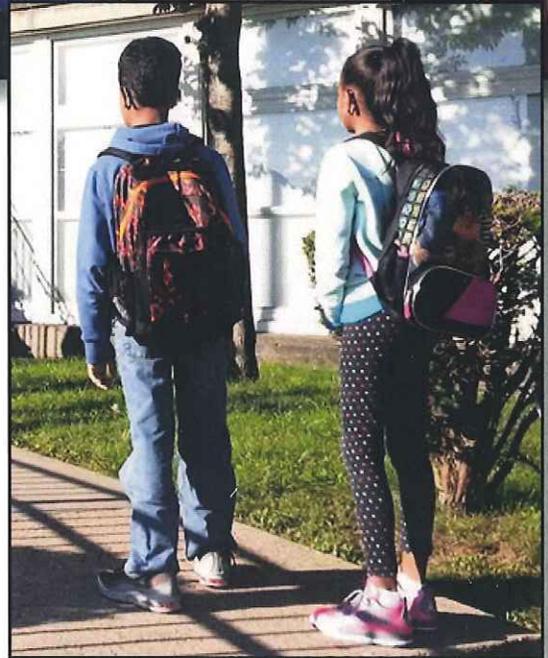
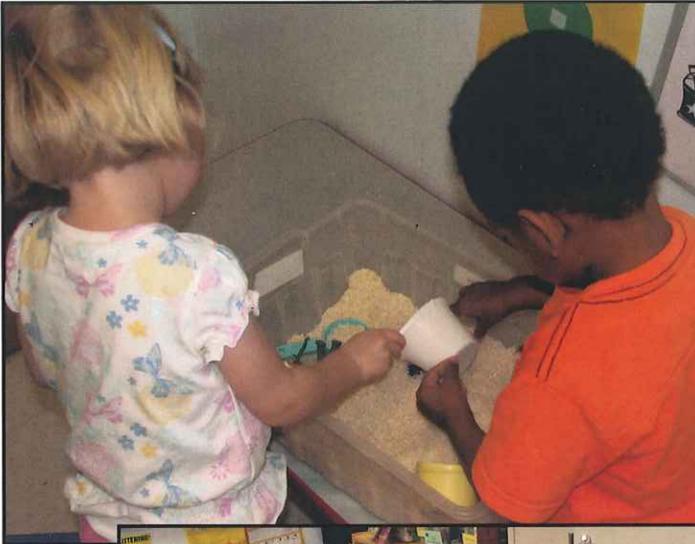




Bergen County Special Services School District

A Component Unit of The County of Bergen



Comprehensive Annual Financial Report For The Fiscal Year Ended **JUNE 30, 2013**

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, 2013

Prepared by

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

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



BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

District Administrative Office

327 E. Ridgewood Avenue, Paramus, New Jersey 07652 • Tel. (201) 343-6000 • Fax (201) 225-9067

November 22, 2013

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, 2013.

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, 2013, 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 unqualified opinion that the Bergen County Special Services School District's financial statements for the fiscal year ended June 30, 2013, 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 Amendments, as amended, and the U.S. Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*" and the state Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

The District completed the 2012-13 fiscal year with an average daily enrollment of 803 students, which is 107 students greater than the previous year's enrollment. The following details the changes in the average daily enrollment over the last ten years.

<u>Fiscal Year</u> <u>Change</u>	<u>Average Daily Enrollment</u> <u>(ADE)</u>	<u>Percent</u>
2012-13	802.5	15.5 %
2011-12	695.1	(10.02) %
2010-11	772.5	(3.80)%
2009-10	803.0	(6.30)%
2008-09	857.0	(.35) %
2007-08	860.0	4.12%
2006-07	825.8	6.72%
2005-06	774.0	(3.97)%
2004-05	805.5	4.00%
2003-04	775.4	2.65%

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

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

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

DEBT ADMINISTRATION: At June 30, 2013 the District does not have any debt service. All bonded long-term debt is included in the County of Bergen's Financial Statements.

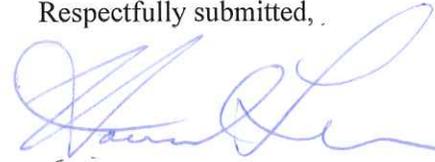
CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "*Notes to the Basic Financial Statements*". The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions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

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

ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Bergen County Special Services School Board for their concern in providing fiscal accountability to the Bergen County Executive and Board of Chosen Freeholders and to the Local Educational Agencies and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our accounting staff.

Respectfully submitted,

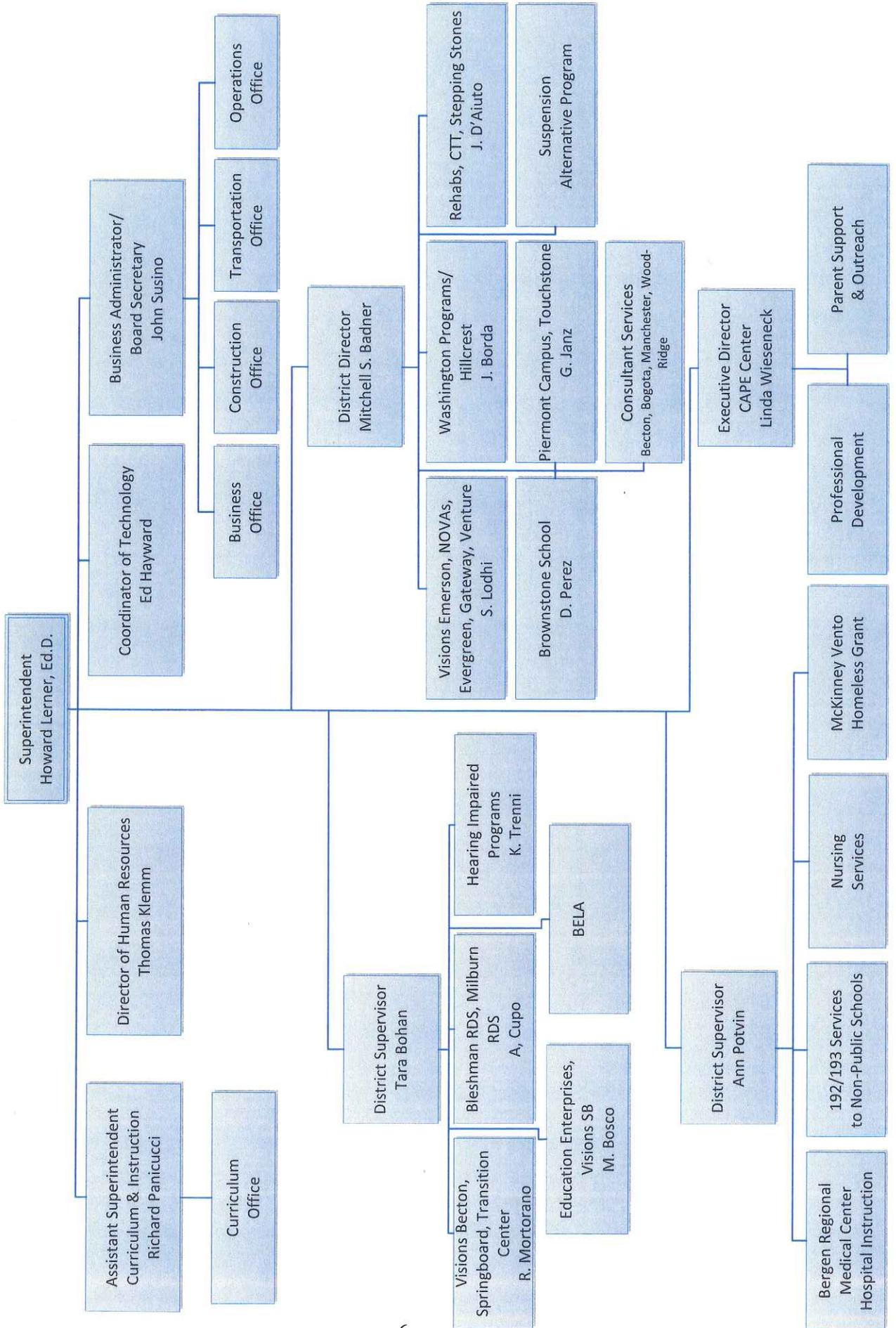


Dr. Howard Lerner
Superintendent



John Susino
Business Administrator/Board Secretary

BCSS Administrative Plan 2012-2013



**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BERGEN COUNTY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2013**

COUNTY EXECUTIVE

Kathleen Donovan

MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS

David L. Ganz, Chairman
John A. Felice, Chairman Pro Tempore
Joan Voss – Vice Chairman
Maura DeNicola
John P. Mitchell
Steve Tanelli.
Tracy Silna Zur

BOARD OF EDUCATION

President

Joan C. Fragala

Vice-President

Marlene Den Bleyker

Members of the Board

Beth Lancelloti

Gary J. Lentini

Scott Rixford

Superintendent

Bergen County Office of Education

Maureen Kuchar

Sheila O'Shea Criscione

OTHER OFFICIALS

Superintendent

Business Administrator/Board Secretary

Director of Personnel

District Director

District Supervisor

Supervisor of Instruction 192/193

Principal, Millburn, Bleshman

Principal, Piermont CC, Life Skills North

Principal, Brownstone

Principal, Washington Programs

Principal, Carl Padovano, Nova, Emerson, Evergreen, Venture

Principal, Hearing Impaired

Principal, Springboard, Transition Center, Visions

Dr. Howard Lerner

John Susino

Thomas Klemm

Mitchell Badiner

Tara Bohan

Ann Potvin

Angela Cupo

Gregory Janz

David Perez

Jan Borda

Dr. Seema Lodhi

Kathleen Treni

Robert Mortorano

BERGEN COUNTY SPECIAL SERVICES BOARD OF EDUCATION

Consultants and Advisors

Architects

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

Audit Firm

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

Attorney

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

Engineers

Boswell Engineering
330 Phillips Avenue
South Hackensack, NJ 07606

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. 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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, 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
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District, a component unit of the County of Bergen, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

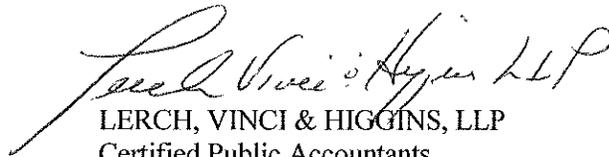
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bergen County Special Services School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, 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.

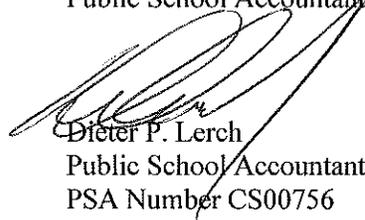
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2013 on our consideration of the Bergen County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bergen County Special Services School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 22, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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, 2013. 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 (2012-2013) and the prior year (2011-2012) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 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 \$28,391,951 (net position). Of this amount \$7,437,821 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$3,470,048.
- Overall district-wide revenues were \$98,005,782, which were \$3,470,045 more than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$6,925,713. Of this amount, \$2,572,304 is available for spending at the District's discretion (unassigned fund balance – General Fund). The accumulated deficit in the Capital Projects Fund of \$(3,981) is the result of the County of Bergen utilizing temporary financing to fund expenditures for certain capital projects.

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:

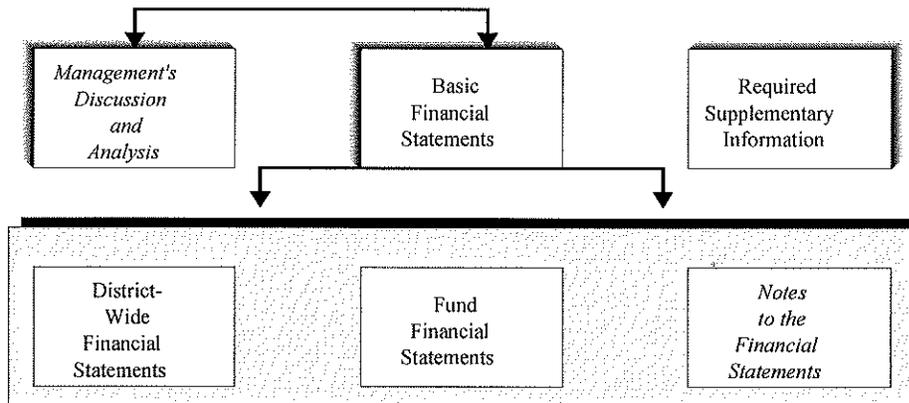
BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

- 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, 2013

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

- 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 twelve internal service funds for the following:

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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 \$28,391,951 on June 30, 2013 compared to \$24,921,906 on June 30, 2012. See Table A-1

**Table A-1
Net Position
As of June 30, 2013 and 2012**

	Governmental Activities		Business- Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 14,775,671	\$ 13,171,369	\$ 2,104	\$ 30,144	\$ 14,777,775	\$ 13,201,513
Capital Assets	<u>18,592,221</u>	<u>16,655,729</u>	<u>10,301</u>	<u>15,151</u>	<u>18,602,522</u>	<u>16,670,880</u>
Total Assets	<u>33,367,892</u>	<u>29,827,098</u>	<u>12,405</u>	<u>45,295</u>	<u>33,380,297</u>	<u>29,872,393</u>
Long-Term Liabilities	2,216,478	2,219,397			2,216,478	2,219,397
Other Liabilities	<u>2,768,500</u>	<u>2,715,638</u>	<u>3,368</u>	<u>15,452</u>	<u>2,771,868</u>	<u>2,731,090</u>
Total Liabilities	<u>4,984,978</u>	<u>4,935,035</u>	<u>3,368</u>	<u>15,452</u>	<u>4,988,346</u>	<u>4,950,487</u>
Net Position						
Net Investment in capital assets	18,592,221	16,655,729	10,301	15,151	18,602,522	16,670,880
Restricted	2,351,608	218,174			2,351,608	218,174
Unrestricted	<u>7,439,085</u>	<u>8,018,160</u>	<u>(1,264)</u>	<u>14,692</u>	<u>7,437,821</u>	<u>8,032,852</u>
Total Net Position	<u>\$ 28,382,914</u>	<u>\$ 24,892,063</u>	<u>\$ 9,037</u>	<u>\$ 29,843</u>	<u>\$ 28,391,951</u>	<u>\$ 24,921,906</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

By far, the largest portion of the Bergen County Special Services net position (66%) 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.

The remaining balance of net position of \$9,789,429 may be used to meet the District's ongoing obligations.

