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**BERGEN COUNTY**  
**Special Services School District**

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**Comprehensive  
Annual  
Financial Report  
For The Fiscal Year  
Ended JUNE 30, 2018**

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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, 2018**

**Prepared by**

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
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BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

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District Administration Office

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

January 18, 2019

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, 2018.

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, 2018, 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, 2018, 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 2017-19 fiscal year with an average daily enrollment of 602.3 students, which is 40 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>Average Daily Enrollment (ADE)</u>	<u>Percent Change</u>
2017-18	602.3	(6.24%)
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) %

**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.

**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,



Dr. Howard Lerner  
Superintendent



John Susino  
Business Administrator/Board Secretary

# BCSS Administrative Plan 2017-2018

**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**

**Bleshman RDS  
G. Coe**

**Hearing Impaired  
Programs  
K. Lo Cascio**

**Visions Emerson, NOVAS,  
Evergreen, Gateway, Venture  
S. Lodhi**

**Washington Programs  
J. Borda**

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

**Education Enterprises,  
Visions SB/ Paramus  
G. Espinosa**

**BELA**

**Career  
Crossroads**

**Brownstone School  
D. Perez**

**North Street School / JDC  
G. Janz**

**Suspension  
Alternative Program**

**BC Project SEARCH**

**District Supervisor  
Michelle Zilberfarb**

**Consultant Services  
Becton, Bogota, Hanover,  
Manchester, Passaic Valley, Tri-Valley**

**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, 2018**

**COUNTY EXECUTIVE**

James J. Tedesco III

**MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS**

Thomas J. Sullivan –Chairman  
Germaine M. Ortiz – Vice Chairwoman  
Steven A. Tanelli  
Tracy S. Zur  
David L. Ganz  
Dr. Joan M. Voss  
Mary J. Amoroso-Chair Pro Tempore

**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  
Gail Coe  
Gregory Janz  
David Perez  
Sandra Melicharek  
Kelly Lopez  
Kathleen Lo Cascio  
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. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
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, 2018 and the related notes to the financial statements, which collectively comprise the Bergen County Special Services 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, 2018, 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.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Bergen County Special Services School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *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, pension information and other postemployment benefits 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.

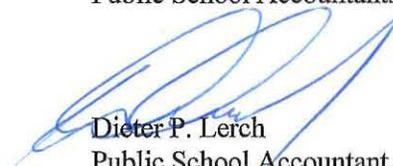
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2019 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  
January 18, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2018**

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, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 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 \$14,589,269 (net position).
- The District's total net position decreased by \$2,284,458.
- Overall district-wide revenues were \$126,712,828, which were \$2,284,458 less than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$10,870,594. Of this amount, \$2,640,007 is available for spending at the District's discretion (unassigned fund balance – General Fund).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

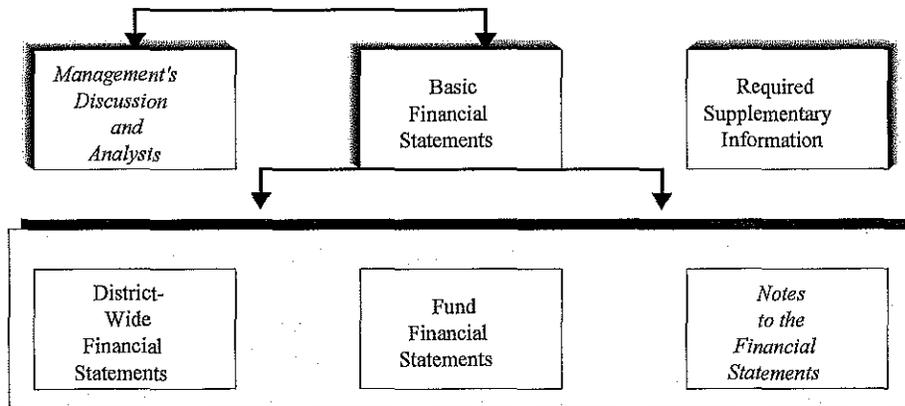
# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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

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

Figure A-1



# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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-term funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or Services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

### District-wide Statements

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

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

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

- 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:

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

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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 \$14,589,269 on June 30, 2018 compared to \$16,873,727 on June 30, 2017. See Table A-1

**Table A-1  
Net Position  
As of June 30, 2018 and 2017**

	Governmental Activities		Business- Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current Assets	\$ 19,537,287	\$ 17,669,510	\$ 135,994	\$ 110,251	\$ 19,673,281	\$ 17,779,761
Capital Assets	57,165,713	56,894,523	-	-	57,165,713	56,894,523
<b>Total Assets</b>	<u>76,703,000</u>	<u>74,564,033</u>	<u>135,994</u>	<u>110,251</u>	<u>76,838,994</u>	<u>74,674,284</u>
<b>Deferred Outflows</b>	<u>25,546,735</u>	<u>18,981,642</u>	-	-	<u>25,546,735</u>	<u>18,981,642</u>
<b>Total Assets and Deferred Outflows</b>	<u>102,249,735</u>	<u>93,545,675</u>	<u>135,994</u>	<u>110,251</u>	<u>102,385,729</u>	<u>93,655,926</u>
<b>Liabilities</b>						
Long-Term Liabilities	69,572,919	72,648,538			69,572,919	72,648,538
Other Liabilities	4,285,650	3,653,721	39,309	38,882	4,324,959	3,692,603
<b>Total Liabilities</b>	<u>73,858,569</u>	<u>76,302,259</u>	<u>39,309</u>	<u>38,882</u>	<u>73,897,878</u>	<u>76,341,141</u>
<b>Deferred Inflows</b>	<u>13,896,575</u>	<u>440,078</u>	<u>2,007</u>	<u>980</u>	<u>13,898,582</u>	<u>441,058</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>87,755,144</u>	<u>76,742,337</u>	<u>41,316</u>	<u>39,862</u>	<u>87,796,460</u>	<u>76,782,199</u>
<b>Net Position</b>						
Net Investment in capital assets	57,165,713	56,894,523	-	-	57,165,713	56,894,523
Restricted	5,468,478	4,113,403			5,468,478	4,113,403
Unrestricted	(48,139,600)	(44,204,588)	94,678	70,389	(48,044,922)	(44,134,199)
<b>Total Net Position</b>	<u>\$ 14,494,591</u>	<u>\$ 16,803,338</u>	<u>\$ 94,678</u>	<u>\$ 70,389</u>	<u>\$ 14,589,269</u>	<u>\$ 16,873,727</u>

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 76,676,974	\$ 78,638,703	\$ 147,380	\$ 147,180	\$ 76,824,354	\$ 78,785,883
Operating Grants and Contributions	37,738,856	29,847,566	204,785	202,126	37,943,641	30,049,692
Capital Grants and Contributions	881,204	586,520			881,204	586,520
General Revenues						
County Property Taxes	9,864,312	9,577,003			9,864,312	9,577,003
State/Federal Aid	10,449	158,326			10,449	158,326
Investment Earnings	36,974	12,187			36,974	12,187
Miscellaneous	1,151,894	1,092,707	-	-	1,151,894	1,092,707
<b>Total Revenues</b>	<b>126,360,663</b>	<b>119,913,012</b>	<b>352,165</b>	<b>349,306</b>	<b>126,712,828</b>	<b>120,262,318</b>
<b>Expenses</b>						
Instruction						
Special Education	75,172,372	68,922,293			75,172,372	68,922,293
Support Services						
Student and Instruction Related Services	31,589,371	33,085,833			31,589,371	33,085,833
School Administration Services	5,480,247	5,708,571			5,480,247	5,708,571
General Administration	1,726,322	1,185,658			1,726,322	1,185,658
Plant Operations and Maintenance	9,476,019	8,418,619			9,476,019	8,418,619
Pupil Transportation	2,238,886	2,004,151			2,238,886	2,004,151
Business/Central Svcs/Admin. Info. Tech.	2,836,193	2,383,844			2,836,193	2,383,844
Food Services	-	-	477,876	490,413	477,876	490,413
<b>Total Expenses</b>	<b>128,519,410</b>	<b>121,708,969</b>	<b>477,876</b>	<b>490,413</b>	<b>128,997,286</b>	<b>122,199,382</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>(2,158,747)</b>	<b>(1,795,957)</b>	<b>(125,711)</b>	<b>(141,107)</b>	<b>(2,284,458)</b>	<b>(1,937,064)</b>
<b>Transfers</b>	<b>(150,000)</b>	<b>(200,000)</b>	<b>150,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(2,308,747)</b>	<b>(1,995,957)</b>	<b>24,289</b>	<b>58,893</b>	<b>(2,284,458)</b>	<b>(1,937,064)</b>
<b>Beginning of Year, Net Position</b>	<b>16,803,338</b>	<b>18,799,295</b>	<b>70,389</b>	<b>11,496</b>	<b>16,873,727</b>	<b>18,810,791</b>
<b>End of Year, Net Position</b>	<b>\$ 14,494,591</b>	<b>\$ 16,803,338</b>	<b>\$ 94,678</b>	<b>\$ 70,389</b>	<b>\$ 14,589,269</b>	<b>\$ 16,873,727</b>

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

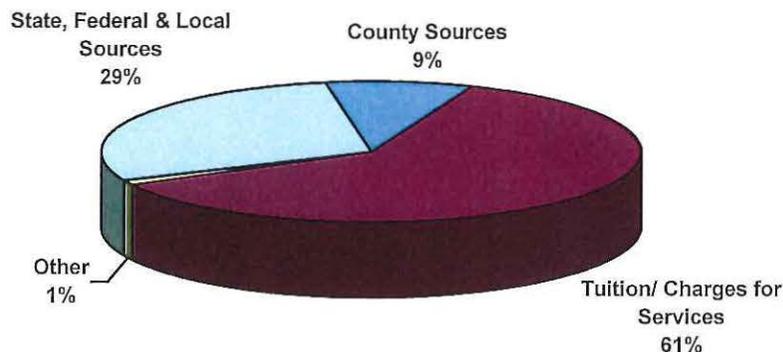
**Governmental Activities.** The District's total governmental activities revenues were \$126,360,663 for the fiscal year ended June 30, 2018, an increase of \$6,447,651 (5 percent) over the previous year. Tuition and charges for services accounted for 61 percent of total revenues. County property taxes and capital grants and contributions account for 9 percent of total revenue for the year. Another 30 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 \$128,519,410, an increase of \$6,810,441 (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 and transfers, decreasing net position by \$2,308,747 from the previous year.

- The cost of all governmental activities this year was \$128,519,410.
  - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$76,676,974, a decrease of \$1,961,729 (2 percent).
  - The federal and state governments subsidized certain programs with grants, contributions and aid of \$37,749,305, an increase of \$7,743,413 (26 percent). This increase was primarily a result of on-behalf revenues and expenditures as a result of GASB 75-OPEB.
  - In addition, the District also received \$881,204 in capital contributions from the County to fund capital projects during the year, an increase of \$294,684 from the prior year.
  - District's costs in the amount of \$9,864,312 were provided by County sources from property taxes, an increase of \$287,309 from the prior year.

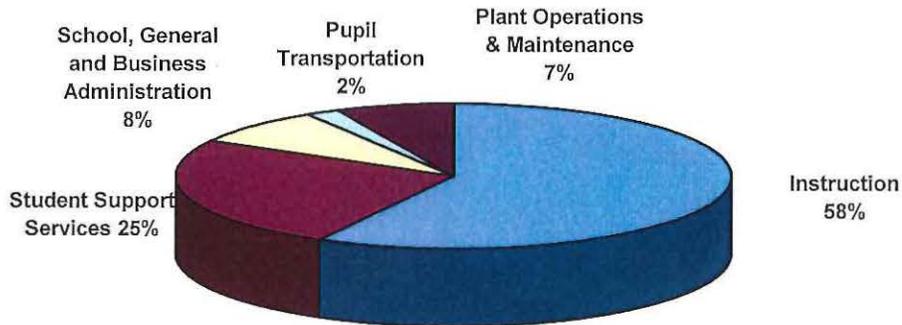
**Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2018**



**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

**Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2018**



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 \$128,519,410. After applying program revenues derived from charges for services of \$76,676,974 operating grants, and contributions of \$37,738,856 and capital grants and contributions of \$881,204, the net cost of services to the District was \$13,222,376. See Table A-5.

**Table A-5  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

	Total Cost of Services		Net (Revenue) Cost of Services	
	2018	2017	2018	2017
Instruction				
Special Education	\$ 75,172,372	\$ 68,922,293	\$ (13,979,509)	\$ (13,837,499)
Support Services				
Student and Instruction Related Services	31,589,371	33,085,833	12,478,320	12,471,419
School Administrative Services	5,480,247	5,708,571	3,163,637	3,109,328
General Administrative Services	1,726,322	1,185,658	1,391,287	1,144,385
Plant Operations and Maintenance	9,476,019	8,418,619	7,294,453	6,942,056
Pupil Transportation	2,238,886	2,004,151	1,996,878	1,929,026
Other Support Services-Business/Central Svc./Admin. Info. Tech.	2,836,193	2,383,844	877,310	877,465
<b>Total</b>	<b>\$ 128,519,410</b>	<b>\$ 121,708,969</b>	<b>\$ 13,222,376</b>	<b>\$ 12,636,180</b>

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

**Business-Type Activities** –The District's total business-type activities revenues were \$352,165 for the year ended June 30, 2018, an increase of \$2,859 (less than 1 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 \$24,289 from the last year.

The cost of all business-type activities this year was \$477,876.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$147,380, an increase of \$200 (less than 1 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$204,785, an increase of \$2,659 (1 percent). This increase is a result of a slight increase in meals served to low income students during the year.
- The District transferred \$150,000 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 \$10,870,594, an increase of \$1,058,812 from last year's fund balance of \$9,811,782. \$2,640,007 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is assigned, committed or restricted to indicate that it is not available for new spending because it has been earmarked 1) to liquidate contracts and purchase orders of the prior period \$1,728,927; 2) restricted for capital purposes \$3,887,329; 3) restricted for maintenance \$1,019,763; 4) designated for appropriation in the 2018/2019 budget - Semi-ARRA \$33,182; or 5) designated for appropriation in the 2018/2019 budget \$1,000,000.

Revenues for the District's governmental funds were \$74,988,199, while total expenses and total other financing uses (net) were \$73,929,387.

### 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 <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
County Property Taxes	\$ 9,864,312	\$ 9,577,003	\$ 287,309	3%
Tuition	43,944,081	45,385,141	(1,441,060)	-3%
Investment Earnings	36,974	12,187	24,787	203%
Miscellaneous	2,327,069	2,309,582	17,487	1%
State Sources	5,826,640	4,703,290	1,123,350	24%
Federal Sources	<u>482,752</u>	<u>591,915</u>	<u>(109,163)</u>	-18%
 Total General Fund Revenue	 <u>\$ 62,481,828</u>	 <u>\$ 62,579,118</u>	 <u>\$ (97,290)</u>	 -0.2%

Total General Fund Revenues decreased by \$97,290 or 0.2% from the previous year.

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

### General Fund (Continued)

County Property Taxes increased 3% over the previous year. Tuition which represents 70% of total General Fund revenues for the year decreased 3% from the previous year.

