

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, 2017

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, 2017

Prepared by

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

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BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

District Administration Office

540 Farview Avenue, Paramus, New Jersey 07652 • Tel. (201) 343-6000 • Fax (201) 225-9067

December 1, 2017

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, 2017.

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, 2017, 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, 2017, 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 continua, 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 Bergen, Passaic, and Morris counties on 31 different program sites. Students who live in 10 or more counties in 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 2016-17 fiscal year with an average daily enrollment of 642.4 students, which is 14 students less than the previous year's enrollment. The following details the changes in the average daily enrollment over the last ten years.

| <u>Fiscal Year</u> <u>Change</u> | <u>Average Daily Enrollment</u> <u>(ADE)</u> | <u>Percent</u> |
|-------------------------------------|---|----------------|
| 2016-17 | 642.4 | (2.0%) |
| 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% |

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 state's 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. Establishing new programs to service elementary/middle/high school students with behavioral disorders, autism, and auditory impairments.
- c. Continued expansion 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 School 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, 2017.

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, 2017 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.

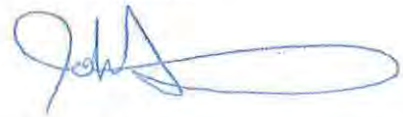
ACKNOWLEDGMENTS:

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 read 'H. Lerner', with a long horizontal flourish extending to the right.

Dr. Howard Lerner
Superintendent

A handwritten signature in blue ink, appearing to read 'John Susino', with a long horizontal flourish extending to the right.

John Susino
Business Administrator/Board Secretary

BCSS Administrative Plan 2016-2017

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

Education Enterprises,
Visions SB/ Paramus
G. Espinosa

BELA

Career
Crossroads

BC Project SEARCH

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

Washington Programs
J. Borda

Wood-Ridge ATC, Paramus
ATC, CTT, Stepping Stones
J. D'Aiuto

Brownstone School
D. Perez

North Street School / JDC
G. Janz

Suspension
Alternative Program

Consultant Services
Becton, Bogota, Manchester, Passaic
Valley, Wood-Ridge

District Supervisor
Michelle Zilberfarb

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, 2017**

COUNTY EXECUTIVE

James J. Tedesco III

MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS

Tracy Silna Zur –Chairwoman
Thomas J. Sullivan Jr. – Vice Chairman
Steve Tanelli
Germaine Ortiz
David L. Ganz
Joan Voss – Chair Pro Tempore
Mary J. Amoroso

BOARD OF EDUCATION

President – Gary Lentini

Vice-President – Beth Lancelloti

Members of the Board

Christina M. Cutrone
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
Michelle Zilberfarb
Angela Cupo
Gregory Janz
David Perez
Jan Borda
Dr. Seema Lodhi
Kathleen Treni
Robert Mortorano

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Consultants and Advisors

Architects

Netta Architects
DMR Architects
RSC Architects
Spiezle Architectural Group
LAN Associates

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
CHA Associates
LAN Associates

Official Depositors
Santander Bank
Florham Park, NJ 07932

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, PSA

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, 2017 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 from material misstatement.

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

We believe 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, 2017, 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

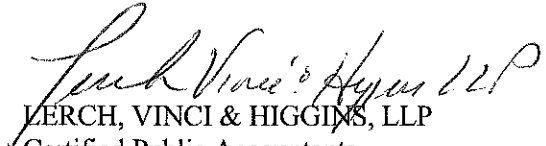
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bergen County Special Services School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations 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.

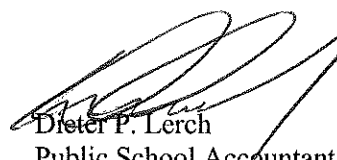
The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial 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 1, 2017 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 the effectiveness of the Bergen County Special Services School District's 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 1, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 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 \$16,873,727 (net position).
-
- The District's total net position decreased by \$1,937,064.
- Overall district-wide revenues were \$120,262,318, which were \$1,937,064 less than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$9,811,782. Of this amount, \$2,694,195 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:

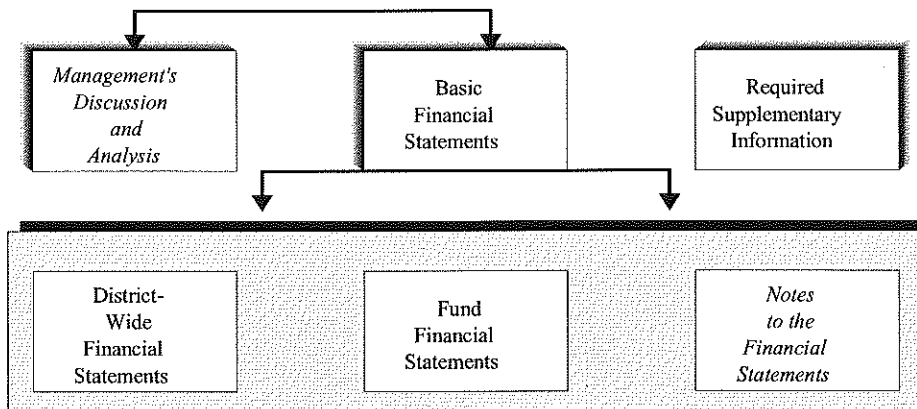
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- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *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



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Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, deferred outflows and liabilities, deferred inflows, 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, deferred outflows and liabilities, deferred inflows, 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 dedications 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*.

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Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

- 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:

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

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Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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 \$16,873,727 on June 30, 2017 compared to \$18,810,791 on June 30, 2016. See Table A-1

**Table A-1
Net Position
As of June 30, 2017 and 2016**

| | Governmental Activities | | Business- Type Activities | | Total | |
|---|----------------------------|----------------------|---------------------------------|------------------|----------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | | | |
| Current Assets | \$ 17,669,510 | \$ 12,450,896 | \$ 110,251 | \$ 72,430 | \$ 17,779,761 | \$ 12,523,326 |
| Capital Assets | 56,894,523 | 58,293,757 | - | - | 56,894,523 | 58,293,757 |
| Total Assets | 74,564,033 | 70,744,653 | 110,251 | 72,430 | 74,674,284 | 70,817,083 |
| Deferred Outflows | 18,981,642 | 7,685,058 | - | - | 18,981,642 | 7,685,058 |
| Total Assets and Deferred Outflows | 93,545,675 | 78,429,711 | 110,251 | 72,430 | 93,655,926 | 78,502,141 |
| Liabilities | | | | | | |
| Long-Term Liabilities | 72,648,538 | 56,122,891 | | | 72,648,538 | 56,122,891 |
| Other Liabilities | 3,653,721 | 2,644,090 | 38,882 | 60,934 | 3,692,603 | 2,705,024 |
| Total Liabilities | 76,302,259 | 58,766,981 | 38,882 | 60,934 | 76,341,141 | 58,827,915 |
| Deferred Inflows | 440,078 | 863,435 | 980 | - | 441,058 | 863,435 |
| Total Liabilities and Deferred Inflows | 76,742,337 | 59,630,416 | 39,862 | 60,934 | 76,782,199 | 59,691,350 |
| Net Position | | | | | | |
| Net Investment in capital assets | 56,894,523 | 58,293,757 | - | - | 56,894,523 | 58,293,757 |
| Restricted | 4,113,403 | 3,012,582 | | | 4,113,403 | 3,012,582 |
| Unrestricted | (44,204,588) | (42,507,044) | 70,389 | 11,496 | (44,134,199) | (42,495,548) |
| Total Net Position | \$ 16,803,338 | \$ 18,799,295 | \$ 70,389 | \$ 11,496 | \$ 16,873,727 | \$ 18,810,791 |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017 and 2016**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|------------------|----------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 78,638,703 | \$ 74,884,156 | \$ 147,180 | \$ 126,777 | \$ 78,785,883 | \$ 75,010,933 |
| Operating Grants and Contributions | 29,847,566 | 24,011,839 | 202,126 | 201,509 | 30,049,692 | 24,213,348 |
| Capital Grants and Contributions | 586,520 | 857,842 | | | 586,520 | 857,842 |
| General Revenues | | | | | | |
| County Property Taxes | 9,577,003 | 8,867,475 | | | 9,577,003 | 8,867,475 |
| State/Federal Aid | 158,326 | 50,791 | | | 158,326 | 50,791 |
| Investment Earnings | 12,187 | 18,330 | | | 12,187 | 18,330 |
| Miscellaneous | 1,092,707 | 1,349,069 | - | - | 1,092,707 | 1,349,069 |
| Total Revenues | 119,913,012 | 110,039,502 | 349,306 | 328,286 | 120,262,318 | 110,367,788 |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Special Education | 68,922,293 | 67,247,123 | | | 68,922,293 | 67,247,123 |
| Support Services | | | | | | |
| Student and Instruction Related Services | 33,085,833 | 28,918,263 | | | 33,085,833 | 28,918,263 |
| School Administration Services | 5,708,571 | 5,079,817 | | | 5,708,571 | 5,079,817 |
| General Administration | 1,185,658 | 1,027,257 | | | 1,185,658 | 1,027,257 |
| Plant Operations and Maintenance | 8,418,619 | 8,570,967 | | | 8,418,619 | 8,570,967 |
| Pupil Transportation | 2,004,151 | 1,903,511 | | | 2,004,151 | 1,903,511 |
| Business/Central Svcs/Admin. Info. Tech. | 2,383,844 | 2,272,376 | | | 2,383,844 | 2,272,376 |
| Food Services | - | - | 490,413 | 489,687 | 490,413 | 489,687 |
| Total Expenses | 121,708,969 | 115,019,314 | 490,413 | 489,687 | 122,199,382 | 115,509,001 |
| Increase (Decrease) in Net Position Before Transfers and Other Items | (1,795,957) | (4,979,812) | (141,107) | (161,401) | (1,937,064) | (5,141,213) |
| Transfers | (200,000) | (172,000) | 200,000 | 172,000 | - | - |
| Change in Net Position | (1,995,957) | (5,151,812) | 58,893 | 10,599 | (1,937,064) | (5,141,213) |
| Beginning of Year, Net Position | 18,799,295 | 23,951,107 | 11,496 | 897 | 18,810,791 | 23,952,004 |
| End of Year, Net Position | \$ 16,803,338 | \$ 18,799,295 | \$ 70,389 | \$ 11,496 | \$ 16,873,727 | \$ 18,810,791 |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

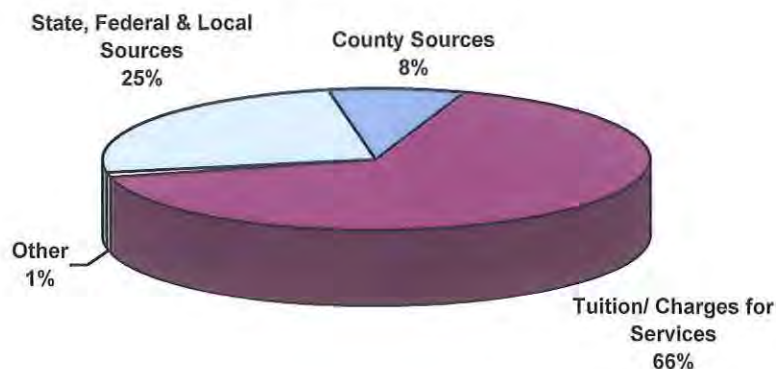
Governmental Activities. The District's total governmental activities revenues were \$119,913,012 for the fiscal year ended June 30, 2017, an increase of \$9,873,510 (8 percent) over the previous year. Tuition and charges for services accounted for 66 percent of total revenues. County property taxes and capital grants and contributions account for 8% percent of total revenue for the year. Another 26 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 \$121,708,969, an increase of \$6,689,655 (6 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 \$1,995,957 over the last year.

- The cost of all governmental activities this year was \$121,708,969.
 - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$78,638,703, an increase of \$3,754,547 (5 percent).
 - The federal and state governments subsidized certain programs with grants, contributions and aid of \$30,005,892, an increase of \$5,943,262 (25 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 \$586,520 in capital contributions from the County to fund capital projects during the year, a decrease of \$271,322 from the prior year.
 - District's costs in the amount of \$9,577,003 were provided by County sources from property taxes, an increase of \$709,528 from the prior year.

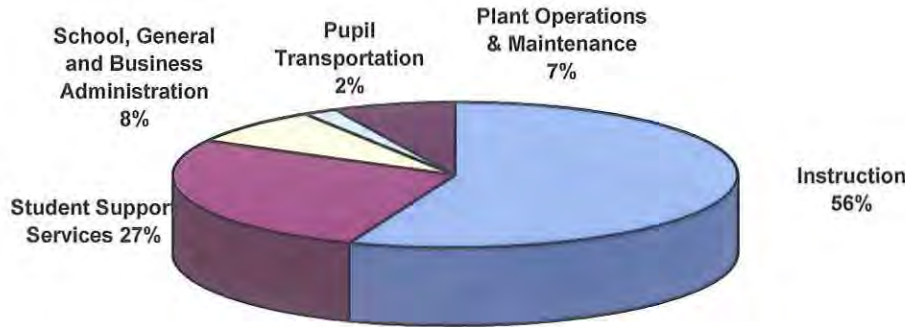
**Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2017**



BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

**Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2017**



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 \$121,708,969. After applying program revenues derived from charges for services of \$78,638,703 operating grants, and contributions of \$29,847,566 and capital grants and contributions of \$586,520, the net cost of services to the District was \$12,636,180. See Table A-5.

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

| | Total Cost of Services | | (Revenue) Net Cost of Services | |
|--|---------------------------|-----------------------|--------------------------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Instruction | | | | |
| Special Education | \$ 68,922,293 | \$ 67,247,123 | \$ (13,837,499) | \$ (9,439,757) |
| Support Services | | | | |
| Student and Instruction Related Services | 33,085,833 | 28,918,263 | 12,471,419 | 12,034,193 |
| School Administrative Services | 5,708,571 | 5,079,817 | 3,109,328 | 3,186,237 |
| General Administrative Services | 1,185,658 | 1,027,257 | 1,144,385 | 970,684 |
| Plant Operations and Maintenance | 8,418,619 | 8,570,967 | 6,942,056 | 6,656,961 |
| Pupil Transportation | 2,004,151 | 1,903,511 | 1,929,026 | 1,832,136 |
| Other Support Services-Business/Central Svc./Admin. Info. Tech. | 2,383,844 | 2,272,376 | 877,465 | 25,023 |
| Total | \$ 121,708,969 | \$ 115,019,314 | \$ 12,636,180 | \$ 15,265,477 |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

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Business-Type Activities –The District's total business-type activities revenues were \$349,306 for the year ended June 30, 2017, an increase of \$21,020 (6 percent) from the previous year. Charges for services accounted for 42% of total revenues. Operating grants and contributions accounted for 58% 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 \$58,893 from the last year.

The cost of all business-type activities this year was \$490,413.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$147,180, an increase of \$20,403 (16 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$202,126, an increase of \$617 (less than 1 percent). This increase is a result of a slight increase in meals served to low income students during the year.
- The District transferred \$200,000 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 \$9,811,782, an increase of \$2,632,371 from last year's fund balance of \$7,149,411. \$2,694,195 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 \$2,066,642; 2) restricted for capital purposes \$3,142,763; 3) restricted for maintenance \$900,000; 4) restricted for Semi-ARRA \$33,182; or 5) designated for appropriation in the 2017/2018 budget \$975,000.

Revenues and total other financing sources (net) for the District's governmental funds were \$73,724,835, while total expenses were \$70,392,464.

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, 2017 | Fiscal Year Ended June 30, 2016 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|----------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| Local Sources | | | | |
| County Property Taxes | \$ 9,577,003 | \$ 8,867,475 | \$ 709,528 | 8% |
| Tuition | 45,385,141 | 44,613,401 | 771,740 | 1.7% |
| Investment Earnings | 12,187 | 18,330 | (6,143) | -34% |
| Miscellaneous | 2,309,582 | 2,443,469 | (133,887) | -5% |
| State Sources | 4,703,290 | 4,069,169 | 634,121 | 16% |
| Federal Sources | 591,915 | 453,318 | 138,597 | 31% |
| Total General Fund Revenue | <u>\$ 62,579,118</u> | <u>\$ 60,465,162</u> | <u>\$ 2,113,956</u> | 3.5% |

Total General Fund Revenues increased by \$2,113,956 or 3.5% from the previous year.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

General Fund (Continued)

County Property Taxes increased 8% over the previous year. Tuition which represents 73% of total General Fund revenues for the year remained relatively flat from the previous year.

Revenue from federal sources increased \$138,597 due to an increase in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$634,121 largely due to an increase in the on-behalf contributions.

The following schedule presents a summary of General Fund expenditures.

| | Fiscal Year Ended June 30, 2017 | Fiscal Year Ended June 30, 2016 | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| Instruction | \$ 33,553,420 | \$ 35,902,308 | \$ (2,348,888) | -7% |
| Support Services | 24,614,424 | 24,982,173 | (367,749) | -1% |
| Capital Outlay | <u>147,508</u> | <u>389,614</u> | <u>(242,106)</u> | -62% |
| Total General Fund Expenditures | <u>\$ 58,315,352</u> | <u>\$ 61,274,095</u> | <u>\$ (2,958,743)</u> | -4.8% |

Total General Fund expenditures decreased \$2,958,743 or 4.8% from the previous year.

In Fiscal Year 2017 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$3,126,490. After adding statutory transfers and other financing source/(use), the fund balance increased from \$6,549,308 at June 30, 2016 to \$9,675,798 at June 30, 2017.

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 \$10,559,197 for the year ended June 30, 2017. Local sources account for the majority of the Special Revenue Funds' revenues, which represented in excess of 75% 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 \$84,561 or less than 1% from the previous year.

Expenditures of the Special Revenue Fund were \$10,646,473. Special Education instructional expenditures were \$5,083,262 or 48% of the total expended for the year ended June 30, 2017.

Total Special Revenue Fund expenditures increased \$122,125 or 1% from the previous year. Instruction expenditures increased \$609,740 or 14%. Support services expenditures decreased \$595,150 (10%) over the previous year. Capital outlay expenditures increased \$107,535.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

Capital Projects Fund

The capital projects revenues and other financing sources were less than expenditures by \$494,119 resulting in a fund balance of \$135,984 at June 30, 2017.

