improve program excellence; 2) maintain a balance between tuition charged and services provided; and 3) infuse technology into the instructional programs. The budget program priorities for 2016/2017 continue to include program site consolidation and expansion of the autistic programs for students, as well as program improvements to meet state and federal mandates covering instruction and services to physically, behaviorally and cognitively challenged students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Bergen County Special Services, 540 Fairview Avenue, Paramus, NJ 07652.

BASIC FINANCIAL STATEMENTS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Assets			
Cash and Cash Equivalents (Overdraft)	\$ 3,931,045	\$ (46,685)	\$ 3,884,360
Receivables, net	8,584,626	14,915	8,599,541
Security Deposit	27,225		27,225
Internal Balances	(92,000)	92,000	-
Due from Other Funds	-		-
Inventories		12,200	12,200
Capital Assets, net of accumulated depreciation	<u>58,293,757</u>	<u>-</u>	<u>58,293,757</u>
Total Assets	<u>70,744,653</u>	<u>72,430</u>	<u>70,817,083</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>7,685,058</u>	<u>-</u>	<u>7,685,058</u>
Total Assets and Deferred Outflow of Resources	<u>78,429,711</u>	<u>72,430</u>	<u>78,502,141</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,689,040	60,934	1,749,974
Intergovernmental Payable	123,464		123,464
Unearned Revenue	831,586		831,586
Noncurrent Liabilities			
Due within one year	-		-
Due beyond one year	<u>56,122,891</u>	<u>-</u>	<u>56,122,891</u>
Total Liabilities	<u>58,766,981</u>	<u>60,934</u>	<u>58,827,915</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>863,435</u>	<u>-</u>	<u>863,435</u>
Total Liabilities and Deferred Inflow of Resources	<u>59,630,416</u>	<u>60,934</u>	<u>59,691,350</u>
NET POSITION			
Investment in Capital Assets	58,293,757	-	58,293,757
Restricted			
Capital Projects	2,612,582		2,612,582
Plant Maintenance	400,000		400,000
Unrestricted	<u>(42,507,044)</u>	<u>11,496</u>	<u>(42,495,548)</u>
Total Net Position	<u>\$ 18,799,295</u>	<u>\$ 11,496</u>	<u>\$ 18,810,791</u>

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction:							
Special Education	\$ 67,247,123	\$ 64,054,651	\$ 12,632,229		\$ 9,439,757		\$ 9,439,757
Support Services:							
Student & Instruction Related Services	28,918,263	6,413,023	10,471,047		(12,034,193)		(12,034,193)
General Administration Services	1,027,257	56,573			(970,684)		(970,684)
School Administration Services	5,079,817	1,079,886	813,694		(3,186,237)		(3,186,237)
Plant Operations and Maintenance	8,570,967	961,295	94,869	\$ 857,842	(6,656,961)		(6,656,961)
Pupil Transportation	1,903,511	71,375			(1,832,136)		(1,832,136)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,272,376	2,247,353	-	-	(25,023)	-	(25,023)
Total Governmental Activities	115,019,314	74,884,156	24,011,839	857,842	(15,265,477)	-	(15,265,477)
Business - Type Activities							
Food Service	489,687	126,777	201,509	-	-	\$ (161,401)	(161,401)
Total Business Type Activities	489,687	126,777	201,509	-	-	(161,401)	(161,401)
Total Primary Government	\$ 115,509,001	\$ 75,010,933	\$ 24,213,348	\$ 857,842	(15,265,477)	(161,401)	(15,426,878)
General Revenues:							
County Property Tax Levy					8,867,475		8,867,475
Federal and State Aid Unrestricted					50,791		50,791
Investment Earnings					18,330		18,330
Miscellaneous					1,349,069		1,349,069
Transfers					(172,000)	172,000	-
Total General Revenues, Transfers and Other Items					10,113,665	172,000	10,285,665
Change in Net Position					(5,151,812)	10,599	(5,141,213)
Net Position - Beginning of Year (Restated)					23,951,107	897	23,952,004
Net Position - End of Year					\$ 18,799,295	\$ 11,496	\$ 18,810,791

FUND FINANCIAL STATEMENTS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets				
Cash and Cash Equivalents	\$ 3,204,236	\$ 26,900	\$ 179	\$ 3,231,315
Intergovernmental Receivables	869,681	1,588,458	1,073,061	3,531,200
Due from Other Funds	5,688,000			5,688,000
Security Deposits	<u>27,225</u>	<u>-</u>	<u>-</u>	<u>27,225</u>
Total Assets	<u>\$ 9,789,142</u>	<u>\$ 1,615,358</u>	<u>\$ 1,073,240</u>	<u>\$ 12,477,740</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 961,667	\$ 156,134	\$ 193,137	\$ 1,310,938
Intergovernmental Payable		123,464		123,464
Other Payable	273,080	684		273,764
Due to Other Funds	1,308,577	1,200,000	250,000	2,758,577
Unearned Revenue	<u>696,510</u>	<u>135,076</u>	<u>-</u>	<u>831,586</u>
Total Liabilities	<u>3,239,834</u>	<u>1,615,358</u>	<u>443,137</u>	<u>5,298,329</u>
Fund Balances:				
Restricted				
Capital Reserve	1,856,492			1,856,492
Maintenance Reserve	400,000			400,000
Capital Projects			630,103	630,103
Assigned				
Year End Encumbrances	327,525			327,525
Designated for Subsequent Year's Expenditures	975,000			975,000
Unassigned	<u>2,990,291</u>	<u>-</u>	<u>-</u>	<u>2,990,291</u>
Total Fund Balances	<u>6,549,308</u>	<u>-</u>	<u>630,103</u>	<u>7,179,411</u>
Total Liabilities and Fund Balances	<u>\$ 9,789,142</u>	<u>\$ 1,615,358</u>	<u>\$ 1,073,240</u>	<u>\$ 12,477,740</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

Total Fund Balance - Governmental Funds (Exhibit B-1) **\$ 7,179,411**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$77,516,867 and the accumulated depreciation is \$19,223,110.

58,293,757

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 7,685,058	
Deferred Inflows of Resources	<u>(863,435)</u>	

6,821,623

Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund

Net Pension Liability	(53,702,644)	
Compensated Absences	<u>(1,088,254)</u>	

(54,790,898)

The assets and liabilities of the Internal Service funds are included with governmental activities

1,295,402

Net position of Governmental Activities (Exhibit A-1) **\$ 18,799,295**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
County Property Tax Levy	\$ 8,867,475			\$ 8,867,475
County Aid			\$ 857,842	857,842
Tuition - LEA's	44,613,401			44,613,401
Non-Resident Fees	1,094,400			1,094,400
Interest on Investments	18,330			18,330
Miscellaneous	<u>1,349,069</u>	<u>\$ 8,197,760</u>	<u>-</u>	<u>9,546,829</u>
	55,942,675	8,197,760	857,842	64,998,277
State Sources	4,069,169	2,156,272		6,225,441
Federal Sources	<u>453,318</u>	<u>120,604</u>	<u>-</u>	<u>573,922</u>
Total Revenues	<u>60,465,162</u>	<u>10,474,636</u>	<u>857,842</u>	<u>71,797,640</u>
EXPENDITURES				
Instruction				
Special Education Instruction	35,902,308	4,473,522		40,375,830
Support Services				
Student & Instruction Related Services	13,106,324	5,905,166	1,158,865	20,170,355
School Administration Services	3,249,003			3,249,003
Support Services General Administration	952,238			952,238
Plant Operations and Maintenance	5,434,308	94,869		5,529,177
Pupil Transportation	1,454,088			1,454,088
Other Support Services - Business (Central Services/Admin Info Tech)	786,212			786,212
Capital Outlay	<u>389,614</u>	<u>50,791</u>	<u>4,890,232</u>	<u>5,330,637</u>
Total Expenditures	<u>61,274,095</u>	<u>10,524,348</u>	<u>6,049,097</u>	<u>77,847,540</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>(808,933)</u>	<u>(49,712)</u>	<u>(5,191,255)</u>	<u>(6,049,900)</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	500,000	49,712	926,793	1,476,505
Transfers Out	<u>(1,148,505)</u>	<u>-</u>	<u>-</u>	<u>(1,148,505)</u>
Total Other Financing Sources and Uses	<u>(648,505)</u>	<u>49,712</u>	<u>926,793</u>	<u>328,000</u>
Net Change in Fund Balances	(1,457,438)	-	(4,264,462)	(5,721,900)
Fund Balance - Beginning of Year	<u>8,006,746</u>	<u>-</u>	<u>4,894,565</u>	<u>12,901,311</u>
Fund Balance - End of Year	<u>\$ 6,549,308</u>	<u>\$ -</u>	<u>\$ 630,103</u>	<u>\$ 7,179,411</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (B-2) **\$ (5,721,900)**

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

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay additions exceeded depreciation in the period

Depreciation Expense	\$ (2,698,966)	
Capital Outlays	<u>5,330,637</u>	
		2,631,671

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Pension Expenses	(1,617,729)	
Increase in Compensated Absences	<u>(25,132)</u>	
		(1,642,861)

Internal Service Funds are used by the District's management to charge the costs of various programs/ services to other governmental entities. The net revenue of the Internal Service Funds is reported with governmental activities

Net Income Before Transfers	81,278	
Net Transfers to General Fund	<u>(500,000)</u>	
		(418,722)

Change in net position of governmental activities (Exhibit A-2) **\$ (5,151,812)**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	Business Type Activities Enterprise Fund Food Service	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents (Overdrafts)	\$ (46,685)	\$ 699,730
Intergovernmental Accounts Receivable	14,915	4,758,230
Due from Other Funds	92,000	1,216,577
Due from B.C.T.S		295,196
Security Deposits		-
Inventories	12,200	-
Total Current Assets	<u>72,430</u>	<u>6,969,733</u>
Capital Assets		
Furniture, machinery & equipment	69,406	515,072
Less: Accumulated Depreciation	<u>(69,406)</u>	<u>(428,483)</u>
Total Capital Assets, Net	<u>-</u>	<u>86,589</u>
Total Assets	<u>72,430</u>	<u>7,056,322</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	60,934	103,675
Other Payable		663
Due to Other Funds	<u>-</u>	<u>4,238,000</u>
Total Current Liabilities	<u>60,934</u>	<u>4,342,338</u>
Noncurrent Liabilities		
Compensated Absences	<u>-</u>	<u>1,331,993</u>
Total Noncurrent Liabilities	<u>-</u>	<u>1,331,993</u>
Total Liabilities	<u>60,934</u>	<u>5,674,331</u>
NET POSITION		
Investment in Capital Assets,	-	86,589
Restricted for Capital		125,987
Unrestricted	<u>11,496</u>	<u>1,169,415</u>
Total Net Position	<u>\$ 11,496</u>	<u>\$ 1,381,991</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business- Type Activities	Governmental Activities
	Enterprise	
	Fund	
	Food	
	Service	Internal Service Funds
OPERATING REVENUES		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	\$ 70,241	
Breakfast Program	7,165	
Daily sales - nonreimbursable programs	49,371	
Tuition from LEAS		\$ 7,030,436
Charges and Fees		19,778,125
On-Behalf State	-	2,367,794
	<u>126,777</u>	<u>29,176,355</u>
Total Operating Revenues		
OPERATING EXPENSES		
Cost of Sales - reimbursable programs	210,847	
Cost of Sales - nonreimbursable programs	31,864	
Salaries	172,299	17,737,828
Employee Benefits	48,826	7,446,889
Purchased Services		3,910,360
Management Fee	25,250	
Miscellaneous Expenses		
Depreciation	601	-
	<u>489,687</u>	<u>29,095,077</u>
Total Operating Expenses		
Operating Income (Loss)	<u>(362,910)</u>	<u>81,278</u>
Nonoperating Revenues		
State Sources		
State School Lunch Program	2,557	
Federal Sources		
National School Lunch Program	131,906	
National School Lunch Program-PB Lunch	2,951	
National School Breakfast Program	64,095	-
	<u>201,509</u>	<u>-</u>
Total Non-Operating Revenues		
Net Income (Loss) Before Operating Transfers	(161,401)	81,278
Other Financing Sources (Uses)		
Disposal of Capital Assets, net		-
Transfers In(Out)	172,000	(500,000)
	<u>172,000</u>	<u>(500,000)</u>
Change in Net Position	10,599	(418,722)
Total Net Position - Beginning of Year	<u>897</u>	<u>1,800,713</u>
Total Net Position - Ending of Year	<u>\$ 11,496</u>	<u>\$ 1,381,991</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities	Governmental Activities
	Enterprise Fund	
	Food Service	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 126,777	\$ 26,017,712
Payments to Employees	(221,125)	(19,457,788)
Payments to Suppliers	(221,127)	(7,439,026)
Net Cash Provided by(Used for) operating activities	(315,475)	(879,102)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,588	
Federal Sources	180,506	
Operating Subsidies and transfers to/from other funds	97,000	61,000
Net cash provided by (used for) noncapital financing activities	280,094	61,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	-	(34,917)
Net cash provided by (used for) for capital and related financing activities	-	(34,917)
Net increase in cash and cash equivalents	(35,381)	(853,019)
Cash and Cash Equivalents (Overdrafts) - Beginning of Year	(11,304)	1,552,749
Cash and Cash Equivalents- (Overdrafts) - End of Year	\$ (46,685)	\$ 699,730
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income(Loss)	\$ (362,910)	\$ 81,278
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	601	15,788
Food Distribution(USDA Commodities)-National School Lunch Program	21,108	
(Increase) Decrease in accounts receivable, net		(763,344)
Increase (Decrease) in other current liabilities		(9,625)
Increase(Decrease) in accounts payable	36,204	(203,199)
(Increase)Decrease in inventories	(10,478)	-
Total adjustments	47,435	(960,380)
Net cash provided by (used for) operating activities	\$ (315,475)	\$ (879,102)
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	\$ 21,108	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>	<u>Agency Fund</u>
ASSETS					
Cash and Cash Equivalents	\$ 485,199	\$ 7,931	\$ 41,110	\$ 31,962	\$ 681,426
Total Assets	<u>485,199</u>	<u>7,931</u>	<u>41,110</u>	<u>31,962</u>	<u>\$ 681,426</u>
LIABILITIES					
Payroll deductions and withholdings					\$ 674,088
Accrued Salaries and Wages					816
Due to student groups					6,522
Due to State of New Jersey	<u>3,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 681,426</u>
NET POSITION					
Held in trust for unemployment claims and other purposes	<u>\$ 482,035</u>	<u>\$ 7,931</u>	<u>\$ 41,110</u>		
Reserved for scholarships				<u>\$ 31,962</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT B-8

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>
ADDITIONS				
Contributions:				
Plan Member	\$ 28,483		-	
Private Donations	<u>-</u>	<u>-</u>	<u>\$ 21,231</u>	<u>200</u>
Total Contributions	<u>28,483</u>	<u>-</u>	<u>21,231</u>	<u>200</u>
Investment Earnings:				
Interest/Investment Earnings	<u>917</u>	<u>\$ 330</u>	<u>35</u>	<u>\$ 144</u>
Net investment earnings	<u>917</u>	<u>330</u>	<u>35</u>	<u>144</u>
Total Additions	<u>29,400</u>	<u>330</u>	<u>21,266</u>	<u>344</u>
DEDUCTIONS				
Unemployment Claims	18,031			
Investment Losses		31		
Scholarships Awarded	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>3,850</u>
Total Deductions	<u>18,031</u>	<u>31</u>	<u>1,080</u>	<u>3,850</u>
Change in Net Position	11,369	299	20,186	(3,506)
Net Position, Beginning of Year	<u>470,666</u>	<u>7,632</u>	<u>20,924</u>	<u>35,468</u>
Net Position, End of the Year	<u>\$ 482,035</u>	<u>\$ 7,931</u>	<u>\$ 41,110</u>	<u>\$ 31,962</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

NOTES TO THE FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bergen County Special Services School District (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials appointed by the Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Bergen County Special Services School District this includes general operations, food service, before and after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. The District would be includable as a component unit of the County of Bergen (the "County") on the basis of such criteria.

B. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for financing of goods and services provided to other departments or agencies of the District, or to other Boards of Education, on a cost reimbursement basis. These activities include services related to the Norman A. Blesman Regional day School, one to one aides, extended school year programs, juvenile detention center educational programs ("TAP"), interlocal agreements, touchstone educational programs, home hospital teaching services, teachers educational services programs, school management services and compensated absences program.

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements Other Than Buildings	20
Leasehold Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	5-10
Vehicles	8
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. Pensions

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance (Continued)*

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$2,777,574. The increase was funded by additional revenue anticipated, capital reserve appropriated, additional grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 2,331,099
Increased:		
Interest	\$ 2,186	
Deposit per Board Resolution	<u>450,000</u>	
		<u>452,186</u>
		2,783,285
Decreased:		
Withdrawals approved by Board Resolution		<u>926,793</u>
Balance, June 30, 2016		<u>\$ 1,856,492</u>

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	<u>\$ 400,000</u>
Balance, June 30, 2016	<u>\$ 400,000</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$5,131,988 and bank and brokerage firm balances of the Board's deposits amounted to \$6,218,166. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 6,218,166
	<u>\$ 6,218,166</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2016, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds and internal service in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental						
State	\$ 113,766	\$ 248,710		\$ 189		\$ 362,665
Federal	13,005	25,167		14,726		52,898
Restricted	<u>742,910</u>	<u>1,314,611</u>	<u>\$ 1,073,061</u>	<u>-</u>	<u>\$ 5,053,426</u>	<u>8,184,008</u>
	869,681	1,588,488	1,073,061	14,915	5,053,426	8,599,571
Gross Receivables						
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 869,681</u>	<u>\$ 1,588,488</u>	<u>\$ 1,073,061</u>	<u>\$ 14,915</u>	<u>\$ 5,053,426</u>	<u>\$ 8,599,571</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Tuition Charges - Prior Year Credits	\$ 696,510
Special Revenue Fund	
Unencumbered Grant Draw Downs	33,940
Grant Draw Downs Reserved for Encumbrances	<u>101,136</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 831,586</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings	\$ 52,578,573	\$ 4,307,177		\$ 56,885,750
Improvements other than buildings	578,685	47,009		625,694
Leasehold Improvements	6,760,056	153,531	\$ -	6,913,587
Machinery and equipment	12,233,999	857,837	-	13,091,836
Total capital assets being depreciated	<u>72,151,313</u>	<u>5,365,554</u>	<u>-</u>	<u>77,516,867</u>
Less accumulated depreciation for:				
Buildings	(3,862,158)	(1,490,399)		(5,352,557)
Improvements other than buildings	(311,851)	(30,698)		(342,549)
Leasehold Improvements	(3,321,368)	(331,030)	-	(3,652,398)
Machinery and equipment	(9,012,979)	(862,627)	-	(9,875,606)
Total accumulated depreciation	<u>(16,508,356)</u>	<u>(2,714,754)</u>	<u>-</u>	<u>(19,223,110)</u>
Total capital assets, being depreciated, net	<u>55,642,957</u>	<u>2,650,800</u>	<u>-</u>	<u>58,293,757</u>
Governmental activities capital assets, net	<u>\$ 55,642,957</u>	<u>\$ 2,650,800</u>	<u>\$ -</u>	<u>\$ 58,293,757</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 69,406	-	-	\$ 69,406
Total capital assets being depreciated	69,406	-	-	69,406
Less accumulated depreciation for:				
Machinery and equipment	(68,805)	\$ (601)	-	(69,406)
Total accumulated depreciation	(68,805)	(601)	-	(69,406)
Total capital assets, being depreciated, net	601	(601)	-	-
Business-type activities capital assets, net	\$ 601	\$ (601)	\$ -	\$ -

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

Governmental activities:	
Instruction	
Special	\$ 476,724
Total Instruction	476,724
Support Services	
Student and Instruction Related Services	2,023
School administration	54,301
Operations and maintenance of plant	1,882,357
Student transportation	283,561
Total Support Services	2,222,242
Total Governmental Funds	2,698,966
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	15,788
Total depreciation expense - governmental activities	\$ 2,714,754
Business-type activities:	
Food Service Fund	\$ 601

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Rooftop Unit at the Montesano School	\$ 322,250
Construction Manager - New Educational Facility	26,370
Construction of New Educational Facility	<u>112,381</u>
Total	<u>\$ 461,001</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 250,000
General Fund	Special Revenue Fund	1,200,000
General Fund	One to One Aides - Internal Service Fund	905,000
General Fund	Interlocal Agreement-Internal Service Fund	1,325,000
General Fund	Extended Year - Internal Svc. Fund	20,000
General Fund	Career Crossroads - Internal Svc. Fund	35,000
General Fund	Touchstone - Internal Svc. Fund	3,000
General Fund	Management Agreement-Internal Service Fund	210,000
General Fund	Education Enterprises - Internal Svc. Fund	1,740,000
Food Service Fund	General Fund	92,000
Internal Service Funds	General Fund	<u>1,216,577</u>
		<u>\$ 6,996,577</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year except the balance between the General Fund and the Compensated Absences Internal Services Fund.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	Transfer In:				
	Enterprise-Food Service	Capital Projects Fund	Special Revenue Fund	General Fund	Total
Transfer Out:					
General Fund	\$ 172,000	\$ 926,793	\$ 49,712		\$ 1,148,505
Internal Service Funds	-	-	-	\$ 500,000	500,000
Total transfers out	<u>\$ 172,000</u>	<u>\$ 926,793</u>	<u>\$ 49,712</u>	<u>\$ 500,000</u>	<u>\$ 1,648,505</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, July 1, 2015 (Restated)	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,395,115	\$ 25,132	-	\$ 2,420,247	-
Net Pension Liability	44,515,531	9,187,113	-	53,702,644	-
Governmental activity					
Long-term liabilities	<u>\$ 46,910,646</u>	<u>\$ 9,212,245</u>	<u>\$ -</u>	<u>\$ 56,122,891</u>	<u>\$ -</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for compensated absences, and net pension liability are generally liquidated by the general fund.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the County of Bergen Self Insurance Pool for general liability/automobile coverage and worker's compensation insurance.

The relationship between the Board and the County of Bergen is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District has agreed to pay an annual installment based on a computation of the District's Share of the County's premium as provided by the County. In return, the County of Bergen administers the District's insurance.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions/ Int. Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -	\$ 29,400	\$ 18,031	\$ 482,035
2015	-	89,129	49,155	470,666
2014	44,000	143,232	52,230	430,692

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Pending Litigation –

1. O.W. v. BCSS – Notice of Tort Claim

O.W. was a student of the Venture Program. On January 2, 2013, she was being transported home from school when she opened the emergency door of the moving school bus and jumped out of the bus.

She died a few days later and a tort claim notice was filed shortly thereafter. Our preliminary impression is that the school district's liability is minimal, given the fact that the bus transportation was arranged/bid by the student's local district, Paterson, that the aides on the bus were Paterson's employees, and that there is some evidence that the routing of the busses may have been improperly handled by either Paterson or the bussing company. Notwithstanding, given the fact that this is a death case, we estimate the range of exposure for the Board to be up to \$300,000.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Pending Litigation (Continued) –

2. E, et al v. Bergen Special Services – Currently in Litigation

This matter arises out of a motor vehicle collision occurring on May 21, 2015, when a school bus operated by a school employee collided with another vehicle on the road and, then collided with a utility pole. A number of tort claim notices have been filed by passengers on the bus, as well as a claim from PSE&G for its cost in repairing the pole.

At this time, discovery is continuing we are not fully aware of the full potential nature or extent of damages, although they do not seem to be overly significant. Nonetheless, given the apparent lack of immunities available to the Board under the Tort Claims Act in motor vehicle accidents, we estimate the potential exposure to the board to be up to \$500,000.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

Other Pension Funds (Continued)

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 2,056,748	\$ 2,334,701	\$ 48,001
2015	1,960,564	1,597,063	192,675
2014	1,870,873	1,272,647	

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,334,701 and \$1,597,063, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,272,647 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Annual Pension Costs (APC) (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,125,033 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$53,702,644 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was 0.23923 percent, which was an increase of 0.00141 percent from its proportionate share measured as of June 30, 2014 of 0.23782 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,674,477 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,281,156	
Changes of Assumptions	5,767,235	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 863,435
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>636,667</u>	<u>-</u>
Total	<u>\$ 7,685,058</u>	<u>\$ 863,435</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 1,278,433
2018	1,278,433
2019	1,278,433
2020	1,839,621
2021	<u>1,146,703</u>
	<u>\$ 6,821,623</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 3.80%. The source is 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.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 66,745,816</u>	<u>\$ 53,702,644</u>	<u>\$ 42,767,343</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$11,400,207 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$186,708,043. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was 0.29540 percent, which was a decrease of 0.00543 percent from its proportionate share measured as of June 30, 2014 of 0.30083 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

<u>TPAF</u>	
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based
Thereafter	on experience
	Varies based
Investment Rate of Return	on experience
Mortality Rate Table	7.90%
	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. The source is 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 221,895,530</u>	<u>\$ 186,708,043</u>	<u>\$ 156,391,917</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets 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 this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The School Employees Health Benefits Program (SEHBP) Act is found in 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 State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$2,779,984, \$2,535,338 and \$2,086,662, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

The financial statements for June 30, 2015 have been restated to reflect the PERS pension liabilities.

	June 30,		Balance
<u>Governmental Activities</u>	<u>2015</u>	<u>Adjustment</u>	<u>Restated</u>
			<u>June 30,</u>
			<u>2015</u>
Deferred Outflows - Amounts on Net Pension Liability	\$ 1,184,455	\$ 721,330	\$ 1,905,785
Deferred Inflows - Amounts on Net Pension Liability	2,842,465	188,919	2,653,546
Net Pension Liability	(37,667,059)	(6,848,472)	(44,515,531)
Net Position - Unrestricted	(29,889,330)	5,938,223	(23,951,107)

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
County Aid	\$ 8,867,475		\$ 8,867,475	\$ 8,867,475	
Tuition	43,821,720	\$ 1,350,000	45,171,720	44,613,401	\$ (558,319)
Non Resident Fees	1,200,000		1,200,000	1,094,400	(105,600)
Interest on Investments	40,000		40,000	18,330	(21,670)
Miscellaneous	1,281,000	100,000	1,381,000	1,349,069	(31,931)
Total Local Sources	55,210,195	1,450,000	56,660,195	55,942,675	(717,520)
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,564,903	1,564,903
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				1,251,884	1,251,884
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				62,360	62,360
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,190,022	1,190,022
Total State Sources	-	-	-	4,069,169	4,069,169
Federal Sources:					
Medicaid Reimbursement	325,000		325,000	453,318	128,318
ARRA/SEMI	-	-	-	-	-
Total Federal Sources	325,000	-	325,000	453,318	128,318
Total Revenues	55,535,195	1,450,000	56,985,195	60,465,162	3,479,967
EXPENDITURES					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	2,022,715	\$ -	2,022,715	1,996,758	25,957
Other Salaries for Instruction	1,403,263	98,000	1,501,263	1,501,034	229
Purchased Prof. - Educ. Services	1,190,000	(183,100)	1,006,900	903,183	103,717
Lease and Rentals	14,700		14,700	3,908	10,792
Other Purchased Services	52,500	(5,000)	47,500	43,307	4,193
Travel	7,400		7,400	4,048	3,352
General Supplies	76,650	47,290	123,940	103,189	20,751
Textbooks	1,900	(1,000)	900	-	900
Other Objects	21,050	-	21,050	5,462	15,588
Total Auditory Impairments - Instruction	4,790,178	(43,810)	4,746,368	4,560,889	185,479
Behavioral Disabilities - Instruction					
Salaries of Teachers	2,237,168	34,000	2,271,168	2,271,166	2
Other Salaries for Instruction	974,528	22,500	997,028	996,661	367
Purchased Prof. - Educ. Service	247,000	25,000	272,000	258,977	13,023
Leases and Rentals	24,900		24,900	3,955	20,945
Travel	22,300	-	22,300	17,964	4,336
General Supplies	113,650	4,373	118,023	83,671	34,352
Textbooks	25,500	(6,000)	19,500	2,653	16,847
Other Objects	12,550	-	12,550	5,736	6,814
Total Behavioral Disabilities - Instruction	3,657,596	79,873	3,737,469	3,640,783	96,686