Revenue from federal sources decreased \$109,163 due to a decrease in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$1,123,350 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, 2018	Fiscal Year Ended June 30, 2017	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 33,208,400	\$ 33,553,420	\$ (345,020)	-1%
Support Services	26,184,391	24,614,424	1,569,967	6%
Capital Outlay	<u>1,336,098</u>	<u>147,508</u>	<u>1,188,590</u>	806%
Total General Fund Expenditures	<u>\$ 60,728,889</u>	<u>\$ 58,315,352</u>	<u>\$ 2,413,537</u>	4.1%

Total General Fund expenditures increased \$2,413,537 or 4.1% from the previous year.

In Fiscal Year 2018 General Fund revenues were more than expenditures and other financing uses by \$633,410. After adding statutory transfers and other financing source/(use), the fund balance increased from \$9,675,798 at June 30, 2017 to \$10,309,208 at June 30, 2018.

### 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 \$11,625,167 for the year ended June 30, 2018. Local sources account for the majority of the Special Revenue Funds' revenues, which represented 73% 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 \$1,065,970 or 10% from the previous year.

Expenditures of the Special Revenue Fund were \$11,709,256. Special Education instructional expenditures were \$4,871,030 or 42% of the total expended for the year ended June 30, 2018.

Total Special Revenue Fund expenditures increased \$1,062,783 or 10% from the previous year. Instruction expenditures decreased \$212,232 or 4%. Support services expenditures increased \$1,422,892 (26%) over the previous year. Capital outlay expenditures decreased \$147,877.

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

### Capital Projects Fund

The capital projects revenues and other financing sources were more than expenditures by \$425,402 resulting in a fund balance of \$561,386 at June 30, 2018.

### 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 by \$960,492 resulting in a fund balance of \$3,323,966 at June 30, 2018 up from \$2,363,474 at June 30, 2017.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018**

**CAPITAL ASSETS**

By the end of June 30, 2018, the District had invested \$57,165,713 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 2017-2018 amounted to \$2,904,693 for governmental activities and \$-0- for business-type activities.

**Table A-6  
Capital Assets  
As of June 30, 2018 and 2017**

	Governmental Activities		Business- Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Buildings	\$ 59,141,110	\$ 57,835,100			\$ 59,141,110	\$ 57,835,100
Improvements Other Than Buildings	1,162,913	628,381			1,162,913	628,381
Leasehold Improvements	6,913,587	6,913,587			6,913,587	6,913,587
Machinery and Equipment	<u>14,921,716</u>	<u>13,586,375</u>	\$ 69,406	\$ 69,406	<u>14,991,122</u>	<u>13,655,781</u>
<b>Total Capital Assets</b>	82,139,326	78,963,443	69,406	69,406	82,208,732	79,032,849
Less Accumulated Depreciation	<u>24,973,613</u>	<u>22,068,920</u>	<u>69,406</u>	<u>69,406</u>	<u>25,043,019</u>	<u>22,138,326</u>
<b>Capital Assets, Net</b>	<u>\$ 57,165,713</u>	<u>\$ 56,894,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,165,713</u>	<u>\$ 56,894,523</u>

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 \$2,054,354 and net pension liability payable of \$67,518,565.

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 2018-2019 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 2018-2019. Budgeted expenditures in the General Fund decreased by less than 1 percent from the 2017/2018 adopted budget to \$56,057,620 in fiscal year 2018-2019.

# **BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2018**

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

Three goals served as the foundation for the development of the 2018/2019 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 2018/2019 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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,487,960	\$ 108,514	\$ 9,596,474
Receivables, net	10,022,102	15,374	10,037,476
Security Deposit	27,225		27,225
Inventories		12,106	12,106
Capital Assets, net of accumulated depreciation	<u>57,165,713</u>	<u>-</u>	<u>57,165,713</u>
Total Assets	<u>76,703,000</u>	<u>135,994</u>	<u>76,838,994</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>25,546,735</u>	<u>-</u>	<u>25,546,735</u>
Total Assets and Deferred Outflow of Resources	<u>102,249,735</u>	<u>135,994</u>	<u>102,385,729</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	3,331,880	39,309	3,371,189
Intergovernmental Payable	237,081		237,081
Unearned Revenue	716,689		716,689
Noncurrent Liabilities			
Due within one year	-		-
Due beyond one year	<u>69,572,919</u>	<u>-</u>	<u>69,572,919</u>
Total Liabilities	<u>73,858,569</u>	<u>39,309</u>	<u>73,897,878</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Commodities Revenue		2,007	2,007
Deferred Amounts on Net Pension Liability	<u>13,896,575</u>	<u>-</u>	<u>13,896,575</u>
Total Deferred Inflows of Resources	<u>13,896,575</u>	<u>2,007</u>	<u>13,898,582</u>
Total Liabilities and Deferred Inflow of Resources	<u>87,755,144</u>	<u>41,316</u>	<u>87,796,460</u>
<b>NET POSITION</b>			
Investment in Capital Assets	57,165,713	-	57,165,713
Restricted			
Capital Projects	4,448,715		4,448,715
Plant Maintenance	1,019,763		1,019,763
Unrestricted	<u>(48,139,600)</u>	<u>94,678</u>	<u>(48,044,922)</u>
Total Net Position	<u>\$ 14,494,591</u>	<u>\$ 94,678</u>	<u>\$ 14,589,269</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
<b>Governmental activities</b>							
Instruction:							
Special Education	\$ 75,172,372	\$ 67,559,331	\$ 21,592,550		\$ 13,979,509		\$ 13,979,509
Support Services:							
Student & Instruction Related Services	31,589,371	4,863,701	14,247,350		(12,478,320)		(12,478,320)
General Administration Services	1,726,322	298,057	36,978		(1,391,287)		(1,391,287)
School Administration Services	5,480,247	1,074,535	1,242,075		(3,163,637)		(3,163,637)
Plant Operations and Maintenance	9,476,019	923,621	376,741	\$ 881,204	(7,294,453)		(7,294,453)
Pupil Transportation	2,238,886	75,245	166,763		(1,996,878)		(1,996,878)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,836,193	1,882,484	76,399		(877,310)		(877,310)
Total Governmental Activities	<u>128,519,410</u>	<u>76,676,974</u>	<u>37,738,856</u>	<u>881,204</u>	<u>(13,222,376)</u>	<u>-</u>	<u>(13,222,376)</u>
<b>Business - Type Activities</b>							
Food Service	477,876	147,380	204,785			\$ (125,711)	(125,711)
Total Business Type Activities	<u>477,876</u>	<u>147,380</u>	<u>204,785</u>	<u>-</u>	<u>-</u>	<u>(125,711)</u>	<u>(125,711)</u>
<b>Total Primary Government</b>	<u>\$ 128,997,286</u>	<u>\$ 76,824,354</u>	<u>\$ 37,943,641</u>	<u>\$ 881,204</u>	<u>(13,222,376)</u>	<u>(125,711)</u>	<u>(13,348,087)</u>
<b>General Revenues:</b>							
County Property Tax Levy					9,864,312		9,864,312
Federal and State Aid Unrestricted					10,449		10,449
Investment Earnings					36,974		36,974
Miscellaneous					1,151,894		1,151,894
Transfers					(150,000)	150,000	-
Total General Revenues and Transfers					<u>10,913,629</u>	<u>150,000</u>	<u>11,063,629</u>
Change in Net Position					(2,308,747)	24,289	(2,284,458)
Net Position - Beginning of Year					<u>16,803,338</u>	<u>70,389</u>	<u>16,873,727</u>
Net Position - End of Year					<u>\$ 14,494,591</u>	<u>\$ 94,678</u>	<u>\$ 14,589,269</u>

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

**FUND FINANCIAL STATEMENTS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Assets				
Cash and Cash Equivalents	\$ 7,811,763	\$ 7,169	\$ 448	\$ 7,819,380
Intergovernmental Receivables	836,690	1,531,115	725,014	3,092,819
Due from Other Funds	6,165,000			6,165,000
Security Deposits	<u>27,225</u>	<u>-</u>	<u>-</u>	<u>27,225</u>
Total Assets	<u>\$ 14,840,678</u>	<u>\$ 1,538,284</u>	<u>\$ 725,462</u>	<u>\$ 17,104,424</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 1,970,509	\$ 203,714	\$ 18,076	\$ 2,192,299
Intergovernmental Payable	129,770	107,311		237,081
Other Payable	199,062	6,122		205,184
Due to Other Funds	1,716,577	1,020,000	146,000	2,882,577
Unearned Revenue	<u>515,552</u>	<u>201,137</u>	<u>-</u>	<u>716,689</u>
Total Liabilities	<u>4,531,470</u>	<u>1,538,284</u>	<u>164,076</u>	<u>6,233,830</u>
Fund Balances:				
Restricted				
Capital Reserve	3,887,329			3,887,329
Maintenance Reserve	1,019,763			1,019,763
Capital Projects			561,386	561,386
Committed				
Year End Encumbrances	1,125,621			1,125,621
Assigned				
Year End Encumbrances	603,306			603,306
Designated for Subsequent Year's Expenditures Federal Funds- SEMI-ARRA	33,182			33,182
Designated for Subsequent Year's Expenditures	1,000,000			1,000,000
Unassigned	<u>2,640,007</u>	<u>-</u>	<u>-</u>	<u>2,640,007</u>
Total Fund Balances	<u>10,309,208</u>	<u>-</u>	<u>561,386</u>	<u>10,870,594</u>
Total Liabilities and Fund Balances	<u>\$ 14,840,678</u>	<u>\$ 1,538,284</u>	<u>\$ 725,462</u>	<u>\$ 17,104,424</u>

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

Continued

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

**Total Fund Balance - Governmental Funds (Exhibit B-1)** \$ 10,870,594

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 \$80,877,725 and the accumulated depreciation is \$24,526,542.

56,351,183

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  
Deferred Inflows of Resources

\$ 25,546,735  
(13,896,575)

11,650,160

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  
Compensated Absences

(67,518,565)  
(182,747)

(67,701,312)

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

3,323,966

**Net position of Governmental Activities (Exhibit A-1)**

**\$ 14,494,591**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
County Property Tax Levy	\$ 9,864,312			\$ 9,864,312
County Aid			\$ 881,204	881,204
Tuition - LEA's	43,944,081			43,944,081
Non-Resident Fees	1,175,175			1,175,175
Interest on Investments	36,974			36,974
Miscellaneous	<u>1,151,894</u>	<u>\$ 8,430,166</u>	<u>-</u>	<u>9,582,060</u>
	56,172,436	8,430,166	881,204	65,483,806
State Sources	5,826,640	1,968,016		7,794,656
Federal Sources	<u>482,752</u>	<u>1,226,985</u>	<u>-</u>	<u>1,709,737</u>
Total Revenues	<u>62,481,828</u>	<u>11,625,167</u>	<u>881,204</u>	<u>74,988,199</u>
<b>EXPENDITURES</b>				
Instruction				
Special Education Instruction	33,208,400	4,871,030		38,079,430
Support Services				
Student & Instruction Related Services	14,159,115	6,827,777	247,382	21,234,274
School Administration Services	3,051,171			3,051,171
Support Services General Administration	1,332,370			1,332,370
Plant Operations and Maintenance	5,450,506	-		5,450,506
Pupil Transportation	1,435,645			1,435,645
Other Support Services - Business (Central Services/Admin Info Tech)	755,584			755,584
Capital Outlay	<u>1,336,098</u>	<u>10,449</u>	<u>1,093,860</u>	<u>2,440,407</u>
Total Expenditures	<u>60,728,889</u>	<u>11,709,256</u>	<u>1,341,242</u>	<u>73,779,387</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>1,752,939</u>	<u>(84,089)</u>	<u>(460,038)</u>	<u>1,208,812</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	-	84,089	885,440	969,529
Transfers Out	<u>(1,119,529)</u>	<u>-</u>	<u>-</u>	<u>(1,119,529)</u>
Total Other Financing Sources and Uses	<u>(1,119,529)</u>	<u>84,089</u>	<u>885,440</u>	<u>(150,000)</u>
Net Change in Fund Balances	633,410	-	425,402	1,058,812
Fund Balance - Beginning of Year	<u>9,675,798</u>	<u>-</u>	<u>135,984</u>	<u>9,811,782</u>
Fund Balance - End of Year	<u>\$ 10,309,208</u>	<u>\$ -</u>	<u>\$ 561,386</u>	<u>\$ 10,870,594</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, 2018**

**Total Net Change in Fund Balances - Governmental Funds (B-2)** \$ 1,058,812

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 depreciation exceeded capital outlay additions in the period

Depreciation Expense	\$ (2,887,855)	
Capital Outlays	<u>2,440,407</u>	(447,448)

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	(4,356,292)	
Decrease in Compensated Absences	<u>475,689</u>	(3,880,603)

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	960,492	
Net Transfers from General Fund	<u>-</u>	<u>960,492</u>
Change in Net Position		

**Change in net position of governmental activities (Exhibit A-2)** \$ (2,308,747)

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

**EXHIBIT B-4**

	<b>Business Type Activities Enterprise</b>	<b>Governmental Activities</b>
	<b>Fund Food Service</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 108,514	\$ 1,668,580
Intergovernmental Accounts Receivable	15,374	6,786,242
Due from Other Funds	-	1,716,577
Due from B.C.T.S		138,041
Security Deposits		-
Inventories	12,106	-
Total Current Assets	135,994	10,309,440
Capital Assets		
Furniture, machinery & equipment	69,406	1,261,601
Less: Accumulated Depreciation	(69,406)	(447,071)
Total Capital Assets, Net	-	814,530
Total Assets	135,994	11,123,970
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	39,297	923,384
Other Payable	12	11,013
Due to Other Funds	-	4,994,000
Total Current Liabilities	39,309	5,928,397
Noncurrent Liabilities		
Compensated Absences	-	1,871,607
Total Noncurrent Liabilities	-	1,871,607
Total Liabilities	39,309	7,800,004
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Commodities Revenue	2,007	-
Total Liabilities and Deferred Inflow of Resources	41,316	7,800,004
<b>NET POSITION</b>		
Investment in Capital Assets	-	814,530
Unrestricted	94,678	2,509,436
Total Net Position	\$ 94,678	\$ 3,323,966