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 School. The related operations for this school are also accounted for in the internal service fund.

The internal service fund revenues were more than expenditures and transfers by \$981,483 resulting in a fund balance of \$2,363,474 at June 30, 2017 up from \$1,381,991 at June 30, 2016.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

CAPITAL ASSETS

By the end of June 30, 2017, the District had invested \$56,894,523 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 2016-2017 amounted to \$2,845,810 for governmental activities and \$-0- for business-type activities.

**Table A-6
Capital Assets
As of June 30, 2017 and 2016**

| | Governmental Activities | | Business- Type Activities | | Total | |
|-----------------------------------|----------------------------|----------------------|---------------------------------|---------------|----------------------|----------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Buildings | \$ 57,835,100 | \$ 56,885,750 | | | \$ 57,835,100 | \$ 56,885,750 |
| Improvements Other Than Buildings | 628,381 | 625,694 | | | 628,381 | 625,694 |
| Leasehold Improvements | 6,913,587 | 6,913,587 | | | 6,913,587 | 6,913,587 |
| Machinery and Equipment | 13,586,375 | 13,091,836 | \$ 69,406 | \$ 69,406 | 13,655,781 | 13,161,242 |
| Total Capital Assets | 78,963,443 | 77,516,867 | 69,406 | 69,406 | 79,032,849 | 77,586,273 |
| Less Accumulated Depreciation | 22,068,920 | 19,223,110 | 69,406 | 69,406 | 22,138,326 | 19,292,516 |
| Capital Assets, Net | \$ 56,894,523 | \$ 58,293,757 | \$ - | \$ - | \$ 56,894,523 | \$ 58,293,757 |

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 \$2,594,861 and net pension liability payable of \$70,053,677.

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 2017-2018 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 2017-2018. Budgeted expenditures in the General Fund decreased by 2.6 percent from the 2016/2017 adopted budget to \$58,063,472 in fiscal year 2017-2018.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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

Three goals served as the foundation for the development of the 2017/2018 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 2017/2018 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, 2017**

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Assets | | | |
| Cash and Cash Equivalents | \$ 9,137,250 | \$ 83,470 | \$ 9,220,720 |
| Receivables, net | 8,500,035 | 15,922 | 8,515,957 |
| Security Deposit | 27,225 | | 27,225 |
| Due from Other Funds | 5,000 | | 5,000 |
| Inventories | | 10,859 | 10,859 |
| Capital Assets, net of accumulated depreciation | <u>56,894,523</u> | <u>-</u> | <u>56,894,523</u> |
| Total Assets | <u>74,564,033</u> | <u>110,251</u> | <u>74,674,284</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | <u>18,981,642</u> | <u>-</u> | <u>18,981,642</u> |
| Total Assets and Deferred Outflow of Resources | <u>93,545,675</u> | <u>110,251</u> | <u>93,655,926</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 1,664,634 | 38,882 | 1,703,516 |
| Intergovernmental Payable | 275,581 | | 275,581 |
| Unearned Revenue | 1,713,506 | | 1,713,506 |
| Noncurrent Liabilities | | | |
| Due within one year | - | | - |
| Due beyond one year | <u>72,648,538</u> | <u>-</u> | <u>72,648,538</u> |
| Total Liabilities | <u>76,302,259</u> | <u>38,882</u> | <u>76,341,141</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred Commodities Revenue | | 980 | 980 |
| Deferred Amounts on Net Pension Liability | <u>440,078</u> | <u>-</u> | <u>440,078</u> |
| Total Liabilities and Deferred Inflow of Resources | <u>76,742,337</u> | <u>39,862</u> | <u>76,782,199</u> |
| NET POSITION | | | |
| Investment in Capital Assets | 56,894,523 | - | 56,894,523 |
| Restricted | | | |
| Capital Projects | 3,213,403 | | 3,213,403 |
| Plant Maintenance | 900,000 | | 900,000 |
| Unrestricted | <u>(44,204,588)</u> | <u>70,389</u> | <u>(44,134,199)</u> |
| Total Net Position | <u>\$ 16,803,338</u> | <u>\$ 70,389</u> | <u>\$ 16,873,727</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, 2017

| 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 | \$ 68,922,293 | \$ 66,388,601 | \$ 16,371,191 | | \$ 13,837,499 | | \$ 13,837,499 |
| Support Services: | | | | | | | |
| Student & Instruction Related Services | 33,085,833 | 8,241,805 | 12,372,609 | | (12,471,419) | | (12,471,419) |
| General Administration Services | 1,185,658 | 41,273 | | | (1,144,385) | | (1,144,385) |
| School Administration Services | 5,708,571 | 1,507,814 | 1,091,429 | | (3,109,328) | | (3,109,328) |
| Plant Operations and Maintenance | 8,418,619 | 877,706 | 12,337 | \$ 586,520 | (6,942,056) | | (6,942,056) |
| Pupil Transportation | 2,004,151 | 75,125 | | | (1,929,026) | | (1,929,026) |
| Support Services - Business/Central Svc/ Admin Info. Tech. | 2,383,844 | 1,506,379 | - | - | (877,465) | - | (877,465) |
| Total Governmental Activities | 121,708,969 | 78,638,703 | 29,847,566 | 586,520 | (12,636,180) | - | (12,636,180) |
| Business - Type Activities | | | | | | | |
| Food Service | 490,413 | 147,180 | 202,126 | - | - | \$ (141,107) | (141,107) |
| Total Business Type Activities | 490,413 | 147,180 | 202,126 | - | - | (141,107) | (141,107) |
| Total Primary Government | \$ 122,199,382 | \$ 78,785,883 | \$ 30,049,692 | \$ 586,520 | (12,636,180) | (141,107) | (12,777,287) |
| General Revenues: | | | | | | | |
| County Property Tax Levy | | | | | 9,577,003 | | 9,577,003 |
| Federal and State Aid Unrestricted | | | | | 158,326 | | 158,326 |
| Investment Earnings | | | | | 12,187 | | 12,187 |
| Miscellaneous | | | | | 1,092,707 | | 1,092,707 |
| Transfers | | | | | (200,000) | 200,000 | - |
| Total General Revenues, Transfers and Other Items | | | | | 10,640,223 | 200,000 | 10,840,223 |
| Change in Net Position | | | | | (1,995,957) | 58,893 | (1,937,064) |
| Net Position - Beginning of Year | | | | | 18,799,295 | 11,496 | 18,810,791 |
| Net Position - End of Year | | | | | \$ 16,803,338 | \$ 70,389 | \$ 16,873,727 |

FUND FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

| | <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 | \$ 8,021,090 | \$ 26,002 | \$ 4,874 | \$ 8,051,966 |
| Intergovernmental Receivables | 1,039,507 | 1,419,470 | 361,220 | 2,820,197 |
| Due from Other Funds | 5,355,000 | | | 5,355,000 |
| Security Deposits | <u>27,225</u> | <u>-</u> | <u>-</u> | <u>27,225</u> |
| Total Assets | <u>\$ 14,442,822</u> | <u>\$ 1,445,472</u> | <u>\$ 366,094</u> | <u>\$ 16,254,388</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 1,248,775 | \$ 167,058 | \$ 120,110 | \$ 1,535,943 |
| Intergovernmental Payable | 103,613 | 89,176 | | 192,789 |
| Other Payable | 121,407 | 2,384 | | 123,791 |
| Due to Other Funds | 1,716,577 | 1,050,000 | 110,000 | 2,876,577 |
| Unearned Revenue | <u>1,576,652</u> | <u>136,854</u> | <u>-</u> | <u>1,713,506</u> |
| Total Liabilities | <u>4,767,024</u> | <u>1,445,472</u> | <u>230,110</u> | <u>6,442,606</u> |
| Fund Balances: | | | | |
| Restricted | | | | |
| Capital Reserve | 3,006,779 | | | 3,006,779 |
| Maintenance Reserve | 900,000 | | | 900,000 |
| Federal Funds- SEMI-ARRA | 33,182 | | | 33,182 |
| Capital Projects | | | 135,984 | 135,984 |
| Committed | | | | |
| Year End Encumbrances | 684,836 | | | 684,836 |
| Assigned | | | | |
| Year End Encumbrances | 1,381,806 | | | 1,381,806 |
| Designated for Subsequent Year's Expenditures | 975,000 | | | 975,000 |
| Unassigned | <u>2,694,195</u> | <u>-</u> | <u>-</u> | <u>2,694,195</u> |
| Total Fund Balances | <u>9,675,798</u> | <u>-</u> | <u>135,984</u> | <u>9,811,782</u> |
| Total Liabilities and Fund Balances | <u>\$ 14,442,822</u> | <u>\$ 1,445,472</u> | <u>\$ 366,094</u> | <u>\$ 16,254,388</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, 2017**

Total Fund Balance - Governmental Funds (Exhibit B-1) **\$ 9,811,782**

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 \$78,963,443 and the accumulated depreciation is \$22,068,920.

56,894,523

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 | \$ 18,981,642 | |
| Deferred Inflows of Resources | <u>(440,078)</u> | |
| | | 18,541,564 |

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 | (70,053,677) | |
| Compensated Absences | <u>(658,436)</u> | |
| | | (70,712,113) |

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

2,267,582

Net position of Governmental Activities (Exhibit A-1) **\$ 16,803,338**

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <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 | \$ 9,577,003 | | | \$ 9,577,003 |
| County Aid | | | \$ 586,520 | 586,520 |
| Tuition - LEA's | 45,385,141 | | | 45,385,141 |
| Non-Resident Fees | 1,216,875 | | | 1,216,875 |
| Interest on Investments | 12,187 | | | 12,187 |
| Miscellaneous | <u>1,092,707</u> | <u>\$ 8,004,711</u> | <u>-</u> | <u>9,097,418</u> |
| | 57,283,913 | 8,004,711 | 586,520 | 65,875,144 |
| State Sources | 4,703,290 | 2,198,627 | | 6,901,917 |
| Federal Sources | <u>591,915</u> | <u>355,859</u> | <u>-</u> | <u>947,774</u> |
| Total Revenues | <u>62,579,118</u> | <u>10,559,197</u> | <u>586,520</u> | <u>73,724,835</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Special Education Instruction | 33,553,420 | 5,083,262 | | 38,636,682 |
| Support Services | | | | |
| Student & Instruction Related Services | 13,496,938 | 5,392,548 | 315,607 | 19,205,093 |
| School Administration Services | 3,010,951 | | | 3,010,951 |
| Support Services General Administration | 1,086,849 | | | 1,086,849 |
| Plant Operations and Maintenance | 4,877,816 | 12,337 | | 4,890,153 |
| Pupil Transportation | 1,405,377 | | | 1,405,377 |
| Other Support Services - Business (Central Services/Admin Info Tech) | 736,493 | | | 736,493 |
| Capital Outlay | <u>147,508</u> | <u>158,326</u> | <u>1,115,032</u> | <u>1,420,866</u> |
| Total Expenditures | <u>58,315,352</u> | <u>10,646,473</u> | <u>1,430,639</u> | <u>70,392,464</u> |
| Excess(Deficiency) of Revenues Over (Under) Expenditures | <u>4,263,766</u> | <u>(87,276)</u> | <u>(844,119)</u> | <u>3,332,371</u> |
| OTHER FINANCING SOURCES(USES) | | | | |
| Transfers In | - | 87,276 | 350,000 | 437,276 |
| Transfers Out | <u>(1,137,276)</u> | <u>-</u> | <u>-</u> | <u>(1,137,276)</u> |
| Total Other Financing Sources and Uses | <u>(1,137,276)</u> | <u>87,276</u> | <u>350,000</u> | <u>(700,000)</u> |
| Net Change in Fund Balances | 3,126,490 | - | (494,119) | 2,632,371 |
| Fund Balance - Beginning of Year | <u>6,549,308</u> | <u>-</u> | <u>630,103</u> | <u>7,179,411</u> |
| Fund Balance - End of Year | <u>\$ 9,675,798</u> | <u>\$ -</u> | <u>\$ 135,984</u> | <u>\$ 9,811,782</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, 2017**

Total Net Change in Fund Balances - Governmental Funds (B-2) **\$ 2,632,371**

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 | \$ (2,829,403) | |
| Capital Outlays | <u>1,420,866</u> | |
| | | (1,408,537) |

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 | (4,631,092) | |
| Decrease in Compensated Absences | <u>429,818</u> | |
| | | (4,201,274) |

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 | 481,483 | |
| Net Transfers from General Fund | <u>500,000</u> | |
| Change in Net Position | | <u>981,483</u> |

Change in net position of governmental activities (Exhibit A-2) **\$ (1,995,957)**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

| | <u>Business Type Activities Enterprise Fund Food Service</u> | <u>Governmental Activities Internal Service Funds</u> |
|--|--|---|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 83,470 | \$ 1,085,284 |
| Intergovernmental Accounts Receivable | 15,922 | 5,677,514 |
| Due from Other Funds | - | 1,716,577 |
| Due from B.C.T.S | | 2,324 |
| Security Deposits | | - |
| Inventories | 10,859 | - |
| Total Current Assets | <u>110,251</u> | <u>8,481,699</u> |
| Capital Assets | | |
| Furniture, machinery & equipment | 69,406 | 526,125 |
| Less: Accumulated Depreciation | <u>(69,406)</u> | <u>(430,233)</u> |
| Total Capital Assets, Net | <u>-</u> | <u>95,892</u> |
| Total Assets | <u>110,251</u> | <u>8,577,591</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 38,882 | 82,792 |
| Other Payable | | 4,900 |
| Due to Other Funds | <u>-</u> | <u>4,190,000</u> |
| Total Current Liabilities | <u>38,882</u> | <u>4,277,692</u> |
| Noncurrent Liabilities | | |
| Compensated Absences | <u>-</u> | <u>1,936,425</u> |
| Total Noncurrent Liabilities | <u>-</u> | <u>1,936,425</u> |
| Total Liabilities | <u>38,882</u> | <u>6,214,117</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Deferred Commodities Revenue | <u>980</u> | <u>-</u> |
| Total Liabilities and Deferred Inflow of Resources | <u>39,862</u> | <u>-</u> |
| NET POSITION | | |
| Investment in Capital Assets | - | 95,892 |
| Restricted for Capital | | 70,640 |
| Unrestricted | <u>70,389</u> | <u>2,196,942</u> |
| Total Net Position | <u>\$ 70,389</u> | <u>\$ 2,363,474</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, 2017

| | <u>Business- Type</u> <u>Activities</u> <u>Enterprise</u> <u>Fund</u> <u>Food</u> <u>Service</u> | <u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Funds</u> |
|--|---|---|
| OPERATING REVENUES | | |
| Charges for Services | | |
| Daily sales - reimbursable programs | | |
| Lunch Program | \$ 79,256 | |
| Breakfast Program | 7,191 | |
| Daily sales - nonreimbursable programs | 60,733 | |
| Tuition from LEAS | | \$ 7,274,507 |
| Charges and Fees | | 22,511,026 |
| On-Behalf State | - | 2,251,154 |
| | <u>147,180</u> | <u>32,036,687</u> |
| Total Operating Revenues | | |
| OPERATING EXPENSES | | |
| Cost of Sales - reimbursable programs | 201,626 | |
| Cost of Sales - nonreimbursable programs | 31,958 | |
| Salaries | 162,449 | 16,527,749 |
| Employee Benefits | 43,702 | 8,564,766 |
| Purchased Services | | 6,040,894 |
| Supplies and Materials | 25,303 | 86,243 |
| Management/Admin Fee | 25,375 | 299,513 |
| Miscellaneous Expenses | | 19,632 |
| Depreciation | - | 16,407 |
| | <u>490,413</u> | <u>31,555,204</u> |
| Total Operating Expenses | | |
| Operating Income (Loss) | <u>(343,233)</u> | <u>481,483</u> |
| Nonoperating Revenues | | |
| State Sources | | |
| State School Lunch Program | 2,452 | |
| Federal Sources | | |
| National School Lunch Program | 111,202 | |
| National School Lunch Program-PB Lunch | 2,912 | |
| National School Breakfast Program | 63,485 | |
| USDA Commodity | 22,075 | - |
| | <u>202,126</u> | <u>-</u> |
| Total Non-Operating Revenues | | |
| Net Income (Loss) Before Operating Transfers | (141,107) | 481,483 |
| Other Financing Sources (Uses) | | |
| Disposal of Capital Assets, net | | - |
| Transfers In(Out) | 200,000 | 500,000 |
| | <u>58,893</u> | <u>981,483</u> |
| Change in Net Position | | |
| Total Net Position - Beginning of Year | <u>11,496</u> | <u>1,381,991</u> |
| Total Net Position - Ending of Year | <u>\$ 70,389</u> | <u>\$ 2,363,474</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, 2017**

| | <u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Food Service</u> | <u>Governmental Activities</u> <u>Internal Service Funds</u> |
|--|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Customers | \$ 147,180 | \$ 29,159,121 |
| Payments to Employees | (206,151) | (18,587,374) |
| Payments to Suppliers | (281,919) | (10,612,483) |
| Net Cash Provided by(Used for) operating activities | (340,890) | (40,736) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State Sources | 2,441 | |
| Federal Sources | 176,604 | |
| Operating Subsidies and transfers to/from other funds | 292,000 | 452,000 |
| Net cash provided by (used for) noncapital financing activities | 471,045 | 452,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of Capital Assets | - | (25,710) |
| Net cash provided by (used for) for capital and related financing activities | - | (25,710) |
| Net increase in cash and cash equivalents | 130,155 | 385,554 |
| Cash and Cash Equivalents (Overdrafts) - Beginning of Year | (46,685) | 699,730 |
| Cash and Cash Equivalents- (Overdrafts) - End of Year | \$ 83,470 | \$ 1,085,284 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income(Loss) | \$ (343,233) | \$ 481,483 |
| Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities | | |
| Depreciation and net amortization | - | 16,407 |
| Food Distribution(USDA Commodities)-National School Lunch Program | 22,074 | |
| (Increase) Decrease in accounts receivable, net | - | (626,412) |
| Increase (Decrease) in other current liabilities | - | 4,237 |
| Increase(Decrease) in accounts payable | (22,052) | (20,883) |
| Increase (Decrease) in non-current liabilities | - | 104,432 |
| Increase (Decrease) in deferred commodities revenue | 980 | |
| (Increase)Decrease in inventories | 1,341 | - |
| Total adjustments | 2,343 | (522,219) |
| Net cash provided by (used for) operating activities | \$ (340,890) | \$ (40,736) |
| Non-Cash Financing Activities | | |
| National School Lunch Program (Food Distribution) | \$ 22,074 | |

