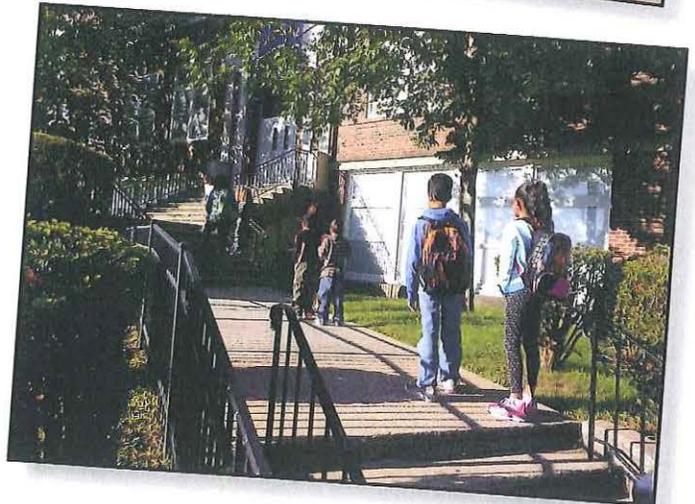
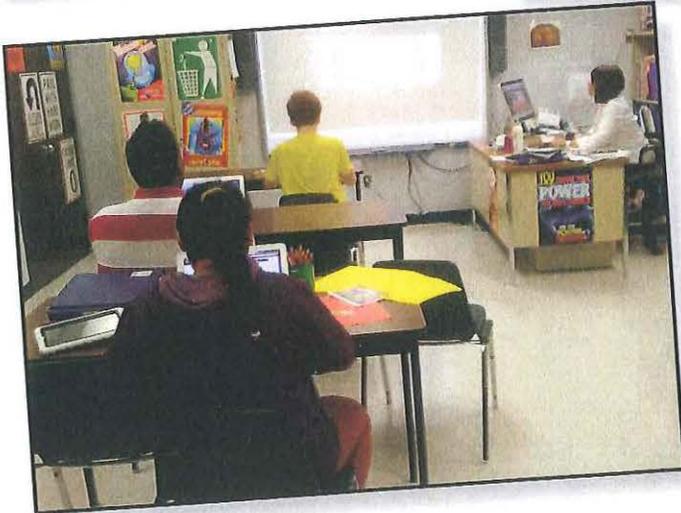




Bergen County Special Services School District

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, 2015

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, 2015

Prepared by

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-11
------------------------------	------

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	12-24
--------------------------------------	-------

Basic Financial Statements

A. District-wide Financial Statements

A-1	Statement of Net Position	25
A-2	Statement of Activities	26

B. Fund Financial Statements

Governmental Funds

B-1	Balance Sheet	27-28
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30

Proprietary Funds

B-4	Statement of Net Position	31
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	32
B-6	Statement of Cash Flows	33

Fiduciary Funds

B-7	Statement of Fiduciary Net Position	34
B-8	Statement of Changes in Fiduciary Net Position	35

Notes to the Financial Statements	36-67
--	--------------

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	68-73
C-2	Budgetary Comparison Schedule – Special Revenue Fund	74

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	75
-----	--	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	76
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	77
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	78
	Notes to Required Supplementary Information	79

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules - Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	80-83
E-2	Preschool Education Program Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	84

F. Capital Projects Fund

F-1	Summary Statement of Project Expenditures	85
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	86

G. Enterprise Funds

G-1	Statement of Net Position – Not Applicable	87
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable	87
G-3	Statement of Cash Flows – Not Applicable	87

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
TABLE OF CONTENTS**

Page

G. Proprietary Funds (Continued)

Internal Service Fund

G-4	Combining Statement of Net Position	88
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	89
G-6	Combining Statement of Cash Flows	90

H. Fiduciary Funds

H-1	Combining Statement of Fiduciary Assets and Liabilities	91
H-2	Statement of Changes in Fiduciary Net Position – Not Applicable	92
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	93
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	94

I. Long-Term Debt

I-1	Schedule of Serial Bonds – Not Applicable	95
I-2	Schedule of Obligations under Capital Leases – Not Applicable	96
I-3	Budgetary Comparison Schedule – Budget and Actual – Debt Service Fund – Not Applicable	97

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	98
J-2	Changes in Net Position	99
J-3	Fund Balances – Governmental Funds	100
J-4	Changes in Fund Balances - Governmental Funds	101
J-5	General Fund Other Local Revenue by Source	102
J-6	Assessed Value and Actual Value of Taxable Property	103
J-7	Direct and Overlapping Property Tax Rates	104
J-8	Principal Property Taxpayers	105
J-9	Property Tax Levies and Collections	106
J-10	Ratios of Outstanding Debt by Type	107
J-11	Ratios of Net General Bonded Debt Outstanding – Not Applicable	108
J-12	Direct and Overlapping Governmental Activities Debt	109
J-13	Legal Debt Margin Information	110
J-14	Demographic and Economic Statistics	111
J-15	Principal Employers	112
J-16	Full-Time Equivalent District Employees by Function/Program	113
J-17	Operating Statistics	114
J-18	School Building Information	115
J-19	Schedule of Required Maintenance for School Facilities	116
J-20	Schedule of Insurance	117

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	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	118-119
K-2	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 15-08 – Independent Auditor’s Report	120-122
K-3	Schedule of Expenditures of Federal Awards	123
K-4	Schedule of Expenditures of State Financial Assistance	124
K-5	Notes to the Schedules of Expenditures of Federal Awards And State Financial Assistance	125-126
K-6	Schedule of Findings and Questioned Costs	127-130
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs	131

INTRODUCTORY SECTION



BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

District Administration Office

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

December 17, 2015

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, 2015.

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, 2015, are free of

material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Bergen County Special Services School District's financial statements for the fiscal year ended June 30, 2015, 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 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

The District completed the 2013-14 fiscal year with an average daily enrollment of 675 students, which is 3 students less than the previous year's enrollment. The following details the changes in the average daily enrollment over the last ten years.

Fiscal Year <u>Change</u>	Average Daily Enrollment <u>(ADE)</u>	<u>Percent</u>
2014-15	675.0	(0.44%)
2013-14	678.0	1.73%
2012-13	667.0	(4.10) %
2011-12	695.1	(10.02) %
2010-11	772.5	(3.80)%
2009-10	803.0	(6.30)%
2008-09	857.0	(.35) %
2007-08	860.0	4.12%
2006-07	825.8	6.72%
2005-06	774.0	(3.97)%

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, 2015.

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, 2015 the District does not have any debt service. All bonded long-term debt is included in the County of Bergen's Financial Statements.

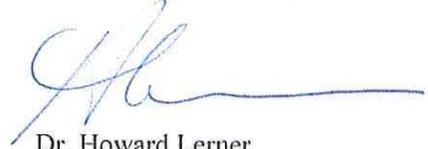
CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "*Notes to the Basic Financial Statements*". The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions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

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

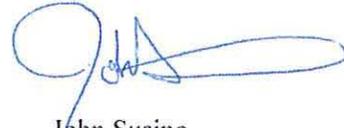
ACKNOWLEDGMENTS:

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'H. Lerner', written over a horizontal line.

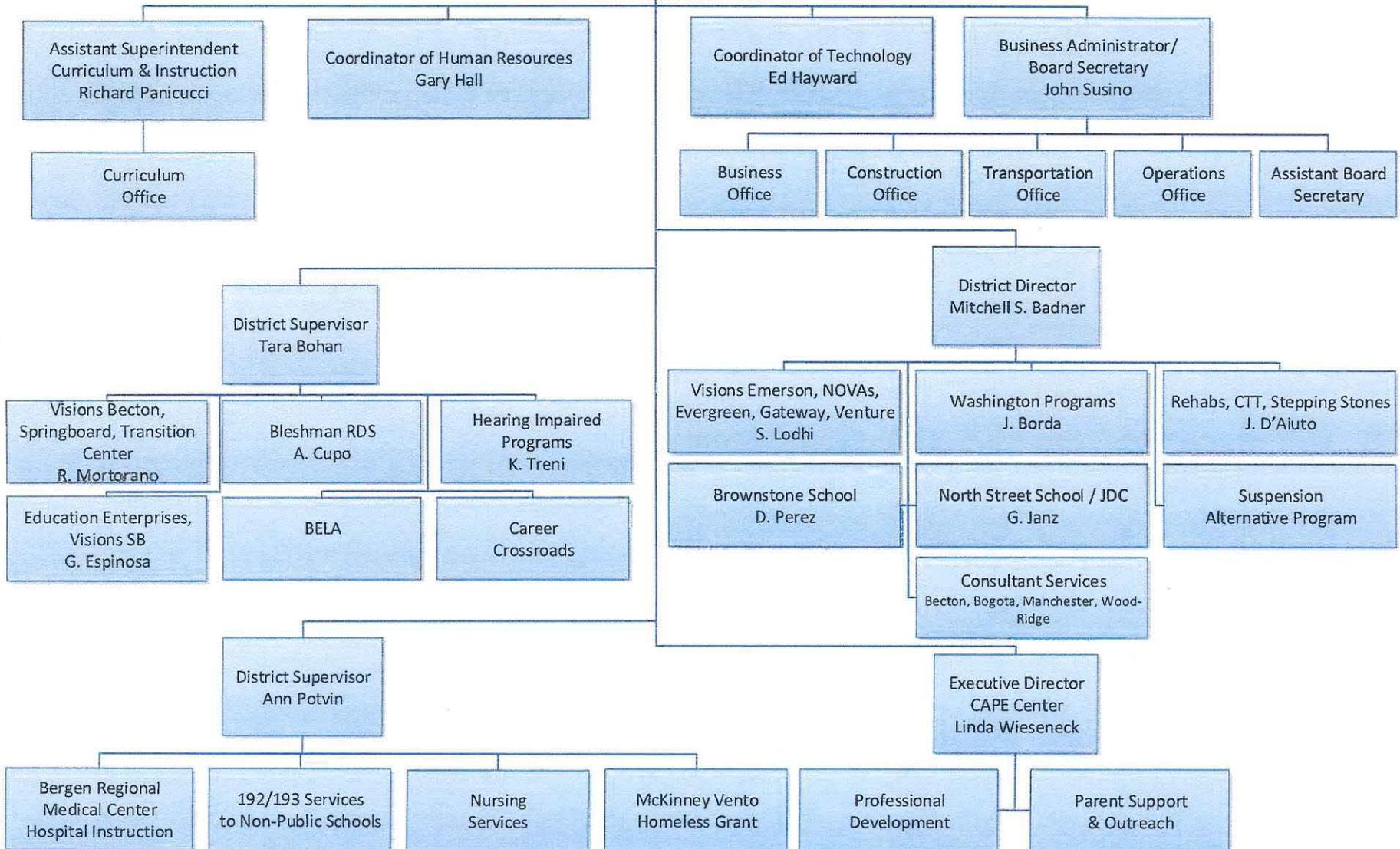
Dr. Howard Lerner
Superintendent

A handwritten signature in blue ink, appearing to be 'John Susino', written over a horizontal line.

John Susino
Business Administrator/Board Secretary

BCSS Administrative Plan 2014-2015

Superintendent
Howard Lerner, Ed.D.



**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BERGEN COUNTY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2015**

COUNTY EXECUTIVE

James J. Tedesco III

MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS

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

BOARD OF EDUCATION

President

Joan C. Fragala

Vice-President

Marlene Den Bleyker

Members of the Board

Beth Lancelloti

Gary J. Lentini

Norah Peck

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 Director

Supervisor of Instruction 192/193

Principal, Bleshman

Principal, North Street School

Principal, Brownstone

Principal, Washington Programs

Principal, Nova, Emerson, Evergreen, Venture, Gateway

Principal, Hearing Impaired

Principal, Springboard, Transition Center, Visions

Dr. Howard Lerner

John Susino

Gary Hall

Mitchell Badiner

Tara Bohan

Ann Potvin

Angela Cupo

Gregory Janz

David Perez

Jan Borda

Dr. Seema Lodhi

Kathleen Treni

Robert Mortorano

BERGEN COUNTY SPECIAL SERVICES BOARD OF EDUCATION

Consultants and Advisors

Architects

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

Audit Firm

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

Attorney

Nowell, 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 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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

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, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Bergen County Special Services School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

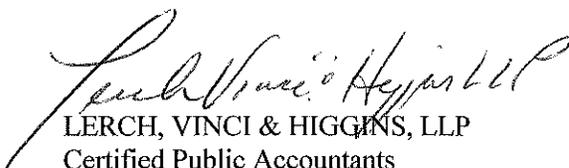
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bergen County Special Services School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by 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 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Bergen County Special Services School District.

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

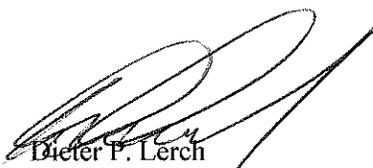
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2015 on our consideration of the Bergen County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bergen County Special Services School District's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 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 \$29,890,227 (net position). Of this amount \$(33,809,856) (unrestricted net position deficit) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$31,024,267.
- Overall district-wide revenues were \$143,708,394, which were \$31,024,267 more than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$12,901,311. Of this amount, \$3,262,115 is available for spending at the District's discretion (unassigned fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

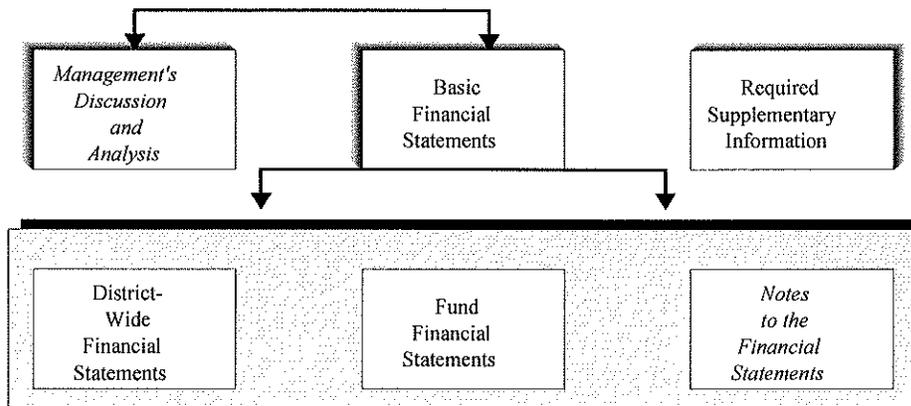
BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

- 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, 2015

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

District-wide Statements

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

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

- 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
- Bleshman Regional Day School
- One to One Aides
- Extended Year Program
- Detention Center (TAP)
- ETTC
- Career Crossroads
- 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, 2015

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 governments financial position. The District's *combined* net position were \$29,890,227 on June 30, 2015 compared to \$(1,134,040) on June 30, 2014. See Table A-1

**Table A-1
Net Position
As of June 30, 2015 and 2014**

	Governmental Activities		Business- Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Current Assets	\$ 21,672,592	\$ 16,320,344	\$ 25,026	\$ 723	\$ 21,697,618	\$ 16,321,067
Capital Assets	55,642,957	28,029,852	601	5,451	55,643,558	28,035,303
Total Assets	77,315,549	44,350,196	25,627	6,174	77,341,176	44,356,370
Deferred Outflows	1,184,455	-	-	-	1,184,455	-
Total Assets and Deferred Outflows	78,500,004	44,350,196	25,627	6,174	78,525,631	44,356,370
Long-Term Liabilities	40,062,174	41,524,521			40,062,174	41,524,521
Other Liabilities	5,706,035	3,965,889	24,730	-	5,730,765	3,965,889
Total Liabilities	45,768,209	45,490,410	24,730	-	45,792,939	45,490,410
Deferred Inflows	2,842,465	-	-	-	2,842,465	-
Total Liabilities and Deferred Inflows	48,610,674	45,490,410	24,730	-	48,635,404	45,490,410
Net Position						
Net Investment in capital assets	55,642,957	28,029,852	601	5,451	55,643,558	28,035,303
Restricted	8,056,525	2,969,847			8,056,525	2,969,847
Unrestricted	(33,810,152)	(32,139,913)	296	723	(33,809,856)	(32,139,190)
Total Net Position	\$ 29,889,330	\$ (1,140,214)	\$ 897	\$ 6,174	\$ 29,890,227	\$ (1,134,040)