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, 2018**

	<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>
<b>OPERATING REVENUES</b>		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	\$ 41,413	
Breakfast Program	8,787	
Daily sales - nonreimbursable programs	97,180	
Tuition from LEAS		\$ 7,101,696
Charges and Fees		24,456,022
On-Behalf State Aid	-	6,300,277
Total Operating Revenues	<u>147,380</u>	<u>37,857,995</u>
<b>OPERATING EXPENSES</b>		
Cost of Sales - reimbursable programs	134,877	
Cost of Sales - nonreimbursable programs	24,644	
Salaries	174,211	20,320,173
Employee Benefits	45,871	13,189,634
Purchased Services		2,867,809
Supplies and Materials	72,898	216,389
Management/Admin Fee	25,375	271,788
Miscellaneous Expenses		14,872
Depreciation	-	16,838
Total Operating Expenses	<u>477,876</u>	<u>36,897,503</u>
Operating Income (Loss)	<u>(330,496)</u>	<u>960,492</u>
<b>Nonoperating Revenues</b>		
State Sources		
State School Lunch Program	2,626	
Federal Sources		
National School Lunch Program	114,125	
National School Lunch Program-PB Lunch	2,947	
National School Breakfast Program	61,842	
USDA Commodity	23,245	-
Total Non-Operating Revenues	<u>204,785</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	(125,711)	960,492
Other Financing Sources (Uses)		
Transfers In	<u>150,000</u>	<u>-</u>
Change in Net Position	24,289	960,492
Total Net Position - Beginning of Year	<u>70,389</u>	<u>2,363,474</u>
Total Net Position - Ending of Year	<u>\$ 94,678</u>	<u>\$ 3,323,966</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, 2018**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	
	<b>Food Service</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 147,392	\$ 30,319,386
Payments to Employees	(220,082)	(21,422,919)
Payments to Suppliers	(234,354)	(8,381,695)
Net Cash Provided by(Used for) operating activities	(307,044)	514,772
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	2,623	
Federal Sources	179,465	
Operating Subsidies and transfers to/from other funds	150,000	804,000
Net cash provided by (used for) noncapital financing activities	332,088	804,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	-	(735,476)
Net cash provided by (used for) for capital and related financing activities	-	(735,476)
Net increase in cash and cash equivalents	25,044	583,296
Cash and Cash Equivalents - Beginning of Year	83,470	1,085,284
Cash and Cash Equivalents - End of Year	\$ 108,514	\$ 1,668,580
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income(Loss)	\$ (330,496)	\$ 960,492
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation	-	16,838
Food Distribution(USDA Commodities)-National School Lunch Program	23,245	
(Increase) Decrease in accounts receivable, net	-	(1,244,445)
Increase (Decrease) in other current liabilities	-	6,113
Increase(Decrease) in accounts payable	415	840,592
Increase (Decrease) in non-current liabilities	12	(64,818)
Increase (Decrease) in deferred commodities revenue	1,027	
(Increase)Decrease in inventories	(1,247)	-
Total adjustments	23,452	(445,720)
Net cash provided by (used for) operating activities	\$ (307,044)	\$ 514,772
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	\$ 23,245	

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, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>	<u>Agency Fund</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 517,683	\$ 11,356	\$ 43,788	\$ 24,661	\$ 748,281
Total Assets	<u>517,683</u>	<u>11,356</u>	<u>43,788</u>	<u>24,661</u>	<u>\$ 748,281</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings					\$ 732,335
Accrued Salaries and Wages					2,402
Due to student groups					8,544
Due to Other Funds					5,000
Due to State of New Jersey	<u>9,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>9,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 748,281</u>
<b>NET POSITION</b>					
Held in trust for unemployment claims and other purposes	<u>\$ 507,878</u>	<u>\$ 11,356</u>	<u>\$ 43,788</u>		
Reserved for scholarships				<u>\$ 24,661</u>	

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>
<b>ADDITIONS</b>				
Contributions:				
Plan Member	\$ 93,848			
Private Donations	-	-	\$ 2,600	-
Total Contributions	<u>93,848</u>	<u>-</u>	<u>2,600</u>	<u>-</u>
Investment Earnings:				
Investment Gains		\$ 346		
Interest/Investment Earnings	971	-	106	-
Net investment earnings	<u>971</u>	<u>346</u>	<u>106</u>	<u>-</u>
Total Additions	<u>94,819</u>	<u>346</u>	<u>2,706</u>	<u>-</u>
<b>DEDUCTIONS</b>				
Unemployment Claims	75,493			
Investment Losses		1,274		
Scholarships Awarded	-	-	-	\$ 3,700
Total Deductions	<u>75,493</u>	<u>1,274</u>	<u>-</u>	<u>3,700</u>
Change in Net Position	19,326	(928)	2,706	(3,700)
Net Position, Beginning of Year	<u>488,552</u>	<u>12,284</u>	<u>41,082</u>	<u>28,361</u>
Net Position, End of the Year	<u>\$ 507,878</u>	<u>\$ 11,356</u>	<u>\$ 43,788</u>	<u>\$ 24,661</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, 2018**

**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 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, 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 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. 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. 85, *Omnibus 2017*. 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*. 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The District reports the following major proprietary 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, ETTTC, interlocal agreements, home hospital teaching services, teachers educational services programs, school management services and compensated absences program.

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims, special equipment trust, operating/development trust and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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, 2018**

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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 inventory 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, 2018**

**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 Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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 Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The 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, which arises only under the accrual basis of accounting that qualifies for reporting in this category 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 inventory 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.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***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 Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2c).

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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)

**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 Trustees 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.

*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.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

*ARRA/SEMI – Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2018 that will be appropriated in the adopted 2018/2019 budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***10. Fund Balance Policies (Continued)***

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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 December 1. 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 and Expenditures***

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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. Capital lease transactions are accounted for on the GAAP basis.

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.

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$4,894,809. The increase was funded by additional capital and maintenance reserves 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

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.

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 3,006,779
Increased:		
Interest	\$ 3,990	
Deposit per Board Resolution	<u>2,000,000</u>	
		<u>2,003,990</u>
		5,010,769
Decreased:		
Withdrawals approved by Board Resolution		<u>1,123,440</u>
Balance, June 30, 2018		<u><u>\$ 3,887,329</u></u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 900,000
Increased by	
Deposits Approved by Board Resolution	<u>200,000</u>
	1,100,000
Decreased:	
Withdrawals approved by Board Resolution	<u>80,237</u>
Balance, June 30, 2018	<u><u>\$ 1,019,763</u></u>

The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**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 and NCUSIF.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

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, 2018, the book value of the Board's deposits were \$10,942,243 and bank and brokerage firm balances of the Board's deposits amounted to \$12,377,562. 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>12,377,562</u>
	\$ <u>12,377,562</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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

As of June 30, 2018, the Board had no outstanding investments.

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

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

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, 2018 for the district’s individual major funds and internal service, 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	\$ 104,889	\$ 101,158		\$ 203		\$ 206,250
Federal	-	39,339		15,171		54,510
Local	<u>731,801</u>	<u>1,390,618</u>	<u>\$ 725,014</u>	<u>-</u>	<u>\$ 6,924,283</u>	<u>9,771,716</u>
	836,690	1,531,115	725,014	15,374	6,924,283	10,032,476
Gross Receivables						
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 836,690</u>	<u>\$ 1,531,115</u>	<u>\$ 725,014</u>	<u>\$ 15,374</u>	<u>\$ 6,924,283</u>	<u>\$ 10,032,476</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	\$ 515,552
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>201,137</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 716,689</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Buildings	\$ 57,835,100	\$ 1,306,010		\$ 59,141,110
Improvements other than buildings	628,381	534,532		1,162,913
Leasehold Improvements	6,913,587			6,913,587
Machinery and equipment	13,586,375	1,335,341	-	14,921,716
Total capital assets being depreciated	<u>78,963,443</u>	<u>3,175,883</u>	<u>-</u>	<u>82,139,326</u>
Less accumulated depreciation for:				
Buildings	(6,971,841)	(1,673,139)		(8,644,980)
Improvements other than buildings	(374,489)	(45,371)		(419,860)
Leasehold Improvements	(3,989,077)	(336,679)	-	(4,325,756)
Machinery and equipment	(10,733,513)	(849,504)	-	(11,583,017)
Total accumulated depreciation	<u>(22,068,920)</u>	<u>(2,904,693)</u>	<u>-</u>	<u>(24,973,613)</u>
Total capital assets, being depreciated, net	<u>56,894,523</u>	<u>271,190</u>	<u>-</u>	<u>57,165,713</u>
Governmental activities capital assets, net	<u>\$ 56,894,523</u>	<u>\$ 271,190</u>	<u>\$ -</u>	<u>\$ 57,165,713</u>
<b>Business-type activities:</b>				
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, 2018**

**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	\$ 328,056
Total Instruction	<u>328,056</u>
Support Services	
Student and Instruction Related Services	2,149
School administration	137,222
Operations and maintenance of plant	2,124,896
Student transportation	<u>295,532</u>
Total Support Services	<u>2,559,799</u>
Total Governmental Funds	<u>2,887,855</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>16,838</u>
Total depreciation expense - governmental activities	<u>\$ 2,904,693</u>

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Construction of New Educational Facility	\$ 35,000
Parking and Sidewalk Improvements at Bleshman and Paramus Campuses	<u>363,176</u>
Total	<u>\$ 398,176</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 146,000
General Fund	Special Revenue Fund	1,020,000
General Fund	One to One Aides - Internal Service Fund	1,360,000
General Fund	Interlocal Agreement-Internal Service Fund	2,000,000
General Fund	Management Agreement- Internal Svc. Fund	105,000
General Fund	Career Crossroads - Internal Svc. Fund	4,000
General Fund	Education Enterprises - Internal Svc. Fund	1,525,000
General Fund	Agency Funds	5,000
Compensated Absences - Internal Svc. Fund	General Fund	<u>1,716,577</u>
		<u>\$ 7,881,577</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>Enterprise-Food Service</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	
Transfer Out: General Fund	<u>\$ 150,000</u>	<u>\$ 885,440</u>	<u>\$ 84,089</u>	<u>\$ 1,119,529</u>
Total transfers out	<u>\$ 150,000</u>	<u>\$ 885,440</u>	<u>\$ 84,089</u>	<u>\$ 1,119,529</u>

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2018</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 2,594,861		\$ 540,507	\$ 2,054,354	-
Net Pension Liability	<u>70,053,677</u>	<u>-</u>	<u>2,535,112</u>	<u>67,518,565</u>	<u>-</u>
 Governmental activity					
Long-term liabilities	<u>\$ 72,648,538</u>	<u>\$ -</u>	<u>\$ 3,075,619</u>	<u>\$ 69,572,919</u>	<u>\$ -</u>

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

**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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2018	\$ -	\$ 93,848	\$ 75,493	\$ 507,878
2017	-	100,766	94,346	488,552
2016	-	29,400	18,031	482,035

**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.

**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, 2018, 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**

**Plan Descriptions and Benefits Provided**

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent the membership tiers for TPAF:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

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

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.

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 ("Division"), 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](http://www.state.nj.us/treasury/pensions).

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 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 7.00 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 2,686,986	\$ 4,613,342	\$ 15,054
2017	2,101,307	3,084,348	3,963
2016	2,056,748	2,334,701	48,001

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$42,471 and \$3,462, respectively for PERS and the State contributed \$4,865 and \$531, respectively 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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$2,114,515 during the fiscal year ended June 30, 2018 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. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$67,518,565 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was 0.29004 percent, which was an increase of 0.05351 percent from its proportionate share measured as of June 30, 2016 of 0.23653 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,043,278 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 1,589,829	
Changes of Assumptions	13,602,664	\$ 13,552,794
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	459,756	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>9,894,486</u>	<u>343,781</u>
Total	<u>\$ 25,546,735</u>	<u>\$ 13,896,575</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

At June 30, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 3,578,452
2020	4,139,641
2021	3,446,712
2022	581,422
2023	(96,067)
Thereafter	<u>-</u>
	<u>\$ 11,650,160</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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, 2018**

**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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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, 2040

Municipal Bond Rate \*    From July 1, 2040  
and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	\$ 83,761,362	\$ 67,518,565	\$ 53,986,302

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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](http://www.state.nj.us/treasury/pensions).

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,807,810 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$184,883,757. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was 0.27421 percent, which was a decrease of 0.01739 percent from its proportionate share measured as of June 30, 2016 of 0.29160 percent.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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, 2018**

**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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 219,647,703</u>	<u>\$ 184,883,757</u>	<u>\$ 156,245,067</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 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, 2018**

**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](http://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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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](http://www.state.nj.us/treasury/pensions).

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>366,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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, 2016, 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.