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, 2013 and 2012**

	Governmental Activities		Business- Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 68,526,447	\$ 66,313,564	\$ 97,634	\$ 115,288	\$ 68,624,081	\$ 66,428,852
Operating Grants and Contributions	15,697,854	14,613,356	209,354	231,946	15,907,208	14,845,302
Capital Grants and Contributions	4,019,867	2,500,547			4,019,867	2,500,547
General Revenues						
County Property Taxes	8,324,185	8,324,185			8,324,185	8,324,185
State/Federal Aid	45,335	139,503			45,335	139,503
Investment Earnings	41,718	27,915			41,718	27,915
Miscellaneous	1,043,388	1,182,038	-	-	1,043,388	1,182,038
Total Revenues	<u>97,698,794</u>	<u>93,101,108</u>	<u>306,988</u>	<u>347,234</u>	<u>98,005,782</u>	<u>93,448,342</u>
Expenses						
Instruction						
Special Education	57,197,958	53,836,446			57,197,958	53,836,446
Support Services						
Student and Instruction Related Services	20,057,553	19,795,236			20,057,553	19,795,236
School Administration Services	4,079,030	4,415,135			4,079,030	4,415,135
General Administration	1,318,281	1,063,246			1,318,281	1,063,246
Plant Operations and Maintenance	7,409,191	7,208,351			7,409,191	7,208,351
Pupil Transportation	1,648,043	1,611,496			1,648,043	1,611,496
Business/Central Svcs/Admin. Info. Tech.	2,372,887	2,429,925			2,372,887	2,429,925
Food Services	-	-	452,794	450,627	452,794	450,627
Total Expenses	<u>94,082,943</u>	<u>90,359,835</u>	<u>452,794</u>	<u>450,627</u>	<u>94,535,737</u>	<u>90,810,462</u>
Increase (Decrease) in Net Position						
Before Transfers	3,615,851	2,741,273	(145,806)	(103,393)	3,470,045	2,637,880
Transfers	(125,000)	(80,000)	125,000	80,000	-	-
Change in Net Position	3,490,851	2,661,273	(20,806)	(23,393)	3,470,045	2,637,880
Beginning of Year, Net Position	<u>24,892,063</u>	<u>22,230,790</u>	<u>29,843</u>	<u>53,236</u>	<u>24,921,906</u>	<u>22,284,026</u>
End of Year, Net Position	<u>\$ 28,382,914</u>	<u>\$ 24,892,063</u>	<u>\$ 9,037</u>	<u>\$ 29,843</u>	<u>\$ 28,391,951</u>	<u>\$ 24,921,906</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

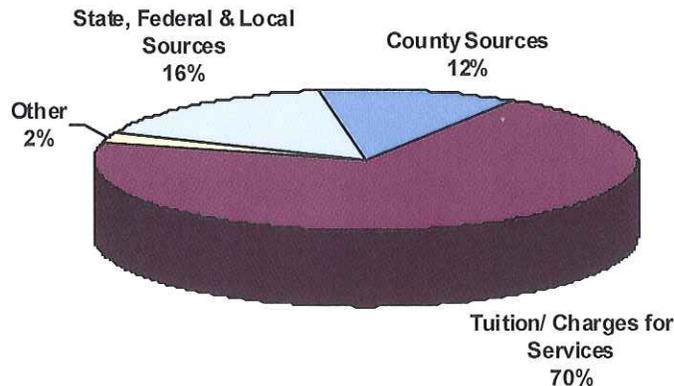
Governmental Activities. The District's total governmental activities revenues were \$97,698,794 for the year ended June 30, 2013, an increase of \$4,597,686 (5 percent) over the previous year. Tuition and charges for services accounted for 70 percent of total revenues. County property taxes and capital grants and contributions account for 13 percent of total revenue for the year. Another 16 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 \$94,082,943, an increase of \$3,723,108 (4 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 surpassed expenses and transfers, increasing net position by \$3,490,851 over the last year.

- The cost of all governmental activities this year was \$94,082,943.
 - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$68,526,447, an increase of \$2,212,883 (3 percent).
 - The federal and state governments subsidized certain programs with grants, contributions and aid of \$15,697,854, an increase of \$1,084,498 (7 percent). This increase was primarily a result of increases in grant entitlements/spending.
 - In addition, the District also received \$4,019,867 in capital contributions from the County to fund major capital projects during the year, an increase of \$1,519,320 (61 percent) from the prior year.
 - District's costs in the amount of \$8,324,185 were provided by County sources from property taxes, the same as the prior year.

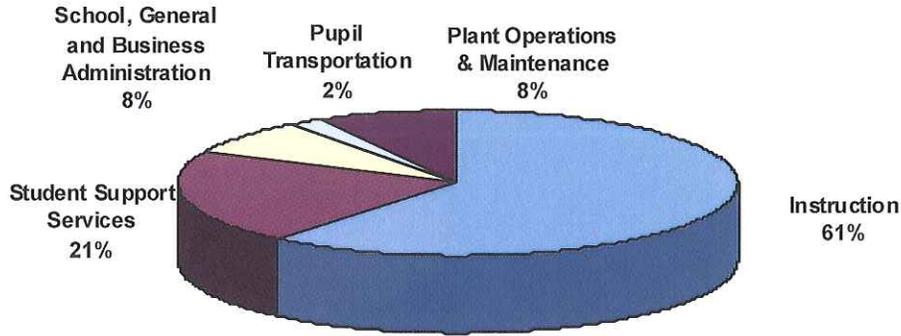
**Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2013**



BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

**Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2013**



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 \$94,082,943. After applying program revenues derived from charges for services of \$68,526,447 operating grants, and contributions of \$15,697,854 and capital grants and contributions of \$4,019,867, the net cost of services to the District was \$5,838,775. See Table A-5.

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

	Total Cost of Services		(Revenue) Net Cost of Services	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Special Education	\$ 57,197,958	\$ 53,836,446	\$ (15,313,210)	\$ (16,054,319)
Support Services				
Student and Instruction Related Services	20,057,553	19,795,236	12,649,209	12,896,703
School Administrative Services	4,079,030	4,415,135	2,906,470	3,266,389
General Administrative Services	1,318,281	1,063,246	1,090,815	957,783
Plant Operations and Maintenance	7,409,191	7,208,351	2,231,769	3,539,605
Pupil Transportation	1,648,043	1,611,496	1,569,590	1,531,837
Other Support Services-Business/Central Svc./Admin. Info. Tech.	<u>2,372,887</u>	<u>2,429,925</u>	<u>704,132</u>	<u>794,370</u>
Total	<u>\$ 94,082,943</u>	<u>\$ 90,359,835</u>	<u>\$ 5,838,775</u>	<u>\$ 6,932,368</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

Business-Type Activities –The District's total business-type activities revenues were \$306,988 for the year ended June 30, 2013, a decrease of \$40,246 (12 percent) from the previous year. Charges for services accounted for 32% of total revenues. Operating grants and contributions accounted for 68% 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 exceeded revenues and transfers, decreasing net position by \$20,806 from the last year.

The cost of all business-type activities this year was \$452,794.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$97,634, a decrease of \$17,654 (15 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$209,354, a decrease of \$22,592 (10 percent). This decrease is a result of a decline in meals served to low income students during the year.
- The District transferred \$125,000 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 \$6,925,713, an increase of \$1,453,341 from last year's fund balance of \$5,472,372. This increase is partially attributed to an increase in revenue and partially to a decrease in certain costs. There was also an increase compared to prior year in costs relating to the various capital projects in progress throughout the District. \$2,572,304 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has been committed 1) to liquidate contracts and purchase orders of the prior period \$901,801; 2) restricted for capital purposes \$2,255,589; 3) restricted for maintenance \$100,000; or 4) designated for appropriation in the 2013/2014 budget \$1,100,000.

Revenues and total other financing sources (net) for the District's governmental funds were \$73,559,400, while total expenses were \$72,106,059.

General Fund

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
County Property Taxes	\$ 8,324,185	\$ 8,324,185	\$ -	0%
Tuition	44,012,053	44,404,904	(392,851)	-1%
Investment Earnings	41,718	27,915	13,803	49%
Miscellaneous	1,043,388	1,182,038	(138,650)	-12%
State Sources	6,489,237	5,118,051	1,371,186	27%
Federal Sources	<u>373,703</u>	<u>461,132</u>	<u>(87,429)</u>	-19%
Total General Fund Revenue	<u>\$ 60,284,284</u>	<u>\$ 59,518,225</u>	<u>\$ 766,059</u>	1%

Total General Fund Revenues increased by \$766,059 or 1% from the previous year.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

General Fund (Continued)

County Property Taxes remained the same as the previous year. Tuition which represents 73% of total General Fund revenues for the year decreased from the previous year.

Revenue from federal sources decreased \$87,429 due to a decrease in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$1,371,186 largely due to an increase in on-behalf TPAF social security and pension system contributions.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 35,391,561	\$ 33,900,642	\$ 1,490,919	4%
Support Services	24,087,162	23,949,154	138,008	1%
Capital Outlay	<u>1,005,133</u>	<u>788,399</u>	<u>216,734</u>	27%
Total General Fund Expenditures	<u>\$ 60,483,856</u>	<u>\$ 58,638,195</u>	<u>\$ 1,845,661</u>	3%

Total General Fund expenditures increased \$1,845,661 or 3% from the previous year.

In Fiscal Year 2013 General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$175,428. After adding statutory transfers and other financing source/(use), the fund balance increased from \$6,754,266 at June 30, 2012 to \$6,929,694 at June 30, 2013.

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 \$8,880,249 for the year ended June 30, 2013. Local sources account for the majority of the Special Revenue Funds' revenues, which represented in excess of 88% 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 decreased \$293,427 or 3% from the previous year.

Expenditures of the Special Revenue Fund were also \$8,880,249. Special Education instructional expenditures were \$4,334,264 or 49% of the total expended for the year ended June 30, 2013.

Total Special Revenue Fund expenditures also decreased \$293,427 or 3% from the previous year. Instruction expenditures decreased \$48,869. Support services expenditures decreased \$150,390 (3%) over the previous year. Capital outlay expenditures decreased \$94,168 or 68%.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

Capital Projects Fund

The capital projects revenues exceeded expenditures by \$1,277,913 resulting in a fund balance deficit of \$3,981 at June 30, 2013. This deficit is the result of the County of Bergen utilizing temporary financing to fund expenditures for certain capital projects. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

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 and Millburn Regional Day Schools. The related operations for these schools are also accounted for in the internal service fund.

The internal service fund revenues exceeded expenditures and transfers by \$84,496 resulting in a fund balance of \$3,738,665 at June 30, 2013 up from \$3,654,627 at June 30, 2012.

General Fund Budgetary Highlights

The budget was increased by \$1,603,627 due to the reappropriation of prior year encumbrances.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013**

CAPITAL ASSETS

By the end of June 30, 2013, the District had invested \$18,602,522 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 2012-2013 amounted to \$1,313,484 for governmental activities and \$4,850 for business-type activities.

**Table A-6
Capital Assets
As of June 30, 2013 and 2012**

	Governmental Activities		Business- Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Buildings	\$ 7,880,659	\$ 6,981,375			\$ 7,880,659	\$ 6,981,375
Improvements Other Than Buildings	396,120	396,120			396,120	396,120
Leasehold Improvements	12,950,526	11,808,359			12,950,526	11,808,359
Machinery and Equipment	<u>11,491,778</u>	<u>10,283,253</u>	\$ 69,406	\$ 69,406	<u>11,561,184</u>	<u>10,352,659</u>
Total Capital Assets	32,719,083	29,469,107	69,406	69,406	32,788,489	29,538,513
Less Accumulated Depreciation	<u>14,126,862</u>	<u>12,813,378</u>	<u>59,105</u>	<u>54,255</u>	<u>14,185,967</u>	<u>12,867,633</u>
Capital Assets, Net	<u>\$ 18,592,221</u>	<u>\$ 16,655,729</u>	<u>\$ 10,301</u>	<u>\$ 15,151</u>	<u>\$ 18,602,522</u>	<u>\$ 16,670,880</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 \$2,216,478.

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 2013-2014 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 2013-2014. Budgeted expenditures in the General Fund increased 4 percent from the 2012/2013 adopted budget to \$55,241,028 in fiscal year 2013-2014. Increased tuition revenue is the primary reason for the increase in operating costs.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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

Three goals served as the foundation for the development of the 2013/2014 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 2013/2014 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, 327 East Ridgewood Avenue, Paramus, NJ 07652.

FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets			
Cash and Cash Equivalents	\$ 9,056,995	\$ 3,197	\$ 9,060,192
Internal Balances	45,000	(45,000)	-
Receivables, net	5,606,069	41,468	5,647,537
Security Deposit	67,607		67,607
Inventories		2,439	2,439
Capital Assets, net of accumulated depreciation	<u>18,592,221</u>	<u>10,301</u>	<u>18,602,522</u>
Total Assets	<u>33,367,892</u>	<u>12,405</u>	<u>33,380,297</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,546,856	3,368	1,550,224
Intergovernmental Payable	264,773		264,773
Unearned Revenue	956,871		956,871
Noncurrent Liabilities			
Due within one year	100,000		100,000
Due beyond one year	<u>2,116,478</u>	<u>-</u>	<u>2,116,478</u>
Total Liabilities	<u>4,984,978</u>	<u>3,368</u>	<u>4,988,346</u>
NET POSITION			
Net Investment in Capital Assets	18,592,221	10,301	18,602,522
Restricted			
Capital Projects	2,251,608		2,251,608
Reserve Maintenance	100,000		100,000
Unrestricted	<u>7,439,085</u>	<u>(1,264)</u>	<u>7,437,821</u>
Total Net Position	<u>\$ 28,382,914</u>	<u>\$ 9,037</u>	<u>\$ 28,391,951</u>

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction:							
Special Education	\$ 57,197,958	\$ 61,821,708	\$ 10,689,460		\$ 15,313,210		\$ 15,313,210
Support Services:							
Student & Instruction Related Services	20,057,553	2,944,156	4,464,188		(12,649,209)		(12,649,209)
General Administration Services	1,318,281	227,466			(1,090,815)		(1,090,815)
School Administration Services	4,079,030	751,453	421,107		(2,906,470)		(2,906,470)
Plant Operations and Maintenance	7,409,191	1,034,456	123,099	\$ 4,019,867	(2,231,769)		(2,231,769)
Pupil Transportation	1,648,043	78,453			(1,569,590)		(1,569,590)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,372,887	1,668,755			(704,132)		(704,132)
Total Governmental Activities	94,082,943	68,526,447	15,697,854	4,019,867	(5,838,775)		(5,838,775)
Business - Type Activities							
Food Service	452,794	97,634	209,354			\$ (145,806)	(145,806)
Total Business Type Activities	452,794	97,634	209,354			(145,806)	(145,806)
Total Primary Government	\$ 94,535,737	\$ 68,624,081	\$ 15,907,208	\$ 4,019,867	(5,838,775)	(145,806)	(5,984,581)
General Revenues:							
County Property Tax Levy					8,324,185		8,324,185
Federal and State Aid Restricted					45,335		45,335
Investment Earnings					41,718		41,718
Miscellaneous					1,043,388		1,043,388
Transfers					(125,000)	125,000	
Total General Revenues and Transfers					9,329,626	125,000	9,454,626
Change in Net Position					3,490,851	(20,806)	3,470,045
Net Position - Beginning of Year					24,892,063	29,843	24,921,906
Net Position - End of Year					\$ 28,382,914	\$ 9,037	\$ 28,391,951

FUND FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets				
Cash and Cash Equivalents	\$ 6,293,938	\$ 7,901	\$ 5,821	\$ 6,307,660
Intergovernmental Receivables	615,010	911,519	860,579	2,387,108
Due from Other Funds	3,065,000			3,065,000
Security Deposits	<u>67,607</u>	<u>-</u>	<u>-</u>	<u>67,607</u>
 Total Assets	 <u>\$ 10,041,555</u>	 <u>\$ 919,420</u>	 <u>\$ 866,400</u>	 <u>\$ 11,827,375</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 932,899	\$ 121,607	\$ 110,381	\$ 1,164,887
Intergovernmental Payable	161,140	45,450		206,590
Other Payable	191,737			191,737
Due to Other Funds	1,261,577	360,000	760,000	2,381,577
Unearned Revenue	<u>564,508</u>	<u>392,363</u>	<u>-</u>	<u>956,871</u>
 Total Liabilities	 <u>3,111,861</u>	 <u>919,420</u>	 <u>870,381</u>	 <u>4,901,662</u>
 Fund Balances:				
Restricted				
Capital Reserve	2,255,589			2,255,589
Maintenance Reserve	100,000			100,000
Capital Projects			(3,981)	(3,981)
Assigned				
Year End Encumbrances	901,801			901,801
Designated for Subsequent Year's Expenditures	1,100,000			1,100,000
Unassigned				
Undesignated	<u>2,572,304</u>	<u>-</u>	<u>-</u>	<u>2,572,304</u>
 Total Fund Balances	 <u>6,929,694</u>	 <u>-</u>	 <u>(3,981)</u>	 <u>6,925,713</u>
 Total Liabilities and Fund Balances	 <u>\$ 10,041,555</u>	 <u>\$ 919,420</u>	 <u>\$ 866,400</u>	