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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

The remaining balance of net position deficit of \$(25,753,331) 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, 2015 and 2014**

	Governmental Activities		Business- Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 72,993,799	\$ 70,528,622	\$ 94,363	\$ 120,189	\$ 73,088,162	\$ 70,648,811
Operating Grants and Contributions	21,918,039	14,629,772	208,112	216,384	22,126,151	14,846,156
Capital Grants and Contributions	38,228,087	10,795,942			38,228,087	10,795,942
General Revenues						
County Property Taxes	8,867,475	8,490,668			8,867,475	8,490,668
State/Federal Aid	80,341	31,905			80,341	31,905
Investment Earnings	25,775	37,817			25,775	37,817
Miscellaneous	1,292,403	944,291	-	-	1,292,403	944,291
Total Revenues	<u>143,405,919</u>	<u>105,459,017</u>	<u>302,475</u>	<u>336,573</u>	<u>143,708,394</u>	<u>105,795,590</u>
Expenses						
Instruction						
Special Education	63,251,697	57,622,070			63,251,697	57,622,070
Support Services						
Student and Instruction Related Services	25,932,852	21,576,516			25,932,852	21,576,516
School Administration Services	4,522,433	4,060,903			4,522,433	4,060,903
General Administration	1,339,388	1,093,917			1,339,388	1,093,917
Plant Operations and Maintenance	7,726,049	7,281,327			7,726,049	7,281,327
Pupil Transportation	1,622,300	1,674,482			1,622,300	1,674,482
Business/Central Svcs/Admin. Info. Tech.	2,235,759	2,435,174			2,235,759	2,435,174
Food Services	-	-	404,752	419,436	404,752	419,436
Total Expenses	<u>106,630,478</u>	<u>95,744,389</u>	<u>404,752</u>	<u>419,436</u>	<u>107,035,230</u>	<u>96,163,825</u>
Increase (Decrease) in Net Position Before Transfers and Other Items	36,775,441	9,714,628	(102,277)	(82,863)	36,673,164	9,631,765
Disposal of Capital Assets, net Transfers	(5,648,897) (97,000)	(80,000)	97,000	80,000	(5,648,897)	-
Change in Net Position	31,029,544	9,634,628	(5,277)	(2,863)	31,024,267	9,631,765
Beginning of Year, Net Position	(1,140,214)	28,382,914	6,174	9,037	(1,134,040)	28,391,951
Prior Period Adjustment - Pension	-	(39,157,756)	-	-	-	(39,157,756)
End of Year, Net Position	\$ 29,889,330	\$ (1,140,214)	\$ 897	\$ 6,174	\$ 29,890,227	\$ (1,134,040)

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

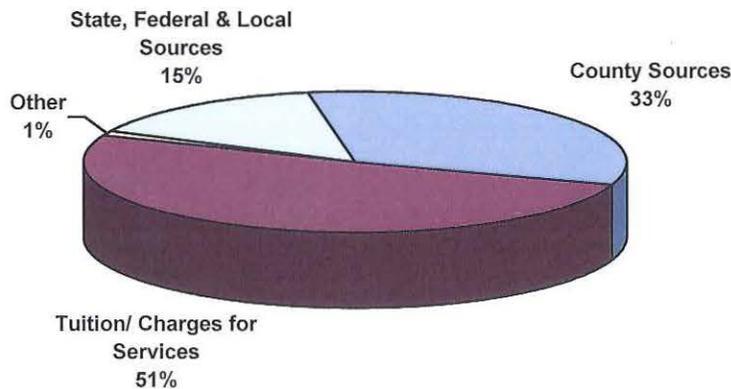
Governmental Activities. The District's total governmental activities revenues were \$143,405,919 for the year ended June 30, 2015, an increase of \$37,946,902 (36 percent) over the previous year. Tuition and charges for services accounted for 51 percent of total revenues. County property taxes and capital grants and contributions account for 33% 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 \$106,630,478, an increase of \$10,886,089 (11 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, other items and transfers, increasing net position by \$31,029,544 over the last year.

- The cost of all governmental activities this year was \$106,630,478.
 - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$72,993,799, an increase of \$2,465,171 (3 percent).
 - The federal and state governments subsidized certain programs with grants, contributions and aid of \$21,998,380, an increase of \$7,336,603 (50 percent). This increase was primarily a result of additional on-behalf revenues and expenditures as a result of GASB 68-Pensions.
 - In addition, the District also received \$38,228,087 in capital contributions from the County to fund major capital projects during the year, an increase of \$27,432,145 (254 percent) from the prior year.
 - District's costs in the amount of \$8,867,475 were provided by County sources from property taxes, an increase of 4% from the prior year.

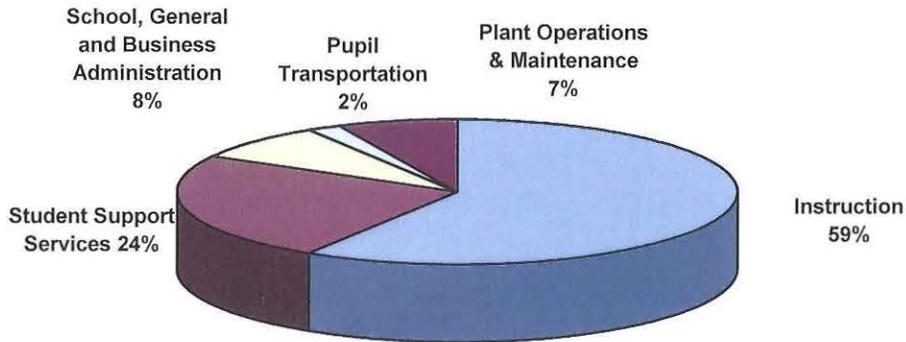
**Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2015**



BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

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



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

The District's total cost of services was \$106,630,478. After applying program revenues derived from charges for services of \$72,993,799 operating grants, and contributions of \$21,918,039 and capital grants and contributions of \$38,228,087, the net cost of services to the District was \$(26,509,447). See Table A-5.

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

	Total Cost of Services		(Revenue) Net Cost of Services	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction				
Special Education	\$ 63,251,697	\$ 57,622,070	\$ (14,218,613)	\$ (15,720,777)
Support Services				
Student and Instruction Related Services	25,932,852	21,576,516	13,313,180	14,216,773
School Administrative Services	4,522,433	4,060,903	2,807,628	2,778,941
General Administrative Services	1,339,388	1,093,917	1,193,000	1,000,641
Plant Operations and Maintenance	7,726,049	7,281,327	(31,763,987)	(4,761,500)
Pupil Transportation	1,622,300	1,674,482	1,537,398	1,585,420
Other Support Services-Business/Central Svc./Admin. Info. Tech.	2,235,759	2,435,174	621,947	690,555
Total	\$ 106,630,478	\$ 95,744,389	\$ (26,509,447)	\$ (209,947)

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

Business-Type Activities –The District's total business-type activities revenues were \$302,475 for the year ended June 30, 2015, a decrease of \$34,098 (10 percent) from the previous year. Charges for services accounted for 31% of total revenues. Operating grants and contributions accounted for 69% 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 \$5,277 from the last year.

The cost of all business-type activities this year was \$404,752.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$94,363, a decrease of \$25,826 (22 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$208,112, a decrease of \$8,272 (4 percent). This increase is a result of a decrease in meals served to low income students during the year.
- The District transferred \$97,000 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 \$12,901,311, an increase of \$4,645,062 from last year's fund balance of \$8,256,249. 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. \$3,262,115 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 \$741,124; 2) restricted for capital purposes \$2,331,099; 3) restricted for maintenance \$400,000; or 4) restricted for federal funds – ARRA/SEMI \$172,408 5) designated for appropriation in the 2015/2016 budget \$1,100,000.

Revenues and total other financing sources (net) for the District's governmental funds were \$109,721,046, while total expenses were \$105,075,984.

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, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
County Property Taxes	\$ 8,867,475	\$ 8,490,668	\$ 376,807	4%
Tuition	44,579,033	44,737,236	(158,203)	0%
Investment Earnings	25,775	37,817	(12,042)	-32%
Miscellaneous	2,424,003	944,291	1,479,712	157%
State Sources	3,995,129	3,102,094	893,035	29%
Federal Sources	1,090,870	288,916	801,954	278%
Total General Fund Revenue	\$ 60,982,285	\$ 57,601,022	\$ 3,381,263	5.9%

Total General Fund Revenues decreased by \$3,381,263 or 5.9% from the previous year.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

General Fund (Continued)

County Property Taxes increased by 4% over the previous year. Tuition which represents 73% of total General Fund revenues for the year remained relatively flat from the previous year.

Revenue from federal sources increased \$801,954 due to an increase in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$893,035 largely due to an increase in the Special Revenue Fund.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 34,189,778	\$ 32,684,941	\$ 1,504,837	5%
Support Services	24,684,078	23,372,218	1,311,860	6%
Capital Outlay	<u>499,351</u>	<u>834,582</u>	<u>(335,231)</u>	-40%
Total General Fund Expenditures	<u>\$ 59,373,207</u>	<u>\$ 56,891,741</u>	<u>\$ 2,481,466</u>	4.4%

Total General Fund expenditures increased \$2,481,466 or 4.4% from the previous year.

In Fiscal Year 2015 General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$446,516. After adding statutory transfers and other financing source/(use), the fund balance increased from \$7,560,230 at June 30, 2014 to \$8,006,796 at June 30, 2015.

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 \$9,857,674 for the year ended June 30, 2015. Local sources account for the majority of the Special Revenue Funds' revenues, which represented in excess of 80% of the total revenue for the year. The majority of the local sources comes from other LEAs that contract with Bergen County Special Services to provide services in conjunction with nonpublic allotments.

Total Special Revenue Fund revenues increased \$385,555 or 4% from the previous year.

Expenditures of the Special Revenue Fund were \$9,923,236. Special Education instructional expenditures were \$4,193,451 or 42% of the total expended for the year ended June 30, 2015.

Total Special Revenue Fund expenditures increased \$402,372 or 4% from the previous year. Instruction expenditures decreased \$82,433. Support services expenditures increased \$436,369 (8%) over the previous year. Capital outlay expenditures increased \$48,436 or 15%.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

Capital Projects Fund

The capital projects revenues and other financing sources exceeded expenditures by \$4,198,546 resulting in a fund balance of \$4,894,565 at June 30, 2015.

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 Millburn Regional Day School closed effective June 30, 2014.

The internal service fund revenues were less than expenditures and transfers by \$1,051,389 resulting in a fund balance of \$1,800,713 at June 30, 2015 down from \$2,852,102 at June 30, 2014.

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

CAPITAL ASSETS

By the end of June 30, 2015, the District had invested \$55,643,558 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 2014-2015 amounted to \$2,298,793 for governmental activities and \$4,850 for business-type activities.

**Table A-6
Capital Assets
As of June 30, 2015 and 2014**

	Governmental Activities		Business- Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Buildings	\$ 52,578,573	\$ 18,001,020			\$ 52,578,573	\$ 18,001,020
Improvements Other Than Buildings	578,685	396,120			578,685	396,120
Leasehold Improvements	6,760,056	12,950,526			6,760,056	12,950,526
Machinery and Equipment	12,233,999	12,519,531	\$ 69,406	\$ 69,406	12,303,405	12,588,937
Total Capital Assets	72,151,313	43,867,197	69,406	69,406	72,220,719	43,936,603
Less Accumulated Depreciation	16,508,356	15,837,345	68,805	63,955	16,577,161	15,901,300
Capital Assets, Net	\$ 55,642,957	\$ 28,029,852	\$ 601	\$ 5,451	\$ 55,643,558	\$ 28,035,303

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 \$2,395,115 and net pension liability payable of \$37,667,059.

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 2015-2016 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 2015-2016. Budgeted expenditures in the General Fund increased by 3 percent from the 2014/2015 adopted budget to \$57,145,195 in fiscal year 2015-2016. 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, 2015

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

Three goals served as the foundation for the development of the 2015/2016 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 2015/2016 continue to include program site consolidation and expansion of the autistic programs for students, as well as program improvements to meet state and federal mandates covering instruction and services to physically, behaviorally and cognitively challenged students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Assets			
Cash and Cash Equivalents (Overdraft)	\$ 6,968,861	\$ (11,304)	\$ 6,957,557
Receivables, net	14,615,244	17,608	14,632,852
Security Deposit	85,487		85,487
Internal Balances	(17,000)	17,000	-
Due from Other Funds	20,000		20,000
Inventories		1,722	1,722
Capital Assets, net of accumulated depreciation	<u>55,642,957</u>	<u>601</u>	<u>55,643,558</u>
Total Assets	<u>77,315,549</u>	<u>25,627</u>	<u>77,341,176</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,184,455</u>	<u>-</u>	<u>1,184,455</u>
Total Assets and Deferred Outflow of Resources	<u>78,500,004</u>	<u>25,627</u>	<u>78,525,631</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	5,021,043	24,730	5,045,773
Intergovernmental Payable	89,765		89,765
Unearned Revenue	595,227		595,227
Noncurrent Liabilities			
Due within one year	2,056,748		2,056,748
Due beyond one year	<u>38,005,426</u>	<u>-</u>	<u>38,005,426</u>
Total Liabilities	<u>45,768,209</u>	<u>24,730</u>	<u>45,792,939</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>2,842,465</u>	<u>-</u>	<u>2,842,465</u>
Total Liabilities and Deferred Inflow of Resources	<u>48,610,674</u>	<u>24,730</u>	<u>48,635,404</u>
NET POSITION			
Investment in Capital Assets	55,642,957	601	55,643,558
Restricted			
Capital Projects	7,484,117		7,484,117
Plant Maintenance	400,000		400,000
Other	172,408		172,408
Unrestricted	<u>(33,810,152)</u>	<u>296</u>	<u>(33,809,856)</u>
Total Net Position	<u>\$ 29,889,330</u>	<u>\$ 897</u>	<u>\$ 29,890,227</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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction:							
Special Education	\$ 63,251,697	\$ 65,771,444	\$ 11,698,866		\$ 14,218,613		\$ 14,218,613
Support Services:							
Student & Instruction Related Services	25,932,852	3,205,373	9,414,299		(13,313,180)		(13,313,180)
General Administration Services	1,339,388	146,388			(1,193,000)		(1,193,000)
School Administration Services	4,522,433	1,049,293	665,512		(2,807,628)		(2,807,628)
Plant Operations and Maintenance	7,726,049	1,122,587	139,362	\$ 38,228,087	31,763,987		31,763,987
Pupil Transportation	1,622,300	84,902			(1,537,398)		(1,537,398)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,235,759	1,613,812	-		(621,947)		(621,947)
Total Governmental Activities	<u>106,630,478</u>	<u>72,993,799</u>	<u>21,918,039</u>	<u>38,228,087</u>	<u>26,509,447</u>	<u>-</u>	<u>26,509,447</u>
Business - Type Activities							
Food Service	404,752	94,363	208,112	-	-	\$ (102,277)	(102,277)
Total Business Type Activities	<u>404,752</u>	<u>94,363</u>	<u>208,112</u>	<u>-</u>	<u>-</u>	<u>(102,277)</u>	<u>(102,277)</u>
Total Primary Government	<u>\$ 107,035,230</u>	<u>\$ 73,088,162</u>	<u>\$ 22,126,151</u>	<u>\$ 38,228,087</u>	<u>26,509,447</u>	<u>(102,277)</u>	<u>26,407,170</u>
General Revenues:							
County Property Tax Levy					8,867,475		8,867,475
Federal and State Aid Unrestricted					80,341		80,341
Investment Earnings					25,775		25,775
Miscellaneous					1,292,403		1,292,403
Disposal of Capital Assets, net Transfers					(5,648,897) (97,000)	97,000	(5,648,897) -
Total General Revenues, Transfers and Other Items					<u>4,520,097</u>	<u>97,000</u>	<u>4,617,097</u>
Change in Net Position					31,029,544	(5,277)	31,024,267
Net Position - Beginning of Year (Restated)					(1,140,214)	6,174	(1,134,040)
Net Position - End of Year					<u>\$ 29,889,330</u>	<u>\$ 897</u>	<u>\$ 29,890,227</u>

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

FUND FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<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	\$ 5,344,608	\$ 31,484	\$ 40,020	\$ 5,416,112
Intergovernmental Receivables	746,518	1,301,277	8,295,247	10,343,042
Due from Other Funds	5,947,000			5,947,000
Security Deposits	<u>67,607</u>	<u>-</u>	<u>-</u>	<u>67,607</u>
 Total Assets	 <u>\$ 12,105,733</u>	 <u>\$ 1,332,761</u>	 <u>\$ 8,335,267</u>	 <u>\$ 21,773,761</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 2,125,077	\$ 158,700	\$ 2,140,702	\$ 4,424,479
Intergovernmental Payable		89,765		89,765
Other Payable	278,389	1,013		279,402
Due to Other Funds	1,233,577	950,000	1,300,000	3,483,577
Unearned Revenue	<u>461,944</u>	<u>133,283</u>	<u>-</u>	<u>595,227</u>
 Total Liabilities	 <u>4,098,987</u>	 <u>1,332,761</u>	 <u>3,440,702</u>	 <u>8,872,450</u>
 Fund Balances:				
Restricted				
Capital Reserve	2,331,099			2,331,099
Maintenance Reserve	400,000			400,000
Federal Funds	172,408			172,408
Capital Projects			4,894,565	4,894,565
Assigned				
Year End Encumbrances	741,124			741,124
Designated for Subsequent Year's Expenditures	1,100,000			1,100,000
Unassigned	<u>3,262,115</u>	<u>-</u>	<u>-</u>	<u>3,262,115</u>
 Total Fund Balances	 <u>8,006,746</u>	 <u>-</u>	 <u>4,894,565</u>	 <u>12,901,311</u>
 Total Liabilities and Fund Balances	 <u>\$ 12,105,733</u>	 <u>\$ 1,332,761</u>	 <u>\$ 8,335,267</u>	 <u>\$ 21,773,761</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, 2015**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 12,901,311

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$72,151,313 and the accumulated depreciation is \$16,508,356.