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES (Continued)					
Current (Continued)					
Psychiatric					
Salaries of Teachers	\$ 389,014	\$ 29,500	\$ 418,514	\$ 418,431	\$ 83
Other Salaries for Instruction	165,648	9,500	175,148	174,701	447
Purchased Prof. - Educ. Service	545,000	-	545,000	540,336	4,664
Travel	2,000	(1,890)	110	110	-
General Supplies	37,500	6,390	43,890	35,564	8,326
Textbooks	6,500	(6,500)	-	-	-
Other Objects	4,000	(2,000)	2,000	1,665	335
Total Psychiatric	<u>1,149,662</u>	<u>35,000</u>	<u>1,184,662</u>	<u>1,170,807</u>	<u>13,855</u>
Multiple Disabilities - Instruction					
Salaries of Teachers	1,898,349	-	1,898,349	1,863,418	34,931
Other Salaries for Instruction	1,146,435	138,500	1,284,935	1,284,837	98
Purchased Prof. - Educ. Service	449,000	(1,900)	447,100	444,082	3,018
Lease and Rentals	10,700	-	10,700	1,076	9,624
Travel	4,650	-	4,650	2,374	2,276
General Supplies	112,900	(4,395)	108,505	73,502	35,003
Textbooks	12,300	502	12,802	7,787	5,015
Other Objects	11,800	-	11,800	4,814	6,986
Total Multiple Disabilities	<u>3,646,134</u>	<u>132,707</u>	<u>3,778,841</u>	<u>3,681,890</u>	<u>96,951</u>
Autism - Instruction					
Salaries of Teachers	3,761,571	300,000	4,061,571	4,043,676	17,895
Other Salaries for Instruction	2,903,342	450,000	3,353,342	3,336,679	16,663
Purchased Prof. - Educ. Service	79,500	393,758	473,258	472,991	267
Lease and Rentals	12,700	-	12,700	11,922	778
Travel	9,700	66	9,766	7,375	2,391
General Supplies	188,500	(3,566)	184,934	154,796	30,138
Textbooks	470	-	470	-	470
Other Objects	13,300	-	13,300	7,017	6,283
Total Autistic	<u>6,969,083</u>	<u>1,140,258</u>	<u>8,109,341</u>	<u>8,034,456</u>	<u>74,885</u>
Preschool Handicapped - Full Time - Instruction					
Salaries of Teachers	696,343	(12,400)	683,943	674,374	9,569
Other Salaries for Instruction	167,649	-	167,649	162,734	4,915
Purchased Prof. - Educ. Service	29,000	12,400	41,400	40,205	1,195
Leases and Rentals	480	(384)	96	-	96
Other Purchased Services	-	384	384	384	-
Travel	3,120	-	3,120	258	2,862
General Supplies	34,880	(540)	34,340	21,112	13,228
Textbooks	790	-	790	-	790
Other Objects	4,975	-	4,975	1,238	3,737
Total Preschool Handicapped - Full-Time	<u>937,237</u>	<u>(540)</u>	<u>936,697</u>	<u>900,305</u>	<u>36,392</u>
Total Special Education - Instruction	<u>21,149,890</u>	<u>1,343,488</u>	<u>22,493,378</u>	<u>21,989,130</u>	<u>504,248</u>
School Sponsored Co curricular Activities					
Travel	2,300	800	3,100	790	2,310
Other Objects	66,545	5,000	71,545	59,235	12,310
Total School Sponsored Co curricular Activities	<u>68,845</u>	<u>5,800</u>	<u>74,645</u>	<u>60,025</u>	<u>14,620</u>
Other Instructional Programs					
Salaries	76,199	-	76,199	75,622	577
Purchased Prof. - Educ. Service	11,000	-	11,000	6,000	5,000
General Supplies	5,500	-	5,500	4,107	1,393
Other Objects	500	-	500	-	500
Total Other Instructional Programs	<u>93,199</u>	<u>-</u>	<u>93,199</u>	<u>85,729</u>	<u>7,470</u>
Community Services Programs/ Operations					
Salaries	126,739	-	126,739	126,739	-
Other Purchased Services	51,000	2,000	53,000	50,196	2,804
Travel	1,000	32	1,032	592	440
Supplies and Materials	14,000	(2,000)	12,000	6,479	5,521
Other Objects	4,500	-	4,500	1,853	2,647
Total Community Services Programs/ Operations	<u>197,239</u>	<u>32</u>	<u>197,271</u>	<u>185,859</u>	<u>11,412</u>
Total Instruction	<u>21,509,173</u>	<u>1,349,320</u>	<u>22,858,493</u>	<u>22,320,743</u>	<u>537,750</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES (Continued)					
Current (Continued)					
Health Services					
Salaries	\$ 674,143	\$ (80,000)	\$ 594,143	\$ 590,503	\$ 3,640
Purchased Professional and Technical Services	25,000		25,000	25,000	-
Supplies and Materials	13,850	-	13,850	8,588	5,262
Other Objects	28,365	-	28,365	7,955	20,410
Total Health Services	741,358	(80,000)	661,358	632,046	29,312
Speech, OT,PT and Related Services					
Salaries	4,350,024	(351,700)	3,998,324	3,986,326	11,998
Purchased Professional-Educational Services	250,000	8,100	258,100	258,084	16
Supplies and Materials	2,000	-	2,000	1,530	470
Total Other Support Services-Students Related Serv.	4,602,024	(343,600)	4,258,424	4,245,940	12,484
Child Study Team					
Salaries of Other Professional Staff	1,918,586	33,000	1,951,586	1,951,332	254
Total Child Study Team	1,918,586	33,000	1,951,586	1,951,332	254
Improvement of Instruction Services					
Salaries	326,555	-	326,555	324,601	1,954
Other Purchased Services	47,000	-	47,000	40,000	7,000
Travel	3,000	(150)	2,850	2,014	836
Supplies and Materials	-	650	650	604	46
Total Improvement of Instruction Services	376,555	500	377,055	367,219	9,836
Educational Media Service/School Library					
Salaries	567,129	20,600	587,729	587,689	40
Purchased Professional-Educational Services	260,000	45,598	305,598	305,550	48
Travel	1,000	(100)	900	323	577
Supplies and Materials	75,000	(2,366)	72,634	71,566	1,068
Total Educational Media Services/School Library	903,129	63,732	966,861	965,128	1,733
Instructional Staff Training Services					
Travel	26,115	1,461	27,576	8,414	19,162
Other Objects	48,550	-	48,550	22,217	26,333
Total Instructional Staff Training Services	74,665	1,461	76,126	30,631	45,495
Support Services General Administration					
Salaries	125,358	1,400	126,758	126,667	91
Legal Services	180,000	38,600	218,600	209,475	9,125
Audit Fees	60,000		60,000	59,578	422
Expenditure and Internal Control		25,000	25,000	8,685	16,315
Architect/Engineering Fees		32,350	32,350	22,663	9,687
Other Purchased Professional Services	55,000	-	55,000	51,114	3,886
Leases and Rentals	10,000		10,000	3,920	6,080
Communications/Telephone	294,000	(97,350)	196,650	134,696	61,954
Other Purchased Services	255,500	(50,075)	205,425	200,720	4,705
Travel	1,500	100	1,600	1,555	45
BOE Other Purchase Services	3,000	1,200	4,200	2,283	1,917
Supplies and Materials	16,000	(500)	15,500	15,461	39
Miscellaneous Expenditures	30,000	(700)	29,300	24,315	4,985
Total Support Services General Administration	1,030,358	(49,975)	980,383	861,132	119,251

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES (Continued)					
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	\$ 1,205,232	\$ 3,000	\$ 1,208,232	\$ 1,208,092	\$ 140
Salaries of Secretarial and Clerical Assistants	700,264	(3,000)	697,264	675,211	22,053
Travel	9,940	-	9,940	2,098	7,842
Supplies and Materials	8,035	(580)	7,455	1,695	5,760
Other Objects	3,980	580	4,560	4,357	203
Total Support Services School Administration	1,927,451	-	1,927,451	1,891,453	35,998
Central Services					
Salaries	343,531	(18,000)	325,531	324,538	993
Purchased Professional Services	34,700	-	34,700	34,700	-
Purchased Technical Services	63,100	17,400	80,500	80,488	12
Leases and Rentals	3,000	500	3,500	2,970	530
Travel	2,000	-	2,000	1,223	777
Other Purchased Services	3,000	(2,800)	200		200
Supplies and Materials	16,000	1,123	17,123	14,756	2,367
Miscellaneous Expenditures	6,500	4,000	10,500	9,444	1,056
Total Central Services	471,831	2,223	474,054	468,119	5,935
Required Maintenance for School Facilities					
Salaries	151,314	28,000	179,314	177,550	1,764
Cleaning, Repair and Maintenance Services	150,000	(28,000)	122,000	98,249	23,751
General Supplies	55,000	10,368	65,368	48,470	16,898
Total Required Maintenance for School Facilities	356,314	10,368	366,682	324,269	42,413
Custodial Services					
Salaries	982,693	153,000	1,135,693	1,135,433	260
Purchased Professional and Technical Services	150,000	-	150,000	150,000	-
Cleaning, Repair and Maintenance Services	230,000	42,626	272,626	247,429	25,197
Rental of Land and Bldgs. Other Than Lease Purch	1,509,341	10,300	1,519,641	1,515,365	4,276
Other Purchased Property Services	41,200	25,000	66,200	53,441	12,759
General Supplies	227,000	5,243	232,243	203,768	28,475
Energy (Natural Gas)	180,000	(70,000)	110,000	105,097	4,903
Energy (Electricity)	633,500	(318,000)	315,500	312,780	2,720
Energy (Gasoline)	135,000	(80,000)	55,000	50,050	4,950
Other Objects	10,000	-	10,000	7,805	2,195
Total Custodial Services	4,098,734	(231,831)	3,866,903	3,781,168	85,735
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	50,000	6,500	56,500	19,519	36,981
General Supplies	10,000	142,880	152,880	142,604	10,276
Total Upkeep of Grounds	60,000	149,380	209,380	162,123	47,257
Security					
Cleaning, Repair and Maintenance Services	170,000		170,000	162,355	7,645
Supplies	-	51,750	51,750	51,750	-
Total Security	170,000	51,750	221,750	214,105	7,645
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	643,730	-	643,730	624,842	18,888
Cleaning, Repair and Maintenance Services	15,000	2,196	17,196	2,196	15,000
Contr Serv (Other Than Between Home & School) - Vendors	8,000		8,000	1,170	6,830
Miscellaneous Purchased Services-Transportation	39,500		39,500	39,500	-
Supplies and Materials	75,000	320	75,320	61,045	14,275
Miscellaneous Expenditures	25,000	-	25,000	20,826	4,174
Total Student Transportation Services	806,230	2,516	808,746	749,579	59,167

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES (Continued)					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,261,000	\$ 54,000	1,315,000	\$ 1,314,588	\$ 412
Other Retirement Contributions- Regular	2,090,000	-	2,090,000	1,269,099	820,901
Unemployment Compensation	31,200	(20,000)	11,200	8,740	2,460
Workmen's Compensation	600,000	159,975	759,975	759,795	180
Health Benefits	10,529,559	1,176,908	11,706,467	11,705,678	789
Tuition Reimbursement	150,000	(54,000)	96,000	92,393	3,607
Other Employee Benefits	130,000	-	130,000	127,368	2,632
Total Unallocated Benefits	<u>14,791,759</u>	<u>1,316,883</u>	<u>16,108,642</u>	<u>15,277,661</u>	<u>830,981</u>
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,564,903	(1,564,903)
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				1,251,884	(1,251,884)
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				62,360	(62,360)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,190,022	(1,190,022)
Total TPAF Contributions	-	-	-	4,069,169	(4,069,169)
Total Undistributed Expenditures	<u>32,328,994</u>	<u>926,407</u>	<u>33,255,401</u>	<u>35,991,074</u>	<u>(2,735,673)</u>
Total Expenditures - Current	<u>53,838,167</u>	<u>2,275,727</u>	<u>56,113,894</u>	<u>58,311,817</u>	<u>(2,197,923)</u>
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Auditory Impairments		18,540	18,540	18,540	-
Psychiatric		4,000	4,000	3,995	5
Multiple Disabilities		2,800	2,800	-	2,800
Autism		3,500	3,500	3,495	5
Educational Media and School Library		121,031	121,031	121,031	-
Operations and Maintenance of Plant Grounds		46,599	46,599	46,590	9
School Buses-Special	-	88,825	88,825	88,825	-
	-	107,138	107,138	107,138	-
Total Equipment	-	<u>392,433</u>	<u>392,433</u>	<u>389,614</u>	<u>2,819</u>
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Total Capital Outlay	-	<u>392,433</u>	<u>392,433</u>	<u>389,614</u>	<u>2,819</u>
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	417,427	-	417,427	386,626	30,801
Other Salaries for Instruction	816,726	(250,000)	566,726	519,786	46,940
Other Purchased Services	340,000	-	340,000	337,319	2,681
Travel	3,000	149	3,149	716	2,433
General Supplies	19,750	14,224	33,974	-	33,974
Other Objects	11,750	2,500	14,250	4,760	9,490
Total Other Special Schools - Instruction	<u>1,608,653</u>	<u>(233,127)</u>	<u>1,375,526</u>	<u>1,249,207</u>	<u>126,319</u>
Other Special Schools - Support Services					
Salaries	612,975	(6,600)	606,375	557,192	49,183
Personal Services - Employee Benefits	780,000	(147,000)	633,000	602,499	30,501
Purchased Professional and Technical Services	93,000	16,500	109,500	108,697	803
Other Purchased Services	116,400	(25,400)	91,000	51,072	39,928
Supplies and Materials	6,000	(1,000)	5,000	3,997	1,003
Other Objects	-	-	-	-	-
Total Other Special Schools - Support Services	<u>1,608,375</u>	<u>(163,500)</u>	<u>1,444,875</u>	<u>1,323,457</u>	<u>121,418</u>
Total Other Special Schools	<u>3,217,028</u>	<u>(396,627)</u>	<u>2,820,401</u>	<u>2,572,664</u>	<u>247,737</u>
Total Expenditures	<u>57,055,195</u>	<u>2,271,533</u>	<u>59,326,728</u>	<u>61,274,095</u>	<u>(1,947,367)</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	<u>(1,520,000)</u>	<u>(821,533)</u>	<u>(2,341,533)</u>	<u>(808,933)</u>	<u>1,532,600</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Other Financing Sources/(Uses):					
Transfer to Food Service Fund - Board Contribution	\$ (80,000)	\$ (92,000)	\$ (172,000)	\$ (172,000)	-
Operating Transfers - Internal Service Funds	500,000		500,000	500,000	-
Operating Transfers - Capital Projects Fund		(926,793)	(926,793)	(926,793)	-
Operating Transfers - Special Revenue Fund	-	-	-	(49,712)	(49,712)
Total Other Financing Sources/(Uses)	420,000	(1,018,793)	(598,793)	(648,505)	(49,712)
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(1,100,000)	\$ (1,840,326)	(2,940,326)	(1,457,438)	\$ 1,482,888
Fund Balances, July 1	8,006,746	-	8,006,746	8,006,746	-
Fund Balances, June 30	\$ 6,906,746	\$ (1,840,326)	\$ 5,066,420	\$ 6,549,308	\$ 1,482,888
Recapitulation:					
Restricted Fund Balance					
Capital Reserve				\$ 1,856,492	
Maintenance Reserve				400,000	
Assigned Fund Balance					
Year End Encumbrances				327,525	
Designated for Subsequent Year's Expenditures				975,000	
Unassigned Fund Balance					
Undesignated				2,990,291	
				\$ 6,549,308	