**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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,979,659, \$2,569,962 and \$2,779,984, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$11,997,385. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$175,399,346. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was 0.32699 percent, which was an increase of 0.00321 percent from its proportionate share measured as of June 30, 2016 of 0.32378 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>187,248,779</u>
Changes Recognized for the Fiscal Year:	
Service Cost	8,697,404
Interest on the Total OPEB Liability	5,529,097
Changes of Assumptions	(22,162,909)
Gross Benefit Payments	(4,062,621)
Contributions from the Member	149,596
<b>Net Changes</b>	<u>\$ (11,849,433)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>175,399,346</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>208,211,678</u>	\$ <u>175,399,346</u>	\$ <u>149,372,292</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b><u>1%</u> <u>Decrease</u></b>	<b>Healthcare Cost Trend <u>Rates</u></b>	<b><u>1%</u> <u>Increase</u></b>
Total OPEB Liability (School Retirees)	<u>\$ 144,249,006</u>	<u>\$ 175,399,346</u>	<u>\$ 216,766,631</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**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, 2018**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
County Aid	\$ 9,864,312		\$ 9,864,312	\$ 9,864,312	
Tuition	44,257,160		44,257,160	43,944,081	\$ (313,079)
Non Resident Fees	1,250,000		1,250,000	1,175,175	(74,825)
Interest on Investments	20,000		20,000	32,984	12,984
Interest on Capital Reserve				3,990	3,990
Miscellaneous	<u>1,371,000</u>	<u>-</u>	<u>1,371,000</u>	<u>1,151,894</u>	<u>(219,106)</u>
Total Local Sources	<u>56,762,472</u>	<u>-</u>	<u>56,762,472</u>	<u>56,172,436</u>	<u>(590,036)</u>
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,787,554	1,787,554
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				2,702,058	2,702,058
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				65,572	65,572
On-Behalf TPAF Pension System Contributions- Long Term Disability Insurance (Non-Budgeted)				2,918	2,918
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,268,538</u>	<u>1,268,538</u>
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,826,640</u>	<u>5,826,640</u>
Federal Sources:					
Medicaid Reimbursement	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>482,752</u>	<u>157,752</u>
Total Federal Sources	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>482,752</u>	<u>157,752</u>
Total Revenues	<u>57,087,472</u>	<u>-</u>	<u>57,087,472</u>	<u>62,481,828</u>	<u>5,394,356</u>
<b>EXPENDITURES</b>					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	1,886,400	-	1,886,400	1,760,280	126,120
Other Salaries for Instruction	1,327,233	-	1,327,233	1,252,059	75,174
Purchased Prof. - Educ. Services	1,050,000	\$ (54,000)	996,000	900,172	95,828
Lease and Rentals	14,200		14,200	9,664	4,536
Other Purchased Services	52,500	(33,500)	19,000	14,474	4,526
Travel	6,400		6,400	2,484	3,916
General Supplies	68,400	203,040	271,440	238,504	32,936
Textbooks	1,500	-	1,500	200	1,300
Other Objects	<u>13,750</u>	<u>-</u>	<u>13,750</u>	<u>8,445</u>	<u>5,305</u>
Total Auditory Impairments - Instruction	<u>4,420,383</u>	<u>115,540</u>	<u>4,535,923</u>	<u>4,186,282</u>	<u>349,641</u>
Behavioral Disabilities - Instruction					
Salaries of Teachers	2,254,181	-	2,254,181	2,228,850	25,331
Other Salaries for Instruction	940,870	-	940,870	852,790	88,080
Purchased Prof. - Educ. Service	277,000	50,000	327,000	316,872	10,128
Leases and Rentals	20,500	7,500	28,000	27,956	44
Travel	22,300	(7,500)	14,800	12,400	2,400
General Supplies	95,150	80,074	175,224	149,496	25,728
Textbooks	15,000	(5,281)	9,719	4,339	5,380
Other Objects	<u>7,750</u>	<u>150</u>	<u>7,900</u>	<u>7,894</u>	<u>6</u>
Total Behavioral Disabilities - Instruction	<u>3,632,751</u>	<u>124,943</u>	<u>3,757,694</u>	<u>3,600,597</u>	<u>157,097</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Psychiatric					
Salaries of Teachers	\$ 344,392		\$ 344,392	\$ 335,638	\$ 8,754
Other Salaries for Instruction	211,834	\$ (41,000)	170,834	169,163	1,671
Purchased Prof. - Educ. Service	545,000	850	545,850	545,834	16
Travel	500	-	500	231	269
General Supplies	31,500	(727)	30,773	20,633	10,140
Textbooks	5,000	(5,000)	-	-	-
Other Objects	2,500	(800)	1,700	1,395	305
<b>Total Psychiatric</b>	<b>1,140,726</b>	<b>(46,677)</b>	<b>1,094,049</b>	<b>1,072,894</b>	<b>21,155</b>
Multiple Disabilities - Instruction					
Salaries of Teachers	1,698,009	(150,000)	1,548,009	1,539,772	8,237
Other Salaries for Instruction	993,259	130,600	1,123,859	1,119,503	4,356
Purchased Prof. - Educ. Service	330,000	(800)	329,200	329,170	30
Lease and Rentals	9,500	(400)	9,100	9,036	64
Travel	4,050	1,300	5,350	5,164	186
General Supplies	79,850	3,852	83,702	82,702	1,000
Textbooks	10,300	-	10,300	4,353	5,947
Other Objects	8,850	1,700	10,550	8,583	1,967
<b>Total Multiple Disabilities</b>	<b>3,133,818</b>	<b>(13,748)</b>	<b>3,120,070</b>	<b>3,098,283</b>	<b>21,787</b>
Autism - Instruction					
Salaries of Teachers	3,732,122	-	3,732,122	3,644,213	87,909
Other Salaries for Instruction	3,160,678	(150,000)	3,010,678	2,709,119	301,559
Purchased Prof. - Educ. Service	424,000	50,000	474,000	446,397	27,603
Lease and Rentals	15,450	2,875	18,325	18,286	39
Travel	9,600	-	9,600	5,419	4,181
General Supplies	176,000	(6,920)	169,080	143,558	25,522
Other Objects	8,200	3,300	11,500	9,662	1,838
<b>Total Autistic</b>	<b>7,526,050</b>	<b>(100,745)</b>	<b>7,425,305</b>	<b>6,976,654</b>	<b>448,651</b>
Preschool Disabilities - Full Time - Instruction					
Salaries of Teachers	632,480	(11,000)	621,480	588,904	32,576
Other Salaries for Instruction	304,345	-	304,345	201,123	103,422
Purchased Prof. - Educ. Service	11,000	11,000	22,000	22,000	-
Other Purchased Services	-	300	300	296	4
Travel	1,300	(300)	1,000	341	659
General Supplies	23,080	(100)	22,980	15,313	7,667
Textbooks	290	-	290	290	-
Other Objects	4,275	-	4,275	451	3,824
<b>Total Preschool Disabilities - Full-Time</b>	<b>976,970</b>	<b>(100)</b>	<b>976,870</b>	<b>828,718</b>	<b>148,152</b>
<b>Total Special Education - Instruction</b>	<b>20,830,698</b>	<b>79,213</b>	<b>20,909,911</b>	<b>19,763,428</b>	<b>1,146,483</b>
School Sponsored Co curricular Activities					
Travel	2,000	150	2,150	481	1,669
Other Objects	63,035	(350)	62,685	49,864	12,821
<b>Total School Sponsored Co curricular Activities</b>	<b>65,035</b>	<b>(200)</b>	<b>64,835</b>	<b>50,345</b>	<b>14,490</b>
Other Instructional Programs					
Salaries	79,635	700	80,335	80,329	6
Purchased Prof. - Educ. Service	7,000	(1,580)	5,420	5,000	420
Rentals	2,000	580	2,580	2,580	-
General Supplies	5,500	400	5,900	5,832	68
Other Objects	500	(100)	400	286	114
<b>Total Other Instructional Programs</b>	<b>94,635</b>	<b>-</b>	<b>94,635</b>	<b>94,027</b>	<b>608</b>
Community Services Programs/ Operations					
Salaries	133,155	350	133,505	133,479	26
Other Purchased Services	55,000	10,000	65,000	64,813	187
Travel	1,000	(774)	226	201	25
Supplies and Materials	10,000	(4,500)	5,500	5,444	56
Other Objects	3,500	(3,000)	500	356	144
<b>Total Community Services Programs/ Operations</b>	<b>202,655</b>	<b>2,076</b>	<b>204,731</b>	<b>204,293</b>	<b>438</b>
<b>Total Instruction</b>	<b>21,193,023</b>	<b>81,089</b>	<b>21,274,112</b>	<b>20,112,093</b>	<b>1,162,019</b>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Health Services					
Salaries	\$ 742,116		\$ 742,116	\$ 694,511	\$ 47,605
Purchased Professional and Technical Services	75,000		75,000	44,243	30,757
Supplies and Materials	12,950	\$ 1,074	14,024	3,858	10,166
Other Objects	29,115	(1,000)	28,115	17,416	10,699
<b>Total Health Services</b>	<b>859,181</b>	<b>74</b>	<b>859,255</b>	<b>760,028</b>	<b>99,227</b>
Speech, OT,PT and Related Services					
Salaries	4,374,066	(115,000)	4,259,066	4,152,441	106,625
Purchased Professional-Educational Services	200,000	80,500	280,500	280,320	180
Supplies and Materials	2,000	-	2,000	-	2,000
<b>Total Other Support Services-Students Related Serv.</b>	<b>4,576,066</b>	<b>(34,500)</b>	<b>4,541,566</b>	<b>4,432,761</b>	<b>108,805</b>
Child Study Team					
Salaries of Other Professional Staff	1,761,573	194,500	1,956,073	1,956,045	28
<b>Total Child Study Team</b>	<b>1,761,573</b>	<b>194,500</b>	<b>1,956,073</b>	<b>1,956,045</b>	<b>28</b>
Improvement of Instruction Services					
Salaries	324,116	-	324,116	283,287	40,829
Other Purchased Services	47,000	-	47,000	47,000	-
Travel	3,500	546	4,046	940	3,106
Supplies and Materials	2,500	(500)	2,000	79	1,921
Other Objects	1,000	500	1,500	1,480	20
<b>Total Improvement of Instruction Services</b>	<b>378,116</b>	<b>546</b>	<b>378,662</b>	<b>332,786</b>	<b>45,876</b>
Educational Media Service/School Library					
Salaries	607,487	(35,000)	572,487	515,707	56,780
Purchased Professional-Educational Services	275,000	79,010	354,010	350,940	3,070
Travel	1,000	-	1,000	484	516
Supplies and Materials	75,000	202,088	277,088	269,504	7,584
<b>Total Educational Media Services/School Library</b>	<b>958,487</b>	<b>246,098</b>	<b>1,204,585</b>	<b>1,136,635</b>	<b>67,950</b>
Instructional Staff Training Services					
Travel	21,480	7,546	29,026	12,127	16,899
Other Objects	46,250	-	46,250	30,732	15,518
<b>Total Instructional Staff Training Services</b>	<b>67,730</b>	<b>7,546</b>	<b>75,276</b>	<b>42,859</b>	<b>32,417</b>
Support Services General Administration					
Salaries	136,574	-	136,574	133,356	3,218
Legal Services	180,000	22,700	202,700	202,696	4
Audit Fees	60,000	-	60,000	57,276	2,724
Expenditure and Internal Control					
Architect/Engineering Fees		170,900	170,900	169,215	1,685
Other Purchased Professional Services	55,000	3,200	58,200	58,149	51
Leases and Rentals	7,000	(1,000)	6,000	4,776	1,224
Communications/Telephone	207,500	(30,700)	176,800	162,178	14,622
Other Purchased Services	273,500	50,000	323,500	319,044	4,456
Travel	3,000	500	3,500	1,739	1,761
BOE Other Purchase Services	3,500	2,000	5,500	3,916	1,584
Supplies and Materials	16,000	(3,200)	12,800	6,656	6,144
Judgements Against the District		100,500	100,500	100,500	-
Miscellaneous Expenditures	30,000	(1,500)	28,500	21,711	6,789
<b>Total Support Services General Administration</b>	<b>972,074</b>	<b>313,400</b>	<b>1,285,474</b>	<b>1,241,212</b>	<b>44,262</b>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	\$ 1,100,825		\$ 1,100,825	\$ 1,016,403	\$ 84,422
Salaries of Secretarial and Clerical Assistants	676,466		676,466	671,924	4,542
Travel	9,190	\$ 550	9,740	4,980	4,760
Supplies and Materials	6,040	(1,600)	4,440	501	3,939
Other Objects	5,620	4,188	9,808	9,345	463
Total Support Services School Administration	<u>1,798,141</u>	<u>3,138</u>	<u>1,801,279</u>	<u>1,703,153</u>	<u>98,126</u>
Central Services					
Salaries	343,008	(36,000)	307,008	275,522	31,486
Purchased Professional Services	34,700	-	34,700	34,700	-
Purchased Technical Services	65,100	44,900	110,000	109,994	6
Leases and Rentals	3,400	-	3,400	3,240	160
Travel	3,000	-	3,000	2,158	842
Other Purchased Services	3,000	(3,000)	-	-	-
Supplies and Materials	16,000	108,100	124,100	121,569	2,531
Miscellaneous Expenditures	6,500	-	6,500	6,186	314
Total Central Services	<u>474,708</u>	<u>114,000</u>	<u>588,708</u>	<u>553,369</u>	<u>35,339</u>
Required Maintenance for School Facilities					
Salaries	187,217	-	187,217	178,286	8,931
Cleaning, Repair and Maintenance Services	150,000	169,193	319,193	240,472	78,721
General Supplies	55,000	66,270	121,270	107,601	13,669
Total Required Maintenance for School Facilities	<u>392,217</u>	<u>235,463</u>	<u>627,680</u>	<u>526,359</u>	<u>101,321</u>
Custodial Services					
Salaries	1,236,303	-	1,236,303	1,180,373	55,930
Purchased Professional and Technical Services	160,000	40,000	200,000	200,000	-
Cleaning, Repair and Maintenance Services	250,000	49,653	299,653	262,733	36,920
Rental of Land and Bldgs. Other Than Lease Purch	1,475,840	(40,000)	1,435,840	1,373,090	62,750
Other Purchased Property Services	51,200	-	51,200	31,994	19,206
Travel	-	1,047	1,047	824	223
General Supplies	227,000	38,800	265,800	245,044	20,756
Energy (Natural Gas)	180,000	-	180,000	90,948	89,052
Energy (Electricity)	513,000	-	513,000	369,990	143,010
Energy (Gasoline)	135,000	-	135,000	68,878	66,122
Other Objects	10,000	(400)	9,600	9,583	17
Total Custodial Services	<u>4,238,343</u>	<u>89,100</u>	<u>4,327,443</u>	<u>3,833,457</u>	<u>493,986</u>
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	50,000	38,748	88,748	46,569	42,179
General Supplies	10,000	(2,200)	7,800	-	7,800
Total Upkeep of Grounds	<u>60,000</u>	<u>36,548</u>	<u>96,548</u>	<u>46,569</u>	<u>49,979</u>
Security					
Cleaning, Repair and Maintenance Services	85,000	18,206	103,206	33,198	70,008
Total Security	<u>85,000</u>	<u>18,206</u>	<u>103,206</u>	<u>33,198</u>	<u>70,008</u>
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	610,113	-	610,113	601,406	8,707
Cleaning, Repair and Maintenance Services	15,000	-	15,000	3,365	11,635
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	-	75,000	51,879	23,121
Miscellaneous Expenditures	25,000	-	25,000	18,466	6,534
Total Student Transportation Services	<u>779,113</u>	<u>-</u>	<u>779,113</u>	<u>721,116</u>	<u>57,997</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,468,000		1,468,000	\$ 1,148,486	\$ 319,514
Other Retirement Contributions- Regular	2,350,000	\$ (13,100)	2,336,900	1,695,744	641,156
Unemployment Compensation	6,200	1,600	7,800	7,758	42
Workmen's Compensation	835,000	(38,500)	796,500	796,500	-
Health Benefits	11,538,964	(549,500)	10,989,464	9,906,765	1,082,699
Tuition Reimbursement	150,000	-	150,000	74,817	75,183
Other Employee Benefits	130,000	335,000	465,000	460,626	4,374
<b>Total Unallocated Benefits</b>	<b>16,478,164</b>	<b>(264,500)</b>	<b>16,213,664</b>	<b>14,090,696</b>	<b>2,122,968</b>
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)					
				1,787,554	(1,787,554)
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)					
				2,702,058	(2,702,058)
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)					
				65,572	(65,572)
On-Behalf TPAF Pension System Contributions- LongTerm Disability Insurance (Non-Budgeted)					
				2,918	(2,918)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
	-	-	-	1,268,538	(1,268,538)
<b>Total TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,826,640</b>	<b>(5,826,640)</b>
<b>Total Undistributed Expenditures</b>	<b>33,878,913</b>	<b>959,619</b>	<b>34,838,532</b>	<b>37,236,883</b>	<b>(2,398,351)</b>
<b>Total Expenditures - Current</b>	<b>55,071,936</b>	<b>1,040,708</b>	<b>56,112,644</b>	<b>57,348,976</b>	<b>(1,236,332)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Special Education - Instruction					
Auditory Impairments		53,027	53,027	52,527	500
Behavioral Disabilities		22,100	22,100	22,078	22
Multiple Disabilities		11,339	11,339	11,339	-
Psychiatric		2,577	2,577	2,577	-
Autism		2,078	2,078	-	2,078
Educational Media and School Library		502,611	502,611	499,781	2,830
Custodial Services		73,503	73,503	70,950	2,553
Grounds		83,252	83,252	83,161	91
Transportation		82,795	82,795	82,795	-
School Buses		272,890	272,890	272,890	-
Special Schools		-	-	-	-
<b>Total Equipment</b>	<b>-</b>	<b>1,106,172</b>	<b>1,106,172</b>	<b>1,098,098</b>	<b>8,074</b>
Facilities Acquisition and Construction Services					
Construction Services					
	-	238,000	238,000	238,000	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>238,000</b>	<b>238,000</b>	<b>238,000</b>	<b>-</b>
<b>Total Capital Outlay</b>	<b>-</b>	<b>1,344,172</b>	<b>1,344,172</b>	<b>1,336,098</b>	<b>8,074</b>
<b>SPECIAL SCHOOLS</b>					
Other Special Schools - Instruction					
Salaries of Teachers	418,935	-	418,935	317,325	101,610
Other Salaries for Instruction	682,583	-	682,583	394,838	287,745
Other Purchased Services	300,000	-	300,000	251,998	48,002
Travel	800	-	800	-	800
General Supplies	33,000	(1,250)	31,750	14,239	17,511
Other Objects	8,000	1,250	9,250	9,032	218
<b>Total Other Special Schools - Instruction</b>	<b>1,443,318</b>	<b>-</b>	<b>1,443,318</b>	<b>987,432</b>	<b>455,886</b>
Other Special Schools - Support Services					
Salaries	531,768	-	531,768	421,686	110,082
Personal Services - Employee Benefits	718,000	-	718,000	541,629	176,371
Purchased Professional and Technical Services	92,000	-	92,000	83,176	8,824
Other Purchased Services	43,300	-	43,300	4,206	39,094
Supplies and Materials	12,150	-	12,150	5,686	6,464
Other Objects	-	-	-	-	-
<b>Total Other Special Schools - Support Services</b>	<b>1,397,218</b>	<b>-</b>	<b>1,397,218</b>	<b>1,056,383</b>	<b>340,835</b>
<b>Total Other Special Schools</b>	<b>2,840,536</b>	<b>-</b>	<b>2,840,536</b>	<b>2,043,815</b>	<b>796,721</b>
<b>Total Expenditures</b>	<b>57,912,472</b>	<b>2,384,880</b>	<b>60,297,352</b>	<b>60,728,889</b>	<b>(431,537)</b>
Excess(Deficiency) of Revenues Over(Under) Expenditures					
	(825,000)	(2,384,880)	(3,209,880)	1,752,939	4,962,819