55,642,957

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

Deferred Outflows of Resources	\$ 1,184,455	
Deferred Inflows of Resources	<u>(2,842,465)</u>	

(1,658,010)

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

Net Pension Liability	(37,667,059)	
Compensated Absences	<u>(1,063,122)</u>	

(38,730,181)

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

1,733,253

Net position of Governmental Activities (Exhibit A-1)

\$ 29,889,330

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
County Property Tax Levy	\$ 8,867,475			\$ 8,867,475
County Aid			\$38,228,087	38,228,087
Tuition - LEA's	44,579,033			44,579,033
Non-Resident Fees	1,131,600			1,131,600
Interest on Investments	25,775			25,775
Miscellaneous	<u>1,292,403</u>	<u>\$ 7,925,221</u>	<u>-</u>	<u>9,217,624</u>
	55,896,286	7,925,221	38,228,087	102,049,594
State Sources	3,995,129	1,842,148		5,837,277
Federal Sources	<u>1,090,870</u>	<u>90,305</u>	<u>-</u>	<u>1,181,175</u>
Total Revenues	<u>60,982,285</u>	<u>9,857,674</u>	<u>38,228,087</u>	<u>109,068,046</u>
EXPENDITURES				
Instruction				
Special Education Instruction	34,189,778	4,193,451		38,383,229
Support Services				
Student & Instruction Related Services	13,849,467	5,510,082	805,863	20,165,412
School Administration Services	3,009,713			3,009,713
Support Services General Administration	1,025,687			1,025,687
Plant Operations and Maintenance	4,967,764	139,362		5,107,126
Pupil Transportation	1,209,500			1,209,500
Other Support Services - Business (Central Services/Admin Info Tech)	621,947			621,947
Capital Outlay	<u>499,351</u>	<u>80,341</u>	<u>34,973,678</u>	<u>35,553,370</u>
Total Expenditures	<u>59,373,207</u>	<u>9,923,236</u>	<u>35,779,541</u>	<u>105,075,984</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	<u>1,609,078</u>	<u>(65,562)</u>	<u>2,448,546</u>	<u>3,992,062</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	750,000	65,562	1,750,000	2,565,562
Transfers Out	<u>(1,912,562)</u>	<u>-</u>	<u>-</u>	<u>(1,912,562)</u>
Total Other Financing Sources and Uses	<u>(1,162,562)</u>	<u>65,562</u>	<u>1,750,000</u>	<u>653,000</u>
Net Change in Fund Balances	446,516	-	4,198,546	4,645,062
Fund Balance - Beginning of Year	<u>7,560,230</u>	<u>-</u>	<u>696,019</u>	<u>8,256,249</u>
Fund Balance - End of Year	<u>\$ 8,006,746</u>	<u>\$ -</u>	<u>\$ 4,894,565</u>	<u>\$ 12,901,311</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, 2015**

Total Net Change in Fund Balances - Governmental Funds (B-2) \$ 4,645,062

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

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay additions exceeded depreciation in the period

	Depreciation Expense	\$ (2,281,553)	
	Disposal of Capital Assets, net	(5,640,283)	
	Capital Outlays	<u>35,553,370</u>	
			27,631,534

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

	Increase in Pension Expenses	(167,313)	
	Increase in Compensated Absences	<u>(28,350)</u>	
			(195,663)

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	(301,389)	
	Net Transfers to General Fund	<u>(750,000)</u>	
	Change in Net Position		<u>(1,051,389)</u>

Change in net position of governmental activities (Exhibit A-2) \$ 31,029,544

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business Type Activities Enterprise	Governmental Activities
	Fund Food Service	Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents (Overdrafts)	\$ (11,304)	\$ 1,552,749
Intergovernmental Accounts Receivable	17,608	4,069,643
Due from Other Funds	17,000	1,216,577
Due from B.C.T.S		202,559
Security Deposits		17,880
Inventories	1,722	-
Total Current Assets	25,026	7,059,408
Capital Assets		
Furniture, machinery & equipment	69,406	480,155
Less: Accumulated Depreciation	(68,805)	(412,695)
Total Capital Assets, Net	601	67,460
Total Assets	25,627	7,126,868
LIABILITIES		
Current Liabilities		
Accounts Payable	24,730	306,874
Other Payable		10,288
Due to Other Funds	-	3,677,000
Total Current Liabilities	24,730	3,994,162
Noncurrent Liabilities		
Compensated Absences	-	1,331,993
Total Noncurrent Liabilities	-	1,331,993
Total Liabilities	24,730	5,326,155
NET POSITION		
Investment in Capital Assets, Restricted for Capital	601	67,460
Unrestricted	296	1,474,800
Total Net Position	\$ 897	\$ 1,800,713

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, 2015**

	<u>Business- Type Activities Enterprise Fund Food Service</u>	<u>Governmental Activities Internal Service Funds</u>
OPERATING REVENUES		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	\$ 58,040	
Breakfast Program	6,159	
Special Functions	30,164	
Prior Year Refund		
Tuition from LEAS		\$ 7,156,620
Charges and Fees		18,680,455
On-Behalf State	-	1,446,091
Total Operating Revenues	<u>94,363</u>	<u>27,283,166</u>
OPERATING EXPENSES		
Cost of Sales	194,832	
Salaries	140,270	17,789,284
Employee Benefits	39,800	6,698,409
Purchased Services		3,071,008
Supplies and Materials		
Management Fee	25,000	
Miscellaneous Expenses		
Depreciation	4,850	17,240
Total Operating Expenses	<u>404,752</u>	<u>27,575,941</u>
Operating Income (Loss)	<u>(310,389)</u>	<u>(292,775)</u>
Nonoperating Revenues		
State Sources		
State School Lunch Program	2,545	
Federal Sources		
National School Lunch Program	133,462	
National School Lunch Program-PB Lunch	2,980	
National School Breakfast Program	69,125	-
Total Non-Operating Revenues	<u>208,112</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	(102,277)	(292,775)
Other Financing Sources (Uses)		
Disposal of Capital Assets, net		(8,614)
Transfers In(Out)	97,000	(750,000)
Change in Net Position	(5,277)	(1,051,389)
Total Net Position - Beginning of Year	<u>6,174</u>	<u>2,852,102</u>
Total Net Position - Ending of Year	<u>\$ 897</u>	<u>\$ 1,800,713</u>

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities	Governmental Activities
	Enterprise Fund	
	Food Service	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 94,363	\$ 24,945,640
Payments to Employees	(180,070)	(18,278,064)
Payments to Suppliers	(174,973)	(7,664,575)
Net Cash Provided by(Used for) operating activities	(260,680)	(996,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	3,011	
Federal Sources	210,238	
Operating Subsidies and transfers to/from other funds	80,000	1,203,500
Net cash provided by (used for) noncapital financing activities	293,249	1,203,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	-	(7,425)
Net cash provided by (used for) for capital and related financing activities	-	(7,425)
Net increase in cash and cash equivalents	32,569	199,076
Cash and Cash Equivalents (Overdrafts) - Beginning of Year	(43,873)	1,353,673
Cash and Cash Equivalents- (Overdrafts) - End of Year	\$ (11,304)	\$ 1,552,749
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income(Loss)	\$ (310,389)	\$ (292,775)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	4,850	17,240
Food Distribution(USDA Commodities)-National School Lunch Program	19,634	
(Increase) Decrease in accounts receivable, net		(883,496)
Increase (Decrease) in other current liabilities		(25,819)
Increase(Decrease) in accounts payable	24,730	187,851
(Increase)Decrease in inventories	495	-
Total adjustments	49,709	(704,224)
Net cash provided by (used for) operating activities	\$ (260,680)	\$ (996,999)
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	\$ 19,634	

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, 2015**

	<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	\$ 471,284	\$ 7,632	\$ 20,924	\$ 35,468	\$ 527,571
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>471,284</u>	<u>7,632</u>	<u>20,924</u>	<u>35,468</u>	<u>\$ 527,571</u>
LIABILITIES					
Payroll deductions and withholdings					\$ 501,569
Due to student groups					6,002
Due to Other Funds					20,000
Due to State of New Jersey	<u>618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 527,571</u>
NET POSITION					
Held in trust for unemployment claims and other purposes	<u>\$ 470,666</u>	<u>\$ 7,632</u>	<u>\$ 20,924</u>		
Reserved for scholarships				<u>\$ 35,468</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, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>
ADDITIONS				
Contributions:				
Board contribution				
Plan Member	\$ 87,633		131	
Private Donations	<u>-</u>	<u>-</u>	<u>\$ 191</u>	<u>-</u>
Total Contributions	<u>87,633</u>	<u>-</u>	<u>322</u>	<u>-</u>
Investment Earnings:				
Interest/Investment Earnings	<u>1,496</u>	<u>\$ 281</u>	<u>-</u>	<u>\$ 248</u>
Net investment earnings	<u>1,496</u>	<u>281</u>	<u>-</u>	<u>248</u>
Total Additions	<u>89,129</u>	<u>281</u>	<u>322</u>	<u>248</u>
DEDUCTIONS				
Unemployment Claims	49,155			
Investment Losses		3,048		
Scholarships Awarded	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,850</u>
Total Deductions	<u>49,155</u>	<u>3,048</u>	<u>-</u>	<u>1,850</u>
Change in Net Position	39,974	(2,767)	322	(1,602)
Net Position, Beginning of Year	<u>430,692</u>	<u>10,399</u>	<u>20,602</u>	<u>37,070</u>
Net Position, End of the Year	<u>\$ 470,666</u>	<u>\$ 7,632</u>	<u>\$ 20,924</u>	<u>\$ 35,468</u>

NOTES TO THE FINANCIAL STATEMENTS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements as required:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

In additions to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

8. Long-Term Obligations

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

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

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

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. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the County Treasurer and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. 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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues*

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

4. *Proprietary Funds, Operating and 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.

The annual budget is adopted in the spring of the preceding year for the general fund and a special revenue fund. 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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$3,505,805. The increase was funded by additional reserves appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014		\$ 2,073,828
Increased:		
Interest	\$ 7,271	
Deposit per Board Resolution	<u>250,000</u>	
		<u>257,271</u>
Balance, June 30, 2015		<u>\$ 2,331,099</u>

C. Maintenance Reserve

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 200,000
Increased by	
Deposits Approved by Board Resolution	<u>200,000</u>
Balance, June 30, 2015	<u>\$ 400,000</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$8,020,436 and bank and brokerage firm balances of the Board's deposits amounted to \$11,102,585. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 11,102,585</u>
	<u>\$ 11,102,585</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 none of the Board's bank balances were exposed to custodial credit risk.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk.

As of June 30, 2015, the Board had no outstanding investments.

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

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

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

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental						
State	\$ 156,961	\$ 36,946		\$ 220		\$ 194,127
Federal		174,271		17,388		191,659
Restricted	<u>589,557</u>	<u>1,090,060</u>	<u>\$ 8,295,247</u>	<u>-</u>	<u>\$ 4,272,202</u>	<u>14,247,066</u>
	746,518	1,301,277	8,295,247	17,608	4,272,202	14,632,852
Gross Receivables						
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 746,518</u>	<u>\$ 1,301,277</u>	<u>\$ 8,295,247</u>	<u>\$ 17,608</u>	<u>\$ 4,272,202</u>	<u>\$ 14,632,852</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Tuition Charges - Prior Year Credits	\$	461,944
Special Revenue Fund		
Unencumbered Grant Draw Downs		12,026
Grant Draw Downs Reserved for Encumbrances		<u>110,257</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>584,227</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Governmental activities:				
Capital assets, being depreciated:				
Buildings	\$ 18,001,020	\$ 34,577,553		\$ 52,578,573
Improvements other than buildings	396,120	182,565		578,685
Leasehold Improvements	12,950,526		\$ (6,190,470)	6,760,056
Machinery and equipment	<u>12,519,531</u>	<u>800,677</u>	<u>(1,086,209)</u>	<u>12,233,999</u>
Total capital assets being depreciated	<u>43,867,197</u>	<u>35,560,795</u>	<u>(7,276,679)</u>	<u>72,151,313</u>
 Less accumulated depreciation for:				
Buildings	(2,825,371)	(1,036,787)		(3,862,158)
Improvements other than buildings	(287,187)	(24,664)		(311,851)
Leasehold Improvements	(3,543,400)	(401,736)	623,768	(3,321,368)
Machinery and equipment	<u>(9,181,387)</u>	<u>(835,606)</u>	<u>1,004,014</u>	<u>(9,012,979)</u>
Total accumulated depreciation	<u>(15,837,345)</u>	<u>(2,298,793)</u>	<u>1,627,782</u>	<u>(16,508,356)</u>
 Total capital assets, being depreciated, net	<u>28,029,852</u>	<u>33,262,002</u>	<u>(5,648,897)</u>	<u>55,642,957</u>
 Governmental activities capital assets, net	<u>\$ 28,029,852</u>	<u>\$ 33,262,002</u>	<u>\$ (5,648,897)</u>	<u>\$ 55,642,957</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</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	(63,955)	\$ (4,850)	-	(68,805)
Total accumulated depreciation	<u>(63,955)</u>	<u>(4,850)</u>	<u>-</u>	<u>(68,805)</u>
Total capital assets, being depreciated, net	<u>5,451</u>	<u>(4,850)</u>	<u>-</u>	<u>601</u>
Business-type activities capital assets, net	<u>\$ 5,451</u>	<u>\$ (4,850)</u>	<u>\$ -</u>	<u>\$ 601</u>

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

Governmental activities:

Instruction	
Special	\$ 412,126
Total Instruction	<u>412,126</u>
Support Services	
Student and Instruction Related Services	6,658
School administration	38,535
Operations and maintenance of plant	1,496,336
Student transportation	327,898
Total Support Services	<u>1,869,427</u>
Total Governmental Funds	<u>2,281,553</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>17,240</u>
--	---------------

Total depreciation expense - governmental activities	<u>\$ 2,298,793</u>
--	---------------------

Business-type activities:

Food Service Fund	<u>\$ 4,850</u>
-------------------	-----------------

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Construction Manager - New Educational Facility	\$ 307,650
Construction of New Educational Facility	<u>4,451,873</u>
Total	<u>\$ 4,759,523</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,300,000
General Fund	Special Revenue Fund	950,000
General Fund	One to One Aides - Internal Service Fund	320,000
General Fund	Interlocal Agreement-Internal Service Fund	1,810,000
General Fund	Extended Year - Internal Svc. Fund	85,000
General Fund	Career Crossroads - Internal Svc. Fund	4,000
General Fund	Touchstone - Internal Svc. Fund	3,000
General Fund	Management Agreement-Internal Service Fund	295,000
General Fund	Education Enterprises - Internal Svc. Fund	1,160,000
General Fund	Agency Funds	20,000
Food Service Fund	General Fund	17,000
Internal Service Funds	General Fund	<u>1,216,577</u>
		<u>\$ 7,180,577</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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:				Total
	Enterprise-Food Service	Capital Projects Fund	Special Revenue Fund	General Fund	
Transfer Out:					
General Fund	\$ 97,000	\$ 1,750,000	\$ 65,562		\$ 1,912,562
Internal Service Funds	-	-	-	\$ 750,000	750,000
Total transfers out	<u>\$ 97,000</u>	<u>\$ 1,750,000</u>	<u>\$ 65,562</u>	<u>\$ 750,000</u>	<u>\$ 2,662,562</u>

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

F. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,366,765	\$ 28,350	-	\$ 2,395,115	-
Net Pension Liability	<u>39,157,756</u>	<u>167,313</u>	<u>1,658,010</u>	<u>37,667,059</u>	<u>2,056,748</u>
Governmental activity Long-term liabilities	<u>\$ 41,524,521</u>	<u>\$ 195,663</u>	<u>\$ 1,658,010</u>	<u>\$ 40,062,174</u>	<u>\$ 2,056,748</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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is 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>
2015	\$ -	\$ 89,129	\$ 49,155	\$ 470,666
2014	44,000	143,232	52,230	430,692
2013	53,000	23,023	72,009	293,858

B. Contingent Liabilities

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

Pending Litigation –

1. J. C., a minor v. Bergen Special Services

This is a case of student-on-student sexual assault and it currently in litigation. A tort claim notice was served upon the school district on or about October 12, 2012. The claimant, who resides in Cliffside Park, NJ, alleges that on various occasions between January and July 2012, he was sexually assaulted by another student while riding on a school bus to and from his home and the Brownstone School in which he is enrolled.