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
State Sources	\$ 1,098,000	\$ 597,948	\$ 1,695,948	\$ 2,154,039	\$ 458,091
State On-Behalf					-
Federal Sources	115,000	18,214	133,214	120,604	(12,610)
Other Sources	8,095,000	321,086	8,416,086	8,190,872	(225,214)
Total Revenues	9,308,000	937,248	10,245,248	10,465,515	220,267
EXPENDITURES					
Instruction					
Salaries of Teachers	9,188,000	(4,792,336)	4,395,664	4,150,333	245,331
Other Salaries for Instruction		72,242	72,242	72,242	-
Purchased Professional Services		22,452	22,452	13,132	9,320
Other Purchased Services		6,477	6,477	450	6,027
General Supplies	40,000	143,676	183,676	171,910	11,766
Other Objects	-	64,725	64,725	64,725	-
Total Instruction	9,228,000	(4,482,764)	4,745,236	4,472,792	272,444
Support Services					
Salaries	80,000	1,125,187	1,205,187	1,147,653	57,534
Personnel Services Employee Benefits		1,752,492	1,752,492	2,488,174	(735,682)
Cleaning, Repair, and Maintenance Service		3,466	3,466	3,466	-
Purchased Professional Education Services		2,014,726	2,014,726	2,008,921	5,805
Communication and Telephone		23,348	23,348	23,347	1
Energy		7,367	7,367	7,367	-
Rental		87,502	87,502	87,502	-
Travel		12,819	12,819	10,368	2,451
Other Purchased Services		187,919	187,919	187,919	-
Supplies and Materials		18,293	18,293	2,844	15,449
Miscellaneous Expenditures	-	2,016	2,016	2,016	-
Total Support Services	80,000	5,235,135	5,315,135	5,969,577	(654,442)
Facilities Acquisition and Construction					
Buildings		129,800	129,800	28,692	101,108
Instructional Equipment	-	55,077	55,077	44,166	10,911
Total Facilities Acquisition and Construction	-	184,877	184,877	72,858	112,019
Total Expenditures	9,308,000	937,248	10,245,248	10,515,227	(269,979)
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	(49,712)	(49,712)
Transfer from General Fund				49,712	49,712
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II
PENSION INFORMATION

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Source/Inflows of Resources		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	\$ 60,465,162	\$ 10,465,515
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2015		110,257
Encumbrances, June 30, 2016	-	(101,136)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 60,465,162</u>	<u>\$ 10,474,636</u>
Uses/Outflows of Resources		
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 61,274,095	\$ 10,515,227
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2015		110,257
Encumbrances, June 30, 2016	-	(101,136)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 61,274,095</u>	<u>\$ 10,524,348</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.23923	%	0.23782	%	0.23468 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$53,702,644		\$44,515,531		\$44,853,790
District's Covered-Employee Payroll	\$16,100,179		\$16,501,385		\$16,005,606
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	333.55%		269.77%		280.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93	%	52.08	%	48.72 %

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,056,748	\$ 1,960,564	\$ 1,870,873
Contributions in Relation to the Contractually Required Contribution	<u>2,056,748</u>	<u>1,960,564</u>	<u>1,870,873</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$16,100,179	\$16,501,385	\$16,005,606
Contributions as a Percentage of Covered-Employee Payroll	12.77%	11.88%	11.69%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>186,708,043</u>	<u>160,785,515</u>	<u>159,708,437</u>
Total	<u>\$ 186,708,043</u>	<u>\$ 160,785,515</u>	<u>\$ 159,708,437</u>
District's Covered-Employee Payroll	\$ 27,950,082	\$ 29,483,746	\$ 29,177,685
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

SCHOOL LEVEL FUNDS

NOT APPLICABLE

SPECIAL REVENUE FUND

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Total Brought Forward (Ex. E-1a)	Total Brought Forward (Ex. E-1b)	Total Brought Forward (Ex. E-1c)	Nonpublic Supp. Inst.	Nonpublic Speech	Nonpublic Transport	Nonpublic Home Inst.	Nonpublic Exam & Class	Nonpublic Comp Ed	2016
REVENUES										
Intergovernmental										
State	\$ 211,471	\$ 1,126,138	\$ 279,026	\$ 153,724	\$ 109,334	\$ 24,415	\$ 1,353	\$ 16,337	\$ 232,021	\$ 2,154,039
Federal	170,464	-	1,925,904	1,026,752	996,438	138,100	20,890	1,572,319	2,066,090	20,604
Other	419,789	-	-	-	-	-	-	-	-	8,190,372
Total Revenues	\$ 751,864	\$ 1,126,138	\$ 2,204,930	\$ 1,180,476	\$ 1,105,762	\$ 182,515	\$ 22,243	\$ 1,589,656	\$ 2,298,111	\$ 10,465,115
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 134,712	\$ 459,186	\$ 1,120,220	\$ 720,862	\$ 598,112	\$ 117,008	\$ 6,468	\$ 7,379	\$ 1,083,747	\$ 4,150,333
Other Salaries for Instruction	-	51,050	-	6,697	7,116	-	-	-	-	72,242
Purchased Professional Services	13,132	-	-	-	-	-	-	-	450	13,132
Other Purchased Services	20,552	-	44,019	7,015	14,924	-	-	52,749	32,030	450
General Supplies	44,181	-	-	-	-	-	-	-	20,544	171,910
Other Objects	-	-	-	-	-	-	-	-	-	64,725
Total Instruction	212,577	510,837	1,164,239	734,574	590,152	117,008	6,466	60,128	1,136,771	4,472,792
Support Services										
Salaries	350,895	222,450	88,766	77,361	155,427	39,092	693	128,377	74,612	1,147,633
Salaries of Non-Instructional Personnel	139,412	170,538	284,570	360,916	336,553	28,442	1,780	201,461	962,305	2,488,724
Classroom Repair and Maintenance Services	-	-	-	-	-	-	-	-	57	3,466
Purchased Professional Educational Services	12,645	-	571,366	10,000	75,090	2,009	13,359	1,157,553	90,000	1,931,523
Purchased Professional Technical Services	704	16,998	-	-	4,106	-	-	3,465	9,169	76,998
Communication and Telephone	2,474	5,903	-	-	2,404	-	-	-	23,347	23,347
Energy/Heat & Electricity	3,984	-	-	-	-	-	-	-	2,489	3,984
Other Purchased Professional Services	2,000	38,298	-	4,000	12,500	-	-	13,602	17,102	87,502
Rental	3,689	-	-	-	-	-	-	-	6,729	10,368
Travel	1,757	136,410	4,311	1,000	3,500	-	-	27,478	3,700	18,359
Other Purchased Services	1,969	675	-	-	-	-	-	-	2,444	18,359
Supplies and Materials	1,816	-	-	-	-	-	-	-	200	2,444
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	2,016
Total Support Services	576,955	591,501	1,009,013	453,277	591,470	69,734	15,832	1,535,425	1,166,360	5,959,577
Facilities Acquisition and Construction										
Buildings	-	23,800	4,892	-	-	-	-	-	-	4,892
Rental of Buildings	3,782	-	-	-	-	-	-	-	-	23,800
Instructional Equipment	-	-	40,384	-	-	-	-	-	-	44,166
Total Facilities Acquisition and Construction	3,782	23,800	45,276	-	-	-	-	-	-	72,858
Total Expenditures	755,324	1,126,138	2,218,528	1,187,851	1,121,622	186,742	22,318	1,595,553	2,298,131	10,515,227
Deficiency of Revenues Under Expenditures	(1,460)	-	(9,598)	(7,375)	(15,860)	(4,227)	(73)	(6,997)	(5,020)	(49,712)
Other Financing Sources/(Uses)										
Transfer from General Fund	1,460	-	9,598	7,375	15,860	4,227	73	6,997	5,020	49,712
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	-	-	-	-	-	-	-	-	-	-