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Other Financing Sources(Uses):					
Transfer to Food Service Fund - Board Contribution	\$ (150,000)		\$ (150,000)	\$ (150,000)	-
Operating Transfers - Capital Projects Fund	-	\$ (885,440)	(885,440)	(885,440)	-
Operating Transfers - Special Revenue Fund	-	-	-	(84,089)	\$ (84,089)
<b>Total Other Financing Sources/(Uses)</b>	<u>(150,000)</u>	<u>(885,440)</u>	<u>(1,035,440)</u>	<u>(1,119,529)</u>	<u>(84,089)</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(975,000)	(3,270,320)	(4,245,320)	633,410	4,878,730
Fund Balances, July 1	<u>9,675,798</u>	-	<u>9,675,798</u>	<u>9,675,798</u>	-
Fund Balances, June 30	<u>\$ 8,700,798</u>	<u>\$ (3,270,320)</u>	<u>\$ 5,430,478</u>	<u>\$ 10,309,208</u>	<u>\$ 4,878,730</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 3,887,329	
Maintenance Reserve				1,019,763	
<b>Committed</b>					
Year End Encumbrances				1,125,621	
<b>Assigned Fund Balance</b>					
Year End Encumbrances				603,306	
Designated for Subsequent Year's Expenditures				1,000,000	
Designated for Subsequent Year's Expenditures - Federal Funds - SEMI - ARRA				33,182	
<b>Unassigned Fund Balance</b>					
Undesignated				<u>2,640,007</u>	
				<u>\$ 10,309,208</u>	

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET (NON-GAAP) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
State Sources	\$ 908,000	\$ 24,410	\$ 932,410	\$ 1,968,016	\$ 1,035,606
Federal Sources	490,000	802,205	1,292,205	1,226,985	(65,220)
Other Sources	8,110,000	797,874	8,907,874	8,430,166	(477,708)
<b>Total Revenues</b>	<b>9,508,000</b>	<b>1,624,489</b>	<b>11,132,489</b>	<b>11,625,167</b>	<b>492,678</b>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	8,998,000	(4,634,453)	4,363,547	4,358,761	4,786
Other Salaries for Instruction		270,090	270,090	269,170	920
Purchased Professional Services		16,564	16,564	16,564	-
Other Purchased Services		190	190	190	-
General Supplies	10,000	222,546	232,546	200,923	31,623
Other Objects	-	26,072	26,072	25,422	650
<b>Total Instruction</b>	<b>9,008,000</b>	<b>(4,098,991)</b>	<b>4,909,009</b>	<b>4,871,030</b>	<b>37,979</b>
Support Services					
Salaries	500,000	863,848	1,363,848	1,028,063	335,785
Personnel Services Employee Benefits		2,019,960	2,019,960	3,277,522	(1,257,562)
Cleaning, Repair, and Maintenance Service		6,016	6,016	6,016	-
Purchased Professional Education Services		2,308,213	2,308,213	2,030,450	277,763
Communication and Telephone		21,180	21,180	21,180	-
Energy		27,837	27,837	20,251	7,586
Rental		37,862	37,862	37,861	1
Travel		6,948	6,948	6,948	-
Other Purchased Services		398,548	398,548	396,043	2,505
Supplies and Materials		13,219	13,219	3,043	10,176
Miscellaneous Expenditures	-	400	400	400	-
<b>Total Support Services</b>	<b>500,000</b>	<b>5,704,031</b>	<b>6,204,031</b>	<b>6,827,777</b>	<b>(623,746)</b>
Facilities Acquisition and Construction					
Buildings		12,000	12,000	3,000	9,000
Instructional Equipment	-	7,449	7,449	7,449	-
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>19,449</b>	<b>19,449</b>	<b>10,449</b>	<b>9,000</b>
<b>Total Expenditures</b>	<b>9,508,000</b>	<b>1,624,489</b>	<b>11,132,489</b>	<b>11,709,256</b>	<b>(576,767)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	(84,089)	(84,089)
Transfer from General Fund				84,089	84,089
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, 2018**

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>
<b>Source/Inflows of Resources</b>		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	\$ 62,481,828	\$ 11,625,167
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, 2017		-
Encumbrances, June 30, 2018	-	-
	<u>                    </u>	<u>                    </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 62,481,828</u>	<u>\$ 11,625,167</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 60,728,889	\$ 11,709,256
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, 2017		-
Encumbrances, June 30, 2018	-	-
	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 60,728,889</u>	<u>\$ 11,709,256</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION INFORMATION**  
**AND**  
**OTHER POST-EMPLOYMENT BENEFITS 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>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.29004	%	0.23653	%	0.23923	%	0.23782	%	0.23468	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 67,518,565		\$ 70,053,677		\$ 53,702,644		\$ 44,515,531		\$ 44,853,790	
District's Covered-Employee Payroll	\$ 19,833,888		\$ 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	340.42%		377.36%		333.55%		269.77%		280.24%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10	%	40.14	%	47.93	%	52.08	%	48.72	%

03 \* 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,686,986	\$ 2,101,307	\$ 2,056,748	\$ 1,960,564	\$ 1,870,873
Contributions in Relation to the Contractually Required Contribution	<u>2,686,986</u>	<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>				
District's Covered-Employee Payroll	\$ 19,833,888	\$ 18,564,076	\$ 16,100,179	\$ 16,501,385	\$ 16,005,606
Contributions as a Percentage of Covered-Employee Payroll	13.55%	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>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>184,883,757</u>	<u>229,394,946</u>	<u>186,708,043</u>	<u>160,785,515</u>	<u>159,708,437</u>
<b>Total</b>	<b><u>\$184,883,757</u></b>	<b><u>\$229,394,946</u></b>	<b><u>\$ 186,708,043</u></b>	<b><u>\$160,785,515</u></b>	<b><u>\$ 159,708,437</u></b>
District's Covered-Employee Payroll	\$ 31,206,801	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018**

**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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 8,697,404
Interest on Total OPEB Liability	5,529,097
Changes of Assumptions	(22,162,909)
Gross Benefit Payments	(4,062,621)
Contribution from the Member	149,596
<b>Net Change in Total OPEB Liability</b>	(11,849,433)
<b>Total OPEB Liability - Beginning</b>	<b>187,248,779</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 175,399,346</b>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	175,399,346
Total OPEB Liability - Ending	<b>\$ 175,399,346</b>
District's Covered-Employee Payroll	<b>\$ 51,040,689</b>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability 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, 2018**

	Total Brought Forward (Ex. E-1b)	Total Brought Forward (Ex. E-1a)	Nonpublic ESL	Nonpublic Supp. Inst.	Nonpublic Speech	Nonpublic Transport	Nonpublic Home Inst	Nonpublic Exam & Class	Nonpublic Comp Ed	2018
<b>REVENUES</b>										
Intergovernmental										
State	\$ 393,512	\$ 684,827	\$ 44,026	\$ 295,615	\$ 119,523	\$ 31,358	\$ 3,459	\$ 33,456	\$ 362,240	\$ 1,968,016
Federal	779,266	447,719	-	-	-	-	-	-	-	1,226,585
Other	2,101,261	-	194,672	1,276,903	862,356	146,361	41,117	1,778,657	2,028,839	8,430,166
<b>Total Revenues</b>	<b>\$ 3,274,039</b>	<b>\$ 1,132,546</b>	<b>\$ 238,698</b>	<b>\$ 1,572,518</b>	<b>\$ 981,879</b>	<b>\$ 177,719</b>	<b>\$ 44,576</b>	<b>\$ 1,812,113</b>	<b>\$ 2,391,079</b>	<b>\$ 11,625,167</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 1,312,141	\$ 416,100	\$ 113,595	\$ 920,932	\$ 364,421	\$ 99,103	\$ 10,932	\$ 12,136	\$ 1,121,137	\$ 4,358,761
Other Salaries for Instruction	208,140	20,192	-	14,351	14,351	-	-	-	-	269,170
Purchased Professional Services	3,000	13,564	-	-	-	-	-	-	-	16,564
Other Purchased Services	-	-	-	-	-	-	-	-	190	190
General Supplies	43,026	55,898	840	39,454	5,970	-	-	35,912	19,823	200,923
Other Objects	-	22,168	-	-	410	-	-	-	2,844	25,422
<b>Total Instruction</b>	<b>1,566,307</b>	<b>527,922</b>	<b>114,835</b>	<b>974,737</b>	<b>385,152</b>	<b>99,103</b>	<b>10,932</b>	<b>48,048</b>	<b>1,143,994</b>	<b>4,871,030</b>
Support Services										
Salaries	228,361	252,875	40,325	76,198	157,052	40,914	730	157,992	73,616	1,028,063
Personal Services Employee Benefits	805,067	192,969	82,387	507,845	395,141	41,534	3,641	178,323	1,070,625	3,277,522
Cleaning, Repair, and Maintenance Services	-	-	-	-	-	1,214	-	3,831	971	6,016
Purchased Professional Education Services	427,150	-	1,500	24,509	65,000	2,000	29,399	1,397,256	75,000	2,021,854
Purchased Professional Technical Services	-	8,596	-	-	-	-	-	-	-	8,596
Communication and Telephone	-	3,000	-	-	3,460	-	-	4,617	10,103	21,180
Energy(Heat & Electricity)	-	15,000	1,762	-	1,762	-	-	-	1,727	20,251
Other Purchased Professional Services	60,000	-	-	-	-	-	-	16,826	14,143	76,826
Rental	-	9,575	-	-	-	-	-	14,143	14,143	37,861
Travel	518	-	-	-	-	-	-	-	6,430	6,948
Other Purchased Services	197,532	116,785	500	400	1,500	-	-	-	2,500	319,217
Supplies and Materials	58	2,824	-	-	-	-	-	-	161	3,043
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	400	400
<b>Total Support Services</b>	<b>1,718,686</b>	<b>601,624</b>	<b>126,474</b>	<b>608,952</b>	<b>623,915</b>	<b>85,652</b>	<b>33,770</b>	<b>1,773,028</b>	<b>1,255,676</b>	<b>6,827,777</b>
Facilities Acquisition and Construction										
Buildings	-	-	-	-	-	-	-	-	-	-
Rental of Buildings	-	3,000	-	-	-	-	-	-	-	3,000
Instructional Equipment	3,225	-	-	2,112	-	-	-	2,112	-	7,449
<b>Total Facilities Acquisition and Construction</b>	<b>3,225</b>	<b>3,000</b>	<b>-</b>	<b>2,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,112</b>	<b>-</b>	<b>10,449</b>
<b>Total Expenditures</b>	<b>3,288,218</b>	<b>1,132,546</b>	<b>241,309</b>	<b>1,585,801</b>	<b>1,009,067</b>	<b>184,755</b>	<b>44,702</b>	<b>1,823,188</b>	<b>2,399,670</b>	<b>11,709,256</b>
Deficiency of Revenues Under Expenditures	(14,179)	-	(2,611)	(13,283)	(27,188)	(7,036)	(126)	(11,075)	(8,591)	(84,089)
Other Financing Sources/(Uses)										
Transfer from General Fund	14,179	-	2,611	13,283	27,188	7,036	126	11,075	8,591	84,089
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, 2018**

EXHIBIT E-1a

	<u>Title I Part D</u>	<u>Work Ready, Work Now</u>	<u>Careers Thru Technology Medicaid</u>	<u>Adult Training</u>	<u>Adult Training Autism</u>	<u>After Hours</u>	<u>Getting Us There Medicaid</u>	<u>Leisure Bridges Medicaid</u>	<u>Adult Training Spec Needs</u>	<u>Total Exhibit E-1a</u>
<b>REVENUES</b>										
Intergovernmental										
State		\$ 110,091		\$ 406,749	\$ 110,183	\$ 16,214	\$ 20,830	\$ 63,332	\$ 41,590	\$ 684,827
Federal	\$ 37,995		\$ 325,562							447,719
Other	-									
<b>Total Revenues</b>	<b>37,995</b>	<b>110,091</b>	<b>325,562</b>	<b>406,749</b>	<b>110,183</b>	<b>16,214</b>	<b>20,830</b>	<b>63,332</b>	<b>41,590</b>	<b>1,132,546</b>
<b>EXPENDITURES</b>										
<b>Instruction</b>										
Salaries of Teachers	\$ 13,326		\$ 153,093	\$ 45,999	\$ 106,996	\$ 12,275	\$ 19,398	\$ 56,384	\$ 8,629	\$ 416,100
Other Salaries for Instruction		\$ 13,564							20,192	20,192
Purchased Professional Services										13,564
Other Purchased Services										
General Supplies	3,318		52,580							55,898
Other Objects		22,018	150							22,168
<b>Total Instruction</b>	<b>16,644</b>	<b>35,582</b>	<b>205,823</b>	<b>45,999</b>	<b>106,996</b>	<b>12,275</b>	<b>19,398</b>	<b>56,384</b>	<b>28,821</b>	<b>527,922</b>
<b>Support Services</b>										
Salaries	11,570	62,129	8,365	169,716					1,095	252,875
Personnel Services Employee Benefits	9,781	12,380	86,854	65,459	3,187	939	1,243	4,313	8,813	192,959
Cleaning, Repair, and Maintenance Services										
Purchased Professional Education Services					8,000				596	8,596
Other Purchased Professional Services										
Communication and Telephone				3,000						3,000
Energy (Heat & Electricity)				15,000						15,000
Purchased Property Services										
Rental				9,575						9,575
Travel										
Other Purchased Services			24,520	90,000					2,265	116,785
Supplies and Materials							189	2,635		2,824
Miscellaneous Expenditures										
<b>Total Support Services</b>	<b>21,351</b>	<b>74,509</b>	<b>119,739</b>	<b>360,750</b>	<b>3,187</b>	<b>939</b>	<b>1,432</b>	<b>6,948</b>	<b>12,769</b>	<b>601,624</b>
<b>Facilities Acquisition and Construction</b>										
Rental of Buildings						3,000				3,000
Instructional Equipment									\$ -	
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>
<b>Total Expenditures</b>	<b>37,995</b>	<b>110,091</b>	<b>325,562</b>	<b>406,749</b>	<b>110,183</b>	<b>16,214</b>	<b>20,830</b>	<b>63,332</b>	<b>41,590</b>	<b>1,132,546</b>
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, 2018**