At this early stage, it is our understanding that the school bus where the abuse is alleged to have taken place is owned by the Cliffside Park Board of Education, or is operated by a transportation vendor awarded a contract by Cliffside Park.

At this time, we are at the inception of our investigation and have not yet received any medical information or reports from the claimant. As a result, it is difficult to provide an estimate of potential exposure. However, given the general nature of the allegations alone, we estimate potential exposure to be up to \$300,000

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

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

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

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, 2015, 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 1,960,564	\$ 1,597,063	\$ 192,675
2014	1,870,873	1,272,647	
2013	1,856,428	2,041,907	

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,597,063 and \$2,041,907, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,272,647 for normal cost pension and NCGI premium.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,049,793 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$37,667,059 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was 0.20118 percent, which was a decrease of \$.00370 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,127,877 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,184,455	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 2,244,752
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>597,713</u>
Total	<u>\$ 1,184,455</u>	<u>\$ 2,842,465</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (453,331)
2017	(453,331)
2018	(453,331)
2019	(453,331)
2020	107,857
Thereafter	<u>47,457</u>
	<u>\$ (1,658,010)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<u>PERS</u>	
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

PERS

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 47,386,290</u>	<u>\$ 37,667,059</u>	<u>\$ 29,505,361</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,054,707 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$160,785,515. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

TPAF

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2027

Municipal Bond Rate * From July 1, 2027
and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 193,382,739</u>	<u>\$ 160,785,515</u>	<u>\$ 133,673,152</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

D. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$2,535,338, \$2,086,662 and \$2,308,882, 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.

E. Subsequent Events

The Millburn Regional Day School closed as of June 30, 2014. The State of New Jersey has granted the District approval to transfer any surplus funds that remain on June 30, 2015 to the Bleshman Regional Day School to fund repairs to the HVAC, roof and canopy of the Bleshman Regional Day School building.

NOTE 5 RESTATEMENT

On July 1, 2014, the Bergen County Special Services School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Bergen County Special Services School District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$39,157,756. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$38,017,542 as originally reported to \$(1,140,214) as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
PENSION INFORMATION

BUDGETARY COMPARISON SCHEDULES

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
County Aid	\$ 8,867,475		\$ 8,867,475	\$ 8,867,475	
Tuition	42,041,300	\$ 2,250,000	44,291,300	44,579,033	\$ 287,733
Non Resident Fees	1,250,000		1,250,000	1,131,600	(118,400)
Interest on Investments	60,000		60,000	25,775	(34,225)
Miscellaneous	1,131,000	-	1,131,000	1,292,403	161,403
Total Local Sources	<u>53,349,775</u>	<u>2,250,000</u>	<u>55,599,775</u>	<u>55,896,286</u>	<u>296,511</u>
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,638,414	1,638,414
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				962,802	962,802
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				69,270	69,270
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,324,643	1,324,643
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,995,129</u>	<u>3,995,129</u>
Federal Sources:					
Medicaid Reimbursement	325,000		325,000	918,462	593,462
ARRA/SEMI	-	-	-	172,408	172,408
Total Federal Sources	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>1,090,870</u>	<u>765,870</u>
Total Revenues	<u>53,674,775</u>	<u>2,250,000</u>	<u>55,924,775</u>	<u>60,982,285</u>	<u>5,057,510</u>
EXPENDITURES					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	2,179,943	\$ (117,700)	2,062,243	2,061,557	686
Other Salaries for Instruction	1,347,026	60,700	1,407,726	1,407,673	53
Purchased Prof. - Educ. Services	1,060,000	(71,600)	988,400	983,324	5,076
Lease and Rentals	14,700		14,700	12,679	2,021
Other Purchased Services	52,500	2,457	54,957	27,210	27,747
Travel	6,400		6,400	1,484	4,916
General Supplies	71,650	1,651	73,301	59,457	13,844
Textbooks	1,900		1,900	289	1,611
Other Objects	21,050	-	21,050	3,441	17,609
Total Auditory Impairments - Instruction	<u>4,755,169</u>	<u>(124,492)</u>	<u>4,630,677</u>	<u>4,557,114</u>	<u>73,563</u>
Behavioral Disabilities - Instruction					
Salaries of Teachers	2,251,035	43,500	2,294,535	2,294,484	51
Other Salaries for Instruction	901,050	149,600	1,050,650	1,050,597	53
Purchased Prof. - Educ. Service	247,000	27,800	274,800	274,796	4
Leases and Rentals	24,400		24,400	19,990	4,410
Travel	22,300	(750)	21,550	17,123	4,427
General Supplies	115,150	620	115,770	94,125	21,645
Textbooks	26,000	(7,080)	18,920	11,873	7,047
Other Objects	12,350	(2,500)	9,850	5,571	4,279
Total Behavioral Disabilities - Instruction	<u>3,599,285</u>	<u>211,190</u>	<u>3,810,475</u>	<u>3,768,559</u>	<u>41,916</u>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Current (Continued)					
Psychiatric					
Salaries of Teachers	\$ 347,980	\$ 16,400	\$ 364,380	\$ 364,339	\$ 41
Other Salaries for Instruction	143,730	34,000	177,730	176,239	1,491
Purchased Prof. - Educ. Service	525,000	28,000	553,000	552,845	155
Travel	2,000	(2,000)	-	-	-
General Supplies	34,500	13,450	47,950	44,925	3,025
Textbooks	6,500	(6,494)	6	6	-
Other Objects	4,000	(2,300)	1,700	1,293	407
Total Psychiatric	<u>1,063,710</u>	<u>81,056</u>	<u>1,144,766</u>	<u>1,139,641</u>	<u>5,125</u>
Multiple Disabilities - Instruction					
Salaries of Teachers	2,012,825	(51,802)	1,961,023	1,960,381	642
Other Salaries for Instruction	1,167,996	119,406	1,287,402	1,287,257	145
Purchased Prof. - Educ. Service	448,000	-	448,000	440,000	8,000
Lease and Rentals	10,700	-	10,700	9,995	705
Travel	4,425	-	4,425	2,213	2,212
General Supplies	122,650	9,124	131,774	106,655	25,119
Textbooks	7,385	3,600	10,985	9,352	1,633
Other Objects	10,560	-	10,560	6,312	4,248
Total Multiple Disabilities	<u>3,784,541</u>	<u>80,328</u>	<u>3,864,869</u>	<u>3,822,165</u>	<u>42,704</u>
Autism - Instruction					
Salaries of Teachers	2,988,845	808,002	3,796,847	3,796,813	34
Other Salaries for Instruction	2,940,968	266,894	3,207,862	3,207,794	68
Purchased Prof. - Educ. Service	79,500	-	79,500	67,686	11,814
Lease and Rentals	12,700	(300)	12,400	8,445	3,955
Travel	7,300	300	7,600	7,561	39
General Supplies	192,000	(20,867)	171,133	146,783	24,350
Textbooks	970	-	970	-	970
Other Objects	14,500	(200)	14,300	8,340	5,960
Total Autistic	<u>6,236,783</u>	<u>1,053,829</u>	<u>7,290,612</u>	<u>7,243,422</u>	<u>47,190</u>
Preschool Handicapped - Full Time - Instruction					
Salaries of Teachers	825,666	(200,000)	625,666	621,954	3,712
Other Salaries for Instruction	157,827	7,000	164,827	164,749	78
Purchased Prof. - Educ. Service	29,000	3,500	32,500	32,450	50
Leases and Rentals	480	(115)	365	-	365
Other Purchased Services	115	-	115	115	-
Travel	3,320	-	3,320	267	3,053
General Supplies	34,880	(1,038)	33,842	27,508	6,334
Textbooks	980	-	980	-	980
Other Objects	4,975	-	4,975	1,702	3,273
Total Preschool Handicapped - Full-Time	<u>1,057,243</u>	<u>(190,653)</u>	<u>866,590</u>	<u>848,745</u>	<u>17,845</u>
Total Special Education - Instruction	<u>20,496,731</u>	<u>1,111,258</u>	<u>21,607,989</u>	<u>21,379,646</u>	<u>228,343</u>
School Sponsored Co curricular Activities					
Travel	-	6,800	6,800	4,505	2,295
Other Objects	65,235	500	65,735	41,829	23,906
Total School Sponsored Co curricular Activities	<u>65,235</u>	<u>7,300</u>	<u>72,535</u>	<u>46,334</u>	<u>26,201</u>
Other Instructional Programs					
Salaries	72,912	800	73,712	73,686	26
Purchased Prof. - Educ. Service	11,000	(1,450)	9,550	6,500	3,050
General Supplies	4,500	887	5,387	5,340	47
Other Objects	500	(100)	400	195	205
Total Other Instructional Programs	<u>88,912</u>	<u>137</u>	<u>89,049</u>	<u>85,721</u>	<u>3,328</u>
Community Services Programs/ Operations					
Salaries	123,045	650	123,695	123,648	47
Other Purchased Services	49,000	4,000	53,000	52,621	379
Travel	1,000	38	1,038	399	639
Supplies and Materials	16,000	(4,150)	11,850	9,264	2,586
Other Objects	4,500	(500)	4,000	1,053	2,947
Total Community Services Programs/ Operations	<u>193,545</u>	<u>38</u>	<u>193,583</u>	<u>186,985</u>	<u>6,598</u>
Total Instruction	<u>20,844,423</u>	<u>1,118,733</u>	<u>21,963,156</u>	<u>21,698,686</u>	<u>264,470</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

EXPENDITURES (Continued)	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Current (Continued)					
Health Services					
Salaries	\$ 706,576	\$ (46,352)	\$ 660,224	\$ 653,448	\$ 6,776
Purchased Professional and Technical Services	25,000		25,000	25,000	-
Supplies and Materials	13,370	7,448	20,818	15,025	5,793
Other Objects	28,740	(3,600)	25,140	19,352	5,788
Total Health Services	773,686	(42,504)	731,182	712,825	18,357
Speech, OT,PT and Related Services					
Salaries	4,233,303	(111,000)	4,122,303	4,122,292	11
Purchased Professional-Educational Services	100,000	203,800	303,800	303,771	29
Supplies and Materials	2,000	1,800	3,800	3,798	2
Total Other Support Services-Students Related Serv.	4,335,303	94,600	4,429,903	4,429,861	42
Child Study Team					
Salaries of Other Professional Staff	1,996,076	(86,000)	1,910,076	1,903,883	6,193
Other Objects	-	-	-	-	-
Total Child Study Team	1,996,076	(86,000)	1,910,076	1,903,883	6,193
Improvement of Instruction Services					
Salaries	289,679	22,050	311,729	311,689	40
Other Purchased Services	49,300	(3,000)	46,300	41,699	4,601
Travel	-	3,000	3,000	1,602	1,398
Supplies and Materials	-	-	-	-	-
Total Improvement of Instruction Services	338,979	22,050	361,029	354,990	6,039
Educational Media Service/School Library					
Salaries	548,680		548,680	545,396	3,284
Purchased Professional-Educational Services	255,000	(12,052)	242,948	240,304	2,644
Travel	1,000		1,000	1,000	-
Supplies and Materials	75,000	144,281	219,281	215,000	4,281
Total Educational Media Services/School Library	879,680	132,229	1,011,909	1,000,700	11,209
Instructional Staff Training Services					
Travel	26,065	(118)	25,947	14,290	11,657
Other Objects	48,750	(5,860)	42,890	38,060	4,830
Total Instructional Staff Training Services	74,815	(5,978)	68,837	52,350	16,487
Support Services General Administration					
Salaries	111,018	3,500	114,518	114,463	55
Legal Services	180,000	(24,700)	155,300	149,375	5,925
Audit Fees	60,000		60,000	59,021	979
Architect/Engineering Fees	-	5,547	5,547	-	5,547
Other Purchased Professional Services	55,000	9,500	64,500	64,475	25
Leases and Rentals	10,000		10,000	6,926	3,074
Communications/Telephone	319,000	(62,000)	257,000	256,108	892
Other Purchased Services	205,000	63,700	268,700	268,693	7
Travel	1,000	630	1,630	298	1,332
BOE Other Purchase Services	2,000		2,000	1,374	626
Supplies and Materials	16,000		16,000	11,530	4,470
Miscellaneous Expenditures	30,000	-	30,000	24,479	5,521
Total Support Services General Administration	989,018	(3,823)	985,195	956,742	28,453

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

EXPENDITURES (Continued)	Original <u>Budget</u>	<u>Adjustments</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final <u>Budget to Actual</u>
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	\$ 1,197,771	\$ (20,000)	\$ 1,177,771	\$ 1,172,055	\$ 5,716
Salaries of Secretarial and Clerical Assistants	677,622		677,622	672,926	4,696
Travel	11,840	(700)	11,140	3,035	8,105
Other Purchased Services	1,050		1,050	188	862
Supplies and Materials	7,685	(1,950)	5,735	2,711	3,024
Other Objects	5,610	(750)	4,860	968	3,892
Total Support Services School Administration	1,901,578	(23,400)	1,878,178	1,851,883	26,295
Central Services					
Salaries	340,720	(40,700)	300,020	298,309	1,711
Purchased Professional Services	34,700	26,700	61,400	61,330	70
Purchased Technical Services	57,100	5,075	62,175	60,885	1,290
Leases and Rentals	3,000		3,000		3,000
Travel	500	1,520	2,020	926	1,094
Other Purchased Services	3,000		3,000		3,000
Supplies and Materials	16,000	8,098	24,098	9,647	14,451
Miscellaneous Expenditures	7,500	(1,500)	6,000	3,274	2,726
Total Central Services	462,520	(807)	461,713	434,371	27,342
Required Maintenance for School Facilities					
Salaries	103,930	45,000	148,930	148,804	126
Cleaning, Repair and Maintenance Services	109,873	(67,600)	42,273	36,909	5,364
General Supplies	45,000	2,600	47,600	47,506	94
Total Required Maintenance for School Facilities	258,803	(20,000)	238,803	233,219	5,584
Custodial Services					
Salaries	930,022	(10,000)	920,022	916,399	3,623
Purchased Professional and Technical Services	112,400	75,600	188,000	187,990	10
Cleaning, Repair and Maintenance Services	210,000	(50,623)	159,377	153,644	5,733
Rental of Land and Bldgs. Other Than Lease Purch	1,790,740	72,700	1,863,440	1,863,408	32
Other Purchased Property Services	41,200	200	41,400	39,006	2,394
General Supplies	192,000	(44,469)	147,531	142,953	4,578
Energy (Natural Gas)	160,000	(88,300)	71,700	71,265	435
Energy (Electricity)	582,000	(215,000)	367,000	363,037	3,963
Energy (Gasoline)	135,000	(20,000)	115,000	110,220	4,780
Other Objects	10,000	210	10,210	6,757	3,453
Total Custodial Services	4,163,362	(279,682)	3,883,680	3,854,679	29,001
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	30,000	(910)	29,090	24,108	4,982
General Supplies	10,000	98,219	108,219	22,828	85,391
Total Upkeep of Grounds	40,000	97,309	137,309	46,936	90,373
Security					
Cleaning, Repair and Maintenance Services	172,000	-	172,000	165,489	6,511
Total Security	172,000	-	172,000	165,489	6,511
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	786,834	(180,000)	606,834	602,925	3,909
Cleaning, Repair and Maintenance Services	15,000	(15,000)	-	-	-
Contr Serv (Other Than Between Home & School) - Vendors	8,000		8,000	721	7,279
Miscellaneous Purchased Services-Transportation	36,900		36,900	36,900	-
Supplies and Materials	75,000	(3,550)	71,450	64,318	7,132
Miscellaneous Expenditures	25,000	3,550	28,550	28,531	19
Total Student Transportation Services	946,734	(195,000)	751,734	733,395	18,339