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013

Amounts reported for governmental activities in the statement of net position(A-1) are different because:	\$ 6,925,713
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,719,083 and the accumulated depreciation is \$14,126,862.	18,592,221
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund	
Compensated Absences	(801,134)
The assets and liabilities of the Internal Service funds are included with governmental activities	3,666,114
Net position of governmental activities (Exhibit A-1)	\$ 28,382,914

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
County Property Tax Levy	\$ 8,324,185			\$ 8,324,185
County Aid			\$ 4,019,867	4,019,867
Tuition - LEA's	42,851,653			42,851,653
Non-Resident Fees	1,160,400			1,160,400
Interest on Investments	41,718			41,718
Miscellaneous	<u>1,043,388</u>	<u>\$ 7,838,630</u>	<u>-</u>	<u>8,882,018</u>
	<u>53,421,344</u>	<u>7,838,630</u>	<u>4,019,867</u>	<u>65,279,841</u>
State Sources	6,489,237	942,108		7,431,345
Federal Sources	<u>373,703</u>	<u>99,511</u>	<u>-</u>	<u>473,214</u>
Total Revenues	<u>60,284,284</u>	<u>8,880,249</u>	<u>4,019,867</u>	<u>73,184,400</u>
EXPENDITURES				
Current:				
Special Education Instruction	35,391,561	4,334,264		39,725,825
Support Services				
Student & Instruction Related Services	12,180,510	4,377,551	542,446	17,100,507
School Administration Services	3,271,583			3,271,583
Support Services General Administration	1,090,815			1,090,815
Plant Operations and Maintenance	5,578,519	123,099		5,701,618
Pupil Transportation	1,261,603			1,261,603
Other Support Services - Business (Central Services/Admin Info Tech)	704,132			704,132
Capital Outlay	<u>1,005,133</u>	<u>45,335</u>	<u>2,199,508</u>	<u>3,249,976</u>
Total Expenditures	<u>60,483,856</u>	<u>8,880,249</u>	<u>2,741,954</u>	<u>72,106,059</u>
Excess(Deficiency) of Revenues over Expenditures	<u>(199,572)</u>	<u>-</u>	<u>1,277,913</u>	<u>1,078,341</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	500,000			500,000
Transfers Out	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
Total Other Financing Sources and Uses	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
Net Change in Fund Balances	175,428		1,277,913	1,453,341
Fund Balance (Deficit) - Beginning of Year	<u>6,754,266</u>	<u>-</u>	<u>(1,281,894)</u>	<u>5,472,372</u>
Fund Balance (Deficit) - End of Year	<u>\$ 6,929,694</u>	<u>\$ -</u>	<u>\$ (3,981)</u>	<u>\$ 6,925,713</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, 2013**

Total Net Change in Fund Balances - Governmental Funds (B-2) **\$ 1,453,341**

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

Capital Outlays are reported in governmental funds as expenditures.

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

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

	Depreciation Expense	\$ (1,281,469)	
	Capital Outlays	<u>3,231,564</u>	
			1,950,095

In the statement of activities, certain operating expenses, e.g. compensated absences, and claims for self-insurance claims are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	Compensated Absences		2,919
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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	584,496	
	Net Transfers to General Fund	<u>(500,000)</u>	
	Change in Net Position		<u>84,496</u>

Change in net position of governmental activities (Exhibit A-2) **\$ 3,490,851**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	<u>Business Type Activities Enterprise Fund Food Service</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,197	\$ 2,749,335
Intergovernmental Accounts Receivable	41,468	3,218,961
Due from Other Funds	45,000	1,216,577
Other Receivables	-	-
Inventories	2,439	-
Total Current Assets	<u>92,104</u>	<u>7,184,873</u>
Capital Assets		
Furniture, machinery & equipment	69,406	627,713
Less: Accumulated Depreciation	<u>(59,105)</u>	<u>(555,162)</u>
Total Capital Assets, Net	<u>10,301</u>	<u>72,551</u>
Total Assets	<u>102,405</u>	<u>7,257,424</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	3,368	177,083
Other Payable	-	13,149
Due to Other Funds	90,000	1,855,000
Intergovernmental Payable	<u>-</u>	<u>58,183</u>
Total Current Liabilities	<u>93,368</u>	<u>2,103,415</u>
Noncurrent Liabilities		
Compensated Absences	<u>-</u>	<u>1,415,344</u>
Total Noncurrent Liabilities	<u>-</u>	<u>1,415,344</u>
Total Liabilities	<u>93,368</u>	<u>3,518,759</u>
NET POSITION		
Net Investment in Capital Assets		
related debt	10,301	72,551
Unrestricted	<u>(1,264)</u>	<u>3,666,114</u>
Total Net Position	<u>\$ 9,037</u>	<u>\$ 3,738,665</u>

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business- Type Activities Enterprise Fund Food Service	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	\$ 61,022	
Breakfast Program	6,039	
Special Functions	30,573	
Tuition from LEAS		\$ 9,218,652
Charges and Fees	-	15,295,742
	97,634	24,514,394
Total Operating Revenues		
OPERATING EXPENSES		
Cost of Sales	226,025	
Salaries	130,778	17,314,254
Employee Benefits	39,110	4,348,059
Purchased Services		1,598,890
Supplies and Materials	24,668	317,092
Management Fee	27,363	
Miscellaneous Expenses		319,588
Depreciation	4,850	32,015
	452,794	23,929,898
Total Operating Expenses		
Operating Income (Loss)	(355,160)	584,496
Nonoperating Revenues		
State Sources		
State School Lunch Program	2,983	
Federal Sources		
National School Lunch Program	138,569	
National School Lunch Program-PB Lunch	2,699	
National School Breakfast Program	64,553	
Fresh Fruit and Vegetable Program	550	-
	209,354	-
Total Non-Operating Revenues		
Net Income (Loss) Before Operating Transfers	(145,806)	584,496
Transfers		
Transfers In(Out)	125,000	(500,000)
Change in Net Position	(20,806)	84,496
Total Net Position - Beginning of Year	29,843	3,654,169
Total Net Position - Ending of Year	\$ 9,037	\$ 3,738,665

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, 2013**

	Business-Type Activities	Governmental Activities
	Enterprise Fund	
	Food Service	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 97,670	\$ 23,529,347
Payments to Employees	(130,778)	(17,314,257)
Payments to Suppliers	(308,948)	(6,535,232)
Net Cash Provided by(Used for) operating activities	(342,056)	(320,142)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,505	
Federal Sources	164,252	
Operating Subsidies and transfers to/from other funds	177,800	780,597
Net cash provided by (used for) noncapital financing activities	344,557	780,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	-	(18,412)
Net cash provided by (used for) for capital and related financing activities	-	(18,412)
Net increase in cash and cash equivalents	2,501	442,043
Cash and Cash Equivalents- Beginning of Year	696	2,307,292
Cash and Cash Equivalents- End of Year	\$ 3,197	\$ 2,749,335
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income(Loss)	\$ (355,160)	\$ 584,496
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	4,850	32,015
Food Distribution(USDA Commodities)-National School Lunch Program	18,626	
(Increase) Decrease in accounts receivable, net	36	(995,773)
Increase (Decrease) in other current liabilities		(6,703)
Increase (Decrease) in unearned revenue	(110)	-
Increase(decrease) in accounts payable	(11,974)	65,823
(Increase)Decrease in inventories	1,676	-
Total adjustments	13,104	(904,638)
Net cash provided by (used for) operating activities	\$ (342,056)	\$ (320,142)
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	\$ 18,516	

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, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>	<u>Agency Fund</u>
ASSETS					
Cash and Cash Equivalents	\$ 295,894	\$ 8,876	\$ 13,130	\$ 38,652	\$ 129,779
Total Assets	<u>295,894</u>	<u>8,876</u>	<u>13,130</u>	<u>38,652</u>	<u>\$ 129,779</u>
LIABILITIES					
Payroll deductions and withholdings					\$ 126,471
Due to student groups					3,308
Due to State of New Jersey	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 129,779</u>
NET POSITION					
Held in trust for unemployment claims and other purposes	<u>\$ 293,858</u>	<u>\$ 8,876</u>	<u>\$ 13,130</u>		
Reserved for scholarships				<u>\$ 38,652</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, 2013**

	Unemployment Compensation <u>Trust</u>	Speech Equipment <u>Trust</u>	Operating/ Development <u>Trust</u>	Private Purpose <u>Scholarship</u>
ADDITIONS				
Contributions:				
Board contribution	\$ 53,000			
Plan Member	23,023			
Private Donations	<u>-</u>	<u>-</u>	<u>\$ 818</u>	<u>-</u>
Total Contributions	<u>76,023</u>	<u>-</u>	<u>818</u>	<u>-</u>
Investment Earnings:				
Interest/Investment Earnings	<u>1,421</u>	<u>\$ 1,992</u>	<u>26</u>	<u>\$ 261</u>
Net investment earnings	<u>1,421</u>	<u>1,992</u>	<u>26</u>	<u>261</u>
Total Additions	<u>77,444</u>	<u>1,992</u>	<u>844</u>	<u>261</u>
DEDUCTIONS				
Unemployment Claims	72,009			
Scholarships Awarded	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700</u>
Total Deductions	<u>72,009</u>	<u>-</u>	<u>-</u>	<u>1,700</u>
Change in Net Position	5,435	1,992	844	(1,439)
Net Position, Beginning of Year	<u>288,423</u>	<u>6,884</u>	<u>12,286</u>	<u>40,091</u>
Net Position, End of the Year	<u>\$ 293,858</u>	<u>\$ 8,876</u>	<u>\$ 13,130</u>	<u>\$ 38,652</u>

NOTES TO THE FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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. Furthermore, 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 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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 Millburn and Norman A. Blesman Regional Day Schools, one to one aides, extended school year programs, juvenile detention center educational programs ("TAP"), interlocal agreements, touchstone educational programs, home hospital teaching services, teachers educational services programs, school management services and compensated absences program.

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

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

D. Measurement Focus and Basis of Accounting

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

E. Assets, Liabilities 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, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities 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 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position/Fund Balance (Continued)

5. *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.

6. *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.

7. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position/Fund Balance (Continued)

7. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

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

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 2013/2014 District 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.

8. Reclassifications

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

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 property taxes collected in advance of the year-end for which they are levied and transferred to the district are reported as deferred revenues. The tax bills are mailed by the County Treasurer and are due in four quarterly installments on February 15, May 15, August 15, and November 15. The County has the ability to charge interest on payments remitted after these due dates. State statutes do not permit liens to be placed against the municipalities by the County for unpaid property taxes.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. 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, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$2,630,577. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$3,981 in the Capital Projects Fund as of June 30, 2013. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the County permanently finances these appropriations the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

C. Capital Reserve

A capital reserve account was established by the District on September 27, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 1,500,068
Increased:		
Interest	\$ 5,521	
Deposit per Board Resolution	<u>750,000</u>	
		<u>755,521</u>
Balance, June 30, 2013		<u><u>\$ 2,255,589</u></u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$9,546,523 and bank and brokerage firm balances of the Board's deposits amounted to \$11,299,470. The Board's deposits which are displayed on the various statements of net position and fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 11,299,470</u>
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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, 2013 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2013, 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2013 for the district’s individual major funds and internal service, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental Restricted	\$ 615,010	\$ 911,519	\$ 860,579	\$ 41,468	\$ 3,218,961	\$ 5,647,537
	615,010	911,519	860,579	41,468	3,218,961	5,647,537
Gross Receivables						
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 615,010</u>	<u>\$ 911,519</u>	<u>\$ 860,579</u>	<u>\$ 41,468</u>	<u>\$ 3,218,961</u>	<u>\$ 5,647,537</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:

	<u>Unearned</u>
General Fund	
Tuition Charges –Prior Year Credits	\$564,508
Special Revenue Fund	
Unencumbered grant draw downs	388,105
Grant drawdowns reserved for encumbrances	<u>4,258</u>
 Total deferred revenue for governmental funds	 <u>\$956,871</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2013</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings	\$ 6,981,375	\$ 899,284		\$ 7,880,659
Improvements other than buildings	396,120			396,120
Leasehold Improvements	11,808,359	1,142,167		12,950,526
Machinery and equipment	<u>10,283,253</u>	<u>1,208,525</u>	-	<u>11,491,778</u>
Total capital assets being depreciated	<u>29,469,107</u>	<u>3,249,976</u>	<u>-</u>	<u>32,719,083</u>
Less accumulated depreciation for:				
Buildings	(2,225,190)	(162,335)		(2,387,525)
Improvements other than buildings	(247,575)	(19,806)		(267,381)
Leasehold Improvements	(2,615,770)	(449,538)		(3,065,308)
Machinery and equipment	<u>(7,724,843)</u>	<u>(681,805)</u>	-	<u>(8,406,648)</u>
Total accumulated depreciation	<u>(12,813,378)</u>	<u>(1,313,484)</u>	<u>-</u>	<u>(14,126,862)</u>
Total capital assets, being depreciated, net	<u>16,655,729</u>	<u>1,936,492</u>	<u>-</u>	<u>18,592,221</u>
Governmental activities capital assets, net	<u>\$ 16,655,729</u>	<u>\$ 1,936,492</u>	<u>\$ -</u>	<u>\$ 18,592,221</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 69,406	-	-	\$ 69,406
Total capital assets being depreciated	<u>69,406</u>	<u>-</u>	<u>-</u>	<u>69,406</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(54,255)</u>	<u>\$ (4,850)</u>	<u>-</u>	<u>(59,105)</u>
Total accumulated depreciation	<u>(54,255)</u>	<u>(4,850)</u>	<u>-</u>	<u>(59,105)</u>
Total capital assets, being depreciated, net	<u>15,151</u>	<u>(4,850)</u>	<u>-</u>	<u>10,301</u>
Business-type activities capital assets, net	<u>\$ 15,151</u>	<u>\$ (4,850)</u>	<u>\$ -</u>	<u>\$ 10,301</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

Governmental activities:	
Instruction	
Special	\$ 228,562
Total Instruction	<u>228,562</u>
Support Services	
Student and Instruction Related Services	15,809
School administration	55,994
Operations and maintenance of plant	673,117
Student transportation	<u>307,987</u>
Total Support Services	<u>1,052,907</u>
Total Governmental Funds	<u>1,281,469</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>32,015</u>
Total depreciation expense - governmental activities	<u>\$ 1,313,484</u>
Business-type activities:	
Food Service Fund	<u>\$ 4,850</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Remaining Commitment</u>
Planning and Architectural Services for Development of New Location	\$1,851,026
Demolition Services for New Location	<u>200,484</u>
Total	<u>\$2,051,510</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 760,000
General Fund	Special Revenue Fund	360,000
General Fund	Touchstone - Internal Svc. Fund	175,000
General Fund	Extended Year - Internal Svc. Fund	5,000
General Fund	Interlocal Agreement-Internal Service Fund	1,350,000
General Fund	Food Service Fund	90,000
General Fund	Education Enterprises - Internal Svc. Fund	325,000
Food Service Fund	General Fund	45,000
Internal Service Funds	General Fund	<u>1,216,577</u>
		<u>\$ 4,326,577</u>

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

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>Enterprise-Food Service</u>	<u>General Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 125,000		\$ 125,000
Internal Service Funds	-	\$ 500,000	<u>500,000</u>
Total transfers out	<u>\$ 125,000</u>	<u>\$ 500,000</u>	<u>\$ 625,000</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, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2013</u>	Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 2,219,397	-	\$ 2,919	\$ 2,216,478	\$ 100,000
Governmental activity					
Long-term liabilities	<u>\$ 2,219,397</u>	<u>\$ -</u>	<u>\$ 2,919</u>	<u>\$ 2,216,478</u>	<u>\$ 100,000</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 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 has joined the County of Bergen's self-insured health and prescription benefit plan for its employees. Transactions related to the plan are accounted for in the General Fund. The participating members fund the entire cost of the plan. Claims are paid directly by the plan.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2013, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$-0- reported at June 30, 2013 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2013 and 2012 are as follows:

Governmental Activities:	<u>Fiscal Year Ended June 30, 2013</u>	<u>Fiscal Year Ended June 30, 2012</u>
Unpaid claims, beginning of fiscal year	\$ 248,684	\$ 248,684
Incurred claims (including IBNR's)		
Cancelled in 2012-13	248,684	
Claim Payments	<u>-</u>	<u>-</u>
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ 248,684</u>
General Fund		
Other Current Liabilities		\$ 248,684
Governmental Activities		
Noncurrent Liabilities	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 248,684</u>

The District is no longer self insured for workman's compensation.