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	Adult Rehab Paramus Medicaid	Adult Rehab Woodbridge Medicaid	Adult Training Stepping Stones Medicaid	Adult Training Special Needs Medicaid	Bushman Donations	Homeless Children	Homeless Children Continued	Total Exhibit E-1b
<b>REVENUES</b>										
Intergovernmental										
State	\$ 246,218	\$ 147,294		\$ 181,786	\$ 63,054	\$ 128,577		\$ 38,328	\$ 73,027	\$ 393,512
Federal			\$ 294,494							779,266
Other	1,557,983	541,579	-	-	-	-	\$ 1,699	-	-	2,101,261
Total Revenues	\$ 1,804,201	\$ 688,873	\$ 294,494	\$ 181,786	\$ 63,054	\$ 128,577	\$ 1,699	\$ 38,328	\$ 73,027	\$ 3,274,039
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 778,131	\$ 465,500	\$ 12,393	\$ 15,110	\$ 14,038	\$ 26,949				\$ 1,312,141
Other Salaries for Instruction			87,420	49,109	35,409	36,202				208,140
Purchased Professional Services							\$ 1,800	\$ 1,200		5,000
Other Purchased Services										
General Supplies	13,551	-	13,785	13,991	-	-	\$ 1,699			43,026
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	791,682	465,500	113,598	78,210	49,467	63,151	1,699	1,800	1,200	1,566,307
Support Services										
Salaries	82,450	-	53,368	4,506	739	2,579		28,057	56,662	228,361
Personnel Services Employee Benefits	457,092	223,373	36,439	35,304	3,104	26,695		8,070	14,990	805,067
Cleaning, Repair, and Maintenance Services										-
Purchased Professional Education Services	427,150									427,150
Other Purchased Professional Services	60,000									60,000
Communication and Telephone										-
Energy (Heat & Electricity)										-
Purchased Property Services										-
Rental										-
Travel										-
Other Purchased Services	6	-	87,864	63,766	9,744	36,152		343	175	518
Supplies and Materials								58	-	58
Miscellaneous Expenditures										-
Total Support Services	1,026,698	223,373	177,671	103,576	13,587	65,426	-	36,528	71,827	1,718,686
Facilities Acquisition and Construction										
Buildings										-
Instructional Equipment			3,225	-	-	-				3,225
Total Facilities Acquisition and Construction			3,225	-	-	-				3,225
Total Expenditures	1,818,380	688,873	294,494	181,786	63,054	128,577	1,699	38,328	73,027	3,288,218
Deficiency of Revenues Under Expenditures	(14,179)	-	-	-	-	-	-	-	-	(14,179)
Other Financing Sources/(Uses)										
Transfer from General Fund	14,179	-	-	-	-	-	-	-	-	14,179
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, 2018**

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, 2018**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2018</u>
			<u>Current Year</u>	<u>Cancelled</u>	
Centralized Campus	\$ 8,350,440	\$ 7,438,439	\$ 547,494		\$ 364,507
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 #21	485,000	483,824	1,176		-
Facilities Bond #22	490,000	489,108	892		-
Facilities Bond #23 (2013)	48,427,028	47,963,593	400,145		63,290
Facilities Bond #23 (2013-2)	476,793	467,795	-		8,998
Facilities Bond #23 (2014)	450,000	399,269	-		50,731
Facilities Bond #23 (2015)	522,000	471,406	27,761		22,833
Facilities Bond #23 (2016)	800,000	497,000	176,813		126,187
Facilities Bond #24 (2017)	<u>850,000</u>	<u>-</u>	<u>186,961</u>	<u>-</u>	<u>663,039</u>
	<u>\$ 69,075,911</u>	<u>\$ 66,255,992</u>	<u>\$ 1,341,242</u>	<u>\$ 352</u>	<u>\$ 1,478,325</u>
					Project Balance, June 30, 2018
					\$ 1,478,325
					Unrealized Revenue Bonds Authorized
					But Not Issued by the County
					(916,939)
					Fund Balance, June 30, 2018
					<u>\$ 561,386</u>
					<u>Analysis</u>
					Available for Capital Projects
					83,021
					Year End Encumbrances
					478,365
					<u>\$ 561,386</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, 2018**

**Revenues and Other Financing Sources**

County Aid	\$ 881,204
Transfer - General Fund	<u>885,440</u>
Total Revenues and Other Financing Sources	<u>1,766,644</u>

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services	4,391
Facilities Acquisition and Construction Services	977,513
Equipment	111,956
Supplies and Materials	<u>247,382</u>
Total Expenditures and Other Financing Uses	<u>1,341,242</u>

Excess of Revenues Over Expenditures	425,402
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Fund Balance - Beginning of Year	<u>135,984</u>
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Fund Balance - End of Year	<u>\$ 561,386</u>
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**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018

	Norman A. Bleshman Regional Day School	One to One Aides	Extended Year	Career Crossroads	Project Search	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
<b>ASSETS</b>													
<b>Current Assets</b>													
Cash and Cash Equivalents	\$ 1,425,500	\$ 3,110	\$ 87,802	\$ 368	\$ 3,611	\$ 26,127	\$ 15,364	\$ 3,410	\$ 29,237	\$ 74,049	\$ 2		\$ 1,668,580
Accounts Receivable	585,682	2,070,300	18,100	1,162	25,497	23,660	2,023,621		2,038,220		138,041		6,786,242
Due From B.C.T.S.													138,041
Security Deposits													-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	\$ 1,716,577	1,716,577
<b>Total Current Assets</b>	<b>2,011,182</b>	<b>2,073,410</b>	<b>105,902</b>	<b>1,530</b>	<b>29,108</b>	<b>49,787</b>	<b>2,038,985</b>	<b>3,410</b>	<b>2,067,457</b>	<b>74,049</b>	<b>138,043</b>	<b>1,716,577</b>	<b>10,309,440</b>
<b>Capital Assets</b>													
Furniture, machinery & equipment	989,722			3,334	-		78,082			125,528	64,935		1,261,601
Less: Accumulated Depreciation	(307,440)			(777)			(75,778)			(63,076)			(447,071)
<b>Total Capital Assets, Net</b>	<b>682,282</b>			<b>2,557</b>			<b>2,304</b>			<b>62,452</b>	<b>64,935</b>		<b>814,530</b>
<b>Total Assets</b>	<b>2,693,464</b>	<b>2,073,410</b>	<b>105,902</b>	<b>4,087</b>	<b>29,108</b>	<b>49,787</b>	<b>2,041,289</b>	<b>3,410</b>	<b>2,067,457</b>	<b>136,501</b>	<b>202,978</b>	<b>1,716,577</b>	<b>11,123,970</b>
<b>LIABILITIES</b>													
<b>Current Liabilities</b>													
Accounts Payable	889,930		-		44	104	8,228		24,815	263	-		923,384
Other	-	4,800	5,300		913								11,013
Due to BCTS													-
Due to Other Funds	-	1,360,000	-	4,000	-	-	1,525,000	-	2,000,000	-	105,000	-	4,994,000
<b>Total Current Liabilities</b>	<b>889,930</b>	<b>1,364,800</b>	<b>5,300</b>	<b>4,000</b>	<b>957</b>	<b>104</b>	<b>1,533,228</b>	<b>-</b>	<b>2,024,815</b>	<b>263</b>	<b>105,000</b>	<b>-</b>	<b>5,928,397</b>
<b>Noncurrent Liabilities</b>													
Compensated Absences	155,030											1,716,577	1,871,607
<b>Total Noncurrent Liabilities</b>	<b>155,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,716,577</b>	<b>1,871,607</b>
<b>Total Liabilities</b>	<b>1,044,960</b>	<b>1,364,800</b>	<b>5,300</b>	<b>4,000</b>	<b>957</b>	<b>104</b>	<b>1,533,228</b>	<b>-</b>	<b>2,024,815</b>	<b>263</b>	<b>105,000</b>	<b>1,716,577</b>	<b>7,800,004</b>
<b>NET POSITION</b>													
Net Investment in capital assets	682,282			2,557			2,304			62,452	64,935		814,530
Unrestricted	966,222	708,610	100,602	(2,470)	28,151	49,683	505,757	3,410	42,642	73,786	33,043		2,509,436
<b>Total Net Position</b>	<b>\$ 1,648,504</b>	<b>\$ 708,610</b>	<b>\$ 100,602</b>	<b>\$ 87</b>	<b>\$ 28,151</b>	<b>\$ 49,683</b>	<b>\$ 508,061</b>	<b>\$ 3,410</b>	<b>\$ 42,642</b>	<b>\$ 136,238</b>	<b>\$ 97,978</b>	<b>\$ -</b>	<b>\$ 3,323,966</b>

**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, 2018**

	Norman A. Bieshman Regional Day School	One to One Aides	Extended Year	Career Crossroads	Project Search	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
<b>REVENUES</b>													
<b>OPERATING REVENUES</b>													
Tuition from LEAS	\$ 6,427,919			\$ 283,777	\$ 390,000								\$ 7,101,696
Charges and Fees	326,939	\$ 5,987,738	\$ 3,041,710			\$ 61,880	\$ 6,556,646		\$ 7,059,648	\$ 64,320	\$ 1,357,141		24,456,022
<b>On-Behalf (Non-Budgeted)</b>													
<b>TPAF Pension System</b>													
Post Retirement Medical	948,335		280,689	56,176	48,243	8,583	13,701		927,928				2,283,655
Normal Cost	1,419,985		420,288	84,114	72,236	12,852	20,515		1,388,429				3,419,419
Non-Contributory Group Insurance	12,163		3,600	720	619	110	176		11,901				29,289
Non-Contributory Long Term Dis. Insurance	541		160	32	28	5	8		530				1,304
Reimbursed TPAF Social Security Contributions	235,297	-	69,643	13,938	11,970	2,130	3,399	-	230,233	-	-	-	566,610
<b>Total Operating Revenues</b>	<b>9,371,179</b>	<b>5,987,738</b>	<b>3,816,090</b>	<b>438,757</b>	<b>523,096</b>	<b>85,560</b>	<b>6,594,445</b>	<b>-</b>	<b>9,619,669</b>	<b>64,320</b>	<b>1,357,141</b>	<b>-</b>	<b>37,857,995</b>
<b>OPERATING EXPENSES</b>													
Instruction-Special Education	1,969,390	3,249,044	1,380,965	274,633	245,768	46,563	5,295,123		3,622,264	46,435			16,130,185
School Sponsored Cocurricular Activities	161		4,550				-						4,711
Health Services	209,716		21,959				-						231,675
Speech, OT,PT and Related Services	1,731,590	223,997	6,578				-		707,670				2,669,835
Child Study Team	149,191		117,092		45,098		-		559,094				870,475
Admin. Info. Technology	73,329						-			4,375			77,704
Instructional Staff Training Services	46						-		1,279				1,325
General Administration	79,650		22,868				1,830		193,709				298,057
School Administration	203,268		199,991		22,000		243,723		-				668,982
Operation and Maintenance of Plant	454,254		303,860	2,937		912	9,386		15				771,364
Student Transportation			52,841				-						52,841
Business/Central Services	66,661		286,126				-				979,675		1,332,462
Unallocated Benefits	4,109,680	2,111,847	1,400,258	163,657	220,010	27,238	992,832		4,221,208		310,590		13,497,320
Administrative Fees							-		271,788				271,788
Food Services							-				1,941		1,941
Depreciation	2,921			333			1,031			12,553			16,838
<b>Total Operating Expenses</b>	<b>9,049,857</b>	<b>5,584,888</b>	<b>3,797,088</b>	<b>441,560</b>	<b>532,876</b>	<b>74,713</b>	<b>6,483,925</b>	<b>-</b>	<b>9,577,027</b>	<b>63,363</b>	<b>1,292,206</b>	<b>-</b>	<b>36,897,503</b>
<b>Operating Income (Loss)</b>	<b>321,322</b>	<b>402,850</b>	<b>19,002</b>	<b>(2,803)</b>	<b>(9,780)</b>	<b>10,847</b>	<b>110,520</b>	<b>-</b>	<b>42,642</b>	<b>957</b>	<b>64,935</b>	<b>-</b>	<b>960,492</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>321,322</b>	<b>402,850</b>	<b>19,002</b>	<b>(2,803)</b>	<b>(9,780)</b>	<b>10,847</b>	<b>110,520</b>	<b>-</b>	<b>42,642</b>	<b>957</b>	<b>64,935</b>	<b>-</b>	<b>960,492</b>
<b>Other Financing Source(Use)</b>													
<b>Transfer In(out)</b>													
<b>Change in Net Position</b>	<b>321,322</b>	<b>402,850</b>	<b>19,002</b>	<b>(2,803)</b>	<b>(9,780)</b>	<b>10,847</b>	<b>110,520</b>	<b>-</b>	<b>42,642</b>	<b>957</b>	<b>64,935</b>	<b>-</b>	<b>960,492</b>
<b>Prior Period Adjustment - Capital Assets, net</b>													
<b>Total Net Position - Beginning of Year</b>	<b>1,327,182</b>	<b>305,760</b>	<b>81,600</b>	<b>2,890</b>	<b>37,931</b>	<b>38,836</b>	<b>397,541</b>	<b>3,410</b>	<b>-</b>	<b>135,281</b>	<b>33,043</b>	<b>-</b>	<b>2,363,474</b>
<b>Total Net Position - Ending of Year</b>	<b>\$ 1,648,504</b>	<b>\$ 708,610</b>	<b>\$ 100,602</b>	<b>\$ 87</b>	<b>\$ 28,151</b>	<b>\$ 49,683</b>	<b>\$ 508,061</b>	<b>\$ 3,410</b>	<b>\$ 42,642</b>	<b>\$ 136,238</b>	<b>\$ 97,978</b>	<b>\$ -</b>	<b>\$ 3,323,966</b>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT G-6