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES (Continued)					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,200,000		1,200,000	\$ 1,197,695	\$ 2,305
Other Retirement Contributions- Regular	2,085,800	67,500	2,153,300	1,385,343	767,957
Unemployment Compensation	51,200	(42,500)	8,700	5,239	3,461
Workmen's Compensation	500,000	256,300	756,300	756,291	9
Health Benefits	10,068,759	237,500	10,306,259	10,306,206	53
Tuition Reimbursement	150,000	(30,000)	120,000	115,689	4,311
Other Employee Benefits	120,000	20,100	140,100	140,025	75
Total Unallocated Benefits	14,175,759	508,900	14,684,659	13,906,488	778,171
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,638,414	(1,638,414)
On-Behalf TPAF Pension System Contributions- Normal Cost (Non-Budgeted)				962,802	(962,802)
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				69,270	(69,270)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,324,643	(1,324,643)
Total TPAF Contributions	-	-	-	3,995,129	(3,995,129)
Total Undistributed Expenditures	31,508,313	197,894	31,706,207	34,632,940	(2,926,733)
Total Expenditures - Current	52,352,736	1,316,627	53,669,363	56,331,626	(2,662,263)
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Auditory Impairments			-		-
Behavioral Disabilities		2,560	2,560	2,546	14
Multiple Disabilities		3,472	3,472	3,472	-
Autism			-		-
Preschool Disabilities			-		-
Educational Media and School Library		269,203	269,203	269,143	60
Central Services			-		-
Operations and Maintenance of Plant		7,718	7,718	7,676	42
Grounds		216,525	216,525	216,514	11
Special Schools			-		-
School Buses-Special	-	-	-	-	-
Total Equipment	-	499,478	499,478	499,351	127
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Total Facilities Acquisition and Construction Services	-	-	-	-	-
Total Capital Outlay	-	499,478	499,478	499,351	127
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	405,254	(50,000)	355,254	344,584	10,670
Other Salaries for Instruction	773,832	(340,900)	432,932	410,359	22,573
Other Purchased Services	350,000	(100,000)	250,000	245,107	4,893
Travel	3,000	7	3,007	972	2,035
General Supplies	19,750	(19,211)	539	(17,218)	17,757
Other Objects	11,750	4,500	16,250	8,662	7,588
Total Other Special Schools - Instruction	1,563,586	(505,604)	1,057,982	992,466	65,516
Other Special Schools - Support Services					
Salaries	441,668	120,000	561,668	540,798	20,870
Personal Services - Employee Benefits	736,000	(30,000)	706,000	695,704	10,296
Purchased Professional and Technical Services	93,000		93,000	91,770	1,230
Other Purchased Services	242,900	(20,500)	222,400	211,565	10,835
Supplies and Materials	15,000	637	15,637	9,817	5,820
Other Objects	-	110	110	110	-
Total Other Special Schools - Support Services	1,528,568	70,247	1,598,815	1,549,764	49,051
Total Other Special Schools	3,092,154	(435,357)	2,656,797	2,542,230	114,567
Total Expenditures	55,444,890	1,380,748	56,825,638	59,373,207	(2,547,569)
Excess(Deficiency) of Revenues Over(Under) Expenditures	(1,770,115)	869,252	(900,863)	1,609,078	2,509,941

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Other Financing Sources(Uses):					
Transfer to Food Service Fund - Board Contribution	\$ (80,000)	\$ (17,000)	\$ (97,000)	\$ (97,000)	-
Operating Transfers - Internal Service Funds	750,000		750,000	750,000	-
Operating Transfers - Capital Projects Fund		\$ (1,750,000)	(1,750,000)	(1,750,000)	-
Operating Transfers - Special Revenue Fund	-	-	-	(65,562)	(65,562)
Total Other Financing Sources/(Uses)	<u>670,000</u>	<u>(1,767,000)</u>	<u>(1,097,000)</u>	<u>(1,162,562)</u>	<u>(65,562)</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(1,100,115)	\$ (897,748)	(1,997,863)	446,516	\$ 2,444,379
Fund Balances, July 1	<u>7,560,230</u>	-	<u>7,560,230</u>	<u>7,560,230</u>	-
Fund Balances, June 30	<u>\$ 6,460,115</u>	<u>\$ (897,748)</u>	<u>\$ 5,562,367</u>	<u>\$ 8,006,746</u>	<u>\$ 2,444,379</u>
Recapitulation:					
Restricted Fund Balance					
Capital Reserve				\$ 2,331,099	
Maintenance Reserve				400,000	
Federal Funds - SEMI-ARRA				172,408	
Assigned Fund Balance					
Year End Encumbrances				741,124	
Designated for Subsequent Year's Expenditures				1,100,000	
Unassigned Fund Balance					
Undesignated				<u>3,262,115</u>	
				<u>\$ 8,006,746</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, 2015

EXHIBIT C-2

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
State Sources	\$ 1,039,000	\$ 636,219	\$ 1,675,219	\$ 1,945,517	\$ 270,298
State On-Behalf					-
Federal Sources	90,000	38,655	128,655	89,055	(39,600)
Other Sources	8,525,000	(316,817)	8,208,183	7,899,609	(308,574)
Total Revenues	9,654,000	358,057	10,012,057	9,934,181	(77,876)
EXPENDITURES					
Instruction					
Salaries of Teachers	9,629,000	(5,560,522)	4,068,478	3,894,652	173,826
Other Salaries for Instruction		20,509	20,509	20,509	-
Purchased Professional Services		12,918	12,918	12,918	-
Other Purchased Services		18,549	18,549	10,285	8,264
General Supplies	25,000	198,144	223,144	197,110	26,034
Other Objects	-	58,707	58,707	58,707	-
Total Instruction	9,654,000	(5,251,695)	4,402,305	4,194,181	208,124
Support Services					
Salaries		1,367,729	1,367,729	1,284,449	83,280
Personnel Services Employee Benefits		1,428,518	1,428,518	1,989,203	(560,685)
Cleaning, Repair, and Maintenance Service		6,190	6,190	6,190	-
Purchased Professional Education Services		2,159,182	2,159,182	2,001,714	157,468
Communication and Telephone		30,786	30,786	30,786	-
Energy		8,533	8,533	8,533	-
Rental		139,962	139,962	139,962	-
Travel		10,148	10,148	9,216	932
Other Purchased Services		179,104	179,104	168,237	10,867
Supplies and Materials		29,921	29,921	8,714	21,207
Miscellaneous Expenditures	-	7,348	7,348	7,348	-
Total Support Services	-	5,367,421	5,367,421	5,654,352	(286,931)
Facilities Acquisition and Construction					
Buildings		151,404	151,404	138,304	13,100
Instructional Equipment	-	90,927	90,927	12,906	78,021
Total Facilities Acquisition and Construction	-	242,331	242,331	151,210	91,121
Total Expenditures	9,654,000	358,057	10,012,057	9,999,743	12,314
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	(65,562)	(65,562)
Transfer from General Fund				65,562	65,562
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**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, 2015**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Source/Inflows of Resources		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	\$ 60,982,285	\$ 9,934,181
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, 2014		33,750
Encumbrances, June 30, 2015	-	<u>(110,257)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 60,982,285</u>	<u>\$ 9,857,674</u>
Uses/Outflows of Resources		
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 59,373,207	\$ 9,999,743
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, 2014		33,750
Encumbrances, June 30, 2015	-	<u>(110,257)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 59,373,207</u>	<u>\$ 9,923,236</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Two Fiscal Years*

	<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.20118	%	0.20488	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$37,667,059		\$39,157,756	
District's Covered-Employee Payroll	\$16,501,385		\$16,005,606	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	228.27%		244.65%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08	%	48.72	%

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

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

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

Public Employees Retirement System

Last Two Fiscal Years

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

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

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

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

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

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015**

	Total Brought Forward (E.L. E-1D)	Total Brought Forward (E.L. E-1A)	Total Brought Forward (E.L. E-1C)	Nonpublic Supp. Invt.	Nonpublic Speech	Nonpublic Transport	Nonpublic Home Invt.	Nonpublic Exam. & Class	Nonpublic Comp Ed	2015
REVENUES										
Intergovernmental										
State	\$ 190,334	\$ 1,169,113	\$ 243,403	\$ 85,731	\$ 72,399	\$ 16,637	\$ 3,369	\$ 9,039	\$ 155,492	\$ 1,945,517
Federal	85,339	3,696	-	918,092	1,640,831	163,800	33,926	1,501,827	1,945,408	89,035
Other	197,509	-	2,098,149	-	-	-	-	-	-	7,899,669
Total Revenues	\$ 473,202	\$ 1,169,113	\$ 2,341,552	\$ 1,003,920	\$ 1,113,230	\$ 180,437	\$ 37,295	\$ 1,510,866	\$ 2,100,900	\$ 9,934,181
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 65,180	\$ 438,305	\$ 1,017,922	\$ 609,265	\$ 512,110	\$ 121,237	\$ 24,550	\$ 6,973	\$ 1,105,585	\$ 3,894,652
Other Salaries for Instruction	17,918	-	-	6,263	6,973	-	-	-	-	10,508
Salaries of Support Personnel	9,913	-	-	-	-	-	-	-	-	10,288
Other Purchased Services	10,187	1,186	105,132	990	12,280	-	-	42,484	24,851	197,110
General Supplies	45,830	-	-	-	-	-	-	154	12,723	58,707
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	\$ 143,948	\$ 440,089	\$ 1,123,054	\$ 616,818	\$ 531,363	\$ 121,237	\$ 24,550	\$ 49,611	\$ 1,143,351	\$ 4,194,181
Support Services										
Salaries	180,627	328,609	319,744	75,594	154,079	35,495	677	115,586	74,058	1,284,449
Personnel Services Employee Benefits	106,256	167,467	311,038	293,750	318,915	20,339	3,494	103,429	664,304	1,989,203
Cleaner, Repair, and Maintenance Services	-	-	-	-	-	5,068	-	1,122	-	6,190
Purchased Professional Education Services	15,300	-	488,713	14,000	90,000	2,000	8,688	1,197,619	160,080	1,976,020
Purchased Professional Education Services - Contracted and Telephone	811	16,998	8,696	-	-	-	-	-	-	19,604
Energy (Heat & Electricity)	3,204	5,903	-	-	4,326	2,072	-	2,497	17,219	30,286
Other Purchased Professional Services	-	-	-	-	2,072	-	-	-	3,257	8,533
Rental	5,000	38,298	-	10,000	25,000	-	-	28,332	33,332	139,962
Travel	1,800	685	2,314	1,000	3,500	-	-	19,000	6,217	9,216
Other Purchased Services	2,077	3,410	1,227	-	-	-	-	-	3,700	168,237
Supplies and Materials	6,948	-	-	-	-	-	-	-	400	8,714
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	7,348
Total Support Services	\$ 322,508	\$ 696,284	\$ 1,177,610	\$ 394,344	\$ 597,892	\$ 63,102	\$ 12,839	\$ 1,467,486	\$ 952,487	\$ 5,654,332
Facilities Acquisition and Construction										
Buildings	8,450	32,760	97,094	-	-	-	-	-	-	97,084
Rental of Buildings	-	-	12,906	-	-	-	-	-	-	41,210
Instructional Equipment	-	-	-	-	-	-	-	-	-	12,906
Total Facilities Acquisition and Construction	\$ 8,450	\$ 32,760	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,210
Total Expenditures	\$ 474,706	\$ 1,169,113	\$ 2,370,664	\$ 1,011,162	\$ 1,128,255	\$ 184,339	\$ 37,409	\$ 1,517,097	\$ 2,106,018	\$ 9,999,743
Deficiency of Revenues Under Expenditures	\$ (1,504)	\$ -	\$ (25,396)	\$ (7,332)	\$ (16,005)	\$ (3,902)	\$ (74)	\$ (6,231)	\$ (5,118)	\$ (65,562)
Other Financing Sources/(Uses)	1,504	-	25,396	7,332	16,005	3,902	74	6,231	5,118	65,562
Transfer from General Fund	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Careers Thru Technology	Adult Training	Adult Autism	After Hours	Community Connections	Getting Us There	Leisure Bridges	GUTS Adult	Adult Training Spec Needs	Total Exhibit E-1a
REVENUES										
Local										
Environmental										
State	\$ 205,255	\$ 544,764	\$ 142,044	\$ 38,031	\$ 32,418	\$ 38,315	\$ 38,915	\$ 10,729	\$ 118,642	\$ 1,169,113
Federal										
Other										
Total Revenues	\$ 205,255	\$ 544,764	\$ 142,044	\$ 38,031	\$ 32,418	\$ 38,315	\$ 38,915	\$ 10,729	\$ 118,642	\$ 1,169,113
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 149,268	\$ 38,864	\$ 126,219	\$ 38,031	\$ 30,114	\$ 25,374		\$ 7,416	\$ 23,517	\$ 438,903
Other Salaries for Instruction										
Purchased Professional Services										
Other Purchased Services						1,000		186		1,186
Commodities										
Other Objects										
Total Instruction	\$ 149,268	\$ 38,864	\$ 126,219	\$ 38,031	\$ 30,114	\$ 26,374		\$ 7,602	\$ 23,517	\$ 440,089
Support Services										
Salaries	\$ 37,487	\$ 213,027	\$ 7,390		\$ 2,304	\$ 1,941	\$ 33,317	\$ 567	\$ 54,875	\$ 328,609
Personal Services Employee Benefits		\$ 89,409	\$ 8,435				\$ 2,273		\$ 23,051	\$ 167,467
Cleaning, Repair, and Maintenance Services										
Purchased Professional Education Services										
Purchased Professional Technical Services										
Other Purchased Professional Services										
Communication and Telephone										
Energy (Heat & Electricity)										
Purchased Property Services										
Rental										
Travel										
Other Purchased Services										
Supplies and Materials										
Miscellaneous Expenditures										
Total Support Services	\$ 37,487	\$ 505,800	\$ 15,825		\$ 2,304	\$ 1,941	\$ 37,215	\$ 567	\$ 12,062	\$ 38,298
Facilities Acquisition and Construction										
Rental of Buildings	\$ 18,500					\$ 10,000	\$ 1,700	\$ 2,560		\$ 32,760
Instructional Equipment										
Total Facilities Acquisition and Construction	\$ 18,500					\$ 10,000	\$ 1,700	\$ 2,560		\$ 32,760
Total Expenditures	\$ 205,255	\$ 544,764	\$ 142,044	\$ 38,031	\$ 32,418	\$ 38,315	\$ 38,915	\$ 10,729	\$ 118,642	\$ 1,169,113
Deficiency of Revenues Under Expenditures										
Other Financing Sources/(Uses)										
Transfer from General Fund										
Fund Balance, Beginning of Year										
Fund Balance, End of Year										