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, 2017**

| | <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 | \$ 496,391 | \$ 12,284 | \$ 41,082 | \$ 28,361 | \$ 739,785 |
| Total Assets | <u>496,391</u> | <u>12,284</u> | <u>41,082</u> | <u>28,361</u> | <u>\$ 739,785</u> |
| LIABILITIES | | | | | |
| Payroll deductions and withholdings | | | | | \$ 723,020 |
| Accrued Salaries and Wages | | | | | 3,775 |
| Due to student groups | | | | | 7,990 |
| Due to Other Funds | | | | | 5,000 |
| Due to State of New Jersey | <u>7,839</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>7,839</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 739,785</u> |
| NET POSITION | | | | | |
| Held in trust for unemployment claims and other purposes | <u>\$ 488,552</u> | <u>\$ 12,284</u> | <u>\$ 41,082</u> | | |
| Reserved for scholarships | | | | <u>\$ 28,361</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, 2017**

| | <u>Unemployment Compensation Trust</u> | <u>Speech Equipment Trust</u> | <u>Operating/ Development Trust</u> | <u>Private Purpose Scholarship</u> |
|---------------------------------|--|---------------------------------------|---|--|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Plan Member | \$ 100,766 | | | |
| Private Donations | <u>-</u> | <u>-</u> | <u>\$ 2,643</u> | <u>10</u> |
| Total Contributions | <u>100,766</u> | <u>-</u> | <u>2,643</u> | <u>10</u> |
| Investment Earnings: | | | | |
| Investment Gains | | \$ 5,072 | | |
| Interest/Investment Earnings | <u>97</u> | <u>205</u> | <u>74</u> | <u>\$ 89</u> |
| Net investment earnings | <u>97</u> | <u>5,277</u> | <u>74</u> | <u>89</u> |
| Total Additions | <u>100,863</u> | <u>5,277</u> | <u>2,717</u> | <u>99</u> |
| DEDUCTIONS | | | | |
| Unemployment Claims | 94,346 | | | |
| Investment Losses | | 924 | | |
| Scholarships Awarded | <u>-</u> | <u>-</u> | <u>2,745</u> | <u>3,700</u> |
| Total Deductions | <u>94,346</u> | <u>924</u> | <u>2,745</u> | <u>3,700</u> |
| Change in Net Position | 6,517 | 4,353 | (28) | (3,601) |
| Net Position, Beginning of Year | <u>482,035</u> | <u>7,931</u> | <u>41,110</u> | <u>31,962</u> |
| Net Position, End of the Year | <u>\$ 488,552</u> | <u>\$ 12,284</u> | <u>\$ 41,082</u> | <u>\$ 28,361</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, 2017**

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 County of Bergen 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 and food service 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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.* 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 School District. 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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.

The District reports the following major proprietary fund which is 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"), career crossroads, project search, ETTC, 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, transportation fees, 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 acquisition 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 |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District 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.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One 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. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions (Continued)*

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.

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 2b.)

Maintenance Reserve – This restriction was created by the District 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. (See Note 2c).

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)*

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

ARRA/SEMI – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2017.

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

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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 2017/2018 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.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

County property taxes are levied pursuant to law and are collected by the County Treasurer and are transferred to the District as requested. County tax revenue is recognized in the year they are levied and become available. County 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 by the County Treasurer and are levied and due in four quarterly installments on February 15, May 15, August 15 and November 15. The County has the ability to charge interest on payments remitted after these due dates. State statutes do not permit liens to be placed against the municipalities by the County for unpaid property taxes.

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.

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 and special revenue 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$1,936,278. The increase was funded by additional capital reserve appropriated, 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, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

| | | |
|--|------------------|----------------------------|
| Balance, July 1, 2016 | | \$ 1,856,492 |
| Increased: | | |
| Interest | \$ 287 | |
| Deposit per Board Resolution | <u>1,500,000</u> | |
| | | <u>1,500,287</u> |
| | | 3,356,779 |
| Decreased: | | |
| Withdrawals approved by Board Resolution | | <u>350,000</u> |
| Balance, June 30, 2017 | | <u><u>\$ 3,006,779</u></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, 2017 is as follows:

| | |
|---------------------------------------|--------------------------|
| Balance, July 1, 2016 | \$ 400,000 |
| Increased by | |
| Deposits Approved by Board Resolution | <u>500,000</u> |
| Balance, June 30, 2017 | <u><u>\$ 900,000</u></u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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), National Credit Union Share Insurance Fund (NCUSIF), 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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$10,538,623 and bank and brokerage firm balances of the Board's deposits amounted to \$12,389,819. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

| | |
|---------|----------------------|
| Insured | <u>\$ 12,389,819</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, 2017 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, 2017, 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.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds, internal service, and fiduciary funds 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 | \$ 225,567 | \$ 116,586 | | \$ 200 | | \$ 342,353 |
| Federal | - | 76,841 | | 15,722 | | 92,563 |
| Restricted | 813,940 | 1,226,043 | \$ 361,220 | - | \$ 5,679,838 | 8,081,041 |
| | 1,039,507 | 1,419,470 | 361,220 | 15,922 | 5,679,838 | 8,515,957 |
| Gross Receivables | | | | | | |
| Less: Allowance for Uncollectibles | - | - | - | - | - | - |
| Net Total Receivables | <u>\$ 1,039,507</u> | <u>\$ 1,419,470</u> | <u>\$ 361,220</u> | <u>\$ 15,922</u> | <u>\$ 5,679,838</u> | <u>\$ 8,515,957</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 | \$ 1,576,652 |
| Special Revenue Fund | |
| Unencumbered Grant Draw Downs | 136,854 |
| Total Unearned Revenue for Governmental Funds | <u>\$ 1,713,506</u> |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

| | <u>Balance,</u> <u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance,</u> <u>June 30, 2017</u> |
|--|--|-----------------------|------------------|---|
| Governmental activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings | \$ 56,885,750 | \$ 949,350 | | \$ 57,835,100 |
| Improvements other than buildings | 625,694 | 2,687 | | 628,381 |
| Leasehold Improvements | 6,913,587 | | | 6,913,587 |
| Machinery and equipment | 13,091,836 | 494,539 | - | 13,586,375 |
| Total capital assets being depreciated | <u>77,516,867</u> | <u>1,446,576</u> | <u>-</u> | <u>78,963,443</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,352,557) | (1,619,284) | | (6,971,841) |
| Improvements other than buildings | (342,549) | (31,940) | | (374,489) |
| Leasehold Improvements | (3,652,398) | (336,679) | - | (3,989,077) |
| Machinery and equipment | (9,875,606) | (857,907) | - | (10,733,513) |
| Total accumulated depreciation | <u>(19,223,110)</u> | <u>(2,845,810)</u> | <u>-</u> | <u>(22,068,920)</u> |
| Total capital assets, being depreciated, net | <u>58,293,757</u> | <u>(1,399,234)</u> | <u>-</u> | <u>56,894,523</u> |
| Governmental activities capital assets, net | <u>\$ 58,293,757</u> | <u>\$ (1,399,234)</u> | <u>\$ -</u> | <u>\$ 56,894,523</u> |
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | \$ 69,406 | - | - | \$ 69,406 |
| Total capital assets being depreciated | <u>69,406</u> | <u>-</u> | <u>-</u> | <u>69,406</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (69,406) | - | - | (69,406) |
| Total accumulated depreciation | <u>(69,406)</u> | <u>-</u> | <u>-</u> | <u>(69,406)</u> |
| Total capital assets, being depreciated, net | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Business-type activities capital assets, net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

| | |
|--|---------------------|
| Instruction | |
| Special | \$ 427,103 |
| Total Instruction | <u>427,103</u> |
| Support Services | |
| Student and Instruction Related Services | 2,735 |
| School administration | 87,140 |
| Operations and maintenance of plant | 2,050,296 |
| Student transportation | <u>262,129</u> |
| Total Support Services | <u>2,402,300</u> |
| Total Governmental Funds | <u>2,829,403</u> |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>16,407</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,845,810</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 and other significant commitments as of June 30, 2017:

| <u>Project</u> | <u>Remaining Commitment</u> |
|--|---------------------------------|
| Rooftop Unit at the Montesano School | \$ 19,131 |
| Construction of New Educational Facility | 85,260 |
| 54-Passenger Bus | 97,426 |
| Collins Bus | 175,464 |
| Hearing Impaired Equipment | 173,391 |
| Computer Software and Equipment | 573,876 |
| Montesano and Bleshman Repairs | 75,000 |
| Lead Testing in Water at Various Locations | 75,300 |
| Total | <u>\$ 1,274,848</u> |

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--|---------------------|
| General Fund | Capital Projects Fund | \$ 110,000 |
| General Fund | Special Revenue Fund | 1,050,000 |
| General Fund | One to One Aides - Internal Service Fund | 1,150,000 |
| General Fund | Interlocal Agreement-Internal Service Fund | 1,400,000 |
| General Fund | Career Crossroads - Internal Svc. Fund | 30,000 |
| General Fund | Project Search- Internal Svc. Fund | 10,000 |
| General Fund | Education Enterprises - Internal Svc. Fund | 1,600,000 |
| General Fund | Agency Funds | 5,000 |
| | | <u>\$ 5,355,000</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 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, 2017**

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 | Internal General Fund | Total |
| Transfer Out: General Fund | \$ 200,000 | \$ 350,000 | \$ 87,276 | \$ 500,000 | \$ 1,137,276 |
| Total transfers out | \$ 200,000 | \$ 350,000 | \$ 87,276 | \$ 500,000 | \$ 1,137,276 |

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, 2017, was as follows:

| | Balance, July 1, 2016 | Additions | Reductions | Balance, June 30, 2017 | Due Within One Year |
|--|-----------------------------|---------------|--------------|------------------------------|---------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 2,420,247 | \$ 174,614 | - | \$ 2,594,861 | - |
| Net Pension Liability | 53,702,644 | 18,452,340 | \$ 2,101,307 | 70,053,677 | - |
| Governmental activity Long-term liabilities | \$ 56,122,891 | \$ 18,626,954 | \$ 2,101,307 | \$ 72,648,538 | \$ - |

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, 2017**

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> |
|---|-----------------------------------|--|------------------------------|---------------------------|
| 2017 | \$ - | \$ 100,766 | \$ 94,346 | \$ 488,552 |
| 2016 | - | 29,400 | 18,031 | 482,035 |
| 2015 | - | 89,129 | 49,155 | 470,666 |

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2017, 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.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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.

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/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended June 30, | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|----------------------------------|--------------|--------------------------|-------------|
| 2017 | \$ 2,101,307 | \$ 3,084,348 | \$ 3,963 |
| 2016 | 2,056,748 | 2,334,701 | 48,001 |
| 2015 | 1,960,564 | 1,597,063 | 192,675 |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal year 2016/2017 the District contributed \$3,462 for PERS and the State contributed \$531 for TPAF for Long Term Disability Insurance Premium (LTDI).

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.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,215,020 during the fiscal year ended June 30, 2017 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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$70,053,677 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2016, the District's proportionate share was 0.23653 percent, which was a decrease of 0.02270 percent from its proportionate share measured as of June 30, 2015 of 0.23923 percent.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,732,399 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | 2016 | |
|---|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 1,302,786 | |
| Changes of Assumptions | 14,511,380 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 2,671,210 | |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>496,266</u> | <u>\$ 440,078</u> |
| Total | <u>\$ 18,981,642</u> | <u>\$ 440,078</u> |

At June 30, 2017, the 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> | <u>Total</u> |
| 2018 | \$ 4,221,827 |
| 2019 | 4,221,827 |
| 2020 | 4,783,015 |
| 2021 | 4,090,097 |
| 2022 | 1,224,798 |
| Thereafter | <u>-</u> |
| | <u>\$ 18,541,564</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

Actuarial Assumptions

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

| | <u>PERS</u> |
|---------------------------|----------------------------|
| Inflation Rate | 3.08% |
| Salary Increases: | |
| Through 2026 | 1.65-4.15% Based on Age |
| Thereafter | 2.65-5.15% Based on Age |
| Investment Rate of Return | 7.65% |
| Mortality Rate Table | RP-2000 |

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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% | 0.87% |
| U.S. Treasuries | 1.50% | 1.74% |
| Investment Grade Credit | 8.00% | 1.79% |
| Mortgages | 2.00% | 1.67% |
| High Yield Bonds | 2.00% | 4.56% |
| Inflation-Indexed Bonds | 1.50% | 3.44% |
| Broad US Equities | 26.00% | 8.53% |
| Developed Foreign Equities | 13.25% | 6.83% |
| Emerging Market Equities | 6.50% | 9.95% |
| Private Equity | 9.00% | 12.40% |
| Hedge Funds/Absolute Return | 12.50% | 4.68% |
| Real Estate (Property) | 2.00% | 6.91% |
| Commodities | 0.50% | 5.45% |
| Global Debt ex US | 5.00% | -0.25% |
| REIT | 5.25% | 5.63% |

Discount Rate

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

| <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|-------------|-------------------------|----------------------|
| 2017 | June 30, 2016 | 3.98% |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2034

Municipal Bond Rate * From July 1, 2034
and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

| | 1% Decrease <u>(2.98%)</u> | Current Discount Rate <u>(3.98%)</u> | 1% Increase <u>(4.98%)</u> |
|---|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | <u>\$ 85,842,604</u> | <u>\$ 70,053,677</u> | <u>\$ 57,018,548</u> |

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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, 2017**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$17,235,838 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$229,394,946. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .029160 percent, which was a decrease of 0.00380 percent from its proportionate share measured as of June 30, 2015 of 0.29540 percent.

Actuarial Assumptions

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

TPAF

| | |
|---------------------------|-------------------------------|
| Inflation Rate | 2.50% |
| Salary Increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment Rate of Return | 7.65% |

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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% | 0.39% |
| US Government Bonds | 1.50% | 1.28% |
| US Credit Bonds | 13.00% | 2.76% |
| US Mortgages | 2.00% | 2.38% |
| US Inflation-Indexed Bonds | 1.50% | 1.41% |
| US High Yield Bonds | 2.00% | 4.70% |
| US Equity Market | 26.00% | 5.14% |
| Foreign-Developed Equity | 13.25% | 5.91% |
| Emerging Markets Equity | 6.50% | 8.16% |
| Private Real Estate Property | 5.25% | 3.64% |
| Timber | 1.00% | 3.86% |
| Farmland | 1.00% | 4.39% |
| Private Equity | 9.00% | 8.97% |
| Commodities | 0.50% | 2.87% |
| Hedge Funds - MultiStrategy | 5.00% | 3.70% |
| Hedge Funds - Equity Hedge | 3.75% | 4.72% |
| Hedge Funds - Distressed | 3.75% | 3.49% |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|-------------|-------------------------|----------------------|
| 2017 | June 30, 2016 | 3.22% |

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, 2029

Municipal Bond Rate * From July 1, 2029
and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

| | 1% Decrease (2.22%) | Current Discount Rate (3.22%) | 1% Increase (4.22%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 273,948,830</u> | <u>\$ 229,394,946</u> | <u>\$ 193,010,950</u> |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 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, 2017**

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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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, 2017**

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. 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, 2017**

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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$2,569,962, \$2,779,984 and \$2,535,338, 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.