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

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions/ Int. Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 53,000	\$ 23,023	\$ 72,009	\$ 293,858
2012	50,000	123,704	225,036	288,423
2011	200,000	81,857	112,129	339,755

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

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, 2013, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

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

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

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

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 and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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 limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 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) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee’s annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2013	\$ 1,856,428	\$ 2,041,907
2012	1,844,098	962,431
2011	1,728,303	88,587

The State contributed \$2,041,907 and \$962,431 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$88,587 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,138,448 during the year ended June 30, 2013 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 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 is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal 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, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million 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 free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$2,308,882, \$1,934,737 and \$1,881,590, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjinstments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
County Aid	\$ 8,324,185		\$ 8,324,185	\$ 8,324,185	
Tuition	42,260,320		42,260,320	42,851,653	\$ 591,333
Non Resident Fees	1,350,000		1,350,000	1,160,400	(189,600)
Interest on Investments	15,000		15,000	41,718	26,718
Miscellaneous	1,026,000	-	1,026,000	1,043,388	17,388
Total Local Sources	<u>52,975,505</u>	<u>-</u>	<u>52,975,505</u>	<u>53,421,344</u>	<u>445,839</u>
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				2,308,882	2,308,882
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				1,939,845	1,939,845
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				102,062	102,062
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,138,448	2,138,448
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,489,237</u>	<u>6,489,237</u>
Federal Sources:					
Medicaid Reimbursement	300,000	-	300,000	373,703	73,703
Total Federal Sources	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>373,703</u>	<u>73,703</u>
Total Revenues	<u>53,275,505</u>	<u>-</u>	<u>53,275,505</u>	<u>60,284,284</u>	<u>7,008,779</u>
EXPENDITURES					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	2,019,059	\$ (47,400)	1,971,659	1,947,775	23,884
Other Salaries for Instruction	1,231,257	145,200	1,376,457	1,376,437	20
Purchased Prof. - Educ. Services	1,000,000	42,900	1,042,900	1,042,844	56
Other Purchased Services	89,590	(346)	89,244	64,060	25,184
General Supplies	86,548	12,156	98,704	83,201	15,503
Textbooks	1,955		1,955	124	1,831
Other Objects	20,800	-	20,800	11,442	9,358
Total Auditory Impairments - Instruction	<u>4,449,209</u>	<u>152,510</u>	<u>4,601,719</u>	<u>4,525,883</u>	<u>75,836</u>
Behavioral Disabilities - Instruction					
Salaries of Teachers	2,154,114	44,300	2,198,414	2,198,385	29
Other Salaries for Instruction	1,046,378	(44,300)	1,002,078	981,588	20,490
Purchased Prof. - Educ. Service	130,000	29,900	159,900	159,859	41
Other Purchased Services	48,873		48,873	39,813	9,060
General Supplies	128,560	1,080	129,640	111,679	17,961
Textbooks	30,000	(2,000)	28,000	10,338	17,662
Other Objects	13,850	-	13,850	6,748	7,102
Total Behavioral Disabilities - Instruction	<u>3,551,775</u>	<u>28,980</u>	<u>3,580,755</u>	<u>3,508,410</u>	<u>72,345</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Psychiatric					
Salaries of Teachers	\$ 518,311	\$ (8,400)	\$ 509,911	\$ 406,546	\$ 103,365
Other Salaries for Instruction	163,216	8,400	171,616	171,585	31
Purchased Prof. - Educ. Service	700,000	(58,200)	641,800	640,339	1,461
Other Purchased Services	2,000		2,000	595	1,405
General Supplies	34,500		34,500	12,276	22,224
Textbooks	8,500		8,500	880	7,620
Other Objects	4,000	-	4,000	1,712	2,288
Total Psychiatric	<u>1,430,527</u>	<u>(58,200)</u>	<u>1,372,327</u>	<u>1,233,933</u>	<u>138,394</u>
Multiple Disabilities - Instruction					
Salaries of Teachers	2,010,595	25,400	2,035,995	2,035,914	81
Other Salaries for Instruction	1,276,602	(33,900)	1,242,702	1,156,755	85,947
Purchased Prof. - Educ. Service	446,340	8,500	454,840	454,799	41
Other Purchased Services	15,125	(271)	14,854	11,605	3,249
General Supplies	147,823	30,506	178,329	168,777	9,552
Textbooks	9,385	(740)	8,645	7,378	1,267
Other Objects	18,355	(1,545)	16,810	10,910	5,900
Total Multiple Disabilities	<u>3,924,225</u>	<u>27,950</u>	<u>3,952,175</u>	<u>3,846,138</u>	<u>106,037</u>
Autism - Instruction					
Salaries of Teachers	3,799,147	(610,000)	3,189,147	3,175,823	13,324
Other Salaries for Instruction	2,579,848	579,100	3,158,948	3,099,796	59,152
Purchased Prof. - Educ. Service	84,910		84,910	67,533	17,377
Other Purchased Services	22,630	2,000	24,630	16,975	7,655
General Supplies	240,105	12,745	252,850	178,071	74,779
Textbooks	3,145		3,145	50	3,095
Other Objects	21,755	-	21,755	9,004	12,751
Total Autistic	<u>6,751,540</u>	<u>(16,155)</u>	<u>6,735,385</u>	<u>6,547,252</u>	<u>188,133</u>
Preschool Handicapped - Full Time - Instruction					
Salaries of Teachers	647,135	98,700	745,835	745,741	94
Other Salaries for Instruction	222,582	(60,000)	162,582	159,730	2,852
Purchased Prof. - Educ. Service	29,440	4,200	33,640	33,571	69
Other Purchased Services	3,805	(350)	3,455	88	3,367
General Supplies	46,919	(2,905)	44,014	31,668	12,346
Textbooks	985	(500)	485	31	454
Other Objects	9,144	(800)	8,344	1,265	7,079
Total Preschool Handicapped - Full-Time	<u>960,010</u>	<u>38,345</u>	<u>998,355</u>	<u>972,094</u>	<u>26,261</u>
Total Special Education - Instruction	<u>21,067,286</u>	<u>173,430</u>	<u>21,240,716</u>	<u>20,633,710</u>	<u>607,006</u>
School Sponsored Co curricular Activities					
Other Objects	56,968	10,839	67,807	56,988	10,819
Total School Sponsored Co curricular Activities	<u>56,968</u>	<u>10,839</u>	<u>67,807</u>	<u>56,988</u>	<u>10,819</u>
Other Instructional Programs					
Salaries	69,859	850	70,709	70,667	42
Purchased Prof. - Educ. Service	11,000	(850)	10,150	5,000	5,150
General Supplies	4,500	650	5,150	847	4,303
Other Objects	500	-	500	-	500
Total Other Instructional Programs	<u>85,859</u>	<u>650</u>	<u>86,509</u>	<u>76,514</u>	<u>9,995</u>
Community Services Programs/ Operations					
Salaries	118,267		118,267	118,267	-
Other Purchased Services	48,000		48,000	45,350	2,650
Supplies and Materials	16,000	2,904	18,904	15,577	3,327
Other Objects	4,500	7	4,507	1,718	2,789
Transfers to Cover Deficit (Enterprise Funds)	-	-	-	-	-
Total Community Services Programs/ Operations	<u>186,767</u>	<u>2,911</u>	<u>189,678</u>	<u>180,912</u>	<u>8,766</u>
Total Instruction	<u>21,396,880</u>	<u>187,830</u>	<u>21,584,710</u>	<u>20,948,124</u>	<u>636,586</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Health Services					
Salaries	\$ 729,690		\$ 729,690	\$ 697,567	\$ 32,123
Purchased Professional and Technical Services	25,000		25,000	25,000	-
Supplies and Materials	11,886	\$ 402	12,288	8,361	3,927
Other Objects	32,405	-	32,405	18,865	13,540
Total Health Services	798,981	402	799,383	749,793	49,590
Other Support Services - Students Related Services					
Salaries	4,070,192	(208,800)	3,861,392	3,755,974	105,418
Purchased Professional-Educational Services	87,810	107,100	194,910	194,836	74
Total Other Support Services-Students Related Serv.	4,158,002	(101,700)	4,056,302	3,950,810	105,492
Child Study Team					
Salaries of Other Professional Staff	2,184,367	(112,700)	2,071,667	1,935,959	135,708
Other Objects	-	-	-	-	-
Total Child Study Team	2,184,367	(112,700)	2,071,667	1,935,959	135,708
Improvement of Instruction Services					
Salaries	64,786		64,786	63,904	882
Other Purchased Services	48,400		48,400	48,400	-
Supplies and Materials	-	-	-	-	-
Total Improvement of Instruction Services	113,186	-	113,186	112,304	882
Educational Media Service/School Library					
Salaries	380,117	72,500	452,617	451,837	780
Other Purchased Services	221,000	22,539	243,539	242,333	1,206
Supplies and Materials	70,000	439,031	509,031	509,008	23
Total Educational Media Services/School Library	671,117	534,070	1,205,187	1,203,178	2,009
Instructional Staff Training Services					
Other Objects	87,884	17,420	105,304	57,927	47,377
Total Instructional Staff Training Services	87,884	17,420	105,304	57,927	47,377
Support Services General Administration					
Salaries	95,131	4,200	99,331	99,249	82
Legal Services	200,000		200,000	199,886	114
Audit Fees	60,000	(4,200)	55,800	55,794	6
Architect/Engineering Fees		109,900	109,900	91,628	18,272
Other Purchased Professional Services	55,000		55,000	49,835	5,165
Leases and Rentals	10,000		10,000	6,926	3,074
Communications/Telephone	349,000	(49,500)	299,500	257,275	42,225
Other Purchased Services	208,000	7,300	215,300	212,205	3,095
Supplies and Materials	15,000		15,000	12,520	2,480
Miscellaneous Expenditures	30,000	(1,565)	28,435	23,755	4,680
Total Support Services General Administration	1,022,131	66,135	1,088,266	1,009,073	79,193

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	\$ 1,284,266	\$ (42,000)	\$ 1,242,266	\$ 1,228,937	\$ 13,329
Salaries of Secretarial and Clerical Assistants	553,892	42,000	595,892	595,616	276
Purchased Professional and Technical Services			-		-
Other Purchased Services	13,714	1,771	15,485	5,877	9,608
Supplies and Materials	13,327	(485)	12,842	5,024	7,818
Other Objects	5,574	-	5,574	1,674	3,900
Total Support Services School Administration	1,870,773	1,286	1,872,059	1,837,128	34,931
Central Services					
Salaries	304,419		304,419	239,090	65,329
Purchased Professional Services	137,100	(2,100)	135,000	132,348	2,652
Purchased Technical Services	55,100	2,100	57,200	57,128	72
Other Purchased Services	7,500	(1,000)	6,500		6,500
Supplies and Materials	15,000	1,200	16,200	16,179	21
Miscellaneous Expenditures	7,500	(200)	7,300	5,996	1,304
Total Central Services	526,619	-	526,619	450,741	75,878
Required Maintenance for School Facilities					
Salaries	74,146		74,146	55,460	18,686
Cleaning, Repair and Maintenance Services	170,000	46,481	216,481	64,564	151,917
General Supplies	50,000	-	50,000	34,964	15,036
Total Required Maintenance for School Facilities	294,146	46,481	340,627	154,988	185,639
Custodial Services					
Salaries	1,144,739	(39,000)	1,105,739	1,049,485	56,254
Purchased Professional and Technical Services	178,000	104,500	282,500	282,134	366
Cleaning, Repair and Maintenance Services	252,000	11,233	263,233	215,540	47,693
Rental of Land and Bldgs. Other Than Lease Purch	1,621,974	7,850	1,629,824	1,629,754	70
Other Purchased Property Services	61,200		61,200	55,149	6,051
General Supplies	192,000	6,790	198,790	175,656	23,134
Energy (Natural Gas)	180,000	(32,700)	147,300	140,639	6,661
Energy (Electricity)	782,000	(179,350)	602,650	516,156	86,494
Energy (Gasoline)	100,000	32,700	132,700	132,674	26
Other Objects	9,000	-	9,000	7,967	1,033
Total Custodial Services	4,520,913	(87,977)	4,432,936	4,205,154	227,782
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	40,000	4,000	44,000	21,406	22,594
General Supplies	10,000	(4,850)	5,150	-	5,150
Total Upkeep of Grounds	50,000	(850)	49,150	21,406	27,744
Security					
Cleaning, Repair and Maintenance Services	162,000	850	162,850	162,815	35
Total Security	162,000	850	162,850	162,815	35
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	689,320	39,000	728,320	727,290	1,030
Cleaning, Repair and Maintenance Services	15,000		15,000	2,693	12,307
Contr Serv (Other Than Between Home & School) - Vendors	8,000	(3,800)	4,200	1,039	3,161
Miscellaneous Purchased Services-Transportation	34,500		34,500	34,500	-
Supplies and Materials	75,000	(3,000)	72,000	56,894	15,106
Miscellaneous Expenditures	20,000	6,800	26,800	26,774	26
Total Student Transportation Services	841,820	39,000	880,820	849,190	31,630