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Work Ready, Work Now</u>	<u>Blesham Donations</u>	<u>Community Develop Wash South Ramps</u>	<u>HIP Union St Donations</u>	<u>Nonpublic ESL</u>	<u>Millburn Transition</u>	<u>Homeless Children</u>	<u>Homeless Children Continued</u>	<u>Total Exhibit E-1b</u>
REVENUES									
Intergovernmental									
State	\$ 177,390				\$ 12,944				\$ 190,334
Federal			\$ 8,450				\$ 68,259	\$ 8,650	\$ 85,359
Other	-	\$ 6,168		\$ 209	190,282	\$ 850	-	-	197,509
Total Revenues	\$ 177,390	\$ 6,168	\$ 8,450	\$ 209	\$ 203,226	\$ 850	\$ 68,259	\$ 8,650	\$ 473,202
EXPENDITURES									
Instruction									
Salaries of Teachers					\$ 65,100				\$ 65,100
Other Salaries for Instruction									-
Purchased Professional Services	\$ 12,918								12,918
Other Purchased Services							\$ 5,488	\$ 4,425	9,913
General Supplies	1,706	\$ 6,168		209	1,254	\$ 850			10,187
Other Objects	45,830	-	-	-	-	-	-	-	45,830
Total Instruction	60,454	6,168	-	209	66,354	850	5,488	4,425	143,948
Support Services									
Salaries	93,999				42,902		43,003	723	180,627
Personnel Services Employee Benefits	13,912				83,559		8,605	180	106,256
Clemence, Repair, and Maintenance Services									-
Purchased Professional Education Services					1,500		10,675	3,125	15,300
Other Purchased Professional Services									-
Communication and Telephone					911				911
Energy (Heat & Electricity)					3,204				3,204
Purchased Property Services									-
Rental					5,000				5,000
Travel							488	197	685
Other Purchased Services					1,300				1,300
Supplies and Materials	2,077								2,077
Miscellaneous Expenditures	6,948								6,948
Total Support Services	116,936	-	-	-	138,376	-	62,771	4,225	323,308
Facilities Acquisition and Construction									
Buildings			8,450						8,450
Instructional Equipment									-
Total Facilities Acquisition and Construction	-	-	8,450	-	-	-	-	-	8,450
Total Expenditures	177,390	6,168	8,450	209	204,730	850	68,259	8,650	474,706
Deficiency of Revenues Under Expenditures	-	-	-	-	(1,504)	-	-	-	(1,504)
Other Financial Sources/(Uses)									
Transfer from General Fund					1,504				1,504
Fund Balance, Beginning of Year									
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	LEL Early Intervention	Title I Part D	SGA-Union St	SGA-Blochman/ Montesano	SGA-Blochman/ Montesano/HVAC	Total Exhibit E-1c
REVENUES								
Intergovernmental								
Federal	\$ 103,033	\$ 36,651		\$ 3,696			\$ 96,244	\$ 243,603
Other	1,574,514	411,554	112,081		6,625	850		3,696
Total Revenues	\$ 1,677,547	\$ 448,205	\$ 112,081	\$ 3,696	6,625	\$ 850	\$ 96,244	\$ 2,345,248
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 750,820	\$ 267,082						\$ 1,017,902
Other Salaries for Instruction								
Purchased Professional Services								
Other Purchased Services								
General Supplies	105,132							105,132
Other Objects								
Total Instruction	\$ 855,952	\$ 267,082						\$ 1,123,034
Support Services								
Salaries	86,525	144,472	88,747					319,744
Personnel Services Employee Benefits	238,731	52,534	19,793					311,058
Cleaning, Repair, and Maintenance Services								
Purchased Professional Educational Services	488,413			3,696				488,413
Other Purchased Professional Services	5,000							8,696
Communication and Telephone								
Energy (Heat & Electricity)								
Purchased Property Services								
Rental								
Travel	6,158		2,314					2,314
Supplies and Materials			1,227					6,158
Miscellaneous Expenditures								1,227
Total Support Services	\$ 824,827	\$ 197,006	\$ 112,081	\$ 3,696				\$ 1,137,610
Facilities Acquisition and Construction								
Buildings	6,281						96,244	97,094
Instructional Equipment	6,281							12,506
Total Facilities Acquisition and Construction	\$ 12,562						\$ 96,244	\$ 110,000
Total Expenditures	\$ 1,687,060	\$ 464,088	\$ 112,081	\$ 3,696	6,625	\$ 850	\$ 96,244	\$ 2,370,644
Deficiency of Revenues Under Expenditures	(9,513)	(15,883)						(25,396)
Other Financing Sources/Uses								
Transfer from General Fund	9,513	15,883						25,396
Fund Balance, Beginning of Year								
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Prior Years</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2015</u>
			<u>Current Year</u>	<u>Cancelled</u>	
Centralized Campus	\$ 7,800,000	\$ 7,382,722	\$ 38,214		\$ 379,064
Facilities Bond #13	830,000	829,855			145
Facilities Bond #14	3,756,650	3,756,443			207
Facilities Bond #15	1,791,000	1,785,444			5,556
Facilities Bond #17	1,847,000	1,672,763	1,053		173,184
Facilities Bond #18	5,010,750	4,900,494	4,390		105,866
Facilities Bond #19	1,867,500	1,832,760	12,989		21,751
Facilities Bond #20	1,925,000	1,561,598	219,847		143,555
Facilities Bond #21	485,000	299,199	2,000		183,801
Facilities Bond #22	490,000	274,319	35,760		179,921
Facilities Bond #23 (2013)	46,838,028	7,224,583	35,125,001		4,488,444
Facilities Bond #23 (2013-2)	450,000	279,785	53,781	-	116,434
Facilities Bond #23 (2014)	450,000	-	286,506	-	163,494
	<u>\$ 73,540,928</u>	<u>\$ 31,799,965</u>	<u>\$ 35,779,541</u>	<u>\$ -</u>	<u>\$ 5,961,422</u>
					Project Balance, June 30, 2015 \$ 5,961,422
					Unrealized Revenue - Authorized But Not Issued by the County <u>(1,066,857)</u>
					Fund Balance, June 30, 2015 <u>\$ 4,894,565</u>
					<u>Analysis</u>
					Available for Capital Projects 478,524
					Year End Encumbrances <u>4,416,041</u>
					<u>\$ 4,894,565</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources	
County Aid	\$ 38,228,087
Transfer - General Fund	<u>1,750,000</u>
Total Revenues and Other Financing Sources	<u>39,978,087</u>
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	707,297
Facilities Acquisition and Construction Services	33,863,490
Equipment	402,891
Supplies and Materials	<u>805,863</u>
Total Expenditures and Other Financing Uses	<u>35,779,541</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,198,546
Fund Balance (Deficit) - Beginning of Year	<u>696,019</u>
Fund Balance (Deficit) - End of Year	<u>\$ 4,894,565</u>

ENTERPRISE FUNDS

EXHIBIT G-1

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30,2015**

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, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	Millburn Regional Day School	Norman A. Blesham Regional Day School	One to One Aides	Extended Year	Career Crossroads	Touchstone	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
ASSETS														
Current Assets														
Cash and Cash Equivalents	\$ 191	\$ 1,399,398	\$ 3,980	\$ 1,428	\$ 937	\$ 469	\$ 40,282	\$ 453	\$ 3,410	\$ 2,457	\$ 96,841	\$ 2,903		\$ 1,552,749
Accounts Receivable		225,596	730,355	4,700	3,750		7,840	1,436,671		1,660,731				4,069,643
Due From B.C.T.S.												202,559		202,559
Security Deposits								17,880						17,880
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,216,577	1,216,577
Total Current Assets	191	1,624,994	734,335	6,128	4,687	469	48,122	1,455,004	3,410	1,663,188	96,841	205,462	1,216,577	7,059,408
Capital Assets														
Furniture, machinery & equipment	-	310,360	-	-	-	14,657	-	78,082	-	-	77,056	-	-	480,155
Less: Accumulated Depreciation	-	(298,677)	-	-	-	(14,657)	-	(71,824)	-	-	(27,537)	-	-	(412,695)
Total Capital Assets, Net	-	11,683	-	-	-	-	-	6,258	-	-	49,519	-	-	67,460
Total Assets	191	1,636,677	734,335	6,128	4,687	469	48,122	1,461,262	3,410	1,663,188	146,360	205,462	1,216,577	7,126,868
LIABILITIES														
Current Liabilities														
Accounts Payable	191	245,201			887		478	36,759		21,061	8	2,289		306,874
Unearned Revenues														-
Other		9,625						663						10,288
Due to BCTS														-
Due to Other Funds	-	-	320,000	85,000	4,000	3,000	-	1,160,000	-	1,810,000	-	295,000	-	3,677,000
Total Current Liabilities	191	254,826	320,000	85,000	4,887	3,000	478	1,197,422	-	1,831,061	8	297,289	-	3,994,162
Noncurrent Liabilities														
Compensated Absences	-	115,416	-	-	-	-	-	-	-	-	-	-	1,216,577	1,331,993
Total Noncurrent Liabilities	-	115,416	-	-	-	-	-	-	-	-	-	-	1,216,577	1,331,993
Total Liabilities	191	370,242	320,000	85,000	4,887	3,000	478	1,197,422	-	1,831,061	8	297,289	1,216,577	5,326,155
NET POSITION														
Net Investment in capital assets related debt	-	11,683						6,258	-	-	49,519			67,460
Restricted for Capital		258,453												258,453
Unrestricted	-	996,299	414,335	(78,872)	(200)	(2,531)	47,644	257,582	3,410	(167,873)	96,833	(91,827)	-	1,474,800
Total Net Position	\$ -	\$ 1,266,435	\$ 414,335	\$ (78,872)	\$ (200)	\$ (2,531)	\$ 47,644	\$ 263,840	\$ 3,410	\$ (167,873)	\$ 146,352	\$ (91,827)	\$ -	\$ 1,800,713

**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, 2015**

	Millburn Regional Day School	Norman A. Blesham Regional Day School	One to One Aides	Extended Year	Career Crossroads	Touchstone	Home Hospital	Education Enterprises	TAP	Interlocal Agreements	ETTC	Management Agreement	Compensated Absences	Totals
REVENUES														
OPERATING REVENUES														
Tuition from LEAS		\$ 7,027,020			\$ 129,600									\$ 7,156,620
Charges and Fees		285,944	\$ 2,536,513	\$ 2,533,848			\$ 42,400	\$ 5,512,667		\$ 6,453,300	\$ 56,924	\$ 1,258,859		18,680,455
On-Behalf (Non-Budgeted)														
TPAF Pension System														
Post Retirement Medical		50,176		77,916	10,096		1,620	239,310		213,928				593,046
Normal Cost		29,486		45,787	5,933		952	140,629		125,714				348,501
Non-Contributory Group Insurance		2,121		3,294	427		68	10,118		9,045				25,073
Reimbursed TPAF Social Security Contributions	-	40,567	-	62,994	8,163	-	1,309	193,479	-	172,959	-	-	-	479,471
Total Operating Revenues	-	7,435,514	2,536,513	2,723,839	154,219	-	46,349	6,096,203	-	6,974,946	56,924	1,258,859	-	27,283,166
OPERATING EXPENSES														
Instruction-Special Education	3,720	4,294,799	1,545,315	1,311,007	129,598		47,462	4,413,575		3,266,026	27,232			15,038,734
School Sponsored Co-curricular Activities		391												391
Health Services	2,587	236,958		14,940										254,485
Speech, OT,PT and Related Services				5,126						683,820				688,946
Other Support Services-Students-Special		201,173		87,196				51,614		825,626				1,165,609
Admin. Info. Technology		65,988						86,943						152,931
Instructional Staff Training Services										646				646
General Administration	1,238	25,981		23,093				36,900			400	57,610		145,222
School Administration	114	228,900		194,065				145,109		170,000				738,188
Operation and Maintenance of Plant	81,389	461,857		271,473				156,836		747		22,079		994,381
Student Transportation				63,964										63,964
Business/Central Services		243,286		232,128								835,236		1,310,650
Unallocated Benefits	705	1,836,544	988,111	489,399	24,821		6,954	1,225,670		1,774,407		351,798		6,698,409
Administrative Fees										271,779				271,779
Food Services		2,818		30,164									1,384	34,366
Depreciation	-	2,921	-	-	-	1,464	-	5,149	-	-	7,706	-	-	17,240
Total Operating Expenses	89,753	7,601,616	2,533,426	2,722,535	154,419	1,464	54,416	6,121,796	-	6,993,051	35,338	1,268,107	-	27,575,941
Operating Income (Loss)	(89,753)	(166,302)	3,087	1,284	(200)	(1,464)	(8,067)	(25,593)	-	(18,105)	21,586	(9,248)	-	(292,775)
Net Income (Loss) Before Operating Transfers	(89,753)	(166,302)	3,087	1,284	(200)	(1,464)	(8,067)	(25,593)	-	(18,105)	21,586	(9,248)	-	(292,775)
Other Financing Source(Use)														
Disposal of Capital Assets, net	(8,614)													(8,614)
Transfer In(out)	(258,455)	258,455	(600,000)	-	-	-	-	(150,000)	-	-	-	-	-	(750,000)
Change in Net Position	(356,820)	92,151	(596,913)	1,284	(200)	(1,464)	(8,067)	(175,593)	-	(18,105)	21,586	(9,248)	-	(1,051,389)
Prior Period Adjustment - Capital Assets, net														-
Total Net Position - Beginning of Year	356,820	1,174,284	1,011,248	(80,156)	\$ -	(1,067)	55,711	439,433	3,410	(149,768)	124,766	(82,579)	-	2,852,102
Total Net Position - Ending of Year	\$ -	\$ 1,266,435	\$ 414,335	\$ (78,872)	\$ (200)	\$ (2,531)	\$ 47,644	\$ 263,840	\$ 3,410	\$ (167,873)	\$ 146,352	\$ (91,827)	\$ -	\$ 1,800,713