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, 2017

| | <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 | \$ 9,577,003 | | \$ 9,577,003 | \$ 9,577,003 | |
| Tuition | 45,847,640 | | 45,847,640 | 45,385,141 | \$ (462,499) |
| Non Resident Fees | 1,293,250 | | 1,293,250 | 1,216,875 | (76,375) |
| Interest on Investments | 20,000 | | 20,000 | 11,900 | (8,100) |
| Interest on Capital Reserve | | | | 287 | 287 |
| Miscellaneous | 1,606,000 | - | 1,606,000 | 1,092,707 | (513,293) |
| Total Local Sources | 58,343,893 | - | 58,343,893 | 57,283,913 | (1,059,980) |
| State Sources | | | | | |
| On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted) | | | | 1,535,895 | 1,535,895 |
| On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted) | | | | 1,778,856 | 1,778,856 |
| On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted) | | | | 64,452 | 64,452 |
| On-Behalf TPAF Pension System Contributions- Long Term Disability Insurance (Non-Budgeted) | | | | 317 | 317 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 1,323,770 | 1,323,770 |
| Total State Sources | - | - | - | 4,703,290 | 4,703,290 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 325,000 | | 325,000 | 558,733 | 233,733 |
| ARRA/SEMI | - | - | - | 33,182 | 33,182 |
| Total Federal Sources | 325,000 | - | 325,000 | 591,915 | 266,915 |
| Total Revenues | 58,668,893 | - | 58,668,893 | 62,579,118 | 3,910,225 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Special Education | | | | | |
| Auditory Impairments - Instruction | | | | | |
| Salaries of Teachers | 1,914,788 | \$ - | 1,914,788 | 1,786,133 | 128,655 |
| Other Salaries for Instruction | 1,422,730 | (115,000) | 1,307,730 | 1,275,102 | 32,628 |
| Purchased Prof. - Educ. Services | 1,190,000 | (119,000) | 1,071,000 | 983,902 | 87,098 |
| Lease and Rentals | 14,700 | | 14,700 | 9,353 | 5,347 |
| Other Purchased Services | 52,500 | - | 52,500 | 9,288 | 43,212 |
| Travel | 7,400 | | 7,400 | 4,196 | 3,204 |
| General Supplies | 76,650 | 179,783 | 256,433 | 210,173 | 46,260 |
| Textbooks | 1,900 | 1,350 | 3,250 | 1,547 | 1,703 |
| Other Objects | 21,050 | - | 21,050 | 4,276 | 16,774 |
| Total Auditory Impairments - Instruction | 4,701,718 | (52,867) | 4,648,851 | 4,283,970 | 364,881 |
| Behavioral Disabilities - Instruction | | | | | |
| Salaries of Teachers | 2,211,737 | - | 2,211,737 | 2,186,710 | 25,027 |
| Other Salaries for Instruction | 970,253 | (5,400) | 964,853 | 796,230 | 168,623 |
| Purchased Prof. - Educ. Service | 247,000 | 60,800 | 307,800 | 307,795 | 5 |
| Leases and Rentals | 24,900 | (3,120) | 21,780 | 9,898 | 11,882 |
| Travel | 22,300 | - | 22,300 | 12,587 | 9,713 |
| General Supplies | 113,650 | 10,316 | 123,966 | 104,501 | 19,465 |
| Textbooks | 25,500 | 662 | 26,162 | 18,218 | 7,944 |
| Other Objects | 12,550 | (700) | 11,850 | 7,316 | 4,534 |
| Total Behavioral Disabilities - Instruction | 3,627,890 | 62,558 | 3,690,448 | 3,443,255 | 247,193 |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <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 | \$ 397,548 | \$ (26,900) | \$ 370,648 | \$ 370,634 | \$ 14 |
| Other Salaries for Instruction | 149,166 | 53,000 | 202,166 | 202,101 | 65 |
| Purchased Prof. - Educ. Service | 545,000 | (1,100) | 543,900 | 532,054 | 11,846 |
| Travel | 2,000 | - | 2,000 | - | 2,000 |
| General Supplies | 37,500 | 3,590 | 41,090 | 30,617 | 10,473 |
| Textbooks | 6,500 | (2,000) | 4,500 | - | 4,500 |
| Other Objects | 4,000 | - | 4,000 | 1,760 | 2,240 |
| Total Psychiatric | <u>1,141,714</u> | <u>26,590</u> | <u>1,168,304</u> | <u>1,137,166</u> | <u>31,138</u> |
| Multiple Disabilities - Instruction | | | | | |
| Salaries of Teachers | 1,853,746 | - | 1,853,746 | 1,758,120 | 95,626 |
| Other Salaries for Instruction | 1,244,031 | - | 1,244,031 | 1,070,622 | 173,409 |
| Purchased Prof. - Educ. Service | 349,000 | - | 349,000 | 271,310 | 77,690 |
| Lease and Rentals | 10,700 | (2,700) | 8,000 | 7,530 | 470 |
| Travel | 4,650 | - | 4,650 | 3,993 | 657 |
| General Supplies | 112,900 | 2,268 | 115,168 | 91,334 | 23,834 |
| Textbooks | 12,300 | (2,519) | 9,781 | 5,480 | 4,301 |
| Other Objects | 11,800 | 2,944 | 14,744 | 5,520 | 9,224 |
| Total Multiple Disabilities | <u>3,599,127</u> | <u>(7)</u> | <u>3,599,120</u> | <u>3,213,909</u> | <u>385,211</u> |
| Autism - Instruction | | | | | |
| Salaries of Teachers | 3,976,434 | - | 3,976,434 | 3,754,488 | 221,946 |
| Other Salaries for Instruction | 3,358,588 | (61,000) | 3,297,588 | 3,108,889 | 188,699 |
| Purchased Prof. - Educ. Service | 419,500 | (2,750) | 416,750 | 412,394 | 4,356 |
| Lease and Rentals | 12,700 | 2,750 | 15,450 | 15,395 | 55 |
| Travel | 9,600 | - | 9,600 | 5,058 | 4,542 |
| General Supplies | 176,000 | (2,123) | 173,877 | 126,641 | 47,236 |
| Textbooks | 470 | - | 470 | - | 470 |
| Other Objects | 11,500 | - | 11,500 | 4,062 | 7,438 |
| Total Autistic | <u>7,964,792</u> | <u>(63,123)</u> | <u>7,901,669</u> | <u>7,426,927</u> | <u>474,742</u> |
| Preschool Disabilities - Full Time - Instruction | | | | | |
| Salaries of Teachers | 707,805 | (24,800) | 683,005 | 624,068 | 58,937 |
| Other Salaries for Instruction | 170,797 | 175,800 | 346,597 | 345,842 | 755 |
| Purchased Prof. - Educ. Service | 29,000 | - | 29,000 | 27,500 | 1,500 |
| Leases and Rentals | 480 | - | 480 | - | 480 |
| Other Purchased Services | - | 375 | 375 | 372 | 3 |
| Travel | 3,120 | (375) | 2,745 | 854 | 1,891 |
| General Supplies | 34,880 | - | 34,880 | 16,170 | 18,710 |
| Textbooks | 790 | - | 790 | - | 790 |
| Other Objects | 4,975 | - | 4,975 | 680 | 4,295 |
| Total Preschool Disabilities - Full-Time | <u>951,847</u> | <u>151,000</u> | <u>1,102,847</u> | <u>1,015,486</u> | <u>87,361</u> |
| Total Special Education - Instruction | <u>21,987,088</u> | <u>124,151</u> | <u>22,111,239</u> | <u>20,520,713</u> | <u>1,590,526</u> |
| School Sponsored Co curricular Activities | | | | | |
| Travel | 4,600 | 2,400 | 7,000 | 1,073 | 5,927 |
| Other Objects | 66,345 | 900 | 67,245 | 52,379 | 14,866 |
| Total School Sponsored Co curricular Activities | <u>70,945</u> | <u>3,300</u> | <u>74,245</u> | <u>53,452</u> | <u>20,793</u> |
| Other Instructional Programs | | | | | |
| Salaries | 77,205 | - | 77,205 | 71,754 | 5,451 |
| Purchased Prof. - Educ. Service | 11,000 | (1,935) | 9,065 | 5,000 | 4,065 |
| Rentals | - | 1,935 | 1,935 | 1,935 | - |
| General Supplies | 5,500 | - | 5,500 | 4,350 | 1,150 |
| Other Objects | 500 | - | 500 | 136 | 364 |
| Total Other Instructional Programs | <u>94,205</u> | <u>-</u> | <u>94,205</u> | <u>83,175</u> | <u>11,030</u> |
| Community Services Programs/ Operations | | | | | |
| Salaries | 129,907 | - | 129,907 | 129,907 | - |
| Other Purchased Services | 51,000 | - | 51,000 | 46,294 | 4,706 |
| Travel | 1,000 | - | 1,000 | 120 | 880 |
| Supplies and Materials | 14,000 | 362 | 14,362 | 10,099 | 4,263 |
| Other Objects | 4,500 | 334 | 4,834 | 2,642 | 2,192 |
| Total Community Services Programs/ Operations | <u>200,407</u> | <u>696</u> | <u>201,103</u> | <u>189,062</u> | <u>12,041</u> |
| Total Instruction | <u>22,352,645</u> | <u>128,147</u> | <u>22,480,792</u> | <u>20,846,402</u> | <u>1,634,390</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | <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 | \$ 667,309 | \$ - | \$ 667,309 | \$ 662,323 | \$ 4,986 |
| Purchased Professional and Technical Services | 25,000 | | 25,000 | 25,000 | - |
| Supplies and Materials | 13,850 | 100 | 13,950 | 9,658 | 4,292 |
| Other Objects | 28,365 | - | 28,365 | 23,969 | 4,396 |
| Total Health Services | 734,524 | 100 | 734,624 | 720,950 | 13,674 |
| Speech, OT,PT and Related Services | | | | | |
| Salaries | 4,066,828 | 73,200 | 4,140,028 | 4,139,889 | 139 |
| Purchased Professional-Educational Services | 250,000 | 41,500 | 291,500 | 291,331 | 169 |
| Supplies and Materials | 2,000 | - | 2,000 | - | 2,000 |
| Total Other Support Services-Students Related Serv. | 4,318,828 | 114,700 | 4,433,528 | 4,431,220 | 2,308 |
| Child Study Team | | | | | |
| Salaries of Other Professional Staff | 1,785,826 | 55,500 | 1,841,326 | 1,841,286 | 40 |
| Total Child Study Team | 1,785,826 | 55,500 | 1,841,326 | 1,841,286 | 40 |
| Improvement of Instruction Services | | | | | |
| Salaries | 333,969 | 3,310 | 337,279 | 337,277 | 2 |
| Other Purchased Services | 47,000 | - | 47,000 | 47,000 | - |
| Travel | 3,000 | 154 | 3,154 | 1,753 | 1,401 |
| Supplies and Materials | 500 | 2,000 | 2,500 | 2,210 | 290 |
| Other Objects | - | 1,100 | 1,100 | 1,085 | 15 |
| Total Improvement of Instruction Services | 384,469 | 6,564 | 391,033 | 389,325 | 1,708 |
| Educational Media Service/School Library | | | | | |
| Salaries | 637,120 | (49,000) | 588,120 | 587,892 | 228 |
| Purchased Professional-Educational Services | 260,000 | 22,500 | 282,500 | 281,425 | 1,075 |
| Travel | 1,000 | - | 1,000 | 466 | 534 |
| Supplies and Materials | 75,000 | 83,858 | 158,858 | 158,672 | 186 |
| Total Educational Media Services/School Library | 973,120 | 57,358 | 1,030,478 | 1,028,455 | 2,023 |
| Instructional Staff Training Services | | | | | |
| Travel | 25,315 | (155) | 25,160 | 10,587 | 14,573 |
| Other Objects | 48,350 | (300) | 48,050 | 31,461 | 16,589 |
| Total Instructional Staff Training Services | 73,665 | (455) | 73,210 | 42,048 | 31,162 |
| Support Services General Administration | | | | | |
| Salaries | 133,048 | (3,310) | 129,738 | 129,294 | 444 |
| Legal Services | 180,000 | 78,300 | 258,300 | 258,238 | 62 |
| Audit Fees | 60,000 | | 60,000 | 57,430 | 2,570 |
| Expenditure and Internal Control | | 16,315 | 16,315 | | 16,315 |
| Architect/Engineering Fees | | 32,545 | 32,545 | 32,165 | 380 |
| Other Purchased Professional Services | 55,000 | | 55,000 | 50,364 | 4,636 |
| Leases and Rentals | 10,000 | (1,000) | 9,000 | 4,179 | 4,821 |
| Communications/Telephone | 249,000 | (53,100) | 195,900 | 194,880 | 1,020 |
| Other Purchased Services | 315,500 | (59,650) | 255,850 | 241,630 | 14,220 |
| Travel | 1,500 | 1,000 | 2,500 | 2,066 | 434 |
| BOE Other Purchase Services | 3,000 | 450 | 3,450 | 1,562 | 1,888 |
| Supplies and Materials | 16,000 | (2,000) | 14,000 | 8,548 | 5,452 |
| Miscellaneous Expenditures | 30,000 | (1,000) | 29,000 | 18,809 | 10,191 |
| Total Support Services General Administration | 1,053,048 | 8,550 | 1,061,598 | 999,165 | 62,433 |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | <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 | \$ 1,091,304 | \$ - | \$ 1,091,304 | \$ 1,078,061 | \$ 13,243 |
| Salaries of Secretarial and Clerical Assistants | 694,493 | - | 694,493 | 637,053 | 57,440 |
| Travel | 9,440 | 2,267 | 11,707 | 4,301 | 7,406 |
| Supplies and Materials | 8,035 | (1,700) | 6,335 | 255 | 6,080 |
| Other Objects | 3,980 | 3,465 | 7,445 | 7,274 | 171 |
| Total Support Services School Administration | <u>1,807,252</u> | <u>4,032</u> | <u>1,811,284</u> | <u>1,726,944</u> | <u>84,340</u> |
| Central Services | | | | | |
| Salaries | 354,238 | (4,998) | 349,240 | 316,787 | 32,453 |
| Purchased Professional Services | 34,700 | (750) | 33,950 | 33,200 | 750 |
| Purchased Technical Services | 63,100 | 5,750 | 68,850 | 68,831 | 19 |
| Leases and Rentals | 3,000 | 240 | 3,240 | 3,240 | - |
| Travel | 2,000 | - | 2,000 | 1,380 | 620 |
| Other Purchased Services | 3,000 | (240) | 2,760 | - | 2,760 |
| Interest on Current Loans | | 8,510 | 8,510 | 8,507 | 3 |
| Supplies and Materials | 16,000 | - | 16,000 | 11,273 | 4,727 |
| Miscellaneous Expenditures | 6,500 | - | 6,500 | 2,570 | 3,930 |
| Total Central Services | <u>482,538</u> | <u>8,512</u> | <u>491,050</u> | <u>445,788</u> | <u>45,262</u> |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 224,927 | (50,000) | 174,927 | 173,568 | 1,359 |
| Cleaning, Repair and Maintenance Services | 150,000 | 4,941 | 154,941 | 120,732 | 34,209 |
| General Supplies | 55,000 | - | 55,000 | 54,036 | 964 |
| Total Required Maintenance for School Facilities | <u>429,927</u> | <u>(45,059)</u> | <u>384,868</u> | <u>348,336</u> | <u>36,532</u> |
| Custodial Services | | | | | |
| Salaries | 1,113,863 | 72,010 | 1,185,873 | 1,175,773 | 10,100 |
| Purchased Professional and Technical Services | 150,000 | - | 150,000 | 150,000 | - |
| Cleaning, Repair and Maintenance Services | 180,000 | 16,100 | 196,100 | 148,662 | 47,438 |
| Rental of Land and Bldgs. Other Than Lease Purch | 1,534,250 | (38,110) | 1,496,140 | 1,409,767 | 86,373 |
| Other Purchased Property Services | 41,200 | - | 41,200 | 33,719 | 7,481 |
| Travel | | 1,800 | 1,800 | 1,416 | 384 |
| General Supplies | 227,000 | 525 | 227,525 | 219,851 | 7,674 |
| Energy (Natural Gas) | 180,000 | - | 180,000 | 87,156 | 92,844 |
| Energy (Electricity) | 617,000 | - | 617,000 | 293,972 | 323,028 |
| Energy (Gasoline) | 135,000 | - | 135,000 | (32,972) | 167,972 |
| Other Objects | 10,000 | (1,800) | 8,200 | 7,135 | 1,065 |
| Total Custodial Services | <u>4,188,313</u> | <u>50,525</u> | <u>4,238,838</u> | <u>3,494,479</u> | <u>744,359</u> |
| Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Services | 50,000 | 37,355 | 87,355 | 44,832 | 42,523 |
| General Supplies | 10,000 | - | 10,000 | 275 | 9,725 |
| Total Upkeep of Grounds | <u>60,000</u> | <u>37,355</u> | <u>97,355</u> | <u>45,107</u> | <u>52,248</u> |
| Security | | | | | |
| Cleaning, Repair and Maintenance Services | 85,000 | - | 85,000 | 81,178 | 3,822 |
| Total Security | <u>85,000</u> | <u>-</u> | <u>85,000</u> | <u>81,178</u> | <u>3,822</u> |
| Student Transportation Services | | | | | |
| Salaries for Pupil Transp (Other than Bet. Home & School) | 603,470 | - | 603,470 | 587,678 | 15,792 |
| Cleaning, Repair and Maintenance Services | 15,000 | - | 15,000 | 763 | 14,237 |
| Contr Serv (Other Than Between Home & School) - Vendors | 8,000 | | 8,000 | - | 8,000 |
| Miscellaneous Purchased Services-Transportation | 46,000 | | 46,000 | 46,000 | - |
| Supplies and Materials | 75,000 | 1,417 | 76,417 | 63,632 | 12,785 |
| Miscellaneous Expenditures | 25,000 | - | 25,000 | 21,572 | 3,428 |
| Total Student Transportation Services | <u>772,470</u> | <u>1,417</u> | <u>773,887</u> | <u>719,645</u> | <u>54,242</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | <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 | \$ 1,461,000 | \$ - | 1,461,000 | \$ 974,748 | \$ 486,252 |
| Other Retirement Contributions- Regular | 2,300,000 | (149,300) | 2,150,700 | 1,385,512 | 765,188 |
| Unemployment Compensation | 6,200 | 1,500 | 7,700 | 7,533 | 167 |
| Workmen's Compensation | 710,000 | 119,100 | 829,100 | 829,100 | - |
| Health Benefits | 12,349,500 | (351,710) | 11,997,790 | 10,414,696 | 1,583,094 |
| Tuition Reimbursement | 150,000 | - | 150,000 | 88,439 | 61,561 |
| Other Employee Benefits | 130,000 | 28,700 | 158,700 | 158,671 | 29 |
| Total Unallocated Benefits | <u>17,106,700</u> | <u>(351,710)</u> | <u>16,754,990</u> | <u>13,858,699</u> | <u>2,896,291</u> |
| On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted) | | | | 1,535,895 | (1,535,895) |
| On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted) | | | | 1,778,856 | (1,778,856) |
| On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted) | | | | 64,452 | (64,452) |
| On-Behalf TPAF Pension System Contributions- LongTerm Disability Insurance (Non-Budgeted) | | | | 317 | (317) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 1,323,770 | (1,323,770) |
| Total TPAF Contributions | - | - | - | <u>4,703,290</u> | <u>(4,703,290)</u> |
| Total Undistributed Expenditures | <u>34,255,680</u> | <u>(52,611)</u> | <u>34,203,069</u> | <u>34,875,915</u> | <u>(672,846)</u> |
| Total Expenditures - Current | <u>56,608,325</u> | <u>75,536</u> | <u>56,683,861</u> | <u>55,722,317</u> | <u>961,544</u> |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Special Education - Instruction | | | | | |
| Auditory Impairments | | 19,595 | 19,595 | 19,595 | - |
| Behavioral Disabilities | | 12,050 | 12,050 | 11,876 | 174 |
| Multiple Disabilities | | 16,552 | 16,552 | 16,552 | - |
| Autism | | - | - | - | - |
| Educational Media and School Library | | 92,607 | 92,607 | 92,607 | - |
| Special Schools | - | 6,900 | 6,900 | 6,878 | 22 |
| Total Equipment | - | <u>147,704</u> | <u>147,704</u> | <u>147,508</u> | <u>196</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Construction Services | - | - | - | - | - |
| Total Facilities Acquisition and Construction Services | - | - | - | - | - |
| Total Capital Outlay | - | <u>147,704</u> | <u>147,704</u> | <u>147,508</u> | <u>196</u> |
| SPECIAL SCHOOLS | | | | | |
| Other Special Schools - Instruction | | | | | |
| Salaries of Teachers | 439,070 | | 439,070 | 359,846 | 79,224 |
| Other Salaries for Instruction | 653,420 | (89,600) | 563,820 | 466,618 | 97,202 |
| Other Purchased Services | 270,000 | 57,600 | 327,600 | 327,598 | 2 |
| Travel | 1,500 | 39 | 1,539 | 119 | 1,420 |
| General Supplies | 19,750 | 36,181 | 55,931 | 55,740 | 191 |
| Other Objects | 8,500 | - | 8,500 | 6,637 | 1,863 |
| Total Other Special Schools - Instruction | <u>1,392,240</u> | <u>4,220</u> | <u>1,396,460</u> | <u>1,216,558</u> | <u>179,902</u> |
| Other Special Schools - Support Services | | | | | |
| Salaries | 587,378 | (10,250) | 577,128 | 482,886 | 94,242 |
| Personal Services - Employee Benefits | 813,000 | | 813,000 | 643,599 | 169,401 |
| Purchased Professional and Technical Services | 23,000 | 11,600 | 34,600 | 22,114 | 12,486 |
| Other Purchased Services | 106,300 | (2,350) | 103,950 | 75,115 | 28,835 |
| Supplies and Materials | 13,500 | 1,065 | 14,565 | 5,255 | 9,310 |
| Other Objects | 150 | - | 150 | - | 150 |
| Total Other Special Schools - Support Services | <u>1,543,328</u> | <u>65</u> | <u>1,543,393</u> | <u>1,228,969</u> | <u>314,424</u> |
| Total Other Special Schools | <u>2,935,568</u> | <u>4,285</u> | <u>2,939,853</u> | <u>2,445,527</u> | <u>494,326</u> |
| Total Expenditures | <u>59,543,893</u> | <u>227,525</u> | <u>59,771,418</u> | <u>58,315,352</u> | <u>1,456,066</u> |
| Excess(Deficiency) of Revenues Over(Under) Expenditures | (875,000) | (227,525) | (1,102,525) | 4,263,766 | 5,366,291 |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | <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 | \$ (100,000) | \$ (100,000) | \$ (200,000) | \$ (200,000) | - |
| Operating Transfers - Internal Service Fund | | | | (500,000) | (500,000) |
| Operating Transfers - Capital Projects Fund | | (350,000) | (350,000) | (350,000) | - |
| Operating Transfers - Special Revenue Fund | - | - | - | (87,276) | (87,276) |
| Total Other Financing Sources/(Uses) | (100,000) | (450,000) | (550,000) | (1,137,276) | (587,276) |
| Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses | (975,000) | \$ (677,525) | (1,652,525) | 3,126,490 | \$ 4,779,015 |
| Fund Balances, July 1 | 6,549,308 | - | 6,549,308 | 6,549,308 | - |
| Fund Balances, June 30 | \$ 5,574,308 | \$ (677,525) | \$ 4,896,783 | \$ 9,675,798 | \$ 4,779,015 |
| Recapitulation: | | | | | |
| Restricted Fund Balance | | | | | |
| Capital Reserve | | | | \$ 3,006,779 | |
| Maintenance Reserve | | | | 900,000 | |
| Federal Funds - SEMI - ARRA | | | | 33,182 | |
| Committed | | | | | |
| Year End Encumbrances | | | | 684,836 | |
| Assigned Fund Balance | | | | | |
| Year End Encumbrances | | | | 1,381,806 | |
| Designated for Subsequent Year's Expenditures | | | | 975,000 | |
| Unassigned Fund Balance | | | | | |
| Undesignated | | | | 2,694,195 | |
| | | | | \$ 9,675,798 | |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|--|
| REVENUES | | | | | |
| State Sources | \$ 1,073,000 | \$ 380,823 | \$ 1,453,823 | \$ 2,097,491 | \$ 643,668 |
| Federal Sources | 305,000 | 123,778 | 428,778 | 355,859 | (72,919) |
| Other Sources | 7,795,000 | 754,152 | 8,549,152 | 8,004,711 | (544,441) |
| Total Revenues | 9,173,000 | 1,258,753 | 10,431,753 | 10,458,061 | 26,308 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 9,078,000 | (4,454,536) | 4,623,464 | 3,962,107 | 661,357 |
| Other Salaries for Instruction | | 294,193 | 294,193 | 279,556 | 14,637 |
| Purchased Professional Services | | 20,339 | 20,339 | 20,339 | - |
| Other Purchased Services | | - | - | - | - |
| General Supplies | 15,000 | 89,119 | 104,119 | 103,756 | 363 |
| Other Objects | - | 28,550 | 28,550 | 28,550 | - |
| Total Instruction | 9,093,000 | (4,022,335) | 5,070,665 | 4,394,308 | 676,357 |
| Support Services | | | | | |
| Salaries | 80,000 | 1,059,847 | 1,139,847 | 1,137,857 | 1,990 |
| Personnel Services Employee Benefits | | 1,726,547 | 1,726,547 | 2,637,714 | (911,167) |
| Cleaning, Repair, and Maintenance Service | | 3,703 | 3,703 | 3,703 | - |
| Purchased Professional Education Services | | 1,988,659 | 1,988,659 | 1,988,065 | 594 |
| Communication and Telephone | | 28,771 | 28,771 | 28,584 | 187 |
| Energy | | 8,634 | 8,634 | 8,634 | - |
| Rental | | 41,526 | 41,526 | 41,526 | - |
| Travel | | 8,446 | 8,446 | 8,446 | - |
| Other Purchased Services | | 228,613 | 228,613 | 224,356 | 4,257 |
| Supplies and Materials | | 17,432 | 17,432 | 6,869 | 10,563 |
| Miscellaneous Expenditures | - | 200 | 200 | 200 | - |
| Total Support Services | 80,000 | 5,112,378 | 5,192,378 | 6,085,954 | (893,576) |
| Facilities Acquisition and Construction | | | | | |
| Buildings | | 109,021 | 109,021 | 7,885 | 101,136 |
| Instructional Equipment | - | 59,689 | 59,689 | 57,190 | 2,499 |
| Total Facilities Acquisition and Construction | - | 168,710 | 168,710 | 65,075 | 103,635 |
| Total Expenditures | 9,173,000 | 1,258,753 | 10,431,753 | 10,545,337 | (113,584) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures | - | - | - | (87,276) | (87,276) |
| Transfer from General Fund | | | | 87,276 | 87,276 |
| Fund Balance, Beginning of Year | - | - | - | - | - |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - |