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Careers Tech Technology	Adult Training	Adult Training Autism	After Hours	Community Connections	Getting Us There	Leisure Bridges	Adult Training Spec Needs	Total Exhibit E-1a
REVENUES									
Intergovernmental									
State	\$ 205,679	\$ 544,019	\$ 132,501	\$ 38,031	\$ 9,536	\$ 33,280	\$ 44,470	\$ 118,642	\$ 1,126,158
Federal	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 205,679	\$ 544,019	\$ 132,501	\$ 38,031	\$ 9,536	\$ 33,280	\$ 44,470	\$ 118,642	\$ 1,126,158
EXPENDITURES									
Administrative									
Salaries of Teachers	\$ 149,429	\$ 65,299	\$ 118,565	\$ 35,833	\$ 9,050	\$ 25,693	\$ 31,800	\$ 23,517	\$ 459,186
Other Salaries for Instruction	-	-	-	-	-	-	-	51,050	51,050
Purchased Professional Services	-	-	-	-	-	621	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	621	621
General Supplies	-	-	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 149,429	\$ 65,299	\$ 118,565	\$ 35,833	\$ 9,050	\$ 26,314	\$ 31,800	\$ 74,567	\$ 510,857
Support Services									
Salaries	37,750	206,692	4,600	2,198	486	1,966	7,333	3,825	222,490
Cleaning, Repair, and Maintenance Services	-	89,409	9,536	-	-	-	4,162	25,051	170,358
Transportation and Related Services	-	-	-	-	-	-	-	-	-
Purchased Professional Technical Services	-	14,613	-	-	-	-	-	2,385	16,998
Other Purchased Professional Services	-	5,151	-	-	-	-	-	752	5,903
Communication and Telephone	-	-	-	-	-	-	-	-	-
Energy (Heat & Electricity)	-	-	-	-	-	-	875	-	875
Purchased Property Services	-	38,298	-	-	-	-	-	-	38,298
Rental	-	124,557	-	-	-	-	-	-	124,557
Travel	-	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-
Rodent/Insect Expenditures	-	-	-	-	-	-	-	-	-
Total Support Services	\$ 37,750	\$ 478,720	\$ 13,936	\$ 2,198	\$ 486	\$ 1,966	\$ 12,370	\$ 44,075	\$ 591,501
Facilities Acquisition and Construction									
Rental of Buildings	18,500	-	-	-	-	5,000	300	-	23,800
Instructional Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	\$ 18,500	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 300	\$ -	\$ 23,800
Total Expenditures	\$ 205,679	\$ 544,019	\$ 132,501	\$ 38,031	\$ 9,536	\$ 33,280	\$ 44,470	\$ 118,642	\$ 1,126,158
Deficiency of Revenues Under Expenditures	-	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-
Transfer from General Fund	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Work Ready, Work Now	LSI Early Intervention	Title I Part D	HIP Union St Donations	Nonpublic ESL	Bushman Donations	Homeless Children	Homeless Children Continued	Total Exhibit E-1b
REVENUES									
Intergovernmental									
State	\$ 179,851			\$	\$ 31,020		\$	\$	\$ 211,471
Federal		\$ 191,218	23,609	\$	211,115	\$ 16,920		\$ 23,968	120,604
Other									419,789
Total Revenues	\$ 179,851	\$ 191,218	23,609	\$ 556	\$ 242,735	\$ 16,920	\$ 73,027	\$ 23,968	\$ 751,864
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 13,132		13,123		\$ 121,389				\$ 134,712
Other Salaries for Instruction									13,132
Salaries for Professional Services	1,718		3,090	536	2,070	\$ 13,138		\$	20,552
Other Professional Services	44,181								44,181
General Supplies									
Other Objects									
Total Instruction	59,031		16,213	536	123,659	13,138			212,577
Support Services									
Salaries	102,270	\$ 153,574			43,455		50,429	11,267	360,995
Personnel Services Employees Benefits	15,835	34,034	3,412		69,105		12,331	4,697	139,412
Cleaning, Repair, and Maintenance Services									
Purchased Professional Education Services			3,984		1,590		9,520	1,825	12,645
Other Purchased Professional Services									3,984
Communication and Telephone									764
Books (Hard & Electronic)									2,474
Purchased Property Services									2,000
Rental									3,639
Travel		2,886					601	152	7,327
Other Purchased Services								6,027	1,969
Supplies and Materials	899	724			1,300		346		1,816
Miscellaneous Expenditures	1,816								
Total Support Services	120,820	191,218	7,396		120,536		73,027	23,968	556,965
Facilities Acquisition and Construction									
Buildings									
Instructional Equipment						3,782			3,782
Total Facilities Acquisition and Construction						3,782			3,782
Total Expenditures	179,851	191,218	23,609	556	244,195	16,920	73,027	23,968	753,324
Deficiency of Revenues Under Expenditures					(1,460)				(1,460)
Other Financing Sources/(Uses)									
Transfer from General Fund									1,460
Fund Balance, Beginning of Year									
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	SGA-Blechnan/ Monticelli	SGA-Blechnan/ Monticelli HVAC	Total Exhibit E-1c
REVENUES					
Intergovernmental					
State	\$ 186,100	\$ 47,650	40,384	4,892	\$ 279,026
Federal	1,678,685	231,219	-	-	1,929,904
Other	1,864,785	298,869	40,384	4,892	2,208,930
Total Revenues	\$ 3,929,570	\$ 577,738	\$ 84,768	\$ 9,776	\$ 4,401,852
EXPENDITURES					
Instruction					
Salaries	\$ 891,860	\$ 228,360			\$ 1,120,220
Salaries - Teachers					-
Other Salaries for Instruction					-
Purchased Professional Services					-
Other Purchased Services	42,827	1,192			44,019
General Supplies					-
Other Objects					-
Total Instruction	\$ 934,687	\$ 229,552	\$ -	\$ -	\$ 1,164,239
Support Services					
Salaries	88,766	-			88,766
Personnel Services Employee Benefits	214,564	70,006			284,570
Cleaning, Repair, and Maintenance Services					-
Purchased Professional Educational Services					-
Other Purchased Professional Services	571,366				571,366
Communication and Telephone	60,000				60,000
Energy (Heat & Electricity)					-
Purchased Property Services					-
Rental					-
Travel					-
Other Purchased Services	5,000	(689)			4,311
Supplies and Materials					-
Miscellaneous Expenditures					-
Total Support Services	\$ 959,696	\$ 69,317	\$ -	\$ -	\$ 1,029,013
Facilities Acquisition and Construction					
Buildings					
Instructional Equipment			40,384	4,892	45,276
Total Facilities Acquisition and Construction	\$ -	\$ -	\$ 40,384	\$ 4,892	\$ 45,276
Total Expenditures	\$ 1,894,383	\$ 298,869	\$ 40,384	\$ 4,892	\$ 2,238,528
Deficiency of Revenues Under Expenditures	(9,598)	-	-	-	(9,598)
Other Financing Sources/(Uses)					
Transfer from General Fund	9,598	-	-	-	9,598
Fund Balance, Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	<u>Cancelled</u>	<u>Balance June 30, 2016</u>
Centralized Campus	\$ 7,800,000	\$ 7,420,936	\$ 15,466		\$ 363,598
Facilities Bond #13	830,000	829,855			145
Facilities Bond #14	3,756,650	3,756,443			207
Facilities Bond #15	1,791,000	1,785,444			5,556
Facilities Bond #17	1,847,000	1,673,816	-		173,184
Facilities Bond #18	5,010,750	4,904,884	87,432		18,434
Facilities Bond #19	1,867,500	1,845,749	20,000		1,751
Facilities Bond #20	1,925,000	1,781,445	127,422		16,133
Facilities Bond #21	485,000	301,199	118,519		65,282
Facilities Bond #22	490,000	310,079	95,495		84,426
Facilities Bond #23 (2013)	47,738,028	42,349,584	5,151,161		237,283
Facilities Bond #23 (2013-2)	476,793	333,566	31,501	-	111,726
Facilities Bond #23 (2014)	450,000	286,506	49,855		113,639
Facilities Bond #23 (2014)	<u>522,000</u>	<u>-</u>	<u>352,246</u>	<u>-</u>	<u>169,754</u>
	<u>\$ 74,989,721</u>	<u>\$ 67,579,506</u>	<u>\$ 6,049,097</u>	<u>\$ -</u>	<u>\$ 1,361,118</u>
Project Balance, June 30, 2016					\$ 1,361,118
Unrealized Revenue - Authorized					
But Not Issued by the County					<u>(731,015)</u>
Fund Balance, June 30, 2016					<u>\$ 630,103</u>
<u>Analysis</u>					
Available for Capital Projects					186,517
Year End Encumbrances					<u>443,586</u>
					<u>\$ 630,103</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

County Aid	\$ 857,842
Transfer - General Fund	<u>926,793</u>
Total Revenues and Other Financing Sources	<u>1,784,635</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	434,508
Facilities Acquisition and Construction Services	3,960,431
Equipment	495,293
Supplies and Materials	<u>1,158,865</u>
Total Expenditures and Other Financing Uses	<u>6,049,097</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,264,462)
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Fund Balance (Deficit) - Beginning of Year	<u>4,894,565</u>
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Fund Balance (Deficit) - End of Year	<u>\$ 630,103</u>
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ENTERPRISE FUNDS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUNDS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Millburn Regional Day School	Norman A. Biesman Regional Day School	One to One Aides	Extended Year	Career Crossroads	Touchstone	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
ASSETS														
Current Assets														
Cash and Cash Equivalents	\$ -	\$ 555,784	\$ 3,219	\$ 4,805	\$ 2,400	\$ 469	\$ 34,861	\$ 1,795	\$ 3,410	\$ 2,208	\$ 84,436	\$ 6,343		\$ 699,730
Accounts Receivable		570,715	985,059	22,000	26,928		18,468	1,788,144		1,346,916				4,758,230
Due From B.C.T.S.												295,196		295,196
Security Deposits								-						-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,216,577	1,216,577
Total Current Assets	-	1,126,499	988,278	26,805	29,328	469	53,329	1,789,939	3,410	1,349,124	84,436	301,539	1,216,577	6,969,733
Capital Assets														
Furniture, machinery & equipment	-	310,360			3,334	14,657		78,082			108,639			515,072
Less: Accumulated Depreciation	-	(301,598)	-	-	(111)	(14,657)	-	(73,716)	-	-	(38,401)	-	-	(428,483)
Total Capital Assets, Net	-	8,762	-	-	3,223	-	-	4,366	-	-	70,238	-	-	86,589
Total Assets	-	1,135,261	988,278	26,805	32,551	469	53,329	1,794,305	3,410	1,349,124	154,674	301,539	1,216,577	7,056,322
LIABILITIES														
Current Liabilities														
Accounts Payable	-	57,272			-		-	1,187		25,675	16,566	2,975		103,675
Other		-						663						663
Due to BCTS														-
Due to Other Funds	-	-	905,000	20,000	35,000	469	2,531	1,740,000	-	1,325,000	-	210,000	-	4,238,000
Total Current Liabilities	-	57,272	905,000	20,000	35,000	469	2,531	1,741,850	-	1,350,675	16,566	212,975	-	4,342,338
Noncurrent Liabilities														
Compensated Absences	-	115,416	-	-	-	-	-	-	-	-	-	-	1,216,577	1,331,993
Total Noncurrent Liabilities	-	115,416	-	-	-	-	-	-	-	-	-	-	1,216,577	1,331,993
Total Liabilities	-	172,688	905,000	20,000	35,000	469	2,531	1,741,850	-	1,350,675	16,566	212,975	1,216,577	5,674,331
NET POSITION														
Net Investment in capital assets														
related debt	-	8,762			3,223	-		4,366	-	-	70,238			86,589
Restricted for Capital		125,987												125,987
Unrestricted	-	827,824	83,278	6,805	(5,672)	-	50,798	48,089	3,410	(1,551)	67,870	88,564	-	1,169,415
Total Net Position	\$ -	\$ 962,573	\$ 83,278	\$ 6,805	\$ (2,449)	\$ -	\$ 50,798	\$ 52,455	\$ 3,410	\$ (1,551)	\$ 138,108	\$ 88,564	\$ -	\$ 1,381,991

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Millburn Regional Day School	Norman A. Blesham Regional Day School	One to One Aides	Extended Year	Career Crossroads	Touchstone	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
REVENUES														
OPERATING REVENUES														
Tuition from LEAS		\$ 6,845,000			\$ 185,436									\$ 7,030,436
Charges and Fees		343,220	\$ 3,326,803	\$ 2,577,898			\$ 49,916	\$ 5,656,292		\$ 6,424,098	\$ 54,121	\$ 1,345,777		19,778,125
On-Behalf (Non-Budgeted)														
TPAF Pension System														
Post Retirement Medical		310,571		73,279	8,597		1,787	252,546		260,653				907,433
Normal Cost		248,449		58,622	6,878		1,429	202,031		208,316				725,925
Non-Contributory Group Insurance		12,576		2,920	343		71	10,064		10,387				36,161
Reimbursed TPAF Social Security Contributions	-	238,986	-	56,388	6,616	-	1,375	194,335	-	200,575	-	-	-	698,275
Total Operating Revenues	-	7,998,602	3,326,803	2,769,107	207,870	-	54,578	6,315,268	-	7,104,229	54,121	1,345,777	-	29,176,335
OPERATING EXPENSES														
Instruction-Special Education	-	4,086,458	2,319,183	1,276,209	181,230		34,875	2,325,061		3,382,309	51,378			13,656,703
School Sponsored Cocurricular Activities		250												250
Health Services	-	241,622		21,282										262,904
Speech, OT/PT and Related Services				11,572				2,330,745		674,137				3,016,454
Child Study Team		204,403		90,110				220		780,799				1,075,332
Admin. Info. Technology		-						94,615						94,615
Instructional Staff Training Services										1,609				1,609
General Administration	-	14,194		23,966				(588)			123	17,655		55,350
School Administration	-	220,140		191,763				195,064		183,129				790,096
Operation and Maintenance of Plant	-	481,493		287,387				37,746		2,559		62,864		872,649
Student Transportation				55,326										55,326
Business/Central Services		262,081		230,578								808,249		1,300,908
Unallocated Benefits	-	2,787,374	988,677	460,752	28,778		14,018	1,391,898		1,499,861		275,531		7,446,889
Administrative Fees		1,528		33,885						413,504				413,504
Food Services		2,921										1,087		36,500
Depreciation	-	-	-	-	111	-	-	1,892	-	-	10,864	-	-	15,788
Total Operating Expenses	-	8,302,464	3,307,860	2,683,430	210,119	-	48,893	6,376,653	-	6,937,907	62,365	1,165,386	-	29,095,077
Operating Income (Loss)	-	(303,862)	18,943	85,677	(2,249)	-	5,685	(61,385)	-	166,322	(8,244)	180,391	-	81,278
Net Income (Loss) Before Operating Transfers	-	(303,862)	18,943	85,677	(2,249)	-	5,685	(61,385)	-	166,322	(8,244)	180,391	-	81,278
Other Financing Source(Use)														
Disposal of Capital Assets, net	-	-												-
Transfer In(out)	-	-	(350,000)	-	-	2,531	(2,531)	(150,000)	-	-	-	-	-	(500,000)
Change in Net Position	-	(303,862)	(331,057)	85,677	(2,249)	2,531	3,154	(211,385)	-	166,322	(8,244)	180,391	-	(418,722)
Prior Period Adjustment - Capital Assets, net														-
Total Net Position - Beginning of Year	-	1,266,435	414,335	(78,872)	\$ (200)	(2,531)	47,644	263,840	3,410	(167,873)	146,352	(91,827)	-	1,800,713
Total Net Position - Ending of Year	\$ -	\$ 962,573	\$ 83,278	\$ 6,805	\$ (2,449)	\$ -	\$ 50,798	\$ 52,455	\$ 3,410	\$ (1,551)	\$ 138,108	\$ 88,564	\$ -	\$ 1,381,991

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Milburn Regional Day School	Norman A. Bishman Regional Day School	One to Aldet	Extended Year	Career Crossroads	Touchstone	Home Hospital	Education Enterprises	TAP	Interlocal Agreement	ETTC	Management Agreement	Compensated Absences	Totals
CASH FLOWS FROM OPERATING ACTIVITIES														
Receipts from Customers	\$ -	\$ 6,833,476	\$ 3,072,099	\$ 2,560,598	\$ 162,258		\$ 39,288	\$ 5,304,819		\$ 6,737,913	\$ 54,121	\$ 1,253,140		\$ 26,017,712
Payments to Employees	-	(4,893,491)	(2,319,183)	(1,627,752)	(166,189)		(34,354)	(4,760,813)		(4,812,938)	(34,620)	(808,248)		(19,457,788)
Payments to Suppliers for Goods and Services	(191)	(2,783,599)	(988,677)	(864,469)	(22,272)	-	(10,355)	(972,664)	-	(1,440,224)	(123)	(356,452)	-	(7,439,026)
Net Cash Provided by (Used for) operating activities	(191)	(843,614)	(235,761)	68,377	(26,203)	-	(5,421)	(428,658)	-	484,751	19,178	88,440	-	(879,102)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES														
Operating Subsidies and transfers from (to) other funds	-	-	235,000	(65,000)	31,000	-	-	430,000	-	(485,000)	-	(85,000)	-	61,000
Net cash provided by (used for) noncapital financing activities	-	-	235,000	(65,000)	31,000	-	-	430,000	-	(485,000)	-	(85,000)	-	61,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES														
Purchases of capital assets	-	-	-	-	(3,334)	-	-	-	-	-	(31,583)	-	-	(34,917)
Net cash provided by (used) capital and related financing activities	-	-	-	-	(3,334)	-	-	-	-	-	(31,583)	-	-	(34,917)
Net increase (decrease) in cash and cash equivalents	(191)	(843,614)	(761)	3,377	1,463	-	(5,421)	1,342	-	(249)	(12,405)	3,440	-	(853,019)
Balances - Beginning of Year	191	1,399,398	3,980	1,428	\$ 937	469	40,282	453	\$ 3,410	2,457	96,841	2,903	-	1,552,749
Balances - End of Year	\$ -	\$ 555,784	\$ 3,219	\$ 4,805	\$ 2,400	\$ 469	\$ 34,861	\$ 1,795	\$ 3,410	\$ 2,208	\$ 84,436	\$ 6,343	\$ -	\$ 699,730
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES														
Operating Income (Loss)	\$ -	\$ (303,862)	\$ 18,943	85,677	\$ (2,249)	\$ -	\$ 5,685	\$ (61,385)	-	166,322	\$ (8,244)	180,391	-	\$ 81,278
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities														
Depreciation and net amortization	-	2,921	-	-	111	-	-	1,892	-	-	10,864	-	-	15,788
(Increase) Decrease in accounts receivable, net	-	(345,119)	(254,704)	(17,300)	(23,178)	-	(10,628)	(333,593)	-	\$ 313,815	-	\$ (92,637)	-	(763,344)
Increase (Decrease) in other current liabilities	-	(9,625)	-	-	-	-	-	-	-	-	-	-	-	(9,625)
Increase (Decrease) in Deferred Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable	(191)	(187,929)	-	-	(887)	-	(478)	(35,572)	-	4,614	16,558	686	-	(203,199)
Total Adjustments	(191)	(539,752)	(254,704)	(17,300)	(23,954)	-	(11,106)	(367,273)	-	318,429	27,422	(91,951)	-	(960,380)
Net Cash Provided (Used) by Operating Activities	\$ (191)	\$ (843,614)	\$ (235,761)	\$ 68,377	\$ (26,203)	\$ -	\$ (5,421)	\$ (428,658)	\$ -	\$ 484,751	\$ 19,178	\$ 88,440	\$ -	\$ (879,102)