08

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Millburn Regional Day School</u>	<u>Norman A. Blesham Regional Day School</u>	<u>One to Aides</u>	<u>Extended Year</u>	<u>Career Crossroads</u>	<u>Touchstone</u>	<u>Home Hospital</u>	<u>Education Enterprises</u>	<u>TAP</u>	<u>Interlocal Admstrment</u>	<u>ETTC</u>	<u>Management Agreement</u>	<u>Compensated Absences</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES														
Receipts from Customers	\$ 133,722	\$ 7,476,711	\$ 2,341,706	\$ 2,564,748	\$ 131,400		\$ 51,300	\$ 5,032,070		\$ 6,035,106	\$ 56,924	\$ 1,121,953		\$ 24,945,640
Payments to Employees	(9,164)	(5,106,053)	(1,545,315)	(1,642,847)	121,752		(46,573)	(4,462,939)		(4,751,689)		(853,236)		(18,278,064)
Payments to Suppliers for Goods and Services	(82,126)	(2,209,132)	(988,111)	(889,717)	(236,523)		(3,416)	(1,054,220)		(1,716,507)	(30,635)	(434,186)		(7,664,575)
Net Cash Provided by/(Used for) operating activities	42,432	161,526	(191,720)	32,184	(3,373)		1,311	(485,089)		(433,090)	26,289	(147,469)		(996,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES														
Operating Subsidies and transfers from(to) other funds	(258,453)	258,453	(280,000)	49,000	4,000	3,000		610,000		585,000		232,500		1,203,500
Net cash provided by (used for) noncapital financing activities	(258,453)	258,453	(280,000)	49,000	4,000	3,000		610,000		585,000		232,500		1,203,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES														
Purchases of capital assets											(7,425)			(7,425)
Net cash provided by/(used) capital and related financing activities											(7,425)			(7,425)
Net increase (decrease) in cash and cash equivalents	(216,021)	419,979	(471,720)	81,184	627	3,000	1,311	124,911		151,910	18,864	85,031		199,076
Balances - Beginning of Year	216,212	979,419	475,700	(79,756)	\$ 310	(2,531)	38,971	(124,458)	\$ 3,410	(149,453)	77,977	(82,128)		1,353,673
Balances - End of Year	\$ 191	\$ 1,399,398	\$ 3,980	\$ 1,428	\$ 937	\$ 469	\$ 40,282	\$ 453	\$ 3,410	\$ 2,457	\$ 96,841	\$ 2,903	\$ -	\$ 1,552,749
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES														
Operating Income(Loss)	\$ (89,753)	\$ (166,302)	\$ 3,087	1,284	\$ (200)	\$ (1,464)	\$ (8,067)	\$ (25,593)		(18,105)	\$ 21,586	(9,248)		\$ (292,775)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities														
Depreciation and net amortization		2,921				1,464		5,149		7,706				17,240
(Increase) Decrease in accounts receivable, net	142,610	171,371	(194,807)	\$ 30,900	1,800		8,900	(489,170)		(418,194)		\$ (136,906)		(883,496)
Increase/(Decrease) in other current liabilities	(8,888)	(7,624)						(9,307)						(25,819)
Increase/(Decrease) in Deferred Revenues														-
Increase/(Decrease) in Non Current Liabilities														-
Increase/(decrease) in accounts payable	(1,537)	161,160			(4,973)		478	33,832		3,209	(3,003)	\$ (1,315)		187,851
Total Adjustments	132,185	327,828	(194,807)	30,900	(3,173)	1,464	9,378	(459,496)		(414,985)	4,703	(138,221)		(704,224)
Net Cash Provided (Used) by Operating Activities	\$ 42,432	\$ 161,526	\$ (191,720)	\$ 32,184	\$ (3,373)	\$ -	\$ 1,311	\$ (485,089)	\$ -	\$ (433,090)	\$ 26,289	\$ (147,469)	\$ -	\$ (996,999)

g

FIDUCIARY FUNDS

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,002	\$ 521,569	\$ 527,571
Total Assets	<u>\$ 6,002</u>	<u>\$ 521,569</u>	<u>\$ 527,571</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 501,569	\$ 501,569
Due to Other Funds		20,000	20,000
Payable to Student Groups	<u>\$ 6,002</u>	<u>-</u>	<u>6,002</u>
Total Liabilities	<u>\$ 6,002</u>	<u>\$ 521,569</u>	<u>\$ 527,571</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	Balance July 1, <u>2014</u>	<u>Receipts</u>	Disburse- <u>ments</u>	Balance June 30, <u>2015</u>
SCHOOLS				
District Student Activity	\$ 7,574	\$ 1,707	\$ 3,279	\$ 6,002
	<u>\$ 7,574</u>	<u>\$ 1,707</u>	<u>\$ 3,279</u>	<u>\$ 6,002</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance July 1, <u>2014</u>	<u>Receipts</u>	Disburse- ments	Balance June 30, <u>2015</u>
Payroll Deductions and Withholdings	\$ 422,273	\$ 28,633,820	\$ 28,554,624	\$ 501,469
Due to Other Funds		20,000		20,000
Accrued Salaries and Wages	<u>1,499</u>	<u>33,021,782</u>	<u>33,023,181</u>	<u>100</u>
	<u>\$ 423,772</u>	<u>\$ 61,675,602</u>	<u>\$ 61,577,805</u>	<u>\$ 521,569</u>

LONG-TERM DEBT

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment In Capital Assets	\$ 12,598,772	\$ 14,330,036	\$ 14,761,199	\$ 15,147,880	\$ 14,573,918	\$ 14,077,590	\$ 16,655,729	\$ 18,592,221	\$ 28,029,852	\$ 55,642,957
Restricted	1	1	1	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525
Unrestricted	1,198,649	1,897,018	917,303	1,425,492	5,038,537	7,865,632	8,018,160	7,439,085	(32,139,913)	(33,810,152)
Total Governmental Activities Net Position	<u>\$ 13,797,422</u>	<u>\$ 16,227,055</u>	<u>\$ 15,678,503</u>	<u>\$ 16,573,373</u>	<u>\$ 19,612,456</u>	<u>\$ 22,230,790</u>	<u>\$ 24,892,063</u>	<u>\$ 28,382,914</u>	<u>\$ (1,140,214)</u>	<u>\$ 29,889,330</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 35,945	\$ 31,095	\$ 26,245	\$ 21,395	\$ 21,545	\$ 16,695	\$ 15,151	\$ 10,301	\$ 5,451	\$ 601
Unrestricted	25,789	(31,998)	7,426	12,678	24,288	36,541	14,692	(1,264)	723	296
Total Business-Type Activities Net Position	<u>\$ 61,734</u>	<u>\$ (903)</u>	<u>\$ 33,671</u>	<u>\$ 34,073</u>	<u>\$ 45,833</u>	<u>\$ 53,236</u>	<u>\$ 29,843</u>	<u>\$ 9,037</u>	<u>\$ 6,174</u>	<u>\$ 897</u>
District-Wide										
Net Investment In Capital Assets	\$ 12,634,717	\$ 14,361,131	\$ 14,787,444	\$ 15,169,275	\$ 14,595,463	\$ 14,094,285	\$ 16,670,880	\$ 18,602,522	\$ 28,035,303	\$ 55,643,558
Restricted	1	1	1	1	1	287,568	218,174	2,351,608	2,969,847	8,056,525
Unrestricted	1,224,438	1,865,020	924,729	1,438,170	5,062,825	7,902,173	8,032,852	7,437,821	(32,139,190)	(33,809,856)
Total District Net Position	<u>\$ 13,859,156</u>	<u>\$ 16,226,152</u>	<u>\$ 15,712,174</u>	<u>\$ 16,607,446</u>	<u>\$ 19,658,289</u>	<u>\$ 22,284,026</u>	<u>\$ 24,921,906</u>	<u>\$ 28,391,951</u>	<u>\$ (1,134,040)</u>	<u>\$ 29,890,227</u>

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

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 45,437,422	\$ 46,666,073	\$ 52,409,148	\$ 54,047,641	\$ 52,185,751	\$ 54,062,659	\$ 53,836,446	\$ 57,197,958	\$ 57,622,070	\$ 63,251,697
Support Services:										
Student & Instruction Related Services	12,688,247	14,204,788	17,772,009	18,565,246	19,147,517	20,135,118	19,795,236	20,057,553	21,576,516	25,932,852
School Administration Services	2,972,465	3,154,112	3,577,365	3,691,661	4,039,313	4,246,311	4,415,135	4,079,030	4,060,903	4,522,433
General Administration	1,546,587	1,808,694	1,614,639	1,689,248	1,257,233	1,124,974	1,063,246	1,318,281	1,093,917	1,339,388
Plant Operations And Maintenance	6,754,626	7,999,094	7,723,793	7,826,411	7,444,936	7,243,623	7,208,351	7,409,191	7,281,327	7,726,049
Pupil Transportation	1,187,705	1,384,223	1,396,173	1,702,675	1,571,143	1,509,882	1,611,496	1,648,043	1,674,482	1,622,300
Support Svc- Central Svc/Admin Info Tech	3,020,406	3,523,462	3,336,811	3,465,816	2,650,731	2,660,556	2,429,925	2,372,887	2,435,174	2,235,759
Debt Service										
Interest on Long Term Debt			19,282	10,385	2,528	-				
Total Governmental Activities Expenses	<u>73,607,458</u>	<u>78,740,446</u>	<u>87,849,220</u>	<u>90,999,033</u>	<u>88,299,152</u>	<u>90,983,123</u>	<u>90,359,835</u>	<u>94,082,943</u>	<u>95,744,389</u>	<u>106,630,478</u>
Business-Type Activities:										
Food Service	436,509	525,264	533,055	559,804	567,154	534,750	450,627	452,794	419,436	404,752
Total Business-Type Activities Expense	<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>	<u>419,436</u>	<u>404,752</u>
Total District Expenses	<u>\$ 74,043,967</u>	<u>\$ 79,265,710</u>	<u>\$ 88,382,275</u>	<u>\$ 91,558,837</u>	<u>\$ 88,866,306</u>	<u>\$ 91,517,873</u>	<u>\$ 90,810,462</u>	<u>\$ 94,535,737</u>	<u>\$ 96,163,825</u>	<u>\$ 107,035,230</u>
Program Revenues										
Governmental Activities:										
Charges For Services	\$ 18,497,913	18,919,693	19,688,173	20,603,942	67,166,745	69,117,215	66,313,564	68,526,447	70,528,622	72,993,799
Operating Grants And Contributions	10,232,877	13,132,719	14,553,680	13,859,135	13,844,363	13,318,375	14,613,356	15,697,854	14,629,772	21,918,039
Capital Grants And Contributions	2,293,394	3,134,048	2,335,851	848,417	1,441,212	832,836	2,500,547	4,019,867	10,795,942	38,228,087
Total Governmental Activities Program Revenues	<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>	<u>95,954,336</u>	<u>133,139,925</u>
Business-Type Activities:										
Charges For Services										
Food Service	129,377	134,405	130,853	141,752	133,040	133,673	115,288	97,634	120,189	94,363
Operating Grants And Contributions	150,070	187,305	198,391	227,481	261,444	244,752	231,946	209,354	216,384	208,112
Capital Grants And Contributions										
Total Business-Type Activities Program Revenues	<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>	<u>336,573</u>	<u>302,475</u>
Total District Program Revenues	<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>	<u>\$ 96,290,909</u>	<u>\$ 133,442,400</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (42,583,274)	\$ (43,553,986)	\$ (51,271,516)	\$ (55,687,589)	\$ (5,846,832)	\$ (7,714,697)	\$ (6,932,368)	\$ (5,838,775)	\$ 209,947	\$ 26,509,447
Business-Type Activities	(157,062)	(203,554)	(203,811)	(190,571)	(172,670)	(156,325)	(103,393)	(145,806)	(82,863)	(102,277)
Total District-Wide Net Expense	<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>	<u>\$ 127,084</u>	<u>\$ 26,407,170</u>
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185	\$ 8,490,668	\$ 8,867,475
Federal And State Aid Restricted	174,108	341,516	762,787	391,605	23,539	40,430	139,503	45,335	31,905	80,341
Tuition Received	34,229,025	37,970,599	41,882,614	46,143,778						
Tuition Non-Resident	1,022,865	1,117,160	1,342,350	1,416,162						
Investment Earnings	242,293	277,145	137,737	29,184	15,679	11,021	27,915	41,718	37,817	25,775
Miscellaneous Income	486,893	651,534	896,281	975,533	1,213,957	1,621,123	1,182,038	1,043,388	944,291	1,292,403
Disposal of Capital Assets, net										(5,648,897)
Transfers	(95,261)	(140,917)	(238,385)	(190,973)	(184,430)	(163,728)	(80,000)	(125,000)	(80,000)	(97,000)
Total Governmental Activities	<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>	<u>9,424,681</u>	<u>4,520,097</u>
Business-Type Activities:										
Investment Earnings										
Transfers	95,261	140,917	238,385	190,973	184,430	163,728	80,000	125,000	80,000	97,000
Total Business-Type Activities	<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>	<u>80,000</u>	<u>97,000</u>
Total District-Wide	<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>	<u>\$ 9,504,681</u>	<u>\$ 4,617,097</u>
Change In Net Position										
Governmental Activities	\$ (924,728)	\$ 2,429,633	\$ (548,552)	\$ 894,870	\$ 3,039,083	\$ 2,618,334	\$ 2,661,273	\$ 3,490,851	\$ 9,634,628	\$ 31,029,544
Business-Type Activities	(61,801)	(62,637)	34,574	402	11,760	7,403	(23,393)	(20,806)	(2,863)	(5,277)
Total District	<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>	<u>\$ 9,631,765</u>	<u>\$ 31,024,267</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.									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 777,053	\$ 893,529	\$ 40,848	\$ 118,659	\$ 79,775					
Unreserved	639,897	330,129	538,984	568,108	2,498,099					
Restricted						\$ 500,001	\$ 1,500,068	\$ 2,355,589	\$ 2,273,828	\$ 2,903,507
Assigned						2,383,369	2,703,630	2,001,801	1,997,861	1,841,124
Unassigned	-	-	-	-	-	2,570,866	2,550,568	2,572,304	3,288,541	3,262,115
Total General Fund	\$ 1,416,950	\$ 1,223,658	\$ 579,832	\$ 686,767	\$ 2,577,874	\$ 5,454,236	\$ 6,754,266	\$ 6,929,694	\$ 7,560,230	\$ 8,006,746
All Other Governmental Funds										
Reserved	\$ 816,670	\$ 77,648	\$ 191,236	\$ 324,548	\$ 99,250					
Unreserved	(3,902,824)	(1,977,471)	(600,061)	(1,491,568)	(285,650)					
Restricted	-	-	-	-	-	\$ (212,433)	\$ (1,281,894)	\$ (3,981)	\$ 696,019	\$ 4,894,565
Total All Other Governmental Funds	\$ (3,086,154)	\$ (1,899,823)	\$ (408,825)	\$ (1,167,020)	\$ (186,400)	\$ (212,433)	\$ (1,281,894)	\$ (3,981)	\$ 696,019	\$ 4,894,565

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170	\$ 8,824,185	\$ 8,324,185	\$ 8,324,185	\$ 8,490,668	\$ 8,867,475
County Aid	2,293,394	2,421,390	2,335,851	848,417	1,441,212	832,836	2,500,547	4,019,867	10,795,942	38,228,087
Tuition Charges	34,229,025	37,970,599	41,882,614	46,143,778	44,960,015	47,846,544	43,042,904	42,851,653	43,600,836	44,579,033
Non-Resident Fees	1,022,865	1,117,160	1,342,350	1,416,162	1,408,539	1,374,188	1,362,000	1,160,400	1,136,400	1,131,600
Interest Earnings	242,293	277,145	137,737	29,184	15,679	11,021	27,915	41,718	37,817	25,775
Miscellaneous	486,893	651,534	935,338	1,002,270	9,132,795	9,426,363	9,112,621	8,882,018	8,829,812	9,217,624
State Sources	10,125,469	13,747,861	14,931,928	13,724,728	5,254,431	5,189,624	6,112,602	7,431,345	4,569,180	5,837,277
Federal Sources	281,516	439,032	345,482	499,635	594,335	363,941	709,674	473,214	408,428	1,181,175
Total Revenue	54,280,078	62,391,303	67,850,880	71,481,344	70,624,176	73,868,702	71,192,448	73,184,400	77,869,083	109,068,046
Expenditures										
Instruction										
Special Education Instruction	31,587,020	33,048,943	37,195,137	40,152,729	38,093,151	39,693,240	38,283,775	39,725,825	36,960,825	38,383,229
Support Services:										
Student & Inst. Related Services	11,424,742	13,267,706	16,157,221	17,337,971	17,378,564	18,724,963	17,181,630	17,100,507	18,109,204	20,165,412
General Administration	1,372,153	1,724,587	1,523,040	1,579,880	1,145,640	1,016,662	957,783	1,090,815	999,609	1,025,687
School Administration Services	2,250,592	2,203,023	2,612,608	3,033,061	3,101,078	3,347,755	3,583,521	3,271,583	3,007,015	3,009,713
Plant Operations And Maintenance	5,266,338	6,521,346	6,086,022	6,096,313	5,784,662	5,661,278	5,598,997	5,701,618	5,151,593	5,107,126
Pupil Transportation	838,061	1,013,065	1,008,359	1,296,991	1,171,617	1,113,453	1,218,738	1,261,603	1,255,480	1,209,500
Other Support Services	935,075	1,256,816	1,037,002	1,139,250	657,883	732,714	794,370	704,132	576,707	621,947
Debt Service										
Principal			103,391	100,304	57,797					
Interest on Long Term Debt			19,282	10,385	2,528					
Capital Outlay	2,437,385	2,721,861	1,523,261	1,494,747	425,099	656,841	3,763,065	3,249,976	11,148,114	35,553,370
Total Expenditures	56,111,366	61,757,347	67,265,323	72,241,631	67,818,019	70,946,906	71,381,879	72,106,059	77,208,547	105,075,984
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(1,831,288)	633,956	585,557	(760,287)	2,806,157	2,921,796	(189,431)	1,078,341	660,536	3,992,062
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	132,128									
Transfers In	500,000	500,000	500,000	500,000	250,000	92,261	500,000	500,000	1,498,745	2,565,562
Transfers Out	(95,261)	(140,917)	(238,385)	(390,973)	(184,430)	(163,728)	(80,000)	(125,000)	(828,745)	(1,912,562)
Total Other Financing Sources (Uses)	536,867	359,083	261,615	109,027	65,570	(71,467)	420,000	375,000	670,000	653,000
Net Change In Fund Balances	\$ (1,294,421)	\$ 993,039	\$ 847,172	\$ (651,260)	\$ 2,871,727	\$ 2,850,329	\$ 230,569	\$ 1,453,341	\$ 1,330,536	\$ 4,645,062
Debt Service As A Percentage Of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

Fiscal Year Ended June 30,	Interest Earned	Services Provided Other LEAs	Refunds/ Reimbursements	Workshop Revenue	Miscellaneous	Total
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
2014	67,065	638,722	58,055	9,235	209,031	982,108
2015	18,504	1,179,712	92,186	19,461	8,315	1,318,178

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
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	79,070,936,935	75,049,684,025	154,120,620,960	129,981,494	154,250,602,454	165,008,934,260
2014	78,408,456,350	75,186,325,534	153,594,781,884	97,873,857	153,692,655,721	162,301,130,131
2015	N/A	N/A	152,828,462,316	96,580,480	152,925,042,796	163,570,157,295

N/A - 2015 Abstract of Ratables were 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
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	0.2248	0.0025	0.2273
2014	0.2312	0.0025	0.2337
2015	N/A	N/A	N/A

N/A - 2015 Abstract of Ratables were not available.