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,200,000	\$ 63,200	1,263,200	\$ 1,263,194	\$ 6
Other Retirement Contributions- Regular	2,060,000	(203,500)	1,856,500	1,856,428	72
Unemployment Compensation	51,200		51,200	49,306	1,894
Workmen's Compensation	273,000	208,600	481,600	481,548	52
Health Benefits	9,150,847	(145,350)	9,005,497	8,764,258	241,239
Tuition Reimbursement	170,000	(33,100)	136,900	76,990	59,910
Other Employee Benefits	45,000	68,000	113,000	112,767	233
Total Unallocated Benefits	<u>12,950,047</u>	<u>(42,150)</u>	<u>12,907,897</u>	<u>12,604,491</u>	<u>303,406</u>
On-Behalf TPAF Pension System Contributions- Non-Contributory Group					
Insurance (Non-Budgeted)				102,062	(102,062)
On-Behalf TPAF Pension System Contributions- Normal					
Costs (Non-Budgeted)				1,939,845	(1,939,845)
On-behalf TPAF Pension System Contributions- Post Retirement Medical					
(Non-Budgeted)				2,308,882	(2,308,882)
Reimbursed TPAF Social Security Contributions					
(Non-Budgeted)	-	-	-	2,138,448	(2,138,448)
Total TPAF Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,489,237</u>	<u>(6,489,237)</u>
Total Undistributed Expenditures	<u>30,251,986</u>	<u>360,267</u>	<u>30,612,253</u>	<u>35,794,194</u>	<u>(5,181,941)</u>
Total Expenditures - Current	<u>51,648,866</u>	<u>548,097</u>	<u>52,196,963</u>	<u>56,742,318</u>	<u>(4,545,355)</u>
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Auditory Impairments		5,200	5,200	5,200	-
Behavioral Disabilities			-	-	-
Multiple Disabilities	15,000	(7,200)	7,800	-	7,800
Autism			-	-	-
Preschool Disabilities			-	-	-
Educational Media and School Library		709,380	709,380	696,815	12,565
Central Services		10,237	10,237	10,205	32
Operations and Maintenance of Plant			-	-	-
School Buses-Special	-	292,913	292,913	292,913	-
Total Equipment	<u>15,000</u>	<u>1,010,530</u>	<u>1,025,530</u>	<u>1,005,133</u>	<u>20,397</u>
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Outlay	<u>15,000</u>	<u>1,010,530</u>	<u>1,025,530</u>	<u>1,005,133</u>	<u>20,397</u>
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	363,471		363,471	310,730	52,741
Other Salaries for Instruction	795,399	(55,600)	739,799	651,711	88,088
Other Purchased Services	398,000	(10,550)	387,450	324,432	63,018
General Supplies	23,250	12,300	35,550	32,945	2,605
Other Objects	11,750	(1,750)	10,000	5,535	4,465
Total Other Special Schools - Instruction	<u>1,591,870</u>	<u>(55,600)</u>	<u>1,536,270</u>	<u>1,325,353</u>	<u>210,917</u>
Other Special Schools - Support Services					
Salaries	456,269	63,700	519,969	483,924	36,045
Personal Services - Employee Benefits	715,500		715,500	607,001	108,499
Purchased Professional and Technical Services	112,600	(10,000)	102,600	93,217	9,383
Other Purchased Services	240,900	900	241,800	216,653	25,147
Supplies and Materials	14,500	1,000	15,500	10,257	5,243
Other Objects	-	-	-	-	-
Total Other Special Schools - Support Services	<u>1,539,769</u>	<u>55,600</u>	<u>1,595,369</u>	<u>1,411,052</u>	<u>184,317</u>
Total Other Special Schools	<u>3,131,639</u>	<u>-</u>	<u>3,131,639</u>	<u>2,736,405</u>	<u>395,234</u>
Total Expenditures	<u>54,795,505</u>	<u>1,558,627</u>	<u>56,354,132</u>	<u>60,483,856</u>	<u>(4,129,724)</u>
Excess(Deficiency) of Revenues Over(Under)					
Expenditures	(1,520,000)	(1,558,627)	(3,078,627)	(199,572)	2,879,055

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original</u> <u>Budget</u>	<u>Adjustments</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance Final</u> <u>Budget to Actual</u>
Other Financing Sources(Uses):					
Transfer to Food Service Fund - Board Contribution	\$ (80,000)	\$ (45,000)	\$ (125,000)	\$ (125,000)	-
Operating Transfers - Internal Service Funds	500,000		500,000	500,000	-
Operating Transfers - Compensated Absences Internal Service Fund	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>420,000</u>	<u>(45,000)</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(1,100,000)	\$ (1,603,627)	(2,703,627)	175,428	\$ 2,879,055
Fund Balances, July 1	<u>6,754,266</u>	<u>-</u>	<u>6,754,266</u>	<u>6,754,266</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 5,654,266</u>	<u>\$ (1,603,627)</u>	<u>\$ 4,050,639</u>	<u>\$ 6,929,694</u>	<u>\$ 2,879,055</u>
Recapitulation:					
Restricted Fund Balance					
Capital Reserve				\$ 2,255,589	
Maintenance Reserve				100,000	
Assigned Fund Balance					
Year End Encumbrances				901,801	
Designated for Subsequent Year's Expenditures				1,100,000	
Unassigned Fund Balance					
Undesignated				<u>2,572,304</u>	
				<u>\$ 6,929,694</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, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
State Sources	\$ 998,000	\$ 185,365	\$ 1,183,365	\$ 942,108	\$ (241,257)
Federal Sources	90,000	43,289	133,289	99,511	(33,778)
Other Sources	8,050,000	798,296	8,848,296	7,763,998	(1,084,298)
Total Revenues	<u>9,138,000</u>	<u>1,026,950</u>	<u>10,164,950</u>	<u>8,805,617</u>	<u>(1,359,333)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	9,032,000	(4,294,942)	4,737,058	3,911,180	825,878
Other Salaries for Instruction		19,140	19,140	19,140	-
Purchased Professional Services		15,431	15,431	15,431	-
Other Purchased Services		19,600	19,600	6,000	13,600
General Supplies	50,000	353,857	403,857	283,757	120,100
Other Objects	56,000	(7,518)	48,482	48,482	-
Total Instruction	<u>9,138,000</u>	<u>(3,894,432)</u>	<u>5,243,568</u>	<u>4,283,990</u>	<u>959,578</u>
Support Services					
Salaries		861,886	861,886	789,735	72,151
Personnel Services Employee Benefits		1,582,893	1,582,893	1,447,407	135,486
Cleaning, Repair, and Maintenance Service		9,803	9,803	-	9,803
Purchased Professional Education Services		2,073,312	2,073,312	1,976,723	96,589
Communication and Telephone		22,829	22,829	22,829	-
Energy		7,456	7,456	7,456	-
Rental		136,720	136,720	123,099	13,621
Travel		7,715	7,715	7,175	540
Other Purchased Services		99,725	99,725	99,725	-
Supplies and Materials		4,226	4,226	2,877	1,349
Miscellaneous Expenditures	-	8,401	8,401	8,401	-
Total Support Services	<u>-</u>	<u>4,814,966</u>	<u>4,814,966</u>	<u>4,485,427</u>	<u>329,539</u>
Facilities Acquisition and Construction					
Buildings		58,300	58,300	36,200	22,100
Instructional Equipment	-	48,116	48,116	-	48,116
Total Facilities Acquisition and Construction	<u>-</u>	<u>106,416</u>	<u>106,416</u>	<u>36,200</u>	<u>70,216</u>
Total Expenditures	<u>9,138,000</u>	<u>1,026,950</u>	<u>10,164,950</u>	<u>8,805,617</u>	<u>1,359,333</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2013**

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.

	General Fund	Special Revenue Fund
Source/Inflows of Resources		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	\$ 60,284,284	\$ 8,805,617
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, 2012		78,890
Encumbrances, June 30, 2013	-	(4,258)
	<u> </u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 60,284,284</u>	<u>\$ 8,880,249</u>
Uses/Outflows of Resources		
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 60,483,856	\$ 8,805,617
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, 2012		78,890
Encumbrances, June 30, 2013	-	(4,258)
	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 60,483,856</u>	<u>\$ 8,880,249</u>

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, 2013**

	<u>Total Brought Forward (Ex. E-1b)</u>	<u>Total Brought Forward (Ex. E-1a)</u>	<u>Total Brought Forward (Ex. E-1c)</u>	<u>Nonpublic Supp. Inst.</u>	<u>Nonpublic Speech</u>	<u>Nonpublic Transport</u>	<u>Nonpublic Home Inst</u>	<u>Nonpublic Exam. & Class</u>	<u>Nonpublic Comp. Ed</u>	<u>2013</u>
REVENUES										
Intergovernmental										
State	\$ 182,000	\$ 760,108								\$ 942,108
Federal	99,511									99,511
Other	271,871	1,248	2,120,021	787,254	906,426	122,069	41,160	1,452,707	2,061,242	7,763,998
Total Revenues	\$ 553,382	\$ 761,356	\$ 2,120,021	\$ 787,254	\$ 906,426	\$ 122,069	\$ 41,160	\$ 1,452,707	\$ 2,061,242	\$ 8,805,617
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 94,575	\$ 459,110	\$ 1,138,033	\$ 522,547	\$ 418,438	\$ 70,120	\$ 20,189	\$ 6,117	\$ 1,188,168	\$ 3,911,180
Other Salaries for Instruction	-	-	-	6,314	6,709	-	-	-	-	19,140
Purchased Professional Services	15,431	-	-	-	-	-	-	-	-	15,431
Other Purchased Services	6,000	-	-	-	-	-	-	-	-	6,000
General Supplies	7,616	4,629	94,727	945	30,826	-	-	48,326	96,688	283,757
Other Objects	26,220	938	-	-	152	-	-	10,486	10,686	48,482
Total Instruction	149,842	464,677	1,232,760	529,806	456,125	70,120	20,189	64,929	1,295,542	4,283,990
Support Services										
Salaries	206,955	58,047	81,273	69,739	141,479	49,949	507	113,218	68,568	789,735
Personnel Services Employee Benefits	142,507	94,427	322,349	162,539	186,539	-	-	82,318	456,636	1,447,407
Cleaning, Repair, and Maintenance Services	-	-	-	-	-	-	-	-	-	-
Purchased Professional Education Services	34,657	-	402,097	14,000	89,000	2,000	20,412	1,144,406	170,000	1,876,572
Purchased Professional Technical Services	756	32,151	68,000	-	-	-	-	-	-	100,151
Communication and Telephone	2,515	-	-	-	2,464	-	-	2,514	17,095	22,829
Energy(Heat & Electricity)	-	-	-	-	2,299	-	-	127	2,515	7,456
Rental	5,000	21,435	-	10,000	25,000	-	-	28,332	33,332	123,099
Travel	556	-	-	-	-	-	-	-	-	-
Other Purchased Services	1,205	52,900	13,542	1,150	3,500	-	-	16,863	6,639	7,175
Supplies and Materials	1,008	1,519	-	-	-	-	-	-	10,565	99,725
Miscellaneous Expenditures	8,401	-	-	-	-	-	-	-	350	2,877
Total Support Services	403,540	260,479	887,261	257,448	450,301	51,949	20,971	1,387,778	765,700	4,485,427
Facilities Acquisition and Construction										
Buildings	-	-	-	-	-	-	-	-	-	-
Rental of Buildings	-	36,200	-	-	-	-	-	-	-	36,200
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	36,200	-	-	-	-	-	-	-	36,200
Total Expenditures	\$ 553,382	\$ 761,356	\$ 2,120,021	\$ 787,254	\$ 906,426	\$ 122,069	\$ 41,160	\$ 1,452,707	\$ 2,061,242	\$ 8,805,617

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, 2013

	Careers Thru Technology	Adult Training	Adult Autism	After Hours	Community Connections	Getting Us There	Leisure Bridges	GUTS Adult	Foundation Funds	Total Exhibit E-1a
REVENUES										
Intergovernmental	\$ 203,313	\$ 267,241	\$ 133,052	\$ 36,634	\$ 34,801	\$ 35,276	\$ 21,274	\$ 28,517	\$ 1,248	\$ 760,108
State	-	-	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 203,313	\$ 267,241	\$ 133,052	\$ 36,634	\$ 34,801	\$ 35,276	\$ 21,274	\$ 28,517	\$ 1,248	\$ 761,356
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 146,937	\$ 85,736	\$ 116,667	\$ 36,634	\$ 32,328	\$ 24,441		\$ 16,367		\$ 459,110
Other Salaries for Instruction	-	-	-	-	-	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-	1,466	-	1,915	\$ 1,248	4,629
Other Purchased Services	-	-	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-	-	938
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	146,937	85,736	116,667	36,634	32,328	25,907	938	18,282	1,248	464,677
Support Services										
Salaries	37,876	42,868	16,385	-	2,473	1,869	15,179	1,235	-	58,047
Personnel Services Employees Benefits	-	32,151	-	-	-	-	2,438	-	-	94,427
Cleaning, Repair, and Maintenance Services	-	-	-	-	-	-	-	-	-	-
Purchased Professional Education Services	-	-	-	-	-	-	-	-	-	-
Purchased Professional Technical Services	-	32,151	-	-	-	-	-	-	-	32,151
Other Purchased Professional Services	-	-	-	-	-	-	-	-	-	-
Communication and Telephone	-	-	-	-	-	-	-	-	-	-
Energy (Heat & Electricity)	-	-	-	-	-	-	1,519	-	-	-
Purchased Property Services	-	-	-	-	-	-	-	-	-	-
Rental	-	21,435	-	-	-	-	-	-	-	21,435
Travel	-	-	-	-	-	-	-	-	-	-
Other Purchased Services	-	52,900	-	-	-	-	-	-	-	52,900
Supplies and Materials	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	1,519
Total Support Services	37,876	181,505	16,385	-	2,473	1,869	19,136	1,235	-	260,479
Facilities Acquisition and Construction										
Rental of Buildings	18,500	-	-	-	-	7,500	1,200	9,000	-	36,200
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	18,500	-	-	-	-	7,500	1,200	9,000	-	36,200
Total Expenditures	\$ 203,313	\$ 267,241	\$ 133,052	\$ 36,634	\$ 34,801	\$ 35,276	\$ 21,274	\$ 28,517	\$ 1,248	\$ 761,356

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, 2013

	Work Ready, Work Now	Blesham Donations	Millburn Donations	HIP Union St Donations	Nonpublic ESL	Millburn Transition	Homeless Children	Homeless Children Continued	Total Exhibit E-1b
REVENUES									
Intergovernmental									
State	\$ 182,000								\$ 182,000
Federal		193	1,474	828	267,801	1,575	75,948	23,563	99,511
Other									271,871
Total Revenues	\$ 182,000	\$ 193	\$ 1,474	\$ 828	\$ 267,801	\$ 1,575	\$ 75,948	\$ 23,563	\$ 553,382
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 2,760				\$ 91,815				\$ 94,575
Other Salaries for Instruction	15,431								15,431
Purchased Professional Services							6,000		6,000
Other Purchased Services	2,601	195	1,474	828	945	1,575			7,616
General Supplies	26,220								26,220
Other Objects									
Total Instruction	47,012	195	1,474	828	92,760	1,575	6,000		149,842
Support Services									
Salaries	111,834				40,893		45,190	9,038	206,955
Personnel Services Employee Benefits	13,745				112,570		11,804	4,388	142,507
Cleaning, Repair, and Maintenance Services									
Purchased Professional Education Services					12,157		12,500	10,000	34,657
Other Purchased Professional Services									
Communication and Telephone					756			756	756
Energy (Heat & Electricity)					2,515			2,515	2,515
Purchased Property Services					5,000				5,000
Rental									
Travel									
Other Purchased Services							399	137	536
Supplies and Materials	1,008				1,150		55		1,205
Miscellaneous Expenditures	8,401								1,008
Total Support Services	134,988				175,041		69,948	23,563	403,540
Facilities Acquisition and Construction									
Buildings									
Instructional Equipment									
Total Facilities Acquisition and Construction									
Total Expenditures	\$ 182,000	\$ 193	\$ 1,474	\$ 828	\$ 267,801	\$ 1,575	\$ 75,948	\$ 23,563	\$ 553,382

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, 2013

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	Professional Development	Total Exhibit E-1c
REVENUES				
Intergovernmental				
State				
Federal				
Other	\$ 1,035,924	\$ 1,080,989	\$ 3,108	\$ 2,120,021
Total Revenues	<u>\$ 1,035,924</u>	<u>\$ 1,080,989</u>	<u>3,108</u>	<u>\$ 2,120,021</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	\$ 284,056	\$ 853,977		\$ 1,138,033
Other Salaries for Instruction				
Purchased Professional Services				
Other Purchased Services				
General Supplies	70,788	21,230	2,709	94,727
Other Objects				
Total Instruction	<u>354,844</u>	<u>875,207</u>	<u>2,709</u>	<u>1,232,760</u>
Support Services				
Salaries	81,124		149	81,273
Personnel Services Employee Benefits	116,567	205,782		322,349
Cleaning, Repair, and Maintenance Services				
Purchased Professional Education Services	402,097			402,097
Other Purchased Professional Services	68,000			68,000
Communication and Telephone				
Energy (Heat & Electricity)				
Purchased Property Services				
Rental				
Travel				
Other Purchased Services	13,292		250	13,542
Supplies and Materials				
Miscellaneous Expenditures				
Total Support Services	<u>681,080</u>	<u>205,782</u>	<u>399</u>	<u>887,261</u>
Facilities Acquisition and Construction				
Buildings				
Instructional Equipment				
Total Facilities Acquisition and Construction				
Total Expenditures	<u>\$ 1,035,924</u>	<u>\$ 1,080,989</u>	<u>\$ 3,108</u>	<u>\$ 2,120,021</u>