FIDUCIARY FUNDS

EXHIBIT H-1

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,522	\$ 674,904	\$ 681,426
Total Assets	<u>\$ 6,522</u>	<u>\$ 674,904</u>	<u>\$ 681,426</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 674,088	\$ 674,088
Accrued Salaries and Wages		816	816
Payable to Student Groups	<u>\$ 6,522</u>	<u>-</u>	<u>6,522</u>
Total Liabilities	<u>\$ 6,522</u>	<u>\$ 674,904</u>	<u>\$ 681,426</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-7

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance June 30, <u>2016</u>
SCHOOLS				
District Student Activity	\$ 6,002	\$ 1,727	\$ 1,207	\$ 6,522
	<u>\$ 6,002</u>	<u>\$ 1,727</u>	<u>\$ 1,207</u>	<u>\$ 6,522</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance June 30, <u>2016</u>
Payroll Deductions and Withholdings	\$ 501,469	\$ 29,796,900	\$ 29,624,281	\$ 674,088
Due to Other Funds	20,000	-	20,000	-
Accrued Salaries and Wages	<u>100</u>	<u>33,863,368</u>	<u>33,862,652</u>	<u>816</u>
	<u>\$ 521,569</u>	<u>\$ 63,660,268</u>	<u>\$ 63,506,933</u>	<u>\$ 674,904</u>

LONG-TERM DEBT

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Bergen County Special Services School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment In Capital Assets	\$ 14,330,036	\$ 14,761,199	\$ 15,147,880	\$ 14,573,918	\$ 14,077,590	\$ 16,655,729	\$ 18,592,221	\$ 28,029,852	\$ 55,642,957	\$ 58,293,757
Restricted	1	1	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525	3,012,582
Unrestricted	1,897,018	917,303	1,425,492	5,038,537	7,865,632	8,018,160	7,439,085	(32,139,913)	(39,748,375)	(42,507,044)
Total Governmental Activities Net Position	<u>\$ 16,227,055</u>	<u>\$ 15,678,503</u>	<u>\$ 16,573,373</u>	<u>\$ 19,612,456</u>	<u>\$ 22,230,790</u>	<u>\$ 24,892,063</u>	<u>\$ 28,382,914</u>	<u>\$ (1,140,214)</u>	<u>\$ 23,951,107</u>	<u>\$ 18,799,295</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 31,095	\$ 26,245	\$ 21,395	\$ 21,545	\$ 16,695	\$ 15,151	\$ 10,301	\$ 5,451	\$ 601	\$ -
Unrestricted	(31,998)	7,426	12,678	24,288	36,541	14,692	(1,264)	723	296	11,496
Total Business-Type Activities Net Position	<u>\$ (903)</u>	<u>\$ 33,671</u>	<u>\$ 34,073</u>	<u>\$ 45,833</u>	<u>\$ 53,236</u>	<u>\$ 29,843</u>	<u>\$ 9,037</u>	<u>\$ 6,174</u>	<u>\$ 897</u>	<u>\$ 11,496</u>
District-Wide										
Net Investment In Capital Assets	\$ 14,361,131	\$ 14,787,444	\$ 15,169,275	\$ 14,595,463	\$ 14,094,285	\$ 16,670,880	\$ 18,602,522	\$ 28,035,303	\$ 55,643,558	\$ 58,293,757
Restricted	1	1	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525	3,012,582
Unrestricted	1,865,020	924,729	1,438,170	5,062,825	7,902,173	8,032,852	7,437,821	(32,139,190)	(39,748,079)	(42,495,548)
Total District Net Position	<u>\$ 16,226,152</u>	<u>\$ 15,712,174</u>	<u>\$ 16,607,446</u>	<u>\$ 19,658,289</u>	<u>\$ 22,284,026</u>	<u>\$ 24,921,906</u>	<u>\$ 28,391,951</u>	<u>\$ (1,134,040)</u>	<u>\$ 23,952,004</u>	<u>\$ 18,810,791</u>

Note - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions"

Source: District financial statements

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)

(fiscal basis of accounting)

	Fiscal Year Ended June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 46,666,073	\$ 52,409,148	\$ 54,047,641	\$ 52,185,751	\$ 54,062,659	\$ 53,836,446	\$ 57,197,958	\$ 57,622,070	\$ 63,251,697	\$ 67,247,123
Support Services:										
Student & Instruction Related Services	14,204,788	17,777,009	18,565,246	19,147,517	20,145,118	19,795,236	20,057,553	21,576,516	25,032,852	28,918,263
School Administration Services	3,154,112	3,577,365	3,691,660	4,039,212	4,246,311	4,415,135	4,670,030	4,752,458	4,770,488	5,075,817
General Administration	1,808,694	1,614,639	1,689,248	1,257,233	1,124,974	1,063,246	1,315,281	1,099,912	1,705,488	1,705,488
Physical Education And Maintenance	7,999,094	7,723,793	7,826,411	7,444,936	7,243,693	7,208,331	7,029,191	7,281,327	7,726,049	8,570,967
Public Transportation	1,384,223	1,386,173	1,302,675	1,571,143	1,509,882	1,611,496	1,648,043	1,674,482	1,622,300	1,903,511
Support Sys- Central Svc/Admin Info Tech	3,523,462	3,336,811	3,465,816	2,650,731	2,660,556	2,429,925	2,377,887	2,455,174	2,235,259	2,272,376
Debt Service		19,282	10,385	2,528						
Interest on Long Term Debt		87,849,220	90,999,083	88,299,132	90,993,123	90,359,835	94,082,943	95,744,389	106,630,478	115,013,314
Total Governmental Activities Expenses	78,740,446	87,849,220	90,999,083	88,299,132	90,993,123	90,359,835	94,082,943	95,744,389	106,630,478	115,013,314
Business-Type Activities:										
Food Service	525,264	533,055	559,804	567,154	534,730	450,627	452,794	419,436	404,752	489,687
Total Business-Type Activities Expense	525,264	533,055	559,804	567,154	534,730	450,627	452,794	419,436	404,752	489,687
Total District Expenses	\$ 79,265,710	\$ 88,382,275	\$ 91,558,887	\$ 88,866,286	\$ 91,527,853	\$ 90,810,462	\$ 94,535,737	\$ 96,163,825	\$ 107,035,230	\$ 115,503,001
Program Revenues										
Charges For Services:										
Operating Grants And Contributions	18,919,693	19,688,173	20,603,942	67,166,745	69,117,215	66,313,564	68,526,447	70,528,622	72,093,799	74,884,156
Capital Grants And Contributions	13,132,719	14,553,680	13,559,135	13,844,363	13,218,375	14,613,356	15,697,854	14,629,772	21,918,039	24,011,839
Capital Grants And Contributions	3,134,048	2,335,851	848,417	1,441,212	832,836	7,500,547	4,019,867	10,795,942	38,228,087	857,842
Total Governmental Activities Program Revenues	35,186,460	36,577,704	35,011,494	82,452,320	83,268,426	83,427,467	88,244,168	95,954,336	133,139,925	99,753,837
Business-Type Activities:										
Charges For Services	134,405	130,853	141,752	133,040	133,673	115,288	97,654	120,189	94,363	126,777
Food Service	187,305	198,191	227,481	261,444	244,752	231,946	207,354	216,384	206,112	201,509
Operating Grants And Contributions										
Capital Grants And Contributions										
Total District Program Revenues	321,710	329,044	369,233	394,484	378,425	347,234	305,008	336,573	302,475	328,286
Total District Program Revenues	\$ 33,508,170	\$ 36,906,948	\$ 35,880,727	\$ 82,846,804	\$ 83,646,851	\$ 83,774,701	\$ 88,551,156	\$ 96,290,909	\$ 133,442,400	\$ 100,082,133
Net (Expense)/Revenue										
Governmental Activities	\$ (43,553,986)	\$ (51,271,516)	\$ (55,887,589)	\$ (5,846,823)	\$ (7,724,697)	\$ (6,912,368)	\$ (5,838,735)	\$ 209,947	\$ 26,599,447	\$ (15,265,477)
Business-Type Activities	(203,554)	(203,813)	(190,571)	(172,600)	(156,325)	(103,393)	(155,806)	(83,863)	(102,277)	(83,461)
Total District-Wide Net Expense	\$ (43,757,540)	\$ (51,475,329)	\$ (56,078,160)	\$ (6,019,502)	\$ (7,881,022)	\$ (7,015,761)	\$ (5,994,541)	\$ 127,084	\$ 26,497,170	\$ (15,348,938)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185	\$ 8,324,185	\$ 8,490,668	\$ 8,867,475	\$ 8,867,475
Federal And State Aid Reallocated	341,516	762,787	391,605	23,539	40,430	139,503	45,335	31,905	80,341	50,791
Tuition Received	37,970,599	41,882,614	46,143,778	46,143,778						
Tuition Non-Resident	1,117,160	1,342,350	1,416,162							
Investment Earnings	277,145	137,737	29,184	15,679	11,021	27,915	41,718	37,817	25,775	18,330
Miscellaneous Income	651,534	896,281	975,533	1,213,957	1,621,123	1,182,038	1,043,388	944,291	1,292,403	1,349,069
Disposal of Capital Assets, net									(5,648,897)	
Transfers	(140,917)	(238,385)	(190,973)	(184,430)	(163,728)	(80,000)	(125,000)	(80,000)	(97,000)	(172,000)
Total Governmental Activities	45,983,619	50,722,964	56,882,459	8,885,915	10,333,031	9,593,641	9,329,626	9,424,681	4,520,097	10,113,665
Business-Type Activities:										
Investment Earnings										
Transfers	140,917	238,385	190,973	184,430	163,728	80,000	125,000	80,000	97,000	172,000
Total Business-Type Activities	140,917	238,385	190,973	184,430	163,728	80,000	125,000	80,000	97,000	172,000
Total District-Wide	\$ 46,124,536	\$ 50,961,349	\$ 57,073,432	\$ 9,070,345	\$ 10,496,759	\$ 9,673,641	\$ 9,454,626	\$ 9,504,681	\$ 4,617,097	\$ 10,285,665
Change In Net Position										
Governmental Activities	\$ 2,429,633	\$ (548,552)	\$ 894,870	\$ 3,039,083	\$ 2,608,334	\$ 2,661,273	\$ 3,490,851	\$ 9,634,628	\$ 31,229,544	\$ (5,151,812)
Business-Type Activities	(62,637)	34,574	402	11,760	7,403	(23,531)	(20,806)	(2,863)	(5,277)	(10,599)
Total District	\$ 2,366,996	\$ (513,978)	\$ 895,272	\$ 3,050,843	\$ 2,615,737	\$ 2,637,880	\$ 3,470,045	\$ 9,631,765	\$ 31,024,267	\$ (5,162,411)

Source: District financial statements

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FUND BALANCES- GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 893,529	\$ 40,848	\$ 118,659	\$ 79,775						
Unreserved	330,129	538,984	568,108	2,498,099	\$ 500,001	\$ 1,500,068	\$ 2,355,589	\$ 2,273,828	\$ 2,903,507	\$ 2,256,492
Restricted					2,383,369	2,703,630	2,001,801	1,997,861	1,841,124	1,302,525
Assigned										
Unassigned	-	-	-	-	2,570,866	2,550,568	2,572,304	3,288,541	3,262,115	2,990,291
Total General Fund	<u>\$ 1,223,658</u>	<u>\$ 579,832</u>	<u>\$ 686,767</u>	<u>\$ 2,577,874</u>	<u>\$ 5,454,236</u>	<u>\$ 6,754,266</u>	<u>\$ 6,929,694</u>	<u>\$ 7,560,230</u>	<u>\$ 8,006,746</u>	<u>\$ 6,549,308</u>
All Other Governmental Funds										
Reserved	\$ 77,648	\$ 191,236	\$ 324,548	\$ 99,250						
Unreserved	(1,977,471)	(600,061)	(1,491,568)	(285,650)						
Restricted	-	-	-	-	\$ (212,433)	\$ (1,281,894)	\$ (3,981)	\$ 696,019	\$ 4,894,565	\$ 630,103
Total All Other Governmental Funds	<u>\$ (1,899,823)</u>	<u>\$ (408,825)</u>	<u>\$ (1,167,020)</u>	<u>\$ (186,400)</u>	<u>\$ (212,433)</u>	<u>\$ (1,281,894)</u>	<u>\$ (3,981)</u>	<u>\$ 696,019</u>	<u>\$ 4,894,565</u>	<u>\$ 630,103</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