Source: County Abstract of Ratables

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

Taxpayer	2014		2005	
	Assessed Valuation	% of County's Net Assessed Valuation	Assessed Valuation	% of County's Net Assessed Valuation

INFORMATION NOT AVAILABLE

Source: Bergen County

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
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%
2014	8,490,668	8,490,668	100.00%
2015	8,867,475	8,867,475	100.00%

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

Governmental Activities

Fiscal Year Ended June 30,	Capital Leases	Total District	Population	Per Capita
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	-	-	906,748	\$0
2011	-	-	914,087	\$0
2012	-	-	920,440	\$0
2013	-	-	927,434	\$0
2014	-	-	933,572	\$0
2015	-	-	933,572 (1)	\$0

Source: District records

(1) Estimated

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

NOT APPLICABLE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

Net Direct Debt of School District
as of June 30, 2015

Net Overlapping Debt of School District

Bergen County:

County of Bergen

\$ 933,422,641

Bergen County Utilities Authority - Water Pollution (100%)

209,300,178

\$ 1,142,722,819

Total Direct and Overlapping Debt

\$ 1,142,722,819

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN 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>	<u>2014</u>
Legal Debt Margin Calculation as of December 31, 2014 (County Debt)									
Average equalized valuation of taxable property (last three years)	\$ 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	\$ 165,344,818,875	\$ 163,332,190,759
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	3,306,896,378	3,266,643,815
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	849,429,739	933,422,641
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>\$ 2,457,466,639</u>	<u>\$ 2,333,221,174</u>

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capital Personal Income**</u>	<u>Unemployment Rate*</u>
2015	933,572 (1)	N/A	N/A
2014	933,572	N/A	5.4
2013	927,434	\$ 69,495	7.1
2012	920,440	69,281	8.1
2011	914,087	67,248	7.9
2010	906,748	63,885	8.1
2009	895,250	63,874	7.9
2008	889,915	67,331	4.5
2007	885,664	67,544	3.4
2006	884,581	63,103	3.7

(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>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
	NOT AVAILABLE		NOT AVAILABLE	

Source: County of Bergen

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular										
Special education	353.8	425.6	391.3	368.3	376.7	399.4	346.4	323.2	299.2	299.2
Other special education	26.7	26.7	28.1	30.1	29.1	1.0	2.5	2.5	1.5	1.5
Vocational										1.0
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	79.7	74.7	90.7	90.7	90.9	87.2	88.2	73.3	74.5	74.5
Health Services	8.7	11.0	9.7	9.7	10.0	11.0	9.5	10.5	10.0	10.0
Educational Media Services							8.3	6.7	9.1	9.1
General administration	2.9	2.9	3.1	3.1	2.7	3.0	1.6	1.7	1.9	1.9
School administrative services	22.8	22.8	23.6	23.6	25.0	24.4	23.8	19.9	22.3	22.8
Other administrative services										
Central services	5.8	5.8	6.3	6.3	5.0	5.0	6.0	6.0	6.2	6.2
Administrative Information Technology										
Plant operations and maintenance	22.5	23.5	22.3	22.3	20.6	24.6	26.1	22.6	18.8	18.8
Pupil transportation	14.9	16.0	15.7	15.7	15.7	15.7	15.3	14.3	15.6	15.6
Other support services										
Special Schools						29.8	28.9	26.8	27.4	27.4
Total	<u>537.8</u>	<u>609.0</u>	<u>590.8</u>	<u>569.8</u>	<u>575.7</u>	<u>601.1</u>	<u>556.6</u>	<u>507.5</u>	<u>486.5</u>	<u>488.0</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	774	\$ 53,673,981	\$ 69,346	3.06%	421	1.84	774	710	-3.97%	91.73%
2007	793	59,035,486	74,446	7.35%	435	1.82	826	756	6.72%	91.53%
2008	849	65,619,389	77,290	3.82%	454	1.87	860	792	4.12%	92.09%
2009	842	70,636,195	83,891	8.54%	441	1.91	857	788	-0.35%	91.95%
2010	806	67,332,595	83,539	-0.42%	429	1.88	803	741	-6.30%	92.28%
2011	771	70,290,065	91,167	9.13%	412	1.87	773	713	-3.80%	92.30%
2012	694	67,618,814	97,433	6.87%	386	1.80	695	643	-10.03%	92.52%
2013	651	68,856,083	105,770	8.56%	220	2.96	667	615	-4.10%	92.32%
2014	654	66,060,433	101,010	-4.50%	N/A	N/A	678	626	1.73%	92.33%
2015	653	69,522,614	106,466	5.40%	209	3.12	675	622	-0.44%	92.15%

Sources: District records

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

N/A - Not Available

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

District Building	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Union St. School- Hackensack										
Square Feet	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060
Capacity (students)										
Enrollment	35	35	35	32	40	41	57	61	63	61
Piermont Campus, Rockleigh										
Square Feet	121,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162
Capacity (students)										
Enrollment	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	88	94	95	98	83	68	71	58	58	52
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	125	139	122	115	101	104	94	130	127	132
Brownstone, Saddle Brook										
Square Feet	20,096	20,096	20,096	20,096	20,096	20,096	20,096	20,096	20,096	20,096
Capacity (students)										
Enrollment	81	84	79	62	56	63	53	58	64	76
Evergreen,										
Square Feet	5,625	5,625	5,625							
Capacity (students)										
Enrollment	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	37	60	38	43	26	20	17	34	37	36
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	85	94	87	84	111	105	108	103	98
Hillcrest, Paramus										
Square Feet	10,000	10,000	10,000	10,000						
Capacity (students)										
Enrollment	67	66	62	58						
Washington, Ridgewood/New Bridges										
Square Feet			19,974	19,974	19,974	19,974	19,974	19,974	19,974	19,974
Capacity (students)										
Enrollment			21	28	45	49	39	63	62	65
Springboard										
Square Feet				4,300	4,300	4,300	4,300	4,300	4,300	4,300
Capacity (students)										
Enrollment				40	45	41	48	45	53	52
Number of Schools at June 30, 2015										
Life Skills Continuum=	2									
Communication Skills Continuum=	4									
Behavioral Skills Continuum=	5									
Multiple Disabilities Continuum=	4									
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

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

Source: District records.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2015
(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



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

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, 2015 and the related notes to the financial statements, which collectively comprise the Bergen County Special Services School District's basic financial statements and have issued our report thereon dated December 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

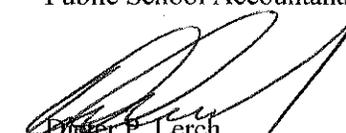
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Bergen County Special Services School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 17, 2015.

Purpose of this Report

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



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 17, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

**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 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Bergen County Special Services School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Bergen County Special Services School District's major federal and state programs for the fiscal year ended June 30, 2015. 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 15-08, 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, 2015.

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 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bergen County Special Services School District's internal control over compliance.

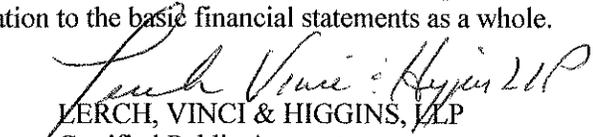
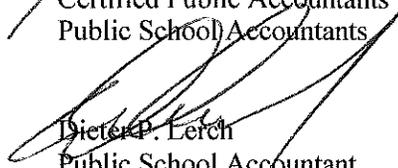
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District, a component unit of the County of Bergen as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 17, 2015, 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 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 17, 2015

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	Federal <u>CFDA Number</u>	Grant <u>Number</u>	Grant <u>Period</u>	Award <u>Amount</u>	Balance <u>July 1, 2014</u>	<u>Adjustment</u>	Carryover <u>Amount</u>	Cash <u>Received</u>	Budgetary <u>Expenditures</u>	<u>Balance June 30, 2015</u>				Memo GAAP <u>Receivable</u>
										Refund Prior Year's <u>Balances</u>	(Accounts Receivable)	Unearned Revenues	Due to Grantor	
U.S. Department of Agriculture Pass-through State Department of Agriculture														
<u>Enterprise Fund</u>														
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	\$ 74,098	\$ (16,667)			\$ 16,667			-			
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	69,125				62,228	\$ 69,125		\$ (6,897)			\$ (6,897)
National School Lunch Program	10.555	N/A												
Cash Assistance			7/1/14-6/30/15	113,828				103,591	113,828		(10,237)			(10,237)
Cash Assistance-PB Program			7/1/14-6/30/15	2,980				2,726	2,980		(254)			(254)
Cash Assistance-PB Program			7/1/13-6/30/14	3,296	(628)			628			-			
Cash Assistance			7/1/13-6/30/14	122,059	(24,398)			24,398			-			
Non-cash Assistance		N/A	7/1/14-6/30/15	19,634	-	-	-	19,634	19,634	-	-	-	-	-
Total Enterprise Fund					(41,693)	-	-	229,872	205,567	-	(17,388)	-	-	(17,388)
U.S. Department of Education Pass-through State Department of Education														
<u>General Fund</u>														
ARRA SEMI	93.778		7/1/14-6/30/15	172,408				172,408	172,408			-		
Medical Assistance Program	93.778		7/1/14-6/30/15	918,462	-	-	-	918,462	918,462	-	-	-	-	-
Total General Fund					-	-	-	1,090,870	1,090,870	-	-	-	-	-
<u>Special Revenue Fund</u>														
Title I Part D	84.01A		9/01/13-8/31/14	5,863	\$ (5,863)			5,863			-			
Title I Part D	84.01A		9/01/14-8/31/15	26,405					3,696		\$ (3,696)			\$ (3,696)
Community Development-Washington South	14.219		7/01/14-6/30/15	8,450				8,450	8,450					
Homeless Children	84.196A		9/01/13-8/31/14	89,772	(22,003)			30,653	8,650		-			
Homeless Children, Continuation	84.196A		9/1/14-8/31/15	85,131	-	-	-	35,009	68,259	-	(33,250)	-	-	(33,250)
Total Special Revenue Funds					(27,866)	-	-	79,975	89,055	-	(36,946)	-	-	(36,946)
Total Federal Financial Assistance					\$ (69,559)	\$ -	\$ -	\$ 1,400,717	\$ 1,385,492	\$ -	\$ (54,334)	\$ -	\$ -	\$ (54,334)

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, 2015

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/15	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	(Accounts Receivable)	Unexpended Revenues	Due to Grantor	MEMO	
													GAAP Receivable	Comprehensive Total Expenditures
State Department of Education														
General/Special Revenue and Internal Services Funds														
Reimbursed Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	\$ 2,049,793			\$ 1,892,832	\$ 2,049,793	\$ (156,961)						\$ 2,049,793
On Behalf Pension System Contributions - Post Retirement Medical	15-495-034-5095-001	7/1/14-6/30/15	2,535,338			2,535,338	2,535,338							2,535,338
On Behalf Pension System Contributions - Normal Costs	15-495-034-5095-007	7/1/14-6/30/15	1,489,873			1,489,873	1,489,873							1,489,873
On Behalf Pension System Contributions - Non-Contributory Group Insurance	15-495-034-5095-006	7/1/14-6/30/15	107,190			107,190	107,190							107,190
Total General/Special Revenue and Internal Service Funds						6,025,233	6,182,194	(156,961)						6,182,194
Special Revenue Fund														
Career Thru Tech	N/A	7/1/14-6/30/15	205,679			205,679	205,679					424		205,255
Adult Training	01BSSN	7/1/14-6/30/15	552,900			552,900	544,764					8,136		544,764
Adult Training	01BSSN	7/1/13-6/30/14	329,884	(22,882)		22,882								118,642
Adult Training-Special Needs	01BSSN	7/1/14-6/30/15	120,000	(12,204)		12,204								142,044
Adult Autism	01BSSN	7/1/12-6/30/13	149,661	(3,642)		138,464								142,044
After Hours	01BSSN	7/1/13-6/30/14	63,248			3,642								38,031
Community Connections	N/A	7/1/12-6/30/13	37,098	(1,116)		18,547								11,269
Community Connections	N/A	7/1/12-6/30/13	37,098			18,547								21,149
Community Connections	N/A	7/1/12-12/31/12	37,098						2,914					38,031
Getting Us There (GUTS)	N/A	7/1/13-12/31/13	18,701	8,869					8,869					14,821
Getting Us There (GUTS)	N/A	7/1/14-12/31/14	51,521	(1,507)		25,766						9,378		14,821
Getting Us There (GUTS)-Adult	N/A	7/1/12-6/30/13	50,217	21,699		25,366			21,699					23,494
Getting Us There (GUTS)-Adult	N/A	7/1/13-6/30/14	24,245	21,795										10,729
Getting Us There (GUTS)-Adult	N/A	7/1/14-6/30/15	56,290			28,525								25,605
Leisure Bridges	N/A	7/1/13-12/31/13	96,260	26,857		28,134			20,837					13,310
Leisure Bridges	N/A	7/1/14-12/31/14	56,260	14,172										177,390
Wages-Part Time Now	N/A	7/1/14-6/30/15	177,390	31,476		127,346			31,476					177,390
SGA-HP-Video SI	N/A	7/1/14-6/30/15	10,912											6,625
SGA-Blechnan/Montesano	0285-100-14-G1CP	7/1/14-6/30/15	41,234											830
SGA-Blechnan/Montesano HVAC	0285-100-14-G1CQ	7/1/14-6/30/15	101,136											96,244
Teacher Quality Enhancement		7/1/04-6/30/05	2,760	413							413			
Total State Department of Education-Special Revenue						1,375,932	1,450,222	(174,271)	85,795		4,205	89,765	(167,343)	1,450,222
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program State Share	15-100-010-5360-067	7/1/14-6/30/15	2,545			2,325	2,545							2,545
National School Lunch Program State Share	14-100-010-5360-067	7/1/13-6/30/14	2,550	(686)		686								(230)
Total Enterprises Fund						3,011	2,545	(220)						2,545
Total State Financial Assistance						7,404,196	7,634,961	(331,452)	85,795		5,205	89,765	(167,563)	7,634,961
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAC Pension Contributions														
Total State Financial Assistance Subject to Single Audit						\$ 80,078	\$ 3,271,793	(4,132,401)	\$ 85,795		\$ 3,205	\$ 89,765	(167,563)	\$ 3,502,560

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, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$76,507 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,090,870	\$ 3,995,129	\$ 5,085,999
Special Revenue Fund	90,305	18,942,148	19,032,453
Internal Service Fund		1,446,091	1,446,091
Food Service Fund	<u>205,567</u>	<u>2,545</u>	<u>208,112</u>
Total Financial Assistance	<u>\$ 1,386,742</u>	<u>\$ 24,385,913</u>	<u>\$ 25,772,655</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, 2015**

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 \$2,049,793 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,597,063 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,535,338 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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 15-08.

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, 2015**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.