	Norman A. Bishman Regional Day School	One to Aides	Extended Year	Career Crossroads	Project Search	Home Hospital	Education Enterprises	TAP	Interlocal Agreement	ETTC	Management Agreement	Compensated Absences	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>													
Receipts from Customers	\$ 6,929,508	\$ 5,373,278	\$ 3,078,510	\$ 308,313	\$ 413,008	\$ 48,750	\$ 6,479,663		\$ 6,402,612	\$ 64,320	\$ 1,221,424		\$ 30,319,386
Payments to Employees	(4,391,915)	(3,422,502)	(1,725,215)	(268,213)	(310,496)	(46,505)	(5,328,169)		(4,945,854)	(4,375)	(979,675)		(21,422,919)
Payments to Suppliers for Goods and Services	(1,285,798)	(2,162,386)	(1,299,747)	(18,034)	(89,490)	(4,424)	(1,110,657)	-	(2,049,833)	(48,614)	(312,712)		(8,381,695)
Net Cash Provided by/Used for operating activities	1,251,795	(211,610)	53,548	22,066	13,022	(2,179)	40,837	-	(593,075)	11,331	(70,963)		514,772
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>													
Operating Subsidies and transfers from(to) other funds	-	210,000	-	(26,000)	(10,000)	-	(75,000)	-	600,000	-	105,000		804,000
Net cash provided by (used for) noncapital financing activities	-	210,000	-	(26,000)	(10,000)	-	(75,000)	-	600,000	-	105,000		804,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>													
Purchases of capital assets	(666,236)	-	-	-	-	-	-	-	-	(4,305)	(64,935)		(735,476)
Net cash provided by/used capital and related financing activities	(666,236)	-	-	-	-	-	-	-	-	(4,305)	(64,935)		(735,476)
Net increase (decrease) in cash and cash equivalents	585,559	(1,610)	53,548	(3,934)	-	(2,179)	(34,163)	-	6,925	7,026	(30,898)		583,296
Balances - Beginning of Year	839,941	4,720	34,254	4,302	589	28,306	49,527	\$ 3,410	22,312	67,023	30,900		1,085,284
Balances - End of Year	\$ 1,425,500	\$ 3,110	\$ 87,802	\$ 368	\$ 3,611	\$ 26,127	\$ 15,364	\$ 3,410	\$ 29,237	\$ 74,049	\$ 2		\$ 1,668,580
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>													
Operating Income(Loss)	\$ 321,322	\$ 402,850	19,002	\$ (2,803)	\$ (9,780)	\$ 10,847	\$ 110,520	-	42,642	\$ 957	64,935		\$ 960,492
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities													
Depreciation and net amortization	2,921			333	-		1,031			12,553			16,838
(Increase) Decrease in accounts receivable, net	174,650	(619,260)	\$ 36,400	24,536	22,095	(13,130)	(76,983)		\$ (657,036)		\$ (135,717)		(1,244,445)
Increase/(Decrease) in other current liabilities		4,800	400		913								6,113
Increase/(Decrease) in Deferred Revenues													-
Increase/(Decrease) in Non Current Liabilities	(64,818)												(64,818)
Increase/(decrease) in accounts payable	817,720		(2,254)		(206)	104	6,269		21,319	(2,179)	\$ (181)		840,592
Total Adjustments	930,473	(614,460)	34,546	24,869	22,802	(13,026)	(69,683)		(635,717)	10,374	(135,898)		(445,720)
Net Cash Provided (Used) by Operating Activities	\$ 1,251,795	\$ (211,610)	\$ 53,548	\$ 22,066	\$ 13,022	\$ (2,179)	\$ 40,837	\$ -	\$ (593,075)	\$ 11,331	\$ (70,963)	\$ -	\$ 514,772

**FIDUCIARY FUNDS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,544	\$ 739,737	\$ 748,281
Total Assets	<u>\$ 8,544</u>	<u>\$ 739,737</u>	<u>\$ 748,281</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 732,335	\$ 732,335
Due to Other Funds		5,000	5,000
Accrued Salaries and Wages		2,402	2,402
Payable to Student Groups	\$ 8,544	<u>-</u>	<u>8,544</u>
Total Liabilities	<u>\$ 8,544</u>	<u>\$ 739,737</u>	<u>\$ 748,281</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<b>Balance July 1, <u>2017</u></b>	<b><u>Receipts</u></b>	<b>Disburse- <u>ments</u></b>	<b>Balance June 30, <u>2018</u></b>
SCHOOLS				
District Student Activity	\$ <u>7,990</u>	\$ <u>3,377</u>	\$ <u>2,823</u>	\$ <u>8,544</u>
	\$ <u>7,990</u>	\$ <u>3,377</u>	\$ <u>2,823</u>	\$ <u>8,544</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Balance July 1, <u>2017</u></b>	<b><u>Receipts</u></b>	<b>Disburse- <u>ments</u></b>	<b>Balance June 30, <u>2018</u></b>
Payroll Deductions and Withholdings	\$ 723,020	\$ 30,171,712	\$ 30,162,397	\$ 732,335
Due to Other Funds	5,000	-	-	5,000
Accrued Salaries and Wages	<u>3,775</u>	<u>34,109,097</u>	<u>34,110,470</u>	<u>2,402</u>
	<u>\$ 731,795</u>	<u>\$ 64,280,809</u>	<u>\$ 64,272,867</u>	<u>\$ 739,737</u>

## **LONG-TERM DEBT**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOT APPLICABLE**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 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	\$ 57,165,713
Restricted	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525	3,012,582	4,113,403	5,468,478
Unrestricted	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)	(48,139,600)
<b>Total Governmental Activities Net Position</b>	<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>	<u>\$ 14,494,591</u>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 21,395	\$ 21,545	\$ 16,695	\$ 15,151	\$ 10,301	\$ 5,451	\$ 601			
Unrestricted	12,678	24,288	36,541	14,692	(1,264)	723	296	\$ 11,496	\$ 70,389	\$ 94,678
<b>Total Business-Type Activities Net Position</b>	<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>	<u>\$ 94,678</u>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 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	\$ 57,165,713
Restricted	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525	3,012,582	4,113,403	5,468,478
Unrestricted	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)	(48,044,922)
<b>Total District Net Position</b>	<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>	<u>\$ 14,589,269</u>

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

Source: District financial statements

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Special Education	\$ 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	\$ 75,172,372
Support Services:										
Student & Instruction Related Services	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	31,589,371
School Administration Services	3,691,661	4,039,313	4,246,311	4,415,135	4,079,030	4,060,803	4,522,433	5,079,817	5,708,571	5,480,247
General Administration	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	1,726,322
Plant Operations And Maintenance	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	9,476,019
Pupil Transportation	1,702,675	1,571,143	1,509,882	1,611,496	1,648,043	1,674,482	1,622,300	1,903,511	2,004,151	2,238,886
Support Svc- Central Svc/Admin Info Tech	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	2,836,193
Debt Service										
Interest on Long Term Debt	10,385	2,528	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	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	128,519,410
<b>Business-Type Activities:</b>										
Food Service	539,804	567,154	534,750	450,627	452,794	419,436	404,752	489,687	490,413	477,876
Total Business-Type Activities Expense	539,804	567,154	534,750	450,627	452,794	419,436	404,752	489,687	490,413	477,876
Total District Expenses	\$ 91,538,887	\$ 88,866,306	\$ 91,527,873	\$ 90,810,462	\$ 94,535,737	\$ 96,163,825	\$ 107,035,230	\$ 115,509,001	\$ 122,199,382	\$ 128,997,286
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:	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	76,676,974
Operating Grants And Contributions	13,859,135	13,844,363	13,318,375	14,613,356	15,697,854	14,629,772	21,918,039	24,011,839	29,847,566	37,738,856
Capital Grants And Contributions	848,417	1,441,212	832,816	2,500,547	4,019,867	10,795,942	38,728,087	857,842	586,520	881,204
Total Governmental Activities Program Revenues	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	115,297,034
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	141,752	133,040	133,673	115,288	97,634	120,189	94,363	126,777	147,180	147,380
Operating Grants And Contributions	227,481	261,444	244,752	231,946	209,354	216,384	208,112	201,509	202,126	204,785
Capital Grants And Contributions										
Total Business-Type Activities Program Revenues	369,233	394,484	378,425	347,234	306,988	336,573	302,475	328,286	349,306	352,165
Total District Program Revenues	\$ 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	\$ 115,649,199
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>										
Governmental Activities	\$ (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)	\$ (13,222,376)
Business-Type Activities	(190,571)	(172,670)	(156,325)	(103,393)	(145,806)	(82,863)	(102,277)	(161,401)	(141,107)	(125,711)
Total District-Wide Net Expense	\$ (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)	\$ (13,348,087)
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 9,864,312
Federal And State Aid Restricted	391,605	23,539	40,430	139,503	45,335	31,905	80,341	50,791	158,326	10,449
Tuition Received	46,143,778									
Tuition Non-Resident	1,416,162									
Investment Earnings	29,184	15,679	11,021	27,915	41,718	37,817	25,775	18,330	12,187	36,974
Miscellaneous Income	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	1,151,894
Disposal of Capital Assets, net							(5,648,897)			
Transfers	(190,973)	(184,430)	(163,728)	(80,000)	(125,000)	(80,000)	(97,000)	(172,000)	(200,000)	(150,000)
Total Governmental Activities	56,582,459	8,885,915	10,333,031	9,593,641	9,229,626	9,424,681	4,520,097	10,113,665	10,640,223	10,913,629
<b>Business-Type Activities:</b>										
Investment Earnings										
Transfers	190,973	184,430	163,728	80,000	125,000	80,000	97,000	172,000	200,000	150,000
Total Business-Type Activities	190,973	184,430	163,728	80,000	125,000	80,000	97,000	172,000	200,000	150,000
Total District-Wide	\$ 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	\$ 11,063,629
<b>Change In Net Position</b>										
<b>Governmental Activities</b>										
Governmental Activities	\$ 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)	\$ (2,308,747)
Business-Type Activities	402	11,760	7,403	(23,393)	(20,806)	(2,863)	(5,277)	10,599	58,893	24,289
Total District	\$ 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)	\$ (2,284,458)

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 118,659	\$ 79,775								
Unreserved	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	\$ 4,907,092
Committed										1,125,621
Assigned			2,383,369	2,703,630	2,001,801	1,997,861	1,841,124	1,302,525	3,041,642	1,636,488
Unassigned	-	-	2,570,866	2,550,568	2,572,304	3,288,541	3,262,115	2,990,291	2,694,195	2,640,007
<b>Total General Fund</b>	<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>	<u>\$ 10,309,208</u>
All Other Governmental Funds										
Reserved	\$ 324,548	\$ 99,250								
Unreserved	(1,491,568)	(285,650)								
Restricted	-	-	\$ (212,433)	\$ (1,281,894)	\$ (3,981)	\$ 696,019	\$ 4,894,565	\$ 630,103	\$ 135,984	\$ 561,386
<b>Total All Other Governmental Funds</b>	<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>	<u>\$ 561,386</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 9,864,312
County Aid	848,417	1,441,212	832,836	2,500,547	4,019,867	10,795,942	38,228,087	857,842	586,520	881,204
Tuition Charges	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	43,944,081
Non-Resident Fees	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	1,175,175
Interest Earnings	29,184	15,679	11,021	27,915	41,718	37,817	25,775	18,330	12,187	36,974
Miscellaneous	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	9,382,060
State Sources	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	7,794,656
Federal Sources	499,635	594,335	363,941	709,674	473,214	408,428	1,181,175	573,922	947,774	1,709,737
<b>Total Revenue</b>	<b>71,481,344</b>	<b>70,624,176</b>	<b>73,868,702</b>	<b>71,192,448</b>	<b>73,184,400</b>	<b>77,869,083</b>	<b>109,068,046</b>	<b>71,797,640</b>	<b>73,724,835</b>	<b>74,988,199</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Special Education Instruction	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	38,079,430
<b>Support Services:</b>										
Student & Inst. Related Services	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	21,234,274
General Administration	1,579,880	1,145,640	1,016,662	957,783	1,090,815	999,609	1,025,687	952,238	1,086,849	1,332,370
School Administration Services	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	3,051,171
Plant Operations And Maintenanr	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	5,450,506
Pupil Transportation	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	1,435,645
Other Support Services	1,139,250	657,883	732,714	794,370	704,132	576,707	621,947	786,212	736,493	755,584
<b>Debt Service</b>										
Principal	100,304	57,797								
Interest on Long Term Debt	10,385	2,528								
<b>Capital Outlay</b>	<b>1,494,747</b>	<b>425,099</b>	<b>656,841</b>	<b>3,763,065</b>	<b>3,249,976</b>	<b>11,148,114</b>	<b>35,553,370</b>	<b>5,330,637</b>	<b>1,420,866</b>	<b>2,440,407</b>
<b>Total Expenditures</b>	<b>72,241,631</b>	<b>67,818,019</b>	<b>70,946,906</b>	<b>71,381,879</b>	<b>72,106,059</b>	<b>77,208,547</b>	<b>105,075,984</b>	<b>77,847,540</b>	<b>70,392,464</b>	<b>73,779,387</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(760,287)	2,806,157	2,921,796	(189,431)	1,078,341	660,536	3,992,062	(6,049,900)	3,332,371	1,208,812
<b>Other Financing Sources (Uses)</b>										
<b>Capital Leases (Non-Budgeted)</b>										
Transfers In	500,000	250,000	92,261	500,000	500,000	1,498,745	2,565,562	1,476,505	437,276	969,529
Transfers Out	(390,973)	(184,430)	(163,728)	(80,000)	(125,000)	(828,745)	(1,912,562)	(1,148,505)	(1,137,276)	(1,119,529)
<b>Total Other Financing Sources (Uses)</b>	<b>109,027</b>	<b>65,570</b>	<b>(71,467)</b>	<b>420,000</b>	<b>375,000</b>	<b>670,000</b>	<b>653,000</b>	<b>328,000</b>	<b>(700,000)</b>	<b>(150,000)</b>
<b>Net Change In Fund Balances</b>	<b>\$ (651,260)</b>	<b>\$ 2,871,727</b>	<b>\$ 2,850,329</b>	<b>\$ 230,569</b>	<b>\$ 1,453,341</b>	<b>\$ 1,330,536</b>	<b>\$ 4,645,062</b>	<b>\$ (5,721,900)</b>	<b>\$ 2,632,371</b>	<b>\$ 1,058,812</b>
<b>Debt Service As A Percentage Of</b>										
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)**

<b>Fiscal Year Ended June 30,</b>	<b>Interest Earned</b>	<b>Services Provided Other LEAs</b>	<b>Refunds/ Reimbursements</b>	<b>Workshop Revenue</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2018	36,974	1,120,456	3,416	2,300	25,722	1,188,868

**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
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
2018	78,049,679,382	80,870,511,380	158,920,190,762	84,076,455	159,004,267,217	176,365,111,170

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
2009	\$ 0.1820	\$ 0.0100	\$ 0.1920
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
2018	0.2351	0.0100	0.2451

Source: County Abstract of Ratables

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

<u>Taxpayer</u>	<u>2017</u>		<u>2008</u>	
	<u>Assessed Valuation</u>	<u>% of County's Net Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>% of County's Net Assessed Valuation</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
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%
2018	9,864,312	9,864,312	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>Capital Leases</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2009	\$ 57,797	\$ 57,797	895,250	\$.13
2010	-	-	906,895	\$0
2011	-	-	914,233	\$0
2012	-	-	921,035	\$0
2013	-	-	927,202	\$0
2014	-	-	933,348	\$0
2015	-	-	938,255	\$0
2016	-	-	942,387	\$0
2017	-	-	948,406	\$0
2018	-	-	948,406 (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, 2017  
(Unaudited)**