Source: District financial statements

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185	\$ 8,490,668	\$ 8,867,475	\$ 8,867,475
County Aid	2,421,390	2,335,851	848,417	1,441,212	832,836	2,500,547	4,019,867	10,795,942	38,228,087	857,842
Tuition Charges	37,970,599	41,882,614	46,143,778	44,960,015	47,846,544	43,042,904	42,851,653	43,600,836	44,579,033	44,613,401
Non-Resident Fees	1,117,160	1,342,350	1,416,162	1,408,539	1,374,188	1,362,000	1,160,400	1,136,400	1,131,600	1,094,400
Interest Earnings	277,145	137,737	29,184	15,679	11,021	27,915	41,718	37,817	25,775	18,330
Miscellaneous	651,534	935,338	1,002,270	9,132,795	9,426,363	9,112,621	8,882,018	8,829,812	9,217,624	9,546,829
State Sources	13,747,861	14,931,928	13,724,728	5,254,431	5,189,624	6,112,602	7,431,345	4,569,180	5,837,277	6,225,441
Federal Sources	439,032	345,482	499,635	594,335	363,941	709,674	473,214	408,428	1,181,175	573,922
Total Revenue	62,391,303	67,850,880	71,481,344	70,624,176	73,868,702	71,192,448	73,184,400	77,869,083	109,068,046	71,797,640
Expenditures										
Instruction										
Special Education Instruction	33,048,943	37,195,137	40,152,729	38,093,151	39,693,240	38,283,775	39,725,825	36,960,825	38,383,229	40,375,830
Support Services:										
Student & Inst. Related Services	13,267,706	16,157,221	17,337,971	17,378,564	18,724,963	17,181,630	17,100,507	18,109,204	20,165,412	20,170,355
General Administration	1,724,587	1,523,040	1,579,880	1,145,640	1,016,662	957,783	1,090,815	999,609	1,025,687	952,238
School Administration Services	2,203,023	2,612,608	3,033,061	3,101,078	3,347,755	3,583,521	3,271,583	3,007,015	3,009,713	3,249,003
Plant Operations And Maintenan	6,521,346	6,086,022	6,096,313	5,784,662	5,661,278	5,598,997	5,701,618	5,151,593	5,107,126	5,529,177
Pupil Transportation	1,013,065	1,008,359	1,296,991	1,171,617	1,113,453	1,218,738	1,261,603	1,255,480	1,209,500	1,454,088
Other Support Services	1,256,816	1,037,002	1,139,250	657,883	732,714	794,370	704,132	576,707	621,947	786,212
Debt Service										
Principal		103,391	100,304	57,797						
Interest on Long Term Debt		19,282	10,385	2,528						
Capital Outlay	2,721,861	1,523,261	1,494,747	425,099	656,841	3,763,065	3,249,976	11,148,114	35,553,370	5,330,637
Total Expenditures	61,757,347	67,265,323	72,241,631	67,818,019	70,946,906	71,381,879	72,106,059	77,208,547	105,075,984	77,847,540
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	633,956	585,557	(760,287)	2,806,157	2,921,796	(189,431)	1,078,341	660,536	3,992,062	(6,049,900)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)										
Transfers In	500,000	500,000	500,000	250,000	92,261	500,000	500,000	1,498,745	2,565,562	1,476,505
Transfers Out	(140,917)	(238,385)	(390,973)	(184,430)	(163,728)	(80,000)	(125,000)	(828,745)	(1,912,562)	(1,148,505)
Total Other Financing Sources (Uses)	359,083	261,615	109,027	65,570	(71,467)	420,000	375,000	670,000	653,000	328,000
Net Change In Fund Balances	\$ 993,039	\$ 847,172	\$ (651,260)	\$ 2,871,727	\$ 2,850,329	\$ 230,569	\$ 1,453,341	\$ 1,330,536	\$ 4,645,062	\$ (5,721,900)
Debt Service As A Percentage Of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Interest Earned</u>	<u>Services Provided Other LEAs</u>	<u>Refunds/ Reimbursements</u>	<u>Workshop Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 277,145	\$ 428,102	\$ 43,950	\$ 151,476	\$ 28,006	\$ 928,679
2008	137,737	694,624	68,792	103,753	29,112	1,034,018
2009	29,184	789,941	106,970	73,468	5,154	1,004,717
2010	15,679	941,144	89,681	80,025	2,809	1,129,338
2011	11,021	1,089,497	389,334	105,014	26,257	1,621,123
2012	27,915	146,332	371,875	1,130	662,701	1,209,953
2013	41,718	878,777	119,556	16,074	28,981	1,085,106
2014	67,065	638,722	58,055	9,235	209,031	982,108
2015	18,504	1,179,712	92,186	19,461	8,315	1,318,178
2016	18,330	1,119,853	108,856	6,013	114,347	1,367,399

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Calendar Year	Land	Improvements	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value
2007	75,839,185,175	65,253,445,037	141,092,630,212	208,579,683	141,301,209,895	174,367,309,616
2008	83,015,806,828	71,592,634,189	154,608,441,017	220,878,563	154,829,319,580	182,767,512,263
2009	84,021,555,288	73,867,544,583	157,889,099,871	240,884,027	158,129,983,898	185,908,798,980
2010	84,454,481,049	74,747,147,306	159,201,628,355	285,137,988	159,486,766,343	175,481,754,684
2011	83,995,183,645	75,287,323,039	159,282,506,684	265,906,193	159,548,412,877	173,258,537,441
2012	81,103,273,440	75,153,761,789	156,257,035,229	230,570,599	156,487,605,828	168,748,014,772
2013	79,070,936,935	75,049,684,025	154,120,620,960	129,981,494	154,250,602,454	165,008,934,260
2014	78,408,456,350	75,186,325,534	153,594,781,884	97,873,857	153,692,655,721	162,301,130,131
2015	77,512,874,732	75,335,444,029	152,828,462,316	96,580,480	152,925,042,796	163,570,157,295
2016	77,002,654,839	77,328,202,717	154,291,592,456	90,073,801	154,381,666,257	167,963,794,248

Source: County Abstract of Ratables

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of true value)

Assessment			
Year	General	Open Space	Total County Tax Rate
2007	\$ 0.1704	\$ 0.0099	\$ 0.1800
2008	0.1751	0.1000	0.185
2009	0.1820	0.0100	0.192
2010	0.1934	0.0025	0.196
2011	0.2032	0.0025	0.206
2012	0.2178	0.0025	0.220
2013	0.2248	0.0025	0.2273
2014	0.2312	0.0025	0.2337
2015	0.2377	0.0025	0.2402
2016	0.2434	0.0025	0.2459

Source: County Abstract of Ratables

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
PRIOR YEAR AND NINE YEARS AGO
(Unaudited)**

	2015		2006	
	Assessed Valuation	% of County's Net Assessed Valuation	Assessed Valuation	% of County's Net Assessed Valuation
<u>Taxpayer</u>				

INFORMATION NOT AVAILABLE

Source: Bergen County

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2007	\$ 5,766,582	\$ 5,766,582	100.00%
2008	5,939,580	5,939,580	100.00%
2009	7,817,170	7,817,170	100.00%
2010	7,817,170	7,817,170	100.00%
2011	8,824,185	8,824,185	100.00%
2012	8,324,185	8,324,185	100.00%
2013	8,324,185	8,324,185	100.00%
2014	8,490,668	8,490,668	100.00%
2015	8,867,475	8,867,475	100.00%
2016	8,867,475	8,867,475	100.00%

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Governmental Activities

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2007	\$ 261,492	\$ 261,492	885,664	\$.29
2008	158,101	158,101	889,915	\$.17
2009	57,797	57,797	895,250	\$.13
2010	-	-	906,895	\$0
2011	-	-	914,018	\$0
2012	-	-	920,006	\$0
2013	-	-	926,284	\$0
2014	-	-	932,836	\$0
2015	-	-	938,506	\$0
2016	-	-	938,506 (1)	\$0

Source: District records

(1) Estimated

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
(Unaudited)**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
(Unaudited)**

Net Direct Debt of School District
as of June 30, 2016

Net Overlapping Debt of School District

Bergen County:

County of Bergen

\$ 1,089,653,537

Bergen County Utilities Authority - Water Pollution (100%)

193,682,703

\$ 1,283,336,240

Total Direct and Overlapping Debt

\$ 1,283,336,240

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Legal Debt Margin Calculation as of December 31, 2015 (County Debt)									
Average equalized valuation of taxable property (last three years)	\$ 152,222,318,410	\$ 167,368,287,382	\$ 178,689,519,616	\$ 182,615,485,340	\$ 181,109,724,691	\$ 175,561,330,658	\$ 165,344,818,875	\$ 163,332,190,759	\$ 163,894,415,971
Debt limit (2% of average equalization value)	3,044,446,368	3,347,365,748	3,573,790,392	3,652,309,707	3,622,194,494	3,511,226,613	3,306,896,378	3,266,643,815	3,277,888,319
Net Debt Issued Outstanding and Authorized	521,130,736	588,623,268	630,661,565	681,875,430	730,825,489	698,412,830	849,429,739	933,422,641	1,089,653,537
Remaining Borrowing Capacity	<u>\$ 2,523,315,632</u>	<u>\$ 2,758,742,480</u>	<u>\$ 2,943,128,827</u>	<u>\$ 2,970,434,277</u>	<u>\$ 2,891,369,005</u>	<u>\$ 2,812,813,783</u>	<u>\$ 2,457,466,639</u>	<u>\$ 2,333,221,174</u>	<u>\$ 2,188,234,782</u>

Source: Annual Debt Statements

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	County Per Capital Personal <u>Income**</u>	Unemployment <u>Rate*</u>
2016	938,506 (1)	N/A	N/A
2015	938,506	N/A	4.6
2014	932,836	\$ 73,536	5.4
2013	926,284	70,498	7.1
2012	920,006	71,380	8.1
2011	914,018	68,244	7.9
2010	906,895	65,275	8.1
2009	895,250	64,571	7.9
2008	889,915	68,548	4.5
2007	885,664	68,147	3.4

(1) Estimate

* Amounts noted are for Bergen County

** US Bureau of the Census, Population Division, 10/00 and Census 2000 Data for New Jersey
General Demographic Profile

Source NJ Department of Labor, Bureau of Labor Force Statistics
U.S. Department of Commerce, Bureau of Economic analysis
New Jersey Department of Labor

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
	NOT AVAILABLE		NOT AVAILABLE	

Source: County of Bergen

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular										
Special education	425.6	391.3	368.3	376.7	399.4	346.4	323.2	299.2	299.2	304.9
Other special education	26.7	28.1	30.1	29.1	1.0	2.5	2.5	1.5	1.5	1.5
Vocational									1.0	1.0
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	74.7	90.7	90.7	90.9	87.2	88.2	73.3	74.5	74.5	72.7
Health Services	11.0	9.7	9.7	10.0	11.0	9.5	10.5	10.0	10.0	10.0
Educational Media Services						8.3	6.7	9.1	9.1	9.1
General administration	2.9	3.1	3.1	2.7	3.0	1.6	1.7	1.9	1.9	2.0
School administrative services	22.8	23.6	23.6	25.0	24.4	23.8	19.9	22.3	22.8	22.8
Other administrative services										
Central services	5.8	6.3	6.3	5.0	5.0	6.0	6.0	6.2	6.2	6.1
Administrative Information Technology										
Plant operations and maintenance	23.5	22.3	22.3	20.6	24.6	26.1	22.6	18.8	18.8	20.5
Pupil transportation	16.0	15.7	15.7	15.7	15.7	15.3	14.3	15.6	15.6	12.4
Other support services										
Special Schools					29.8	28.9	26.8	27.4	27.4	31.4
Total	<u>609.0</u>	<u>590.8</u>	<u>569.8</u>	<u>575.7</u>	<u>601.1</u>	<u>556.6</u>	<u>507.5</u>	<u>486.5</u>	<u>488.0</u>	<u>494.4</u>

Source: District Personnel Records

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	793	\$ 59,035,486	\$ 74,446	7.35%	435	1.82	826	756	6.72%	91.53%
2008	849	65,619,389	77,290	3.82%	454	1.87	860	792	4.12%	92.09%
2009	842	70,636,195	83,891	8.54%	441	1.91	857	788	-0.35%	91.95%
2010	806	67,332,595	83,539	-0.42%	429	1.88	803	741	-6.30%	92.28%
2011	771	70,290,065	91,167	9.13%	412	1.87	773	713	-3.80%	92.30%
2012	694	67,618,814	97,433	6.87%	386	1.80	695	643	-10.03%	92.52%
2013	651	68,856,083	105,770	8.56%	220	2.96	667	615	-4.10%	92.32%
2014	654	66,060,433	101,010	-4.50%	N/A	N/A	678	626	1.73%	92.33%
2015	653	69,522,614	106,466	0.66%	209	3.12	675	622	-0.44%	92.15%
2016	658	72,516,903	110,208	9.11%	129	5.10	655	602	-2.96%	91.91%

Sources: District records

Note: a Enrollment based on annual October district count.
b Operating expenditures equal total expenditures less debt service and capital outlay.
c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Not Available

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Union St. School- Hackensack										
Square Feet	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060
Capacity (students)										
Enrollment	35	35	32	40	41	57	61	63	61	54
Piermont Campus, Rockleigh										
Square Feet	121,162	121,162	121,162	121,162	121,162	121,162				
Capacity (students)										
Enrollment	115	113	131	116	105	96				
Woodridge Transition Center										
Square Feet	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261
Capacity (students)										
Enrollment	94	95	98	83	68	71	58	58	52	44
Rocco Montesano, Paramus										
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)										
Enrollment	139	122	115	101	104	94	130	127	132	90
Brownstone, Saddle Brook										
Square Feet	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,096
Capacity (students)										
Enrollment	84	79	62	56	63	53	58	64	76	64
Evergreen,										
Square Feet	5,625	5,625								
Capacity (students)										
Enrollment	20	23								
Gateway/Venture, Hackensack										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capacity (students)										
Enrollment	60	38	43	26	20	17	34	37	36	40
Godwin, Midland Park										
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Capacity (students)										
Enrollment	85	94	87	84	111	105	108	103	98	98
Hillcrest, Paramus										
Square Feet	10,000	10,000	10,000							
Capacity (students)										
Enrollment	66	62	58							
Washington, Ridgewood/New Bridges										
Square Feet		19,974	19,974	19,974	19,974	19,974	19,974	19,974		
Capacity (students)										
Enrollment		21	28	45	49	39	63	62		
Springboard										
Square Feet			4,300	4,300	4,300	4,300	4,300	4,300		
Capacity (students)										
Enrollment			40	45	41	48	45	53		
Washington New Bridges										
Square Feet										125,000
Capacity (students)										
Enrollment										122
Number of Schools at June 30, 2016										
Life Skills Continuum=	2									
Communication Skills Continuum=	4									
Behavioral Skills Continuum=	5									
Multiple Disabilities Continuum=	4									
Autism Continuum=	5									