**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, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**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, 2013**

Revenues and Other Financing Sources

County Aid	\$ 4,019,867
Total Revenues and Other Financing Sources	<u>4,019,867</u>

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	613,135
Facilities Acquisition and Construction Services	1,428,317
Equipment	158,056
Supplies and Materials	<u>542,446</u>
Total Expenditures and Other Financing Uses	<u>2,741,954</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	1,277,913
Fund Balance (Deficit) - Beginning of Year	<u>(1,281,894)</u>
Fund Balance (Deficit) - End of Year	<u>\$ (3,981)</u>

ENTERPRISE FUNDS

EXHIBIT G-1

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

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, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013

	Millburn Regional Day School	Norman A. Blehman Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	Interlocal Agreements	ETTTC	Management Agreement	Compensated Absences	Totals
ASSETS													
Current Assets													
Cash and Cash Equivalents	\$ 752,459	\$ 844,262	\$ 963,207	\$ 700	\$ 3,410	\$ 4,524	\$ 34,318	\$ 845	\$ 24,358	\$ 83,232	\$ 38,020	\$ -	\$ 2,740,335
Accounts Receivable	179,642	147,736	472,135	4,300	-	174,246	19,091	820,355	1,401,456	-	-	\$ 1,216,577	3,218,961
Due From B.C.T.S.	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	1,216,577
Total Current Assets	932,101	991,998	1,435,342	5,000	3,410	178,770	53,409	821,200	1,425,814	83,232	38,020	1,216,577	7,184,873
Capital Assets													
Furniture, machinery & equipment	188,200	295,756	-	-	-	14,637	-	78,082	-	51,018	-	-	627,713
Less: Accumulated Depreciation	(177,913)	(295,756)	-	-	-	(11,727)	-	(58,998)	-	(11,668)	-	-	(555,162)
Total Capital Assets, Net	11,187	-	-	-	-	2,910	-	19,084	-	39,350	-	-	72,551
Total Assets	943,288	991,998	1,435,342	5,000	3,410	181,700	53,409	840,284	1,425,814	122,582	38,020	1,216,577	7,257,424
LIABILITIES													
Current Liabilities													
Accounts Payable	18,549	55,805	-	-	-	401	-	1,411	75,814	22,369	2,734	-	177,083
Unearned Revenues	8,888	-	-	-	-	-	-	4,261	-	-	-	-	13,149
Due to BCTS	11,817	11,080	-	5,000	-	175,000	-	325,000	1,350,000	-	35,286	-	58,183
Due to Other Funds	-	-	-	5,000	-	-	-	-	-	-	-	-	1,855,000
Total Current Liabilities	39,254	66,885	-	5,000	-	175,401	-	330,672	1,425,814	22,369	38,020	-	2,105,415
Noncurrent Liabilities													
Compensated Absences	83,351	115,416	-	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Noncurrent Liabilities	83,351	115,416	-	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Liabilities	122,605	182,301	-	5,000	-	175,401	-	330,672	1,425,814	22,369	38,020	1,216,577	3,518,759
NET POSITION													
Net Investment in capital assets	11,187	-	-	-	-	2,930	-	19,084	-	39,350	-	-	72,551
related debt	809,496	809,697	1,435,342	-	3,410	3,369	53,409	490,528	-	60,863	-	-	3,666,114
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Position	\$ 820,683	\$ 809,697	\$ 1,435,342	\$ -	\$ 3,410	\$ 6,299	\$ 53,409	\$ 509,612	\$ -	\$ 100,213	\$ -	\$ -	\$ 3,738,665

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, 2013

	Millburn Regional Day School	Norman A. Bleshman Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
REVENUES													
OPERATING REVENUES													
Tuition from LEAS	\$ 2,683,980	\$ 6,534,672	\$ 1,737,475	\$ 2,597,983	-	\$ 502,800	\$ 83,320	\$ 3,303,306	\$ 5,789,812	\$ 90,304	\$ 954,074	-	\$ 9,218,652
Changes and Fees	18,290	218,178	-	-	-	-	-	-	-	-	-	-	15,295,782
Total Operating Revenues	2,702,270	6,752,850	1,737,475	2,597,983	-	502,800	83,320	3,303,306	5,789,812	90,304	954,074	-	24,514,394
OPERATING EXPENSES													
Instruction-Special Education	1,474,294	4,091,105	828,273	1,182,440	-	544,870	59,872	2,700,193	2,918,374	76,987	-	-	13,876,408
School Sponsored Co-curricular Activities	115	211	-	-	-	-	-	-	-	-	-	-	326
Health Services	107,657	223,567	-	9,517	-	-	-	-	-	-	-	-	340,741
Other Support Services-Students-Regular	-	-	-	11,267	-	-	-	-	-	-	-	-	11,267
Other Support Services-Students-Special	51,730	195,894	-	106,299	-	-	-	56,418	1,354,660	-	-	-	1,765,091
Admin. Info. Technology	-	62,472	-	-	-	-	-	87,642	-	-	-	-	150,114
Instructional Staff Training Services	1,678	-	-	23,629	-	-	-	15,712	630	-	10,379	-	2,308
General Administration	22,136	25,689	-	195,130	-	-	-	104,651	129,921	-	-	-	227,466
School Administration	138,457	141,134	-	250,716	-	-	-	118,323	679	-	22,613	-	579,372
Operation and Maintenance of Plant	237,922	290,378	-	64,658	-	-	-	-	-	-	-	-	920,651
Student Transportation	-	-	-	232,043	-	-	-	-	-	-	-	-	64,658
Business/Central Services	54,809	280,170	198,847	500,478	-	82,700	15,000	150,266	1,085,303	-	702,161	-	1,304,183
Unallocated Benefits	384,902	1,517,080	-	-	-	-	11,080	-	300,045	-	217,203	-	4,348,059
Administrative Fees	-	-	-	-	-	-	-	-	-	-	1,718	-	7,304
Food Services	624	3,156	-	1,806	-	1,466	-	7,808	-	4,905	-	-	32,015
Depreciation	2,573	15,263	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	2,676,897	6,846,119	1,027,120	2,597,983	-	629,056	85,952	3,241,013	5,789,812	81,892	954,074	-	23,929,898
Operating Income (Loss)	25,373	(93,269)	710,355	-	-	(126,256)	(2,432)	62,293	-	8,412	-	-	584,496
Net Income (Loss) Before Operating Transfers	25,373	(93,269)	710,355	-	-	(126,256)	(2,432)	62,293	-	8,412	-	-	584,496
Transfer In(out)	-	-	(300,000)	-	-	(75,000)	(25,000)	(100,000)	-	-	-	-	(500,000)
Other Financing Source(Use)	-	-	410,355	-	-	(201,236)	(27,432)	(37,707)	-	8,412	-	-	84,496
Change in Net Position	25,373	(93,269)	410,355	-	-	(201,236)	(27,432)	(37,707)	-	8,412	-	-	84,496
Prior Period Adjustment - Capital Assets, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Position - Beginning of Year	795,310	902,966	1,024,987	-	3,410	207,535	80,841	547,319	-	91,801	-	-	3,654,169
Total Net Position - Ending of Year	\$ 820,683	\$ 809,697	\$ 1,435,342	\$ -	\$ 3,410	\$ 6,299	\$ 53,409	\$ 509,612	\$ -	\$ 100,213	\$ -	\$ -	\$ 3,738,665

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Millburn Regional Day School	Norman A. Blechnan Regional Day School	One to Aides	Extended Year	IAP	Touchstone	Home Hospital	Education Enterprises	Interlocal Agreement	ETTC	Management Agreement	Compensated Absences	Totals
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from Customers	\$ 2,843,338	\$ 6,960,824	\$ 1,535,204	\$ 2,593,683	\$ 462,162	\$ 90,544	\$ 3,115,109	\$ 4,883,605	\$ 90,304	\$ 954,074	\$ 23,529,347		\$ 23,529,347
Payments to Employees	(1,900,051)	(4,687,361)	(628,273)	(1,654,340)	(541,590)	(59,539)	(2,781,504)	(3,979,438)	(702,161)	(702,161)	(17,314,257)		(17,314,257)
Payments to Suppliers for Goods and Services	(8,936.19)	(1,927,839)	(198,847)	(963,643)	(386,506)	(26,413)	(432,065)	(1,730,865)	(59,882)	(59,882)	(249,565)		(6,555,232)
Net Cash Provided by (Used for) operating activities	124,177	145,624	508,084	(4,300)	-	(165,934)	4,592	(846,698)	30,422	2,350	-	-	(320,142)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES													
Operating Subsidies and transfers from (to) other funds	-	-	(300,000)	5,000	-	100,000	(25,000)	850,000	-	35,597	-	-	780,597
Net cash provided by (used for) noncapital financing activities	-	-	(300,000)	5,000	-	100,000	(25,000)	850,000	-	35,597	-	-	780,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES													
Purchases of capital assets	-	-	-	-	-	-	-	-	-	(18,412)	-	-	(18,412)
Net cash provided by (used) capital and related financing activities	-	-	-	-	-	-	-	-	-	(18,412)	-	-	(18,412)
Net increase (decrease) in cash and cash equivalents	124,177	145,624	208,084	700	-	(65,934)	(20,408)	(3,302)	12,010	37,947	-	-	442,043
Balances - Beginning of Year	628,282	698,638	755,123	-	\$ 3,410	70,438	54,726	4,304	21,056	71,222	73	-	2,307,292
Balances - End of Year	\$ 752,459	\$ 844,262	\$ 963,207	\$ 700	\$ 3,410	\$ 4,524	\$ 34,318	\$ 845	\$ 24,358	\$ 83,232	\$ 38,020	\$ -	\$ 2,749,335
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES													
Operating Income (Loss)	\$ 25,373	\$ (93,269)	\$ 710,355	-	\$ -	\$ (126,236)	\$ (2,432)	\$ 62,293	-	\$ 8,412	-	-	\$ 584,396
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities													
Depreciation and net amortization	2,373	15,263	(202,271)	(4,300)	1,466	7,024	(190,035)	7,808	(906,207)	4,905	-	-	32,015
(Increase) Decrease in accounts receivable, net	132,680	207,974	(202,271)	(4,300)	(40,638)	7,024	(190,035)	(906,207)	(906,207)	4,905	-	-	(995,773)
Increase (Decrease) in other current liabilities	(8,541)	-	-	-	-	-	1,838	-	-	-	-	-	(6,703)
Increase (Decrease) in Deferred Revenues	(27,908)	15,656	-	-	-	(526)	(363)	59,509	-	17,105	2,350	-	65,823
Increase (decrease) in accounts payable	-	-	-	-	-	(39,698)	(180,752)	(846,698)	-	22,010	2,350	-	(904,638)
Total Adjustments	98,804	238,893	(202,271)	(4,300)	-	7,024	(180,752)	(846,698)	-	22,010	2,350	-	(904,638)
Net Cash Provided (Used) by Operating Activities	\$ 124,177	\$ 145,624	\$ 508,084	\$ (4,300)	\$ -	\$ (165,934)	\$ 4,592	\$ (846,698)	\$ 30,422	\$ 2,350	\$ -	\$ -	\$ (320,142)

FIDUCIARY FUNDS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,308	\$ 126,471	\$ 129,779
Total Assets	<u>\$ 3,308</u>	<u>\$ 126,471</u>	<u>\$ 129,779</u>
LIABILITIES			
Payroll Deductions and Withholdings Payable to Student Groups	\$ 3,308	\$ 126,471 -	\$ 126,471 3,308
Total Liabilities	<u>\$ 3,308</u>	<u>\$ 126,471</u>	<u>\$ 129,779</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

	Balance July 1, <u>2012</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance June 30, <u>2013</u>
SCHOOLS				
District Student Activity	\$ <u>2,451</u>	\$ <u>2,112</u>	<u>1,255</u>	\$ <u>3,308</u>
	<u>\$ 2,451</u>	<u>\$ 2,112</u>	<u>\$ 1,255</u>	<u>\$ 3,308</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance July 1, <u>2012</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance June 30, <u>2013</u>
Payroll Deductions and Withholdings	\$ 446,183	\$ 25,273,296	\$ 25,596,884	\$ 122,595
Accrued Salaries and Wages	<u>(851)</u>	<u>33,031,905</u>	<u>33,027,178</u>	<u>3,876</u>
	<u>\$ 445,332</u>	<u>\$ 58,305,201</u>	<u>\$ 58,624,062</u>	<u>\$ 126,471</u>

LONG-TERM DEBT

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment In Capital Assets	\$ 5,298,188	\$ 11,185,224	\$ 12,598,772	\$ 14,330,036	\$ 14,761,199	\$ 15,147,880	\$ 14,573,918	\$ 14,077,590	\$ 16,655,729	\$ 18,592,221
Restricted	4,412	1	1	1	1	1	1	287,568	218,174	2,351,608
Unrestricted	3,453,565	3,536,925	1,198,649	1,897,018	917,303	1,425,492	5,038,537	7,865,632	8,018,160	7,439,085
Total Governmental Activities Net Position	\$ 8,756,165	\$ 14,722,150	\$ 13,797,422	\$ 16,227,055	\$ 15,678,503	\$ 16,573,373	\$ 19,612,456	\$ 22,230,790	\$ 24,892,063	\$ 28,382,914
Business-Type Activities										
Net Investment In Capital Assets	\$ 11,818	\$ 40,795	\$ 35,945	\$ 31,095	\$ 26,245	\$ 21,395	\$ 21,545	\$ 16,695	\$ 15,151	\$ 10,301
Unrestricted	113,296	82,740	25,789	(31,998)	7,426	12,678	24,288	36,541	14,692	(1,264)
Total Business-Type Activities Net Position	\$ 125,114	\$ 123,535	\$ 61,734	\$ (903)	\$ 33,671	\$ 34,073	\$ 45,833	\$ 53,236	\$ 29,843	\$ 9,037
District-Wide										
Net Investment In Capital Assets	\$ 5,310,006	\$ 11,225,019	\$ 12,634,717	\$ 14,361,131	\$ 14,787,444	\$ 15,169,275	\$ 14,595,463	\$ 14,094,285	\$ 16,670,880	\$ 18,602,522
Restricted	4,412	1	1	1	1	1	1	287,568	218,174	2,351,608
Unrestricted	3,566,861	3,619,665	1,224,438	1,865,020	924,729	1,438,170	5,062,825	7,902,173	8,032,852	7,437,821
Total District Net Position	\$ 8,881,279	\$ 14,845,685	\$ 13,859,156	\$ 16,226,152	\$ 15,712,174	\$ 16,607,446	\$ 19,658,289	\$ 22,284,026	\$ 24,921,906	\$ 28,391,951