**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, 2017**

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 | \$ 62,579,118 | \$ 10,458,061 |
| 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, 2016 | | 101,136 |
| Encumbrances, June 30, 2017 | - | - |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | <u>\$ 62,579,118</u> | <u>\$ 10,559,197</u> |
| Uses/Outflows of Resources | | |
| Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule | \$ 58,315,352 | \$ 10,545,337 |
| 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, 2016 | | 101,136 |
| Encumbrances, June 30, 2017 | - | - |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. | <u>\$ 58,315,352</u> | <u>\$ 10,646,473</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 Four Fiscal Years*

| | <u>2017</u> | | <u>2016</u> | | <u>2015</u> | | <u>2014</u> | |
|---|--------------|---|--------------|---|--------------|---|--------------|---|
| District's Proportion of the Net Position Liability (Asset) | 0.23653 | % | 0.23923 | % | 0.23782 | % | 0.23468 | % |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$70,053,677 | | \$53,702,644 | | \$44,515,531 | | \$44,853,790 | |
| District's Covered-Employee Payroll | \$18,564,076 | | \$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 | 377.36% | | 333.55% | | 269.77% | | 280.24% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 40.14 | % | 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 Four Fiscal Years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 2,101,307 | \$ 2,056,748 | \$ 1,960,564 | \$ 1,870,873 |
| Contributions in Relation to the Contractually Required Contribution | <u>2,101,307</u> | <u>2,056,748</u> | <u>1,960,564</u> | <u>1,870,873</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered-Employee Payroll | \$ 18,564,076 | \$ 16,100,179 | \$ 16,501,385 | \$ 16,005,606 |
| Contributions as a Percentage of Covered-Employee Payroll | 11.32% | 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 Four Fiscal Years*

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|-----------------------|----------------------|-----------------------|
| District's Proportion of the Net Position Liability (Asset) | 0% | 0% | 0% | 0% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$0 | \$0 | \$0 | \$0 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>229,394,946</u> | <u>186,708,043</u> | <u>160,785,515</u> | <u>159,708,437</u> |
| Total | <u>\$229,394,946</u> | <u>\$ 186,708,043</u> | <u>\$160,785,515</u> | <u>\$ 159,708,437</u> |
| District's Covered-Employee Payroll | \$ 30,067,644 | \$ 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% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 22.33% | 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, 2017**

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, 2017**

| | Total Brought Forward (Ex. E-1b) | Total Brought Forward (Ex. E-1a) | Total Brought Forward (Ex. E-1c) | Nonpublic Supp. Inst. | Nonpublic Speech | Nonpublic Transport | Nonpublic Home Inst. | Nonpublic Exam & Class | Nonpublic Comp Ed | 2017 |
|--|---|---|---|--------------------------|---------------------|------------------------|-------------------------|---------------------------|----------------------|----------------------|
| REVENUES | | | | | | | | | | |
| Intergovernmental | \$ 141,636 | \$ 1,057,263 | \$ 145,715 | \$ 232,446 | \$ 136,334 | \$ 26,382 | \$ 1,643 | \$ 20,554 | \$ 325,099 | \$ 2,097,491 |
| Federal | 146,379 | 104,003 | 106,478 | 1,228,134 | 1,002,596 | 149,940 | 24,974 | 1,621,206 | 2,167,568 | 555,859 |
| Other | 337,510 | - | 1,472,773 | - | - | - | - | - | - | 8,004,711 |
| Total Revenues | \$ 624,535 | \$ 1,177,264 | \$ 1,724,966 | \$ 1,460,580 | \$ 1,138,930 | \$ 176,322 | \$ 26,617 | \$ 1,641,760 | \$ 2,492,667 | \$ 10,438,061 |
| EXPENDITURES | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Salaries of Teachers | \$ 111,584 | \$ 512,193 | \$ 563,400 | \$ 907,467 | \$ 527,678 | \$ 105,258 | \$ 6,506 | \$ 191,904 | \$ 1,228,021 | \$ 3,962,107 |
| Other Salaries for Instruction | - | 38,292 | 23,221 | 12,005 | 12,134 | - | - | - | 20,339 | 279,556 |
| Purchased Professional Services | 20,339 | - | - | - | - | - | - | - | - | - |
| Other Purchased Services | 6,393 | 8,111 | 17,813 | 25,596 | 2,842 | - | - | 20,676 | 22,125 | 103,756 |
| General Supplies | 19,179 | - | - | - | 377 | - | - | - | 8,394 | 24,530 |
| Other Objects | - | - | - | - | - | - | - | - | - | - |
| Total Instruction | 157,495 | 558,796 | 604,434 | 945,068 | 543,231 | 105,258 | 6,506 | 214,580 | 1,258,540 | 4,394,208 |
| Support Services | | | | | | | | | | |
| Salaries | 317,993 | 209,563 | 97,682 | 75,535 | 155,057 | 39,978 | 711 | 132,349 | 108,989 | 1,137,857 |
| Personnel Services/Employee Benefits | 137,793 | 144,447 | 295,988 | 438,906 | 375,711 | 34,577 | 1,792 | 196,870 | 1,012,030 | 2,637,714 |
| Cleaning, Repair, and Maintenance Services | - | - | - | - | - | 31 | - | 3,332 | 340 | 3,703 |
| Purchased Professional Educational Services | 1,500 | - | 633,548 | 10,000 | 75,000 | 2,000 | 17,703 | 55,000 | 90,000 | \$74,751 |
| Purchased Professional Technical Services | - | 16,404 | 60,000 | - | 4,286 | - | - | 1,036,910 | - | 1,113,314 |
| Communication and Telephone | 908 | 5,715 | - | - | 2,878 | - | - | 5,111 | 12,564 | 28,584 |
| Energy/Heat & Electricity | 2,878 | - | - | - | - | - | - | - | 2,878 | 8,634 |
| Other Purchased Professional Services | - | 38,298 | - | - | - | - | - | 1,614 | 1,614 | 41,576 |
| Rental | - | - | - | - | - | - | - | - | 7,898 | 8,446 |
| Travel | 548 | - | - | - | - | - | - | - | 3,700 | 224,396 |
| Other Purchased Services | 1,300 | 136,435 | 49,827 | 1,000 | 3,500 | - | - | 28,594 | 131 | 6,869 |
| Supplies and Materials | 209 | 6,529 | - | - | - | - | - | - | 200 | - |
| Miscellaneous Expenditures | - | - | - | - | - | - | - | - | - | - |
| Total Support Services | 463,129 | 557,391 | 1,126,645 | \$25,441 | 616,432 | 76,586 | 20,206 | 1,459,780 | 1,240,344 | 6,085,954 |
| Facilities Acquisition and Construction | | | | | | | | | | |
| Buildings | - | 7,885 | - | - | - | - | - | - | - | 7,885 |
| Rental of Buildings | 5,711 | 47,192 | 4,287 | - | - | - | - | - | - | 57,190 |
| Instructional Equipment | - | - | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction | 5,711 | 55,077 | 4,287 | - | - | - | - | - | - | 65,075 |
| Total Expenditures | 626,335 | 1,171,264 | 1,735,366 | 1,470,509 | 1,159,663 | 181,844 | 26,712 | 1,674,360 | 2,492,364 | 10,545,337 |
| Deficiency of Revenues Under Expenditures | (1,800) | - | (10,380) | (3,929) | (20,331) | (5,322) | (95) | (32,600) | (6,617) | (87,276) |
| Other Financing Sources/(Uses) | 1,800 | - | 10,380 | \$ 929 | 20,331 | 5,322 | 95 | 32,600 | 6,617 | 87,276 |
| Transfer from General Fund | - | - | - | - | - | - | - | - | - | - |
| Fund Balance, Beginning of Year | - | - | - | - | - | - | - | - | - | - |
| Fund Balance, End of Year | - | - | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL SERVICES DEPARTMENT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Careers Thru Technology | Adult Training | Adult Training Autism | After Hours | Getting Us There Medicaid | Leisure Bridges Medicaid | Adult Training Spec Needs | Total Exhibit E-1a |
|--|-------------------------------|-------------------|-----------------------------|------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | | | | | | | | |
| State | \$ 192,086 | \$ 546,770 | \$ 196,561 | \$ 38,144 | \$ 25,204 | \$ 78,798 | 90,701 | \$ 1,067,262 |
| Federal | - | - | - | - | - | - | - | 104,002 |
| Other | - | - | - | - | - | - | - | - |
| Total Revenues | \$ 192,086 | \$ 546,770 | \$ 196,561 | \$ 38,144 | \$ 25,204 | \$ 78,798 | \$ 90,701 | \$ 1,171,264 |
| EXPENDITURES | | | | | | | | |
| Instruction | | | | | | | | |
| Salaries of Teachers | \$ 153,252 | \$ 65,299 | \$ 147,956 | \$ 37,565 | \$ 23,414 | \$ 67,067 | \$ 17,640 | \$ 512,153 |
| Salaries of Instructional Aides | - | - | - | - | - | - | 38,292 | 38,292 |
| Other Purchased Professional Services | 1,702 | 4,702 | 1,238 | 579 | - | - | - | - |
| Other Purchased Services | - | - | - | - | - | - | - | 8,311 |
| General Supplies | - | - | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - | - | - |
| Total Instruction | \$ 154,954 | \$ 70,001 | \$ 149,284 | \$ 38,144 | \$ 23,414 | \$ 67,067 | \$ 55,932 | \$ 558,796 |
| Support Services | | | | | | | | |
| Salaries | 29,247 | 206,692 | 89,409 | 85 | 1,790 | - | 2,871 | 209,563 |
| Personnel Services Employee Benefits | - | - | - | - | - | 5,130 | 18,786 | 144,447 |
| Cleaning, Repair, and Maintenance Services | - | - | - | - | - | - | - | - |
| Purchased Professional Education Services | - | 14,613 | - | - | - | - | 1,791 | 16,404 |
| Other Purchased Professional Services | - | - | - | - | - | - | - | - |
| Other Purchased Professional Services | - | 3,151 | - | - | - | - | 564 | 5,715 |
| Communication and Telephone | - | - | - | - | - | - | - | - |
| Energy (Heat & Electricity) | - | - | - | - | - | - | - | - |
| Purchased Property Services | - | 38,298 | - | - | - | - | - | 38,298 |
| Rental | - | - | - | - | - | - | - | - |
| Travel | - | 124,557 | - | - | - | 2,827 | 9,051 | 136,435 |
| Other Purchased Services | - | 1,049 | - | - | - | 3,774 | 1,706 | 6,529 |
| Supplies and Materials | - | - | - | - | - | - | - | - |
| Miscellaneous Expenditures | - | - | - | - | - | - | - | - |
| Total Support Services | \$ 29,247 | \$ 479,709 | \$ 85 | \$ - | \$ 1,790 | \$ 11,731 | \$ 34,769 | \$ 557,291 |
| Facilities Acquisition and Construction | | | | | | | | |
| Acquisition of Buildings | 7,885 | - | 47,192 | - | - | - | - | 7,885 |
| Construction of Buildings | - | - | - | - | - | - | - | 47,192 |
| Total Facilities Acquisition and Construction | \$ 7,885 | \$ - | \$ 47,192 | \$ - | \$ - | \$ - | \$ - | \$ 55,077 |
| Total Expenditures | \$ 192,086 | \$ 549,770 | \$ 196,561 | \$ 38,144 | \$ 25,204 | \$ 78,798 | \$ 90,701 | \$ 1,171,264 |
| 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, 2017