Source: District Records

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

UNDISTRIBUTED EXPENDITURES-REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

School Facilities	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Union St. - Hrg. Imp., Hackensack	\$ 11,122	\$ 17,100	\$ 11,798	\$ 11,365	\$ 9,991	\$ 6,710	\$ 8,998	\$ 7,803	\$ 7,723	\$ 8,287	\$ 9,969
Piermont Campus, Rockleigh					150,201	100,870	135,256	117,272	116,263	124,748	149,854
Woodridge Transition Center	43,849	40,868	28,196	27,160	23,877	15,967	21,501	18,647	18,482	19,816	23,822
Rocco Montesano, Paramus	55,214	84,871	58,630	56,402	49,587	33,281	44,653	38,725	38,363	41,168	49,472
Brownstone, Saddle Brook	27,738	42,640	29,419	28,336	24,913	16,730	22,434	19,456	15,927	20,669	24,855
Evergreen, Hackensack								5,255	1,080	5,777	6,957
Gateway, Hackensack	13,801	21,218	14,639	14,100	12,397	8,272	11,163	9,554	9,585	10,297	12,368
Godwin, Midland Park	3,450	5,304	3,660	3,525	3,099	2,081	2,758	2,420	540	2,574	3,092
Hillcrest, Paramus								9,681	9,585	10,297	12,368
Washington, New Bridges	169,095										
Washington, Ridgewood	-	21,218	14,639	14,100	12,397	8,467	11,198	10,031	9,585	-	-
	<u>\$ 324,269</u>	<u>\$ 233,219</u>	<u>\$ 160,981</u>	<u>\$ 154,988</u>	<u>\$ 286,462</u>	<u>\$ 192,378</u>	<u>\$ 257,961</u>	<u>\$ 238,844</u>	<u>\$ 227,133</u>	<u>\$ 243,633</u>	<u>\$ 292,757</u>

Source: District records.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Educators Legal Liability United National	\$ 2,000,000	\$ 50,000
Student Accident Policy People Benefit Life Insurance Company	Full Excess	
Commercial Crime Bond CNA	250,000	1,000

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Bergen County Special Services School District
Paramus, New Jersey

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Bergen County Special Services School District's basic financial statements and have issued our report thereon dated December 2, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

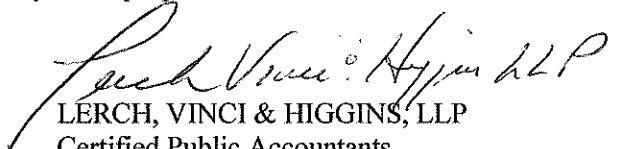
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

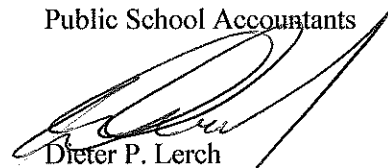
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bergen County Special Services School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bergen County Special Services School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2016



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Bergen County Special Services School District
Paramus, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Bergen County Special Services School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Bergen County Special Services School District's major federal and state programs for the fiscal year ended June 30, 2016. The Bergen County Special Services School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Bergen County Special Services School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Bergen County Special Services School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Bergen County Special Services School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

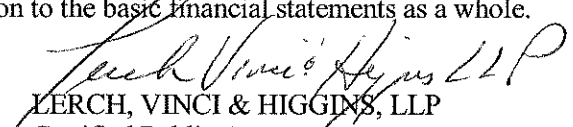
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

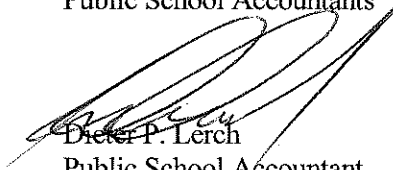
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District, a component unit of the County of Bergen as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 2, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 2, 2016

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2015	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2016			Memo GAAP Receivable
												(Accounts Receivable)	Unearned Revenues	Due to Grantor	
U.S. Department of Agriculture Pass-through State Department of Agriculture															
<u>Enterprise Fund</u>															
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 64,095				\$ 58,345	\$ 64,095		\$ (5,750)			\$ (5,750)
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	69,125	\$ (6,897)			6,897			-			
National School Lunch Program	10.555		N/A												
Cash Assistance				7/1/14-6/30/15	113,828	(10,237)			10,237			-			
Cash Assistance-PB Program				7/1/14-6/30/15	2,980	(254)			254			-			
Cash Assistance-PB Program		16161NJ304N1099		7/1/15-6/30/16	2,951	-			2,731	2,951		(220)			(220)
Cash Assistance		16161NJ304N1099		7/1/15-6/30/16	110,798				102,042	110,798		(8,756)			(8,756)
Non-cash Assistance		16161NJ304N1099	N/A	7/1/15-6/30/16	21,108	-	-	-	21,108	21,108	-	-	-	-	-
Total Enterprise Fund						(17,388)	-	-	201,614	198,952	-	(14,726)	-	-	(14,726)
U.S. Department of Education Pass-through State Department of Education															
<u>General Fund</u>															
Medical Assistance Program	93.778	1605NJ5MAP		7/1/15-6/30/16	453,318	-	-	-	440,313	453,318	-	(13,005)	-	-	(13,005)
Total General Fund						-	-	-	440,313	453,318	-	(13,005)	-	-	(13,005)
<u>Special Revenue Fund</u>															
Title I Part D	84.010A	S010A150030		7/1/15-6/30/16	36,219				21,876	23,609		(1,733)			(1,733)
Title I Part D	84.010A			7/1/16-7/1/15	26,405	(3,696)			3,696						
Homeless Children	84.196A			7/1/15-6/30/16	89,772	-			49,593	73,027		(23,434)			(23,434)
Homeless Children, Continuation	84.196A			7/1/14-7/1/15	85,131	(33,250)	-	-	57,218	23,968	-	-	-	-	-
Total Special Revenue Funds						(36,946)	-	-	132,383	120,604	-	(25,167)	-	-	(25,167)
Total Federal Financial Assistance						\$ (54,334)	\$ -	\$ -	\$ 774,310	\$ 772,874	\$ -	\$ (52,898)	\$ -	\$ -	\$ (52,898)

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2016			MEMO	
										(Accounts Receivable)	Unearned Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
<u>General/Special Revenue and Internal Service Funds</u>														
Reimbursed Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	\$ 2,049,793	\$ (156,961)			\$ 156,961							
Reimbursed Social Security Contributions On Behalf Pension System Contributions -	16-495-034-5094-003	7/1/15-6/30/16	2,125,033				2,011,267	\$ 2,125,033		\$ (113,766)			\$ (113,766)	\$ 2,125,033
Post Retirement Medical	16-495-034-5095-001	7/1/15-6/30/16	2,779,984				2,779,984	2,779,984						2,779,984
On Behalf Pension System Contributions - Normal Costs	16-495-034-5095-007	7/1/14-6/30/15	2,223,920				2,223,920	2,223,920						2,223,920
On Behalf Pension System Contributions - Non-Contributory Group Insurance	16-495-034-5095-006	7/1/14-6/30/15	110,781	-	-	-	110,781	110,781	-	-	-	-	-	110,781
Total General/Special Revenue and Internal Service Funds				(156,961)	-	-	7,282,913	7,239,718	-	(113,766)	-	-	(113,766)	7,239,718
<u>Special Revenue Fund</u>														
<u>Other State Sources</u>														
Career Thru Tech	N/A	7/1/14-6/30/15	205,679	424								\$ 424		-
Career Thru Tech	N/A	7/1/15-6/30/16	205,679				205,679	205,679						205,679
Adult Training	01BS9N	7/1/14-6/30/15	552,900	8,136								8,136		-
Adult Training	01BS9N	7/1/15-6/30/16	552,900	-			552,900	544,019					8,881	544,019
Adult Training-Special Needs	01BS9N	7/1/14-6/30/15	120,000	1,358								1,358		-
Adult Training-Special Needs	01BS9N	7/1/15-6/30/16	120,000	-			120,000	118,642					1,358	118,642
Adult Autism	01BS9N	7/1/15-6/30/16	150,303	-			100,477	132,501		(32,024)			(32,024)	132,501
Adult Autism	01BS9N	7/1/14-6/30/15	149,661	(13,580)										-
After Hours	01BS9N	7/1/15-6/30/16	63,522	-			27,626				(10,405)		(10,405)	38,031
After Hours	01BS9N	7/1/12-6/30/13	63,248	(4,326)			4,326	38,031						-
Community Connections	N/A	1/1/13-12/31/14	37,098	6,162								6,162		-
Community Connections	N/A	1/1/15-12/31/15	37,098	(2,602)			18,549	6,842				9,105		6,842
Community Connections	N/A	1/1/16-12/31/16	40,000	-			2,144	2,694		(550)			(550)	2,694
Getting Us There (GUTS)	N/A	1/1/14-12/31/14	51,521	9,378								9,378		-
Getting Us There (GUTS)	N/A	7/1/14-6/30/15	51,521	1,872			25,760	21,067				6,565		21,067
Getting Us There (GUTS)-Adult	N/A	7/1/15-6/30/16	50,000	-			13,776	12,213			\$ 1,563			12,213
Getting Us There (GUTS)-Adult	N/A	7/1/15-6/30/14	24,245	21,795					21,795					-
Getting Us There (GUTS)-Adult	N/A	7/1/14-6/30/15	24,245	13,516								13,516		-
Getting Us There (GUTS)-Adult	N/A	7/1/15-6/30/16	24,245	-			24,245					24,245		-
Leisure Bridges	N/A	7/1/15-12/31/15	56,260	2,920			28,431	26,424				4,927		26,424
Leisure Bridges	N/A	1/1/14-12/31/14	56,260	28,996								28,996		-
Leisure Bridges	N/A	1/1/16-12/31/16	75,000	-			45,428	18,046			27,382			18,046
Work Ready, Work Now	N/A	7/1/14-6/30/15	177,390	(50,044)			50,044							-
Work Ready, Work Now	N/A	7/1/15-6/30/16	179,851	-			123,115	179,851		(56,736)			(56,736)	179,851
SGA-HEP Union St	0285-030-14-G1CO	7/1/14-6/30/15	10,912	(6,625)						(6,625)			(6,625)	-
SGA-Bleshman/Montesano	0285-100-14-G1CP	7/1/14-6/30/15	41,234	(850)				40,384		(41,234)			(41,234)	40,384
SGA-Bleshman/Montesano HVAC	0285-100-14-G1CQ	7/1/14-6/30/15	101,136	(96,244)				4,892		(101,136)			(101,136)	4,892
				-										-
Teacher Quality Enhancement		7/1/04-9/30/05	2,760	413	-	-	-	-	-	-	-	413	-	-
Total State Department of Education-Special Revenue				(79,301)	-	-	1,356,080	1,351,285	21,795	(248,710)	28,945	123,464	(248,710)	1,351,285
State Department of Agriculture														
<u>Enterprise Fund</u>														
National School Lunch Program State Share	15-100-010-3360-067	7/1/14-6/30/15	2,545	(220)			220							-
National School Lunch Program State Share	16-100-010-3360-067	7/1/15-6/30/16	2,557	-	-	-	2,368	2,557	-	(189)	-	-	(189)	2,557
Total Enterprise Fund				(220)	-	-	2,588	2,557	-	(189)	-	-	(189)	2,557
Total State Financial Assistance				(236,482)	-	-	8,641,581	8,593,560	21,795	(362,665)	28,945	123,464	(362,665)	8,593,560
State Financial Assistance Not Subject to Single Audit Determination														
<u>General Fund</u>														
On-Behalf TPAF Pension Contributions				-	-	-	(5,114,685)	(5,114,685)	-	-	-	-	-	(5,114,685)
Total State Financial Assistance Subject to Single Audit				\$ (236,482)	\$ -	\$ -	\$ 3,526,896	\$ 3,478,875	\$ 21,795	\$ (362,665)	\$ 28,945	\$ 123,464	\$ (362,665)	\$ 3,478,875

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Bergen County Special Services School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal 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 are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$9,121 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 453,318	\$ 4,069,169	\$ 4,522,487
Special Revenue Fund	120,604	2,156,272	2,276,876
Internal Service Fund		2,367,794	2,367,794
Food Service Fund	<u>198,952</u>	<u>2,557</u>	<u>201,509</u>
Total Financial Assistance	<u>\$ 772,874</u>	<u>\$ 8,595,792</u>	<u>\$ 9,368,666</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,125,033 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,334,701 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,779,984 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Were any significant deficiencies over internal control identified? yes X no

2) If applicable, were any such significant deficiencies considered to be material weakness(es)? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of U.S. Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Clus</u>
<u>10.555</u>	<u>16161NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>16161NJ304N1099</u>	<u>School Breakfast Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Dollar threshold used to distinguish between type A and type B programs: 750,000

Auditee qualified as low-risk auditee? X yes no

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Were any significant deficiencies in internal control over major programs identified?

_____ yes X no

2) If applicable, were any such significant deficiencies considered to be material weakness(es)?

_____ yes X none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?

_____ X no

Identification of major state programs:

GMIS Number

Name of State Program or Cluster

16-495-034-5094-003

Reimbursed Social Security Contributions

N/A

Career Thru Tech

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE ARE NONE.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 - Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

THERE ARE NONE

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.