Net Direct Debt of School District  
as of June 30, 2018

Net Overlapping Debt of School District

Bergen County:

County of Bergen

\$ 876,045,885

Bergen County Utilities Authority - Water Pollution (100%)

160,436,654

\$ 1,036,482,539

Total Direct and Overlapping Debt

\$ 1,036,482,539

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

	<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>
<b>Legal Debt Margin Calculation as of December 31, 2017</b> (County Debt)									
Average equalized valuation of taxable property (last three years)	\$ 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	\$ 171,055,311,950
Debt limit (2% of average equalization value)	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	3,421,106,239
Net Debt Issued Outstanding and Authorized	630,661,565	681,875,430	730,825,489	698,412,830	849,429,739	933,422,641	1,089,653,337	1,205,030,344	876,045,885
Remaining Borrowing Capacity	<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>	<u>\$ 2,545,060,354</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>	<u>County Per Capital Personal Income**</u>	<u>Unemployment Rate*</u>
2018	948,406 (1)	N/A	N/A
2017	948,406	N/A	3.9%
2016	942,387	\$ 77,187	4.2%
2015	938,255	76,388	4.6%
2014	933,348	73,293	5.4%
2013	927,202	71,449	7.1%
2012	921,035	71,953	8.1%
2011	914,233	69,044	7.9%
2010	906,895	66,080	8.1%
2009	895,250	65,097	7.9%

(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>2018</u>		<u>2009</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>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>	<u>2018</u>
Instruction										
Regular										
Special education	368.3	376.7	399.4	346.4	323.2	299.2	299.2	304.9	313.0	262.0
Other special education	30.1	29.1	1.0	2.5	2.5	1.5	1.5	1.5	1.5	1.5
Community Services							1.0	1.0	1.0	1.0
Support Services:										
Student & instruction related services	90.7	90.9	87.2	88.2	73.3	74.5	74.5	72.7	69.6	68.4
Health Services	9.7	10.0	11.0	9.5	10.5	10.0	10.0	10.0	10.0	10.8
Educational Media Services				8.3	6.7	9.1	9.1	9.1	9.9	7.0
General administration	3.1	2.7	3.0	1.6	1.7	1.9	1.9	2.0	2.0	2.0
School administrative services	23.6	25.0	24.4	23.8	19.9	22.3	22.8	22.8	21.9	19.2
Central services	6.3	5.0	5.0	6.0	6.0	6.2	6.2	6.1	6.1	6.1
Plant operations and maintenance	22.3	20.6	24.6	26.1	22.6	18.8	18.8	20.5	24.0	24.4
Pupil transportation	15.7	15.7	15.7	15.3	14.3	15.6	15.6	12.4	11.9	11.5
Special Schools			29.8	28.9	26.8	27.4	27.4	31.4	32.4	22.9
Total	<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>	<u>436.8</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment<sup>a</sup></u>	<u>Operating Expenditures<sup>b</sup></u>	<u>Cost Per Pupil<sup>c</sup></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>
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	5.40%	209	3.12	675	622	-0.44%	92.15%
2016	658	72,516,903	110,208	3.51%	129	5.10	655	602	-2.96%	91.91%
2017	663	68,971,598	104,030	-5.61%	127	5.22	642	590	-1.98%	91.90%
2018	614	71,338,980	116,187	0.116867786	119	5.16	602	548	-6.23%	91.03%

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>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>	<u>2018</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	32	40	41	57	61	63	61	54	52	41
Piermont Campus, Rockleigh Square Feet	121,162	121,162	121,162	121,162						
Capacity (students)										
Enrollment	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	98	83	68	71	58	58	52	44	43	44
Rocco Montesano, Paramus Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)										
Enrollment	115	101	104	94	130	127	132	90	85	76
Brownstone, Saddle Brook Square Feet	20,106	20,106	20,106	20,106	20,106	20,106	20,106	20,096	20,096	20,096
Capacity (students)										
Enrollment	62	56	63	53	58	64	76	64	55	66
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	43	26	20	17	34	37	36	40	38	31
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	87	84	111	105	108	103	98	98	102	96
Hillcrest, Paramus Square Feet	10,000									
Capacity (students)										
Enrollment	58									
Washington, Ridgewood/New Bridges Square Feet	19,974	19,974	19,974	19,974	19,974	19,974				
Capacity (students)										
Enrollment	28	45	49	39	63	62				
Springboard Square Feet	4,300	4,300	4,300	4,300	4,300	4,300				4,300
Capacity (students)										
Enrollment	40	45	41	48	45	53				30
Washington New Bridges Square Feet								125,000	125,000	125,000
Capacity (students)										
Enrollment								122	132	123
Number of Schools at June 30, 2018										
Life Skills Continuum=	2									
Communication Skills Continuum=	4									
Behavioral Skills Continuum=	7									
Multiple Disabilities Continuum=	5									
Autism Continuum=	3									

Source: District Records

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

School Facilities	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Union St. - Hrg. Imp., Hackensack	\$ 7,803	\$ 8,998	\$ 6,710	\$ 9,991	\$ 11,365	\$ 11,798	\$ 17,100	\$ 11,122	\$ 12,483	\$ 18,863
Piermont Campus, Rockleigh	117,272	135,256	100,870	150,201						
Woodridge Transition Center	18,647	21,501	15,967	23,877	27,160	28,196	40,868	43,849	29,830	45,076
Rocco Montesano, Paramus	38,725	44,653	33,281	49,587	56,402	58,630	84,871	55,214	61,949	93,609
Brownstone, Saddle Brook	19,456	22,434	16,730	24,913	28,336	29,419	42,640	27,738	31,123	47,029
Evergreen, Hackensack	5,255									
Gateway, Hackensack	9,554	11,163	8,272	12,397	14,100	14,639	21,218	13,801	15,487	23,402
Godwin, Midland Park	2,420	2,758	2,081	3,099	3,525	3,660	5,304	3,450	3,872	5,851
Hillcrest, Paramus	9,681									
Washington, New Bridges								169,095	193,592	292,529
Washington, Ridgewood	10,031	11,198	8,467	12,397	14,100	14,639	21,218	-	-	-
	<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>	<u>\$ 526,359</u>

Source: District records.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2018**  
**(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. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

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

### INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
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, 2018 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 January 18, 2019.

#### **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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Bergen County Special Services School District in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 18, 2019.

**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  
January 18, 2019



# 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  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
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, 2018. 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, 2018.

### **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, 2018 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 January 18, 2019, 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  
January 18, 2019

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant Number	Grant Period	Award Amount	Balance		Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2018			Memo GAAP Receivable
						July 1, 2017	Adjustment					(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	18161NJ304N1099	N/A	7/1/17-6/30/18	\$ 61,842				\$ 56,087	\$ 61,842		\$ (5,755)			\$ (5,755)
School Breakfast Program	10.553	17161NJ304N1099	N/A	7/1/16-6/30/17	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	(234)			234			-			-
Cash Assistance-PB Program		18161NJ304N1099		7/1/17-6/30/18	2,947				2,719	2,947		(228)			(228)
Cash Assistance		17161NJ304N1099		7/1/16-6/30/17	111,203	(9,471)			9,471			-			-
Cash Assistance		18161NJ304N1099		7/1/17-6/30/18	114,125				104,937	114,125		(9,188)			(9,188)
Non-cash Assistance		17161NJ304N1099	N/A	7/1/16-6/30/17	23,245	980			24,272	23,245		-	\$ 2,007		-
Total Enterprise Fund						(14,742)			203,737	202,159		(15,171)	2,007		(15,171)
U.S. Department of Education Pass-through State Department of Education															
<u>General Fund</u>															
Medical Assistance Program	93.778	1705NJSMAP		7/1/17-6/30/18	482,752	-	-	-	482,752	482,752	-	-	-	-	-
Total General Fund						-	-	-	482,752	482,752	-	-	-	-	-
<u>Special Revenue Fund</u>															
Title I Part D	84.010A	S010A150030		7/1/17-6/30/18	37,995				28,439	37,995		(9,556)			(9,556)
Homeless Children	84.196A			7/1/17-6/30/18	38,328				27,120	38,328		(11,208)			(11,208)
Homeless Children, Continuation	84.196A			7/1/16-6/30/17	38,329	(21,599)			76,051	73,027		(18,575)			(18,575)
Homeless Children, Continuation	84.196A			7/1/15-6/30/16	89,772	(39,191)			39,191			-			-
<u>Medical Assistance Programs</u>															
Careers Through Technology	93.778	1705NJSMAP		7/1/17-6/30/18	325,562				325,562	325,562					
Stepping Stones	93.778	1705NJSMAP		7/1/17-6/30/18	63,054				63,054	63,054					
Getting Us There (GUTS)	93.778	1705NJSMAP		7/1/17-6/30/18	28,350	13,746			28,350	20,830			21,266		
Leisure Bridges	93.778	1705NJSMAP		7/1/17-6/30/18	75,650	46,398			75,650	63,332			58,716		
Adult Training Special Needs	93.778	1705NJSMAP		7/1/17-6/30/18	167,451	(14,621)			167,451	128,577			24,253		
Adult Rehab Woodridge	93.778	1705NJSMAP		7/1/17-6/30/18	193,357	(1,430)			193,357	181,786			10,141		
Adult Rehab Paramus	93.778	1705NJSMAP		7/1/17-6/30/18	367,249	6,786			367,249	294,494			79,541		
Total Special Revenue Funds						(9,911)			1,391,474	1,226,985		(39,339)	193,917		(39,339)
Total Federal Financial Assistance						\$ (24,653)	\$ -	\$ -	\$ 2,077,963	\$ 1,911,896	\$ -	\$ (54,510)	\$ 195,924	\$ -	\$ (54,510)

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2018			MEMO		
										(Accounts Receivable)	Unearned Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
<u>General/Special Revenue and Internal Service Funds</u>															
Reimbursed Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	\$ 2,215,020	\$ (225,567)			\$ 225,567								
Reimbursed Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,114,515				2,069,626	\$ 2,114,515		\$ (104,889)			\$ (104,889)	\$ 2,114,515	
On Behalf Pension System Contributions - Post Retirement Medical	18-495-034-5095-001	7/1/17-6/30/18	2,979,659				2,979,659	2,979,659						2,979,659	
On Behalf Pension System Contributions - Normal Costs	18-495-034-5095-007	7/1/17-6/30/18	4,504,040				4,504,040	4,504,040						4,504,040	
On Behalf Pension System Contributions - Non-Contributory Group Insurance	18-495-034-5095-006	7/1/17-6/30/18	109,302				109,302	109,302						109,302	
On Behalf Pension System Contributions - Long Term Disability Insurance	18-495-034-5095-006	7/1/17-6/30/18	4,865				4,865	4,865						4,865	
<b>Total General/Special Revenue and Internal Service Funds</b>				<u>(225,567)</u>	<u>-</u>	<u>-</u>	<u>9,833,059</u>	<u>9,712,381</u>	<u>-</u>	<u>(104,889)</u>	<u>-</u>	<u>-</u>	<u>(104,889)</u>	<u>9,712,381</u>	
<u>Special Revenue Fund</u>															
Other State Sources															
Career Thru Tech	N/A	7/1/14-6/30/15	205,679												
Career Thru Tech	N/A	7/1/16-6/30/17	192,086	15,295								15,295			
Adult Training	DIBSN	7/1/17-6/30/18	454,494				412,476	406,749				5,727		406,749	
Adult Training	DIBSN	7/1/15-6/30/16	552,900						8,881						
Adult Training	DIBSN	7/1/16-6/30/17	549,770									7,832			
Adult Training-Special Needs	DIBSN	7/1/14-6/30/15	120,000												
Adult Training-Special Needs	DIBSN	7/1/17-6/30/18	41,590				41,590	41,590		1,358				41,590	
Adult Training-Special Needs	DIBSN	7/1/16-6/30/17	90,701	31,152								31,152			
Adult Autism	DIBSN	7/1/17-6/30/18	124,713				110,183	110,183						110,183	
Adult Autism	DIBSN	7/1/16-6/30/17	196,561	(14,389)				14,389							
After Hours	DIBSN	7/1/17-6/30/18	63,522				63,522	16,214				47,308		16,214	
After Hours	DIBSN	7/1/16-6/30/17	38,144	(3,039)			3,039								
Community Connections	N/A	1/1/16-12/31/16	40,000	(22)						(22)			(22)		
Getting Us There (GUTS)-Adult	N/A	7/1/15-6/30/16	24,245	24,245					24,245						
Work Ready, Work Now	N/A	7/1/17-7/30/18	110,091				110,091	110,091						110,091	
SGA-Bushman/Montezano HVAC	0285-100-14-G1CQ	7/1/14-6/30/15	101,136	(101,136)			101,136								
Teacher Quality Enhancement		7/1/04-9/30/05	2,760	413					416			(3)			
<b>Total State Department of Education-Special Revenue</b>				<u>(29,410)</u>	<u>-</u>	<u>-</u>	<u>856,426</u>	<u>684,827</u>	<u>34,900</u>	<u>(22)</u>	<u>-</u>	<u>107,311</u>	<u>(22)</u>	<u>684,827</u>	
State Department of Agriculture															
<u>Enterprise Fund</u>															
National School Lunch Program State Share	17-100-010-3360-067	7/1/16-6/30/17	2,452	(200)			200								
National School Lunch Program State Share	18-100-010-3360-067	7/1/17-6/30/18	2,626				2,423	2,626		(203)			(203)	2,626	
<b>Total Enterprise Fund</b>				<u>(200)</u>	<u>-</u>	<u>-</u>	<u>2,623</u>	<u>2,626</u>	<u>-</u>	<u>(203)</u>	<u>-</u>	<u>-</u>	<u>(203)</u>	<u>2,626</u>	
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>(255,177)</u>	<u>-</u>	<u>-</u>	<u>10,692,108</u>	<u>10,359,834</u>	<u>34,900</u>	<u>(105,114)</u>	<u>-</u>	<u>107,311</u>	<u>(105,114)</u>	<u>10,399,834</u>	
State Financial Assistance Not Subject to Single Audit Determination															
<u>General Fund</u>															
On-Behalf TPAF Pension, OPEB & LTDF Contributions							(7,597,866)	(7,597,866)						(7,597,866)	
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<u>\$ (255,177)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,094,242</u>	<u>\$ 2,801,968</u>	<u>\$ 34,900</u>	<u>\$ (105,114)</u>	<u>\$ -</u>	<u>\$ 107,311</u>	<u>\$ (105,114)</u>	<u>\$ 2,801,968</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, 2018**

**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.

There is no adjustment required to reconcile from the budgetary basis to the GAAP basis. 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	\$ 482,752	\$ 5,826,640	\$ 6,309,392
Special Revenue Fund	1,226,985	1,968,016	3,195,001
Internal Service Fund		2,602,552	2,602,552
Food Service Fund	202,159	2,626	204,785
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 1,911,896</u>	<u>\$ 10,399,834</u>	<u>\$ 12,311,730</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, 2018**

**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 \$2,114,515 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$4,613,342, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,979,659 and TPAF Long-Term Disability Insurance in the amount of \$4,865 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**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, 2018**

*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, 2018**

*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:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed Social Security Contributions</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 (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*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, 2018**

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, 2018**

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.