| | Work Ready, Work Now | LSL Early Intervention | Title I Part D | HIP Union St Donations | Nonpublic ESL | Blesman Donations | Homeless Children | Homeless Children Continued | Total Exhibit E-1b |
|---|-------------------------|---------------------------|----------------|---------------------------|------------------|----------------------|----------------------|-----------------------------------|-----------------------|
| REVENUES | | | | | | | | | |
| Intergovernmental | | | | | | | | | |
| State | \$ 110,526 | | \$ 34,023 | | \$ 31,110 | | | | \$ 141,636 |
| Federal | | | | | | | \$ 38,329 | \$ 73,027 | 145,379 |
| Other | - | \$ 150,720 | - | \$ 825 | 179,320 | \$ 6,655 | - | - | 337,520 |
| Total Revenues | \$ 110,526 | \$ 150,720 | 34,023 | \$ 825 | \$ 210,430 | \$ 6,655 | \$ 38,329 | \$ 73,027 | \$ 624,535 |
| EXPENDITURES | | | | | | | | | |
| Instruction | | | | | | | | | |
| Salaries of Teachers | | | \$ 12,875 | | \$ 98,709 | | | | \$ 111,584 |
| Other Salaries for Instruction | | | | | | | | | - |
| Purchased Professional Services | \$ 13,139 | | | | | | \$ 3,600 | \$ 3,600 | 20,339 |
| Other Purchased Services | | | | | | | | | - |
| General Supplies | - | | 3,714 | 825 | 910 | \$ 944 | | | 6,393 |
| Other Objects | 19,179 | - | - | - | - | - | - | - | 19,179 |
| Total Instruction | 32,318 | - | 16,589 | 825 | 99,619 | 944 | 3,600 | 3,600 | 157,495 |
| Support Services | | | | | | | | | |
| Salaries | 67,250 | \$ 120,653 | \$ 11,179 | | 38,000 | | \$ 26,824 | \$ 54,087 | 317,993 |
| Personnel Services Employee Benefits | 10,958 | 29,865 | 6,255 | | 68,025 | | 7,563 | 15,127 | 137,793 |
| Cleaning, Repair, and Maintenance Services | | | | | | | | | - |
| Purchased Professional Education Services | | | | | 1,500 | | | | 1,500 |
| Other Purchased Professional Services | | | | | | | | | - |
| Communication and Telephone | | | | | 908 | | | | 908 |
| Energy (Heat & Electricity) | | | | | 2,878 | | | | 2,878 |
| Purchased Property Services | | | | | | | | | - |
| Rental | | | | | - | | | | - |
| Travel | | 135 | | | | | 265 | 148 | 548 |
| Other Purchased Services | | | | | 1,300 | | | | 1,300 |
| Supplies and Materials | - | 67 | | | | | 77 | 65 | 209 |
| Miscellaneous Expenditures | - | - | - | - | - | - | - | - | - |
| Total Support Services | 78,208 | 150,720 | 17,434 | - | 112,611 | - | 34,729 | 69,427 | 463,129 |
| Facilities Acquisition and Construction | | | | | | | | | |
| Buildings | | | | | | | | | - |
| Instructional Equipment | - | - | - | - | - | 5,711 | - | - | 5,711 |
| Total Facilities Acquisition and Construction | - | - | - | - | - | 5,711 | - | - | 5,711 |
| Total Expenditures | 110,526 | 150,720 | 34,023 | 825 | 212,230 | 6,655 | 38,329 | 73,027 | 626,335 |
| Deficiency of Revenues Under Expenditures | - | - | - | - | (1,800) | - | - | - | (1,800) |
| Other Financial Sources/(Uses) | | | | | | | | | |
| Transfer from General Fund | - | - | - | - | 1,800 | - | - | - | 1,800 |
| 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, 2017**

| | Adult Training Spec Needs Medicaid | Adult Rehab Woodridge Medicaid | Adult Rehab Paramus Medicaid | Nonpublic Flow-thru | Nonpublic Flow-thru Crossover | SGA-Bishman/ Montesano | Total Exhibit E-1c |
|---|--|--------------------------------------|------------------------------------|------------------------|-------------------------------------|---------------------------|-----------------------|
| REVENUES | | | | | | | |
| Intergovernmental | | | | | | | |
| State | \$ 29,399 | \$ 17,781 | \$ 59,298 | \$ 114,315 | \$ 27,133 | 4,287 | \$ 145,735 |
| Federal | - | - | - | 1,305,802 | 166,971 | - | 1,472,773 |
| Other | - | - | - | - | - | - | - |
| Total Revenues | \$ 29,399 | \$ 17,781 | \$ 59,298 | \$ 1,420,117 | \$ 194,104 | \$ 4,287 | \$ 1,724,986 |
| EXPENDITURES | | | | | | | |
| Instruction | | | | | | | |
| Salaries of Teachers | \$ 3,590 | \$ 2,564 | \$ 150 | \$ 452,659 | \$ 104,437 | - | \$ 563,409 |
| Other Salaries for Instruction | 5,619 | 2,141 | 15,461 | - | - | - | 23,221 |
| Purchased Professional Services | - | - | - | - | - | - | - |
| Other Purchased Services | - | - | - | 17,813 | - | - | 17,813 |
| General Supplies | - | - | - | - | - | - | - |
| Other Objects | - | - | - | - | - | - | - |
| Total Instruction | 9,209 | 4,705 | 15,611 | 470,472 | 104,437 | - | 604,434 |
| Support Services | | | | | | | |
| Salaries | 532 | 11 | 19,173 | 77,966 | - | - | 97,682 |
| Personnel Services Employee Benefits | 3,106 | 2,468 | 8,011 | 192,336 | 89,667 | - | 295,588 |
| Cleaning, Repair, and Maintenance Services | - | - | - | - | - | - | - |
| Purchased Professional Education Services | - | - | - | 623,548 | - | - | 623,548 |
| Other Purchased Professional Services | - | - | - | 60,000 | - | - | 60,000 |
| Communication and Telephone | - | - | - | - | - | - | - |
| Energy (Heat & Electricity) | - | - | - | - | - | - | - |
| Purchased Property Services | - | - | - | - | - | - | - |
| Rental | - | - | - | - | - | - | - |
| Travel | - | - | - | - | - | - | - |
| Other Purchased Services | 16,552 | 10,597 | 16,503 | 6,175 | - | - | 49,827 |
| Supplies and Materials | - | - | - | - | - | - | - |
| Miscellaneous Expenditures | - | - | - | - | - | - | - |
| Total Support Services | 20,190 | 13,076 | 43,687 | 960,025 | 89,667 | - | 1,126,645 |
| Facilities Acquisition and Construction | | | | | | | |
| Buildings | - | - | - | - | - | 4,287 | 4,287 |
| Instructional Equipment | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction | - | - | - | - | - | 4,287 | 4,287 |
| Total Expenditures | 29,399 | 17,781 | 59,298 | 1,430,497 | 194,104 | 4,287 | 1,735,366 |
| Deficiency of Revenues Under Expenditures | - | - | - | (10,380) | - | - | (10,380) |
| Other Financing Sources/(Uses) | | | | | | | |
| Transfer from General Fund | - | - | - | 10,380 | - | - | 10,380 |
| 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, 2017**

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, 2017**

| <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, 2017</u> |
|-------------------------------------|-----------------------------------|----------------------|--|------------------|----------------------------------|
| Centralized Campus | \$ 7,800,000 | \$ 7,436,402 | \$ 2,037 | | \$ 361,561 |
| 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 | 4,992,316 | 18,434 | | - |
| Facilities Bond #19 | 1,867,500 | 1,865,749 | 1,751 | | - |
| Facilities Bond #20 | 1,925,000 | 1,908,867 | 16,133 | | - |
| Facilities Bond #21 | 485,000 | 419,718 | 64,106 | | 1,176 |
| Facilities Bond #22 | 490,000 | 405,574 | 83,534 | | 892 |
| Facilities Bond #23 (2013) | 48,088,028 | 47,500,745 | 462,848 | | 124,435 |
| Facilities Bond #23 (2013-2) | 476,793 | 365,067 | 102,728 | | 8,998 |
| Facilities Bond #23 (2014) | 450,000 | 336,361 | 62,908 | | 50,731 |
| Facilities Bond #23 (2015) | 522,000 | 352,246 | 119,160 | | 50,594 |
| Facilities Bond #23 (2016) | <u>800,000</u> | <u>-</u> | <u>497,000</u> | <u>-</u> | <u>303,000</u> |
| | <u>\$ 76,139,721</u> | <u>\$ 73,628,603</u> | <u>\$ 1,430,639</u> | <u>\$ -</u> | <u>\$ 1,080,479</u> |
| Project Balance, June 30, 2017 | | | | | \$ 1,080,479 |
| Unrealized Revenue Bonds Authorized | | | | | |
| But Not Issued by the County | | | | | (944,495) |
| Fund Balance, June 30, 2017 | | | | | <u>\$ 135,984</u> |
| <u>Analysis</u> | | | | | |
| Available for Capital Projects | | | | | 10,539 |
| Year End Encumbrances | | | | | 125,445 |
| | | | | | <u>\$ 135,984</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, 2017**

Revenues and Other Financing Sources

| | |
|--|----------------|
| County Aid | \$ 586,520 |
| Transfer - General Fund | <u>350,000</u> |
| Total Revenues and Other Financing Sources | <u>936,520</u> |

Expenditures and Other Financing Uses

| | |
|--|------------------|
| Purchased Professional and Technical Services | 99,517 |
| Facilities Acquisition and Construction Services | 741,558 |
| Equipment | 273,957 |
| Supplies and Materials | <u>315,607</u> |
| Total Expenditures and Other Financing Uses | <u>1,430,639</u> |

| | |
|---|-----------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (494,119) |
|---|-----------|

| | |
|--|----------------|
| Fund Balance (Deficit) - Beginning of Year | <u>630,103</u> |
|--|----------------|

| | |
|--------------------------------------|-------------------|
| Fund Balance (Deficit) - End of Year | <u>\$ 135,984</u> |
|--------------------------------------|-------------------|

ENTERPRISE FUNDS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017

| | Norman A. Bleshman Regional Day School | One to One Aides | Extended Year | Career Crossroads | Touchstone | Project Search | Home Hospital | Education Enterprises | TAP | Interlocal Agreements | ETTC | Management Agreement | Compensated Absences | Totals |
|----------------------------------|---|---------------------|------------------|----------------------|------------|-------------------|------------------|--------------------------|----------|--------------------------|------------|-------------------------|-------------------------|--------------|
| ASSETS | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 839,941 | \$ 4,720 | \$ 34,254 | \$ 4,302 | | \$ 589 | \$ 28,306 | \$ 49,527 | \$ 3,410 | \$ 22,312 | \$ 67,023 | \$ 30,900 | \$ - | \$ 1,085,284 |
| Accounts Receivable | 760,332 | 1,451,040 | 54,500 | 25,698 | | 47,592 | 10,530 | 1,946,638 | | 1,381,184 | | | | 5,677,514 |
| Due From B.C.T.S. | | | | | | | | | | | | 2,324 | - | 2,324 |
| Security Deposits | | | | | | | | | | | | | | |
| Due from Other Funds | - | - | - | - | - | - | - | - | - | - | - | - | 1,716,577 | 1,716,577 |
| Total Current Assets | 1,600,273 | 1,455,760 | 88,754 | 30,000 | - | 48,181 | 38,836 | 1,996,165 | 3,410 | 1,403,496 | 67,023 | 33,224 | 1,716,577 | 8,481,699 |
| Capital Assets | | | | | | | | | | | | | | |
| Furniture, machinery & equipment | 323,486 | | | 3,334 | | - | | 78,082 | | | 121,223 | | | 526,125 |
| Less: Accumulated Depreciation | (304,519) | - | - | (444) | - | - | - | (74,747) | - | - | (50,523) | - | - | (430,233) |
| Total Capital Assets, Net | 18,967 | - | - | 2,890 | - | - | - | 3,335 | - | - | 70,700 | - | - | 95,892 |
| Total Assets | 1,619,240 | 1,455,760 | 88,754 | 32,890 | - | 48,181 | 38,836 | 1,999,500 | 3,410 | 1,403,496 | 137,723 | 33,224 | 1,716,577 | 8,577,591 |
| LIABILITIES | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | |
| Accounts Payable | 72,210 | | 2,254 | | | 250 | | 1,959 | | 3,496 | 2,442 | 181 | | 82,792 |
| Other | - | | 4,900 | | | | | - | | | | | | 4,900 |
| Due to BCTS | | | | | | | | | | | | | | |
| Due to Other Funds | - | 1,150,000 | - | 30,000 | - | 10,000 | - | 1,600,000 | - | 1,400,000 | - | - | - | 4,190,000 |
| Total Current Liabilities | 72,210 | 1,150,000 | 7,154 | 30,000 | - | 10,250 | - | 1,601,959 | - | 1,403,496 | 2,442 | 181 | - | 4,277,692 |
| Noncurrent Liabilities | | | | | | | | | | | | | | |
| Compensated Absences | 219,848 | - | - | - | - | - | - | - | - | - | - | - | 1,716,577 | 1,936,425 |
| Total Noncurrent Liabilities | 219,848 | - | - | - | - | - | - | - | - | - | - | - | 1,716,577 | 1,936,425 |
| Total Liabilities | 292,058 | 1,150,000 | 7,154 | 30,000 | - | 10,250 | - | 1,601,959 | - | 1,403,496 | 2,442 | 181 | 1,716,577 | 6,214,117 |
| NET POSITION | | | | | | | | | | | | | | |
| Net Investment in capital assets | 18,967 | | | 2,890 | | | | 3,335 | - | - | 70,700 | | | 95,892 |
| Restricted for Capital | 70,640 | | | | | | | | | | | | | 70,640 |
| Unrestricted | 1,237,575 | 305,760 | 81,600 | - | - | 37,931 | 38,836 | 394,206 | 3,410 | - | 64,581 | 33,043 | - | 2,196,942 |
| Total Net Position | \$ 1,327,182 | \$ 305,760 | \$ 81,600 | \$ 2,890 | \$ - | \$ 37,931 | \$ 38,836 | \$ 397,541 | \$ 3,410 | \$ - | \$ 135,281 | \$ 33,043 | \$ - | \$ 2,363,474 |

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, 2017

| | Norman A. Bleshman Regional Day School | One to One Aides | Extended Year | Career Crossroads | Touchstone | Project Search | Home Hospital | Education Enterprises | TAP | Interlocal Agreements | ETTC | Management Agreement | Compensated Absences | Totals |
|---|---|---------------------|------------------|----------------------|------------|-------------------|------------------|--------------------------|----------|--------------------------|------------|-------------------------|-------------------------|--------------|
| REVENUES | | | | | | | | | | | | | | |
| OPERATING REVENUES | | | | | | | | | | | | | | |
| Tuition from LEAS | \$ 6,618,971 | | | \$ 254,636 | | \$ 400,900 | | | | | | | | \$ 7,274,507 |
| Charges and Fees | 321,808 | \$ 4,266,002 | \$ 2,773,578 | | | | \$ 25,826 | \$ 6,660,958 | | \$ 7,233,152 | \$ 76,008 | \$ 1,153,694 | | 22,511,026 |
| On-Behalf (Non-Budgeted) | | | | | | | | | | | | | | |
| TPAF Pension System | | | | | | | | | | | | | | |
| Post Retirement Medical | 299,019 | | 75,581 | - | - | 16,388 | 1,656 | 45,649 | | 296,838 | | | | 735,131 |
| Normal Cost | 346,320 | | 87,538 | - | - | 18,980 | 1,918 | 52,871 | | 343,794 | | | | 851,421 |
| Non-Contributory Group Insurance | 12,548 | | 3,172 | - | - | 688 | 68 | 1,916 | | 12,457 | | | | 30,849 |
| Non-Contributory Long Term Dis. Insurance | 62 | | 16 | | | 3 | 1 | 9 | | 61 | | | | 152 |
| Reimbursed TPAF Social Security Contributions | 257,720 | - | 65,143 | - | - | 14,125 | 1,427 | 39,345 | - | 255,841 | - | - | - | 633,601 |
| Total Operating Revenues | 7,856,448 | 4,266,002 | 3,005,028 | 254,636 | - | 451,084 | 30,896 | 6,800,748 | - | 8,142,143 | 76,008 | 1,153,694 | - | 32,036,687 |
| OPERATING EXPENSES | | | | | | | | | | | | | | |
| Instruction-Special Education | 2,074,447 | 2,675,150 | 1,276,725 | 245,647 | | 242,767 | 35,787 | 2,332,347 | | 3,517,142 | 53,935 | | 500,000 | 12,953,947 |
| School Sponsored Cocurricular Activities | 251 | | | | | | | 9,417 | | | 12,778 | 449 | | 22,895 |
| Health Services | 212,076 | | 28,538 | | | | | | | | | | | 240,614 |
| Speech, OT, PT and Related Services | 1,739,740 | | 250,000 | | | | | 2,860,153 | | 695,165 | | | | 5,545,058 |
| Child Study Team | 143,769 | | 75,008 | | | 25,856 | | - | | 896,813 | | | | 1,141,446 |
| Admin. Info. Technology | 73,031 | | | | | | | - | | | | | | 73,031 |
| Instructional Staff Training Services | 14 | | | | | | | | | 925 | | | | 939 |
| General Administration | 22,350 | | 16,932 | | | | | 1,991 | | | | - | | 41,273 |
| School Administration | 231,118 | | 182,750 | | | | | 238,728 | | 189,076 | | | | 841,672 |
| Operation and Maintenance of Plant | 440,857 | | 299,756 | | | | | 2,106 | | 706 | | | | 743,405 |
| Student Transportation | | | 51,885 | | | | | | | | | | | 51,885 |
| Business/Central Services | 80,103 | | - | | | | | | | | | 899,547 | | 979,650 |
| Unallocated Benefits | 2,471,162 | 1,368,370 | 712,280 | 3,317 | | 144,530 | 7,071 | 1,009,889 | | 2,541,252 | | 306,895 | | 8,564,766 |
| Administrative Fees | | | | | | | | | | 299,513 | | | | 299,513 |
| Food Services | - | | 36,379 | | | | | | | | | 2,324 | | 38,703 |
| Depreciation | 2,921 | - | - | 333 | - | - | - | 1,031 | - | - | 12,122 | - | - | 16,407 |
| Total Operating Expenses | 7,491,839 | 4,043,520 | 2,930,233 | 249,297 | - | 413,153 | 42,858 | 6,455,662 | - | 8,140,592 | 78,835 | 1,209,215 | 500,000 | 31,555,204 |
| Operating Income (Loss) | 364,609 | 222,482 | 74,795 | 5,339 | - | 37,931 | (11,962) | 345,086 | - | 1,551 | (2,827) | (55,521) | (500,000) | 481,483 |
| Net Income (Loss) Before Operating Transfers | 364,609 | 222,482 | 74,795 | 5,339 | - | 37,931 | (11,962) | 345,086 | - | 1,551 | (2,827) | (55,521) | (500,000) | 481,483 |
| Other Financing Source(Use) | | | | | | | | | | | | | | |
| Disposal of Capital Assets, net | | | | | | | | | | | | | | - |
| Transfer In(out) | - | - | - | - | - | - | - | - | - | - | - | - | 500,000 | 500,000 |
| Change in Net Position | 364,609 | 222,482 | 74,795 | 5,339 | - | 37,931 | (11,962) | 345,086 | - | 1,551 | (2,827) | (55,521) | - | 981,483 |
| Prior Period Adjustment - Capital Assets, net | | | | | | | | | | | | | | - |
| Total Net Position - Beginning 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 |
| Total Net Position - Ending of Year | \$ 1,327,182 | \$ 305,760 | \$ 81,600 | \$ 2,890 | \$ - | \$ 37,931 | \$ 38,836 | \$ 397,541 | \$ 3,410 | \$ - | \$ 135,281 | \$ 33,043 | \$ - | \$ 2,363,474 |