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 38,955,125	\$ 42,188,072	\$ 45,437,422	\$ 46,666,073	\$ 52,409,148	\$ 54,047,641	\$ 52,185,751	\$ 54,062,659	\$ 53,836,446	\$ 57,197,958
Support Services:										
Student & Instruction Related Services	12,461,830	12,205,278	12,688,247	14,204,788	17,772,009	18,565,246	19,147,517	20,135,118	19,795,236	20,057,553
School Administration Services	2,485,861	2,905,012	2,972,465	3,154,112	3,577,365	3,691,661	4,039,313	4,246,311	4,415,135	4,079,030
General Administration	1,739,347	1,583,425	1,546,587	1,808,694	1,614,639	1,689,248	1,257,233	1,124,974	1,063,246	1,318,281
Plant Operations And Maintenance	5,038,722	5,944,357	6,754,626	7,999,094	7,723,793	7,826,411	7,444,936	7,243,623	7,208,351	7,409,191
Pupil Transportation	859,670	1,016,225	1,187,705	1,384,223	1,396,173	1,702,675	1,571,143	1,509,882	1,611,496	1,648,043
Support Svc- Central Svc/Admin Info Tech	2,380,802	2,795,512	3,020,406	3,523,462	3,336,811	3,465,816	2,650,731	2,660,556	2,429,925	2,372,887
Debt Service										
Interest on Long Term Debt					19,282	10,385	2,528	-		
Total Governmental Activities Expenses	<u>63,921,357</u>	<u>68,637,881</u>	<u>73,607,458</u>	<u>78,740,446</u>	<u>87,849,220</u>	<u>90,999,083</u>	<u>88,299,152</u>	<u>90,983,123</u>	<u>90,359,835</u>	<u>94,982,943</u>
Business-Type Activities:										
Food Service	453,312	420,828	436,509	525,264	533,055	559,804	567,154	534,750	450,627	452,794
Total Business-Type Activities Expense	<u>453,312</u>	<u>420,828</u>	<u>436,509</u>	<u>525,264</u>	<u>533,055</u>	<u>559,804</u>	<u>567,154</u>	<u>534,750</u>	<u>450,627</u>	<u>452,794</u>
Total District Expenses	<u>\$ 64,374,669</u>	<u>\$ 69,058,709</u>	<u>\$ 74,043,967</u>	<u>\$ 79,265,710</u>	<u>\$ 88,382,275</u>	<u>\$ 91,558,887</u>	<u>\$ 88,866,306</u>	<u>\$ 91,517,873</u>	<u>\$ 90,810,462</u>	<u>\$ 94,535,737</u>
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 16,762,813	\$ 18,202,605	\$ 18,497,913	18,919,693	19,688,173	20,603,942	67,166,745	69,117,215	66,313,564	68,526,447
Operating Grants And Contributions	11,079,945	9,744,655	10,232,877	13,132,719	14,553,680	13,859,135	13,844,363	13,318,375	14,613,356	15,697,854
Capital Grants And Contributions	697,532	1,964,566	2,293,394	3,134,048	2,335,851	848,417	1,441,212	832,836	2,500,547	4,019,867
Total Governmental Activities Program Revenues	<u>28,540,290</u>	<u>29,911,826</u>	<u>31,024,184</u>	<u>35,186,460</u>	<u>36,577,704</u>	<u>35,311,494</u>	<u>82,452,320</u>	<u>83,268,426</u>	<u>83,427,467</u>	<u>88,244,168</u>
Business-Type Activities:										
Charges For Services										
Food Service	141,304	128,515	129,377	134,405	130,853	141,752	133,040	133,673	115,288	97,634
Operating Grants And Contributions	139,537	153,698	150,070	187,305	198,391	227,481	261,444	244,752	231,946	209,354
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>280,841</u>	<u>282,213</u>	<u>279,447</u>	<u>321,710</u>	<u>329,244</u>	<u>369,233</u>	<u>394,484</u>	<u>378,425</u>	<u>347,234</u>	<u>306,988</u>
Total District Program Revenues	<u>\$ 28,821,131</u>	<u>\$ 30,194,039</u>	<u>\$ 31,303,631</u>	<u>\$ 35,508,170</u>	<u>\$ 36,906,948</u>	<u>\$ 35,680,727</u>	<u>\$ 82,846,804</u>	<u>\$ 83,646,851</u>	<u>\$ 83,774,701</u>	<u>\$ 88,551,156</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (35,381,067)	\$ (38,726,055)	\$ (42,583,274)	\$ (43,553,986)	\$ (51,271,516)	\$ (55,687,589)	\$ (5,846,832)	\$ (7,714,697)	\$ (6,932,368)	\$ (5,838,775)
Business-Type Activities	(172,471)	(138,615)	(157,062)	(203,554)	(203,811)	(190,571)	(172,670)	(156,325)	(103,393)	(145,806)
Total District-Wide Net Expense	<u>\$ (35,553,538)</u>	<u>\$ (38,864,670)</u>	<u>\$ (42,740,336)</u>	<u>\$ (43,757,540)</u>	<u>\$ (51,475,327)</u>	<u>\$ (55,878,160)</u>	<u>\$ (6,019,502)</u>	<u>\$ (7,871,022)</u>	<u>\$ (7,035,761)</u>	<u>\$ (5,984,581)</u>
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,328,849	\$ 5,462,070	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185
Federal And State Aid Restricted	81,855	357,029	174,108	341,516	762,787	391,605	23,539	40,430	139,503	45,335
Tuition Received	29,849,090	33,418,339	34,229,025	37,970,599	41,882,614	46,143,778				
Tuition Non-Resident	999,846	925,658	1,022,865	1,117,160	1,342,350	1,416,162				
Investment Earnings	41,502	145,978	242,293	277,145	137,737	29,184	15,679	11,021	27,915	41,718
Miscellaneous Income	510,352	638,079	486,893	651,534	896,281	975,533	1,213,957	1,621,123	1,182,038	1,043,388
Transfers	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(190,973)	(184,430)	(163,728)	(80,000)	(125,000)
Total Governmental Activities	<u>36,659,571</u>	<u>40,823,996</u>	<u>41,658,546</u>	<u>45,983,619</u>	<u>50,722,964</u>	<u>56,582,459</u>	<u>8,885,915</u>	<u>10,333,031</u>	<u>9,593,641</u>	<u>9,329,626</u>
Business-Type Activities:										
Investment Earnings										
Transfers	151,923	123,157	95,261	140,917	238,385	190,973	184,430	163,728	80,000	125,000
Total Business-Type Activities	<u>151,923</u>	<u>123,157</u>	<u>95,261</u>	<u>140,917</u>	<u>238,385</u>	<u>190,973</u>	<u>184,430</u>	<u>163,728</u>	<u>80,000</u>	<u>125,000</u>
Total District-Wide	<u>\$ 36,811,494</u>	<u>\$ 40,947,153</u>	<u>\$ 41,753,807</u>	<u>\$ 46,124,536</u>	<u>\$ 50,961,349</u>	<u>\$ 56,773,432</u>	<u>\$ 9,070,345</u>	<u>\$ 10,496,759</u>	<u>\$ 9,673,641</u>	<u>\$ 9,454,626</u>
Change In Net Position										
Governmental Activities	\$ 1,278,504	\$ 2,097,941	\$ (924,728)	\$ 2,429,633	\$ (548,552)	\$ 894,870	\$ 3,039,083	\$ 2,618,334	\$ 2,661,273	\$ 3,490,851
Business-Type Activities	(20,548)	(15,458)	(61,801)	(62,637)	34,574	402	11,760	7,403	(23,393)	(20,806)
Total District	<u>\$ 1,257,956</u>	<u>\$ 2,082,483</u>	<u>\$ (986,529)</u>	<u>\$ 2,366,996</u>	<u>\$ (513,978)</u>	<u>\$ 895,272</u>	<u>\$ 3,050,843</u>	<u>\$ 2,625,737</u>	<u>\$ 2,637,880</u>	<u>\$ 3,470,045</u>

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 839,552	\$ 1,183,638	\$ 777,053	\$ 893,529	\$ 40,848	\$ 118,659	\$ 79,775		\$ 1,500,068	\$ 2,355,589
Unreserved	497,160	648,177	639,897	330,129	538,984	568,108	2,498,099		2,703,630	2,001,801
Restricted	-	-	-	-	-	-	-		2,550,568	2,572,304
Assigned	-	-	-	-	-	-	-		-	-
Unassigned	-	-	-	-	-	-	-		-	-
Total General Fund	\$ 1,336,712	\$ 1,831,815	\$ 1,416,950	\$ 1,223,658	\$ 579,832	\$ 686,767	\$ 2,577,874	\$ 5,454,236	\$ 6,754,266	\$ 6,929,694
All Other Governmental Funds										
Reserved	\$ 1,413,245	\$ 826,323	\$ 816,670	\$ 77,648	\$ 191,236	\$ 324,548	\$ 99,250			
Unreserved	3,319,190	(3,032,921)	(3,902,824)	(1,977,471)	(600,061)	(1,491,568)	(285,650)			
Restricted	-	-	-	-	-	-	-		\$ (1,281,894)	\$ (3,981)
Total All Other Governmental Funds	\$ 4,732,435	\$ (2,206,598)	\$ (3,086,154)	\$ (1,899,823)	\$ (408,825)	\$ (1,167,020)	\$ (186,400)	\$ (212,433)	\$ (1,281,894)	\$ (3,981)

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 5,328,849	\$ 5,462,070	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185
County Aid	697,532	918,810	2,293,394	2,421,390	2,335,851	848,417	1,441,212	832,836	2,500,547	4,019,867
Tuition Charges	29,849,090	33,418,339	34,229,025	37,970,599	41,882,614	46,143,778	44,960,015	47,846,544	43,042,904	42,851,653
Non-Resident Fees	999,846	925,658	1,022,865	1,117,160	1,342,350	1,416,162	1,408,539	1,374,188	1,362,000	1,160,400
Interest Earnings	41,502	145,978	242,293	277,145	137,737	29,184	15,679	11,021	27,915	41,718
Miscellaneous	510,352	638,079	486,893	651,534	935,338	1,002,270	9,132,795	9,426,363	9,112,621	8,882,018
State Sources	10,562,199	10,520,099	10,125,469	13,747,861	14,931,928	13,724,728	5,254,431	5,189,624	6,112,602	7,431,345
Federal Sources	599,601	627,341	281,516	439,032	345,482	499,635	594,335	363,941	709,674	473,214
Total Revenue	48,588,971	52,656,374	54,280,078	62,391,303	67,850,880	71,481,344	70,624,176	73,868,702	71,192,448	73,184,400
Expenditures										
Instruction										
Special Education Instruction	26,226,434	28,733,141	31,587,020	33,048,943	37,195,137	40,152,729	38,093,151	39,693,240	38,283,775	39,725,825
Support Services:										
Student & Inst. Related Services	10,819,531	10,967,481	11,424,742	13,267,706	16,157,221	17,337,971	17,378,564	18,724,963	17,181,630	17,100,507
General Administration	1,649,350	1,206,425	1,372,153	1,724,587	1,523,040	1,579,880	1,145,640	1,016,662	957,783	1,090,815
School Administration Services	1,994,197	2,105,324	2,250,592	2,203,023	2,612,608	3,033,061	3,101,078	3,347,755	3,583,521	3,271,583
Plant Operations And Maintenance	4,191,086	4,538,777	5,266,338	6,521,346	6,086,022	6,096,313	5,784,662	5,661,278	5,598,997	5,701,618
Pupil Transportation	670,770	821,748	838,061	1,013,065	1,008,359	1,296,991	1,171,617	1,113,453	1,218,738	1,261,603
Other Support Services	891,422	1,085,204	935,075	1,256,816	1,037,002	1,139,250	657,883	732,714	794,370	704,132
Debt Service										
Principal					103,391	100,304	57,797			
Interest on Long Term Debt					19,282	10,385	2,528			
Capital Outlay	2,829,954	3,041,166	2,437,385	2,721,861	1,523,261	1,494,747	425,099	656,841	3,763,065	3,249,976
Total Expenditures	49,272,744	52,499,266	56,111,366	61,757,347	67,265,323	72,241,631	67,818,019	70,946,906	71,381,879	72,106,059
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(683,773)	157,108	(1,831,288)	633,956	585,557	(760,287)	2,806,157	2,921,796	(189,431)	1,078,341
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	213,692	160,499	132,128							
Transfers In			500,000	500,000	500,000	500,000	250,000	92,261	500,000	500,000
Transfers Out	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(390,973)	(184,430)	(163,728)	(80,000)	(125,000)
Total Other Financing Sources (Uses)	61,769	37,342	536,867	359,083	261,615	109,027	65,570	(71,467)	420,000	375,000
Net Change In Fund Balances	\$ (622,004)	\$ 194,450	\$ (1,294,421)	\$ 993,039	\$ 847,172	\$ (651,260)	\$ 2,871,727	\$ 2,850,329	\$ 230,569	\$ 1,453,341
Debt Service As A Percentage Of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Services Provided</u>			<u>Workshop Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
		<u>Other LEAs</u>	<u>Reimbursements</u>	<u>Refunds/</u>			
2004	\$ 41,502	\$ 331,157	\$ 16,407	\$ 156,329	\$ 6,459	\$ 551,854	
2005	145,978	362,823	68,385	99,035	107,836	784,057	
2006	242,293	352,790	5,974	114,986	13,143	729,186	
2007	277,145	428,102	43,950	151,476	28,006	928,679	
2008	137,737	694,624	68,792	103,753	29,112	1,034,018	
2009	29,184	789,941	106,970	73,468	5,154	1,004,717	
2010	15,679	941,144	89,681	80,025	2,809	1,129,338	
2011	11,021	1,089,497	389,334	105,014	26,257	1,621,123	
2012	27,915	146,332	371,875	1,130	662,701	1,209,953	
2013	41,718	878,777	119,556	16,074	28,981	1,085,106	

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
2004	\$ 49,406,600,869	\$ 48,861,828,421	\$ 98,268,429,290	\$ 194,785,244	\$ 98,463,214,534	\$ 121,601,699,827
2005	56,096,632,933	52,923,796,118	109,020,429,051	190,964,986	109,211,394,037	136,528,998,442
2006	63,932,175,568	57,740,107,404	121,672,282,972	181,481,223	121,853,764,195	153,984,695,626
2007	75,839,185,175	65,253,445,037	141,092,630,212	208,579,683	141,301,209,895	174,367,309,616
2008	83,015,806,828	71,592,634,189	154,608,441,017	220,878,563	154,829,319,580	182,767,512,263
2009	84,021,555,288	73,867,544,583	157,889,099,871	240,884,027	158,129,983,898	185,908,798,980
2010	84,454,481,049	74,747,147,306	159,201,628,355	285,137,988	159,486,766,343	175,481,754,684
2011	83,995,183,645	75,287,323,039	159,282,506,684	265,906,193	159,548,412,877	173,258,537,441
2012	81,103,273,440	75,153,761,789	156,257,035,229	230,570,599	156,487,605,828	168,748,014,772
2013	N/A	N/A	N/A	N/A	N/A	N/A

N/A - 2013 Abstract of Ratables was not available.

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
2004	\$ 0.1997	\$ 0.0109	\$ 0.211
2005	0.1893	0.0097	0.199
2006	0.1761	0.0100	0.186
2007	0.1704	0.0099	0.180
2008	0.1751	0.1000	0.185
2009	0.1820	0.0100	0.192
2010	0.1934	0.0025	0.196
2011	0.2032	0.0025	0.206
2012	0.2178	0.0025	0.220
2013	N/A	N/A	N/A

N/A - 2013 Abstract of Ratables was not available.