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Norman A. Bleshman Regional Day School | One to Aides | Extended Year | Career Crossroads | Touchstone | Project Search | Home Hospital | Education Enterprises | TAP | Interlocal Agreement | ETTC | Management Agreement | Compensated Absences | Totals |
|---|---|-----------------|------------------|----------------------|------------|-------------------|------------------|--------------------------|----------|-------------------------|------------|-------------------------|-------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | | | | | |
| Receipts from Customers | \$ 6,751,162 | \$ 3,800,021 | \$ 2,741,078 | \$ 255,866 | | \$ 353,308 | \$ 33,764 | \$ 6,502,464 | | \$ 7,198,884 | \$ 76,008 | \$ 1,446,566 | | \$ 29,159,121 |
| Payments to Employees | (4,475,450) | (2,675,150) | (1,578,048) | (240,054) | | (265,361) | - | (5,133,873) | | (2,807,113) | (12,778) | (899,547) | (500,000) | (18,587,374) |
| Payments to Suppliers for Goods and Services | (1,978,429) | (1,368,370) | (1,113,581) | (8,910) | - | (97,358) | (37,788) | (1,180,859) | - | (4,446,667) | (68,059) | (312,462) | - | (10,612,483) |
| Net Cash Provided by(Used for) operating activities | 297,283 | (243,499) | 49,449 | 6,902 | - | (9,411) | (4,024) | 187,732 | - | (54,896) | (4,829) | 234,557 | (500,000) | (40,736) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | | | | | | |
| Operating Subsidies and transfers from(to) other funds | - | 245,000 | (20,000) | (5,000) | (469) | 10,000 | (2,531) | (140,000) | - | 75,000 | - | (210,000) | 500,000 | 452,000 |
| Net cash provided by (used for) noncapital financing activities | - | 245,000 | (20,000) | (5,000) | (469) | 10,000 | (2,531) | (140,000) | - | 75,000 | - | (210,000) | 500,000 | 452,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | | | | | | |
| Purchases of capital assets | (13,126) | - | - | - | - | - | - | - | - | - | (12,584) | - | - | (25,710) |
| Net cash provided by(used) capital and related financing activities | (13,126) | - | - | - | - | - | - | - | - | - | (12,584) | - | - | (25,710) |
| Net increase (decrease) in cash and cash equivalents | 284,157 | 1,501 | 29,449 | 1,902 | - | - | (6,555) | 47,732 | - | 20,104 | (17,413) | 24,557 | - | 385,554 |
| Balances - Beginning 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 |
| Balances - End of Year | \$ 839,941 | \$ 4,720 | \$ 34,254 | \$ 4,302 | \$ - | \$ 569 | \$ 28,306 | \$ 49,527 | \$ 3,410 | \$ 22,312 | \$ 67,023 | \$ 30,900 | \$ - | \$ 1,085,284 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | | | | | | | | | |
| Operating Income(Loss) | \$ 364,609 | \$ 222,482 | 74,795 | \$ 5,339 | \$ - | \$ 37,931 | \$ (11,962) | \$ 345,086 | - | 1,551 | \$ (2,827) | (55,521) | (500,000) | \$ 481,483 |
| Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities | | | | | | | | | | | | | | |
| Depreciation and net amortization | 2,921 | | | 333 | - | - | | 1,031 | | | 12,122 | | | 16,407 |
| (Increase) Decrease in accounts receivable, net | (189,617) | (465,981) | \$ (32,500) | 1,230 | | (47,592) | 7,938 | (158,494) | | (34,268) | | \$ 292,872 | | (626,412) |
| Increase(Decrease) in other current liabilities | | | 4,900 | | | | | (663) | | | | | | 4,237 |
| Increase(Decrease) in Deferred Revenues | | | | | | | | | | | | | | - |
| Increase(Decrease) in Non Current Liabilities | 104,432 | | | | | | | | | | | | | 104,432 |
| Increase(decrease) in accounts payable | 14,938 | | 2,254 | - | - | 250 | - | 772 | - | (22,179) | (14,124) | \$ (2,794) | - | (20,883) |
| Total Adjustments | (67,326) | (465,981) | (25,346) | 1,563 | - | (47,342) | 7,938 | (157,354) | - | (56,447) | (2,002) | 290,078 | - | (522,219) |
| Net Cash Provided (Used) by Operating Activities | \$ 297,283 | \$ (243,499) | \$ 49,449 | \$ 6,902 | \$ - | \$ (9,411) | \$ (4,024) | \$ 187,732 | \$ - | \$ (54,896) | \$ (4,829) | \$ 234,557 | \$ (500,000) | \$ (40,736) |

FIDUCIARY FUNDS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

| | <u>Student Activity</u> | <u>Payroll</u> | <u>Total Agency Funds</u> |
|-------------------------------------|-----------------------------|-------------------|-------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 7,990 | \$ 731,795 | \$ 739,785 |
| Total Assets | <u>\$ 7,990</u> | <u>\$ 731,795</u> | <u>\$ 739,785</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 723,020 | \$ 723,020 |
| Due to Other Funds | | 5,000 | 5,000 |
| Accrued Salaries and Wages | | 3,775 | 3,775 |
| Payable to Student Groups | <u>\$ 7,990</u> | <u>-</u> | <u>7,990</u> |
| Total Liabilities | <u>\$ 7,990</u> | <u>\$ 731,795</u> | <u>\$ 739,785</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

| | Balance July 1, <u>2016</u> | <u>Receipts</u> | Disburse- <u>ments</u> | Balance June 30, <u>2017</u> |
|---------------------------|--|------------------------|-----------------------------------|---|
| SCHOOLS | | | | |
| District Student Activity | \$ 6,522 | \$ 6,650 | \$ 5,182 | \$ 7,990 |
| | <u>\$ 6,522</u> | <u>\$ 6,650</u> | <u>\$ 5,182</u> | <u>\$ 7,990</u> |

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Balance July 1, <u>2016</u> | <u>Receipts</u> | Disburse- <u>ments</u> | Balance June 30, <u>2017</u> |
|-------------------------------------|--|------------------------|-----------------------------------|---|
| Payroll Deductions and Withholdings | \$ 674,088 | \$ 30,931,872 | \$ 30,882,940 | \$ 723,020 |
| Due to Other Funds | - | 5,000 | - | 5,000 |
| Accrued Salaries and Wages | <u>816</u> | <u>31,104,787</u> | <u>31,101,828</u> | <u>3,775</u> |
| | <u>\$ 674,904</u> | <u>\$ 62,041,659</u> | <u>\$ 61,984,768</u> | <u>\$ 731,795</u> |

LONG-TERM DEBT

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 Ended June 30, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 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 | \$ 56,894,523 |
| Restricted | 1 | 1 | 1 | 287,568 | 218,174 | 2,351,608 | 2,969,847 | 8,056,525 | 3,012,582 | 4,113,403 |
| Unrestricted | 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) | (44,204,588) |
| Total Governmental Activities Net Position | <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> | <u>\$ 16,803,338</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 26,245 | \$ 21,395 | \$ 21,545 | \$ 16,695 | \$ 15,151 | \$ 10,301 | \$ 5,451 | \$ 601 | \$ - | \$ - |
| Unrestricted | 7,426 | 12,678 | 24,288 | 36,541 | 14,692 | (1,264) | 723 | 296 | 11,496 | 70,389 |
| Total Business-Type Activities Net Position | <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> | <u>\$ 70,389</u> |
| District-Wide | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 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 | \$ 56,894,523 |
| Restricted | 1 | 1 | 1 | 287,568 | 218,174 | 2,351,608 | 2,969,847 | 8,056,525 | 3,012,582 | 4,113,403 |
| Unrestricted | 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) | (44,134,199) |
| Total District Net Position | <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> | <u>\$ 16,873,727</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 FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------------|----------------|----------------|----------------|----------------|---------------|----------------|-----------------|-----------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Special Education | \$ 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 | \$ 68,922,293 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 17,772,009 | 18,565,246 | 19,147,517 | 20,145,118 | 19,795,236 | 20,057,553 | 21,576,516 | 25,932,852 | 28,918,263 | 33,085,833 |
| School Administration Services | 3,577,365 | 3,691,661 | 4,039,313 | 4,246,311 | 4,415,135 | 4,079,030 | 4,060,903 | 4,522,433 | 5,079,817 | 5,708,571 |
| General Administration | 1,614,639 | 1,689,248 | 1,257,233 | 1,124,974 | 1,063,246 | 1,318,281 | 1,093,917 | 1,339,388 | 1,027,257 | 1,185,658 |
| Plant Operations And Maintenance | 7,723,793 | 7,826,411 | 7,444,936 | 7,243,623 | 7,208,351 | 7,409,191 | 7,281,327 | 7,726,049 | 8,570,967 | 8,418,619 |
| Pupil Transportation | 1,396,173 | 1,702,675 | 1,571,143 | 1,509,882 | 1,611,496 | 1,648,043 | 1,674,482 | 1,622,300 | 1,904,511 | 2,904,151 |
| Support Svc- Central Svc/Admin Info Tech | 3,336,811 | 3,465,816 | 2,650,731 | 2,660,556 | 2,429,925 | 2,372,887 | 2,435,174 | 2,235,759 | 2,272,376 | 2,383,844 |
| Debt Service | | | | | | | | | | |
| Interest on Long Term Debt | 19,282 | 10,385 | 2,528 | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | 87,849,220 | 90,999,083 | 88,299,152 | 90,993,123 | 90,359,835 | 94,082,943 | 95,744,389 | 106,630,478 | 115,019,314 | 121,708,969 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 533,055 | 559,804 | 567,154 | 534,750 | 450,627 | 452,794 | 419,436 | 404,752 | 489,687 | 490,413 |
| Total Business-Type Activities Expense | 533,055 | 559,804 | 567,154 | 534,750 | 450,627 | 452,794 | 419,436 | 404,752 | 489,687 | 490,413 |
| Total District Expenses | \$ 88,382,275 | \$ 91,558,887 | \$ 88,866,306 | \$ 91,527,873 | \$ 90,810,462 | \$ 94,535,737 | \$ 96,163,825 | \$ 107,035,230 | \$ 115,509,001 | \$ 122,199,382 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Operating Grants And Contributions | 19,688,173 | 20,603,942 | 67,166,745 | 69,117,215 | 66,313,564 | 68,526,447 | 70,528,622 | 72,993,799 | 74,884,156 | 78,638,703 |
| Capital Grants And Contributions | 14,553,680 | 13,859,135 | 13,844,363 | 13,318,375 | 14,613,356 | 15,697,854 | 14,629,772 | 21,918,039 | 24,911,839 | 29,847,566 |
| Total Governmental Activities Program Revenues | 2,335,851 | 848,117 | 1,441,212 | 832,836 | 2,500,547 | 4,019,867 | 10,795,942 | 38,228,087 | 857,842 | 586,520 |
| Total Governmental Activities Program Revenues | 36,577,704 | 35,311,494 | 82,452,320 | 83,268,426 | 83,427,467 | 88,244,168 | 95,954,336 | 133,139,925 | 99,753,837 | 109,072,789 |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Food Service | 130,853 | 141,752 | 133,040 | 133,673 | 115,288 | 97,634 | 120,189 | 94,363 | 126,777 | 147,180 |
| Operating Grants And Contributions | 198,391 | 227,481 | 261,444 | 244,752 | 231,946 | 209,354 | 216,384 | 208,112 | 201,509 | 202,126 |
| Capital Grants And Contributions | | | | | | | | | | |
| Total Business-Type Activities Program Revenues | 329,244 | 369,233 | 394,484 | 378,425 | 347,234 | 306,988 | 336,573 | 302,475 | 328,286 | 349,306 |
| Total District Program Revenues | \$ 36,906,948 | \$ 35,680,727 | \$ 82,846,804 | \$ 83,646,851 | \$ 83,774,701 | \$ 88,551,156 | \$ 96,290,909 | \$ 133,442,400 | \$ 100,082,123 | \$ 109,422,095 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (51,271,516) | \$ (55,687,589) | \$ (5,846,832) | \$ (7,724,697) | \$ (6,932,368) | \$ (5,838,775) | \$ 209,947 | \$ 26,509,447 | \$ (15,265,477) | \$ (12,636,180) |
| Business-Type Activities | (203,811) | (190,571) | (172,670) | (156,325) | (103,393) | (145,806) | (82,863) | (102,277) | (161,401) | (141,107) |
| Total District-Wide Net Expense | \$ (51,475,327) | \$ (55,878,160) | \$ (6,019,502) | \$ (7,881,022) | \$ (7,035,761) | \$ (5,984,581) | \$ 127,084 | \$ 26,407,170 | \$ (15,426,878) | \$ (12,777,287) |
| General Revenues And Other Changes In Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied For General Purposes, Net | \$ 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 | \$ 9,577,003 |
| Federal And State Aid Restricted | 762,787 | 391,605 | 23,539 | 40,430 | 139,503 | 45,335 | 31,905 | 80,341 | 50,791 | 158,326 |
| Tuition Received: | | | | | | | | | | |
| Tuition Non-Resident | 41,882,614 | 46,143,778 | | | | | | | | |
| Investment Earnings | 1,342,350 | 1,416,162 | | | | | | | | |
| Miscellaneous Income | 137,737 | 29,184 | 15,679 | 11,021 | 27,915 | 41,718 | 37,817 | 25,775 | 18,330 | 12,187 |
| Disposal of Capital Assets, net | 896,281 | 975,533 | 1,213,957 | 1,621,123 | 1,182,038 | 1,043,388 | 944,291 | 1,292,403 | 1,349,069 | 1,092,707 |
| Transfers | (238,385) | (190,973) | (184,430) | (163,728) | (80,000) | (125,000) | (80,000) | (97,000) | (172,000) | (200,000) |
| Total Governmental Activities | 50,722,964 | 56,582,459 | 8,885,915 | 10,333,031 | 9,593,641 | 9,329,626 | 9,424,681 | 4,520,097 | 10,113,665 | 10,640,223 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | | | | | | | | | | |
| Transfers | 238,385 | 190,973 | 184,430 | 163,728 | 80,000 | 125,000 | 80,000 | 97,000 | 172,000 | 200,000 |
| Total Business-Type Activities | 238,385 | 190,973 | 184,430 | 163,728 | 80,000 | 125,000 | 80,000 | 97,000 | 172,000 | 200,000 |
| Total District-Wide | \$ 50,961,349 | \$ 56,773,432 | \$ 9,070,345 | \$ 10,496,759 | \$ 9,673,641 | \$ 9,454,626 | \$ 9,504,681 | \$ 4,617,097 | \$ 10,285,665 | \$ 10,840,223 |
| Change In Net Position | | | | | | | | | | |
| Governmental Activities | \$ (548,552) | \$ 894,870 | \$ 3,039,083 | \$ 2,608,334 | \$ 2,661,273 | \$ 3,490,851 | \$ 9,634,628 | \$ 31,029,544 | \$ (5,151,812) | \$ (1,995,957) |
| Business-Type Activities | 34,574 | 402 | 11,760 | 7,403 | (23,393) | (20,806) | (2,863) | (5,277) | 10,599 | 58,893 |
| Total District | \$ (513,978) | \$ 895,272 | \$ 3,050,843 | \$ 2,615,737 | \$ 2,637,880 | \$ 3,470,045 | \$ 9,631,765 | \$ 31,024,267 | \$ (5,141,213) | \$ (1,937,064) |

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, | | | | | | | | | |
|------------------------------------|----------------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 40,848 | \$ 118,659 | \$ 79,775 | | | | | | | |
| Unreserved | 538,984 | 568,108 | 2,498,099 | | | | | | | |
| Restricted | | | | \$ 500,001 | \$ 1,500,068 | \$ 2,355,589 | \$ 2,273,828 | \$ 2,903,507 | \$ 2,256,492 | \$ 3,939,961 |
| Assigned | | | | 2,383,369 | 2,703,630 | 2,001,801 | 1,997,861 | 1,841,124 | 1,302,525 | 3,041,642 |
| Unassigned | - | - | - | 2,570,866 | 2,550,568 | 2,572,304 | 3,288,541 | 3,262,115 | 2,990,291 | 2,694,195 |
| Total General Fund | <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> | <u>\$ 9,675,798</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 191,236 | \$ 324,548 | \$ 99,250 | | | | | | | |
| Unreserved | (600,061) | (1,491,568) | (285,650) | | | | | | | |
| Restricted | - | - | - | \$ (212,433) | \$ (1,281,894) | \$ (3,981) | \$ 696,019 | \$ 4,894,565 | \$ 630,103 | \$ 135,984 |
| Total All Other Governmental Funds | <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> | <u>\$ 135,984</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, | | | | | | | | | |
|---|----------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 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 | \$ 9,577,003 |
| County Aid | 2,335,851 | 848,417 | 1,441,212 | 832,836 | 2,500,547 | 4,019,867 | 10,795,942 | 38,228,087 | 857,842 | 586,520 |
| Tuition Charges | 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 | 45,385,141 |
| Non-Resident Fees | 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 | 1,216,875 |
| Interest Earnings | 137,737 | 29,184 | 15,679 | 11,021 | 27,915 | 41,718 | 37,817 | 25,775 | 18,330 | 12,187 |
| Miscellaneous | 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 | 9,097,418 |
| State Sources | 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 | 6,901,917 |
| Federal Sources | 345,482 | 499,635 | 594,335 | 363,941 | 709,674 | 473,214 | 408,428 | 1,181,175 | 573,922 | 947,774 |
| Total Revenue | 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 | 73,724,835 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Special Education Instruction | 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 | 38,636,682 |
| Support Services: | | | | | | | | | | |
| Student & Inst. Related Services | 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 | 19,205,093 |
| General Administration | 1,523,040 | 1,579,880 | 1,145,640 | 1,016,662 | 957,783 | 1,090,815 | 999,609 | 1,025,687 | 952,238 | 1,086,849 |
| School Administration Services | 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 | 3,010,951 |
| Plant Operations And Maintenance | 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 | 4,890,153 |
| Pupil Transportation | 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 | 1,405,377 |
| Other Support Services | 1,037,002 | 1,139,250 | 657,883 | 732,714 | 794,370 | 704,132 | 576,707 | 621,947 | 786,212 | 736,493 |
| Debt Service | | | | | | | | | | |
| Principal | 103,391 | 100,304 | 57,797 | | | | | | | |
| Interest on Long Term Debt | 19,282 | 10,385 | 2,528 | | | | | | | |
| Capital Outlay | 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 | 1,420,866 |
| Total Expenditures | 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 | 70,392,464 |
| Excess (Deficiency) Of Revenues Over (Under) Expenditures | 585,557 | (760,287) | 2,806,157 | 2,921,796 | (189,431) | 1,078,341 | 660,536 | 3,992,062 | (6,049,900) | 3,332,371 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital Leases (Non-Budgeted) | | | | | | | | | | |
| Transfers In | 500,000 | 500,000 | 250,000 | 92,261 | 500,000 | 500,000 | 1,498,745 | 2,565,562 | 1,476,505 | 437,276 |
| Transfers Out | (238,385) | (390,973) | (184,430) | (163,728) | (80,000) | (125,000) | (828,745) | (1,912,562) | (1,148,505) | (1,137,276) |
| Total Other Financing Sources (Uses) | 261,615 | 109,027 | 65,570 | (71,467) | 420,000 | 375,000 | 670,000 | 653,000 | 328,000 | (700,000) |
| Net Change In Fund Balances | \$ 847,172 | \$ (651,260) | \$ 2,871,727 | \$ 2,850,329 | \$ 230,569 | \$ 1,453,341 | \$ 1,330,536 | \$ 4,645,062 | \$ (5,721,900) | \$ 2,632,371 |
| 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> |
|---|-----------------------------------|--|---|------------------------------------|-----------------------------|---------------------|
| 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 |
| 2017 | 12,187 | 1,058,208 | 7,634 | 15,520 | 11,345 | 1,104,894 |

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 |
|------------------|----------------|----------------|-------------------------|------------------|--------------------------|---|
| 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 |
| 2017 | 77,502,137,732 | 79,190,477,789 | 156,692,615,521 | 90,385,516 | 156,783,001,037 | 172,030,836,227 |

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 |
| 2008 | \$ 0.1751 | \$ 0.1000 | \$ | 0.1851 |
| 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 |
| 2017 | 0.2417 | 0.0100 | | 0.2517 |

Source: County Abstract of Ratables

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

| | 2016 | | 2007 | |
|-----------------|-----------------------|--|-----------------------|--|
| | Assessed Valuation | % of County's Net Assessed Valuation | Assessed Valuation | % of County's Net Assessed Valuation |
| <u>Taxpayer</u> | | | | |

INFORMATION NOT AVAILABLE

**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 |
| 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% |
| 2017 | 9,577,003 | 9,577,003 | 100.00% |

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

| Fiscal Year Ended June 30, | <u>Governmental Activities</u> | | <u>Total District</u> | <u>Population</u> | <u>Per Capita</u> |
|-------------------------------|--------------------------------|--|-----------------------|-------------------|-------------------|
| | <u>Capital Leases</u> | | | | |
| 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 | | | - | 939,151 | \$0 |
| 2017 | | | - | 939,151 (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, 2016
(Unaudited)**

Net Direct Debt of School District
as of June 30, 2017

Net Overlapping Debt of School District

Bergen County:

County of Bergen

\$ 1,205,030,344

Bergen County Utilities Authority - Water Pollution (100%)

178,967,807

\$ 1,383,998,151

Total Direct and Overlapping Debt

\$ 1,383,998,151

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

| | <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> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Legal Debt Margin Calculation as of December 31, 2016 (County Debt) | | | | | | | | | |
| Average equalized valuation of taxable property (last three years) | \$ 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 | \$ 166,824,155,204 |
| Debt limit (2% of average equalization value) | 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 | 3,336,483,104 |
| Net Debt Issued Outstanding and Authorized | 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 | 1,205,030,344 |
| Remaining Borrowing Capacity | <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> | <u>\$ 2,131,452,760</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> | <u>Unemployment Rate*</u> |
|-------------|-------------------|---|-------------------------------|
| 2017 | 939,151 (1) | N/A | N/A |
| 2016 | 939,151 | N/A | 4.2% |
| 2015 | 938,506 | \$ 75,849 | 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% |

(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>2017</u> | | <u>2008</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>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> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction | | | | | | | | | | |
| Regular | | | | | | | | | | |
| Special education | 391.3 | 368.3 | 376.7 | 399.4 | 346.4 | 323.2 | 299.2 | 299.2 | 304.9 | 313.0 |
| Other special education | 28.1 | 30.1 | 29.1 | 1.0 | 2.5 | 2.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Community Services | | | | | | | | 1.0 | 1.0 | 1.0 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 90.7 | 90.7 | 90.9 | 87.2 | 88.2 | 73.3 | 74.5 | 74.5 | 72.7 | 69.6 |
| Health Services | 9.7 | 9.7 | 10.0 | 11.0 | 9.5 | 10.5 | 10.0 | 10.0 | 10.0 | 10.0 |
| Educational Media Services | | | | | 8.3 | 6.7 | 9.1 | 9.1 | 9.1 | 9.9 |
| General administration | 3.1 | 3.1 | 2.7 | 3.0 | 1.6 | 1.7 | 1.9 | 1.9 | 2.0 | 2.0 |
| School administrative services | 23.6 | 23.6 | 25.0 | 24.4 | 23.8 | 19.9 | 22.3 | 22.8 | 22.8 | 21.9 |
| Central services | 6.3 | 6.3 | 5.0 | 5.0 | 6.0 | 6.0 | 6.2 | 6.2 | 6.1 | 6.1 |
| Plant operations and maintenance | 22.3 | 22.3 | 20.6 | 24.6 | 26.1 | 22.6 | 18.8 | 18.8 | 20.5 | 24.0 |
| Pupil transportation | 15.7 | 15.7 | 15.7 | 15.7 | 15.3 | 14.3 | 15.6 | 15.6 | 12.4 | 11.9 |
| Special Schools | | | | 29.8 | 28.9 | 26.8 | 27.4 | 27.4 | 31.4 | 32.4 |
| Total | <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> | <u>503.3</u> |

Source: District Personnel Records

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

| <u>Fiscal Year</u> | <u>Enrollment^a</u> | <u>Operating Expenditures^b</u> | <u>Cost Per Pupil^c</u> | <u>Percentage Change</u> | <u>Teaching Staff</u> | <u>Pupil/ Teacher Ratio</u> | <u>Average Daily Enrollment (ADE)</u> | <u>Average Daily Attendance (ADA)</u> | <u>% Change in Average Daily Enrollment</u> | <u>Student Attendance Percentage</u> |
|--------------------|-------------------------------|---|-----------------------------------|--------------------------|-----------------------|-----------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|
| 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 | 4.20% | 129 | 5.10 | 655 | 602 | -2.96% | 91.91% |
| 2017 | 663 | 68,971,598 | 104,030 | 2.99% | 127 | 5.22 | 642 | 590 | -1.98% | 91.90% |

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)

| <u>District Building</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> | <u>2017</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 32 | 40 | 41 | 57 | 61 | 63 | 61 | 54 | 52 |
| Piermont Campus, Rockleigh | | | | | | | | | | |
| Square Feet | 121,162 | 121,162 | 121,162 | 121,162 | 121,162 | | | | | |
| Capacity (students) | | | | | | | | | | |
| Enrollment | 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 | 95 | 98 | 83 | 68 | 71 | 58 | 58 | 52 | 44 | 43 |
| 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 | 122 | 115 | 101 | 104 | 94 | 130 | 127 | 132 | 90 | 85 |
| Brownstone, Saddle Brook | | | | | | | | | | |
| Square Feet | 20,106 | 20,106 | 20,106 | 20,106 | 20,106 | 20,106 | 20,106 | 20,106 | 20,096 | 20,096 |
| Capacity (students) | | | | | | | | | | |
| Enrollment | 79 | 62 | 56 | 63 | 53 | 58 | 64 | 76 | 64 | 55 |
| Evergreen, | | | | | | | | | | |
| Square Feet | 5,625 | | | | | | | | | |
| Capacity (students) | | | | | | | | | | |
| Enrollment | 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 | 38 | 43 | 26 | 20 | 17 | 34 | 37 | 36 | 40 | 38 |
| 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 | 94 | 87 | 84 | 111 | 105 | 108 | 103 | 98 | 98 | 102 |
| Hillcrest, Paramus | | | | | | | | | | |
| Square Feet | 10,000 | 10,000 | | | | | | | | |
| Capacity (students) | | | | | | | | | | |
| Enrollment | 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 | 125,000 |
| Capacity (students) | | | | | | | | | | |
| Enrollment | | | | | | | | | 122 | 132 |
| Number of Schools at June 30, 2017 | | | | | | | | | | |
| Life Skills Continuum= | 2 | | | | | | | | | |
| Communication Skills Continuum= | 4 | | | | | | | | | |
| Behavioral Skills Continuum= | 6 | | | | | | | | | |
| Multiple Disabilities Continuum= | 5 | | | | | | | | | |
| Autism Continuum= | 4 | | | | | | | | | |

Source: District Records

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

| <u>School Facilities</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> | <u>2017</u> |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Union St. - Hrg. Imp., Hackensack | \$ 7,723 | \$ 7,803 | \$ 8,998 | \$ 6,710 | \$ 9,991 | \$ 11,365 | \$ 11,798 | \$ 17,100 | \$ 11,122 | \$ 12,483 |
| Piermont Campus, Rockleigh | 116,263 | 117,272 | 135,256 | 100,870 | 150,201 | | | | | |
| Woodridge Transition Center | 18,482 | 18,647 | 21,501 | 15,967 | 23,877 | 27,160 | 28,196 | 40,868 | 43,849 | 29,830 |
| Rocco Montesano, Paramus | 38,363 | 38,725 | 44,653 | 33,281 | 49,587 | 56,402 | 58,630 | 84,871 | 55,214 | 61,949 |
| Brownstone, Saddle Brook | 15,927 | 19,456 | 22,434 | 16,730 | 24,913 | 28,336 | 29,419 | 42,640 | 27,738 | 31,123 |
| Evergreen, Hackensack | 1,080 | 5,255 | | | | | | | | |
| Gateway, Hackensack | 9,585 | 9,554 | 11,163 | 8,272 | 12,397 | 14,100 | 14,639 | 21,218 | 13,801 | 15,487 |
| Godwin, Midland Park | 540 | 2,420 | 2,758 | 2,081 | 3,099 | 3,525 | 3,660 | 5,304 | 3,450 | 3,872 |
| Hillcrest, Paramus | 9,585 | 9,681 | | | | | | | | |
| Washington, New Bridges | | | | | | | | | 169,095 | 193,592 |
| Washington, Ridgewood | 9,585 | 10,031 | 11,198 | 8,467 | 12,397 | 14,100 | 14,639 | 21,218 | - | - |
| | <u>\$ 227,133</u> | <u>\$ 238,844</u> | <u>\$ 257,961</u> | <u>\$ 192,378</u> | <u>\$ 286,462</u> | <u>\$ 154,988</u> | <u>\$ 160,981</u> | <u>\$ 233,219</u> | <u>\$ 324,269</u> | <u>\$ 348,336</u> |

Source: District records.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2017
(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
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, PSA

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, 2017 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 1, 2017.

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.

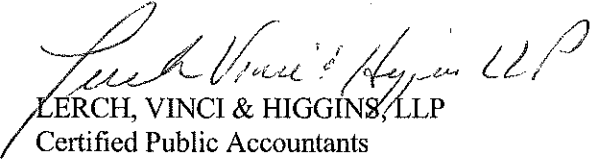
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

**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, 2017. 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 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, 2017.

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.

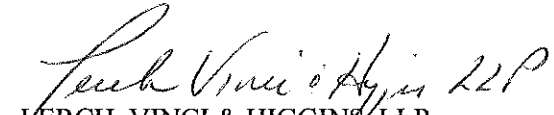
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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, 2017 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 1, 2017, 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 1, 2017

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | FAIN Number | Grant Number | Grant Period | Award Amount | Balance June 30, 2017 | | | | | | | | | | Memo GAAP Receivable |
|--|---------------------------|-----------------|-----------------|-----------------|-----------------|-------------------------|------------|---------------------|------------------|---------------------------|------------------------------------|--------------------------|----------------------|-------------------|------|----------------------------|
| | | | | | | Balance July 1, 2016 | Adjustment | Carryover Amount | Cash Received | Budgetary Expenditures | Refund Prior Year's Balances | (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 | \$ (5,750) | | | \$ 5,750 | | | | | | | |
| School Breakfast Program | 10.553 | 17161NJ304N1099 | N/A | 7/1/16-6/30/17 | 63,485 | | | | 57,468 | \$ 63,485 | | \$ (6,017) | | | | \$ (6,017) |
| National School Lunch Program | 10.555 | | N/A | | | | | | | | | | | | | |
| Cash Assistance-PB Program | | 17161NJ304N1099 | | 7/1/16-6/30/17 | 2,912 | | | | 2,678 | 2,912 | | (234) | | | | (234) |
| Cash Assistance-PB Program | | 16161NJ304N1099 | | 7/1/15-6/30/16 | 2,951 | (220) | | | 220 | | | - | | | | |
| Cash Assistance | | 17161NJ304N1099 | | 7/1/16-6/30/17 | 111,203 | | | | 101,732 | 111,203 | | (9,471) | | | | (9,471) |
| Cash Assistance | | 16161NJ304N1099 | | 7/1/15-6/30/16 | 110,798 | (8,756) | | | 8,756 | | | - | | | | |
| Non-cash Assistance | | 17161NJ304N1099 | N/A | 7/1/16-6/30/17 | 22,074 | - | - | - | 22,074 | 21,094 | - | - | \$ 980 | - | - | - |
| Total Enterprise Fund | | | | | | (14,726) | - | - | 198,678 | 198,694 | - | (15,722) | 980 | - | - | (15,722) |
| U.S. Department of Education Pass-through State Department of Education | | | | | | | | | | | | | | | | |
| <u>General Fund</u> | | | | | | | | | | | | | | | | |
| ARRA SEMI | 93.778 | | | 7/1/16-6/30/17 | 33,182 | | | | 33,182 | 33,182 | | | | | | |
| Medical Assistance Program | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 558,733 | (13,005) | - | - | 571,738 | 558,733 | - | - | - | - | - | - |
| Total General Fund | | | | | | (13,005) | - | - | 604,920 | 591,915 | - | - | - | - | - | - |
| <u>Special Revenue Fund</u> | | | | | | | | | | | | | | | | |
| Title I Part D | 84.010A | S010A150030 | | 7/1/16-6/30/17 | 36,219 | | | | 34,023 | 34,023 | | - | | | | - |
| Title I Part D | 84.010A | | | 7/1/15-6/30/16 | 36,219 | (1,733) | | | 1,733 | | | | | | | - |
| Homeless Children | 84.196A | | | 7/1/16-6/30/17 | 38,329 | | | | 16,730 | 38,329 | | (21,599) | | | | (21,599) |
| Homeless Children, Continuation | 84.196A | | | 7/1/15-6/30/16 | 89,772 | (23,434) | | | 57,270 | 73,027 | | (39,191) | | | | (39,191) |
| Medical Assistance Programs | | | | | | | | | | | | | | | | |
| Getting Us There (GUTS) | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 25,204 | | 1,563 | | 37,387 | 25,204 | | | | 13,746 | | |
| Leisure Bridges | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 78,798 | | 27,382 | | 97,814 | 78,798 | | | | 46,398 | | |
| Adult Training Special Needs | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 29,399 | | | | 14,778 | 29,399 | | (14,621) | | | | (14,621) |
| Adult Rehab Woodridge | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 17,781 | | | | 16,351 | 17,781 | | (1,430) | | | | (1,430) |
| Adult Rehab Paramus | 93.778 | 1605NJ5MAP | | 7/1/16-6/30/17 | 59,298 | - | - | - | 66,084 | 59,298 | - | - | 6,786 | - | - | - |
| Total Special Revenue Funds | | | | | | (25,167) | 28,945 | - | 342,170 | 355,859 | - | (76,841) | 66,930 | - | - | (76,841) |
| Total Federal Financial Assistance | | | | | | \$ (52,898) | \$ 28,945 | \$ - | \$ 1,145,768 | \$ 1,146,468 | \$ - | \$ (92,563) | \$ 67,910 | \$ - | \$ - | \$ (92,563) |

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

[illegible]

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

**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, 2017**

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 Title 2 U.S. Code of Federal Regulations Part 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 \$101,136 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 | \$ 591,915 | \$ 4,703,290 | \$ 5,295,205 |
| Special Revenue Fund | 355,859 | 2,198,627 | 2,554,486 |
| Internal Service Fund | | 2,251,154 | 2,251,154 |
| Food Service Fund | <u>199,674</u> | <u>2,452</u> | <u>202,126</u> |
| Total Financial Assistance | <u>\$ 1,147,448</u> | <u>\$ 9,155,523</u> | <u>\$ 10,302,971</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, 2017**

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 \$2,215,020 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$3,084,348, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,569,962 and TPAF Long-Term Disability Insurance in the amount of \$531 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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, 2017**

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>93.778</u> | <u>1605NJ5MAP</u> | <u>SEMI</u> |
| <u> </u> | <u> </u> | <u> </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

17-495-034-5094-003

Reimbursed Social Security Contributions

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, 2017**

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, 2017**

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, 2017**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.