Source: County Abstract of Ratables

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

<u>Taxpayer</u>	<u>2012</u>		<u>2004</u>	
	<u>Employees</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>% of Total County Employment</u>
		NOT AVAILABLE		NOT AVAILABLE

Source: Bergen County Economic Development Corporation

**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
2004	\$ 5,328,849	\$ 5,328,849	100.00%
2005	5,462,070	5,462,070	100.00%
2006	5,598,623	5,598,623	100.00%
2007	5,766,582	5,766,582	100.00%
2008	5,939,580	5,939,580	100.00%
2009	7,817,170	7,817,170	100.00%
2010	7,817,170	7,817,170	100.00%
2011	8,824,185	8,824,185	100.00%
2012	8,324,185	8,324,185	100.00%
2013	8,324,185	8,324,185	100.00%

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

Governmental Activities

<u>Fiscal Year Ended June 30,</u>	<u>Capital Leases</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
2005	\$ 317,545	\$ 317,545	887,322	\$.35
2006	359,028	359,028	884,581	\$.40
2007	261,492	261,492	885,664	\$.29
2008	158,101	158,101	889,915	\$.17
2009	57,797	57,797	895,250	\$.13
2010	-	-	906,184	\$0
2011	-	-	911,004	\$0
2012	-	-	918,888	\$0
2013	-	-	918,888 (1)	\$0

Source: District records

(1) Estimated

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**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, 2012
(Unaudited)**

Net Direct Debt of School District
as of June 30, 2013

Net Overlapping Debt of School District

Bergen County:

County of Bergen

\$ 786,790,933

Bergen County Utilities Authority - Water Pollution (100%)

238,698,403

\$ 1,025,489,336

Total Direct and Overlapping Debt

\$ 1,025,489,336

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Legal Debt Margin Calculation as of December 31, 2012 (County Debt)								
Average equalized valuation of taxable property (last three year	\$ 135,341,426,503	\$ 152,222,318,410	\$ 167,368,287,382	\$ 178,689,519,616	\$ 182,615,485,340	\$ 181,109,724,691	\$ 175,561,330,658	\$ 169,600,390,461
Debt limit (2% of average equalization value)	2,706,828,530	3,044,446,368	3,347,365,748	3,573,790,392	3,652,309,707	3,622,194,494	3,511,226,613	3,392,007,809
Net Debt Issued Outstanding and Authorized	458,869,305	521,130,736	588,623,268	630,661,565	681,875,430	730,825,489	698,412,830	786,790,933
Remaining Borrowing Capacity	<u>\$ 2,247,959,225</u>	<u>\$ 2,523,315,632</u>	<u>\$ 2,758,742,480</u>	<u>\$ 2,943,128,827</u>	<u>\$ 2,970,434,277</u>	<u>\$ 2,891,369,005</u>	<u>\$ 2,812,813,783</u>	<u>\$ 2,605,216,876</u>

Source: Annual Debt Statements

Note:
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**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>
2013	918,888 (1)	N/A	N/A
2012	918,888 (1)	N/A	8.1
2011	911,004	\$ 66,096	7.9
2010	906,184	65,486	8.1
2009	895,250	63,198	7.9
2008	889,915	68,227	4.5
2007	885,664	67,394	3.4
2006	884,581	62,714	3.7
2005	887,322	56,706	4.0
2004	890,232	54,462	4.0

(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>2013</u>		<u>2004</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>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular										
Special education	311.5	310.2	353.8	425.6	391.3	368.3	376.7	399.4	346.4	323.2
Other special education	26.3	26.5	26.7	26.7	28.1	30.1	29.1	1.0	2.5	2.5
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	79.3	77.4	79.7	74.7	90.7	90.7	90.9	87.2	88.2	73.3
Health Services	9.0	9.0	8.7	11.0	9.7	9.7	10.0	11.0	9.5	10.5
Educational Media Services	6.7	4.5							8.3	6.7
General administration	2.1	2.6	2.9	2.9	3.1	3.1	2.7	3.0	1.6	1.7
School administrative services	18.1	21.9	22.8	22.8	23.6	23.6	25.0	24.4	23.8	19.9
Other administrative services										
Central services	3.1	3.8	5.8	5.8	6.3	6.3	5.0	5.0	6.0	6.0
Administrative Information Technology										
Plant operations and maintenance	21.0	22.8	22.5	23.5	22.3	22.3	20.6	24.6	26.1	22.6
Pupil transportation	14.0	14.6	14.9	16.0	15.7	15.7	15.7	15.7	15.3	14.3
Other support services										
Special Schools								29.8	28.9	26.8
Total	491.1	493.3	537.8	609.0	590.8	569.8	575.7	601.1	556.6	507.5

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	713	\$ 46,442,790	\$ 65,137	4.69%	425	1.68	775	713	2.65%	92.04%
2005	735	49,458,100	67,290	3.30%	425	1.73	806	735	4.00%	91.19%
2006	774	53,673,981	69,346	3.06%	421	1.84	774	710	-3.97%	91.73%
2007	793	59,033,486	74,446	7.35%	435	1.82	826	756	6.72%	91.53%
2008	849	65,619,389	77,290	3.82%	454	1.87	860	792	4.12%	92.09%
2009	842	70,636,195	83,891	8.54%	441	1.91	857	788	-0.35%	91.95%
2010	806	67,332,595	83,539	-0.42%	429	1.88	803	741	-6.30%	92.28%
2011	771	70,290,065	91,167	9.13%	412	1.87	773	713	-3.80%	92.30%
2012	694	67,618,814	97,433	6.87%	386	1.80	695	643	-10.03%	92.52%
2013	651	68,856,083	105,770	8.56%	220	1.80	667	615	-4.10%	92.32%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</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	38	39	35	35	35	32	40	41	57	61
Piermont Campus, Rockleigh										
Square Feet	12,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162
Capacity (students)										
Enrollment	86	128	119	115	113	131	116	105	96	
Woodridge Transition Center										
Square Feet	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261
Capacity (students)										
Enrollment	66	79	88	94	95	98	83	68	71	58
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	142	133	125	139	122	115	101	104	94	130
Brownstone, Saddle Brook										
Square Feet		20,096	20,096	20,096	20,096	20,096	20,096	20,096	20,096	20,096
Capacity (students)										
Enrollment		78	81	84	79	62	56	63	53	58
Evergreen,										
Square Feet	5,625	5,625	5,625	5,625	5,625					
Capacity (students)										
Enrollment	24	23	15	20	23					
Gateway/Brownstone/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	94	33	37	60	38	43	26	20	17	34
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	58	53	58	85	94	87	84	111	105	108
Hillcrest, Paramus										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000				
Capacity (students)										
Enrollment	88	77	67	66	62	58				
Washington, Ridgewood										
Square Feet					19,974	19,974	19,974	19,974	19,974	19,974
Capacity (students)										
Enrollment					21	28	45	49	39	63
Springboard										
Square Feet						4,300	4,300	4,300	4,300	4,300
Capacity (students)										
Enrollment						40	45	41	48	45
Number of Schools at June 30, 2013										
Life Skills Continuum=	2									
Communication Skills Continuum=	4									
Behavioral Skills Continuum=	8									
Autism Continuum=	6									

Source: District Records

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

UNDISTRIBUTED EXPENDITURES-REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

School Facilities	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Union St. - Hrg. Imp., Hackensack	\$ 11,365	\$ 9,991	\$ 6,710	\$ 8,998	\$ 7,803	\$ 7,723	\$ 8,287	\$ 9,969	\$ 7,966	\$ 8,893
Piermont Campus, Rockleigh	27,160	150,201	100,870	135,256	117,272	116,263	124,748	149,854	119,903	133,686
Woodridge Transition Center	56,402	23,877	15,967	21,501	18,647	18,482	19,816	23,822	19,070	21,252
Rocco Montesano, Paramus	28,336	49,587	33,281	44,653	38,725	38,363	41,168	49,472	39,593	44,135
Brownstone, Saddle Brook	14,100	24,913	16,730	22,434	19,456	15,927	20,669	24,855	19,890	22,173
Evergreen, Hackensack	3,525	12,397	8,272	11,163	5,255	1,080	5,777	6,957	5,576	6,206
Gateway, Hackensack	14,100	12,397	8,272	11,163	9,554	9,585	10,297	12,368	9,886	11,034
Godwin, Midland Park	3,525	3,099	2,081	2,758	2,420	540	2,574	3,092	2,507	2,758
Hillcrest, Paramus	14,100	12,397	8,467	11,198	9,681	9,585	10,297	12,368	9,886	11,034
Washington, Ridgewood	14,100	12,397	8,467	11,198	10,031	9,585	-	-	-	-
	\$ 154,988	\$ 286,462	\$ 192,378	\$ 257,961	\$ 238,844	\$ 227,133	\$ 243,633	\$ 292,757	\$ 234,277	\$ 261,171

Source: District records.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2013
(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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District as of and for the fiscal year ended June 30, 2013 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 November 22, 2013.

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

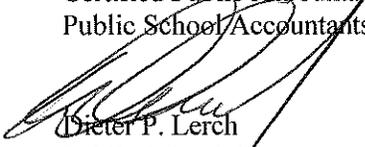
As part of obtaining reasonable assurance about whether the Bergen County Special Services School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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.

We noted certain matters 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 November 22, 2013.

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
 November 22, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**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
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Bergen County Special Services School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 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, 2013. 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 laws, regulations, contracts, and grants 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; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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, 2013.

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 U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, 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.

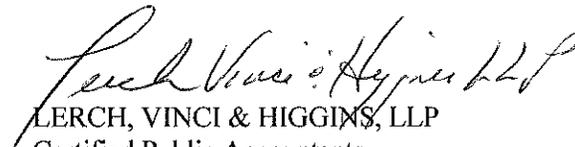
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

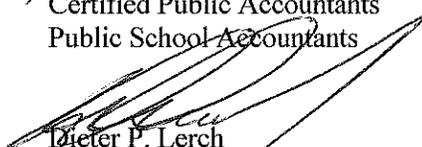
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

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, 2013 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 November 22, 2013, 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 U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 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



Peter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 22, 2013

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2012	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2013			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenues	Due to Grantor	
U.S. Department of Agriculture														
Pass-through State Department of Agriculture														
Enterprise Fund														
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	\$ 64,553				\$ 49,440	\$ 64,553		\$ (15,113)			\$ (15,113)
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	72,112	\$ (6,387)		6,387							
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	119,943			94,978	119,943			(24,965)			(24,965)
Cash Assistance			7/1/12-6/30/13	2,699			2,039	2,699			(660)			(660)
Cash Assistance-PB Program			7/1/11-6/30/12	134,744	(10,560)		10,560							
Cash Assistance			7/1/12-6/30/13	18,516	110		18,516	18,516						
Non-cash Assistance			7/1/11-6/30/12	2,227	(298)		848	550						
Fresh Fruit and Vegetable Program	10.582	N/A												
Total Enterprise Fund					(17,135)		182,768	206,371			(40,738)			(40,738)
U.S. Department of Education														
Pass-through State Department of Education														
General Fund														
Medical Assistance Program	93.778		7/1/12-6/30/13	373,703			373,703	373,703						
Total General Fund							373,703	373,703						
Special Revenue Fund														
Homeless Children	84.196A		9/01/11-8/31/12	92,880	\$ (17,308)		40,871	23,563						
Homeless Children, Continuation	84.196A		9/1/12-8/31/13	109,725			39,911	75,948			\$ (36,037)			(36,037)
Total Special Revenue Funds					(17,308)		80,782	99,511			(36,037)			(36,037)
Total Federal Financial Assistance					\$ (34,443)		\$ 637,253	\$ 679,585			\$ (76,775)			\$ (76,775)

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, 2013**

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	(Accounts Receivable)	Unearned Revenues	Due to Grantor	MEMO		
													GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Reimbursed Social Security Contributions	12-495-034-5095-002	7/1/12-6/30/12	\$ 2,220,883	\$ (109,825)			\$ 109,825	\$ 2,138,448		\$ (107,645)		\$	(107,645)	\$ 2,138,448	
Reimbursed Social Security Contributions - On Behalf Pension System Contributions - Post Retirement Medical	13-495-034-5095-002	7/1/12-6/30/13	2,138,448			2,308,882	2,308,882	2,308,882						2,308,882	
On Behalf Pension System Contributions - Normal Costs	13-495-034-5095-007	7/1/12-6/30/13	1,939,845			1,939,845	1,939,845	1,939,845						1,939,845	
On Behalf Pension System Contributions - Non-Contributory Group Insurance	13-495-034-5095-006	7/1/12-6/30/13	102,062			102,062	102,062	102,062						102,062	
Total General Fund				(109,825)		6,491,417	6,489,237	6,489,237		(107,645)		45,450	(107,645)	6,489,237	
Special Revenue Fund															
Other State Sources															
Career Thru Tech	N/A	7/1/12-6/30/13	203,313			203,313	203,313	203,313						203,313	
Adult Training	01BSN	7/1/12-6/30/13	342,983			245,033	267,241	267,241		(22,208)				267,241	
Adult Training	01BSN	7/1/12-6/30/12	271,679	(23,326)		23,326									
Adult Autism	01BSN	7/1/12-6/30/12	122,133	(11,103)		11,103									
Adult Autism	01BSN	7/1/12-6/30/13	149,661			121,490	133,052	133,052		(11,562)				133,052	
After Hours	01BSN	7/1/12-6/30/12	36,853	(3,094)		3,094									
After Hours	01BSN	7/1/12-6/30/13	63,248			33,129	36,634	36,634		(3,505)		\$ 2,914		36,634	
Community Connections	N/A	7/1/12-12/31/12	37,098			21,927	19,013	19,013						19,013	
Community Connections	N/A	1/1/13-12/31/13	18,701			15,327	15,788	15,788		(461)				15,788	
Getting Us There (GUTS)	N/A	7/1/12-6/30/13	51,521			25,758	35,276	35,276		(9,518)				35,276	
Getting Us There (GUTS)-Adult	N/A	7/1/12-6/30/13	50,217			50,216	28,317	28,317				21,699		28,317	
Leisure Bridges	N/A	7/1/12-12/31/12	56,260			34,587	13,750	13,750				20,837		13,750	
Leisure Bridges	N/A	1/1/13-12/31/13	28,361			21,902	7,524	7,524						7,524	
Work Ready: Work Now	N/A	7/1/12-6/30/12	137,237	(49,587)		49,587									
Work Ready: Work Now	N/A	7/1/12-6/30/13	182,000			104,352	182,000	182,000		(77,468)				182,000	
DOE Piermont HVAC		7/1/10-6/30/11	71,400	(54,120)		54,120									
Teacher Quality Enhancement		7/1/04-9/30/05	2,760	413							413				
Total State Department of Education-Special Revenue				(140,817)		1,018,444	942,108	942,108		(124,722)	14,791	45,450	(124,722)	942,108	
State Department of Agriculture															
Enterprise Fund															
National School Lunch Program State Share	13-100-010-3360-067	7/1/12-6/30/13	2,983			2,253	2,983	2,983		(730)			(730)	2,983	
National School Lunch Program State Share	12-100-010-3360-067	7/1/11-6/30/12	3,342	(252)		252									
Total Enterprise Fund				(252)		2,505	2,983	2,983		(730)			(730)	2,983	
Total State Financial Assistance				(250,894)		7,512,366	7,434,328	7,434,328		(233,097)	14,791	45,450	(233,097)	7,434,328	
State Financial Assistance Not Subject to Single Audit Determination															
General Fund															
On-Behalf TPAF Pension Contributions							(4,350,789)	(4,350,789)						(4,350,789)	
Total State Financial Assistance Subject to Single Audit				(250,894)		3,161,577	3,083,539	3,083,539		(233,097)	14,791	45,450	(233,097)	3,083,539	

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "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 basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$74,632 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 373,703	\$ 6,489,237	\$ 6,862,940
Special Revenue Fund	99,511	942,108	1,041,619
Food Service Fund	<u>206,371</u>	<u>2,983</u>	<u>209,354</u>
Total Financial Assistance	<u>\$ 679,585</u>	<u>\$ 7,434,328</u>	<u>\$ 8,113,913</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, 2013**

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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,138,448 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$2,041,907 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,308,882 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 no X n/a

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 Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Clus</u>
<u>93.778</u>	<u>Medical Assistance Program</u>
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

THERE ARE NONE

CURRENT YEAR STATE 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, 2013**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.