

# 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, 2010****

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, 2010**

**Prepared by**

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**



BERGEN COUNTY TECHNICAL SCHOOLS / SPECIAL SERVICES

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District Administration Office

327 E. Ridgewood Avenue, Paramus, New Jersey 07652 • Tel. (201) 343-6000 • Fax (201) 225-9067  
November 22, 2010

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 four 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, 2010.

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, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Bergen County Special Services School District's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the basic financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The School District's revenue source is primarily tuition paid by local school districts. A small portion of overall district revenues comes from county taxes through the Bergen County Board of Chosen Freeholders. The school district operates programs in both Bergen and Essex County on 15 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 2009-10 fiscal year with an average daily enrollment of 803 students, which is 54 students less than the previous year's enrollment. The following details the changes in the average daily enrollment over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent</u>
<u>Change</u>	<u>(ADE)</u>	
2009-10	803.0	(6.30)%
2008-09	857.0	(.35)%
2007-08	860.0	4.12%
2006-07	825.8	6.72%
2005-06	774.0	(3.97)%
2004-05	805.5	4.00%
2003-04	775.4	2.65%
2002-03	754.7	0.80%
2001-02	748.7	2.74%
2000-01	729.0	1.25%

**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 (Giants 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.

Considered suburban, Bergen County is filled with scores of tree-lined streets and quiet communities. Many areas however, particularly those that overlook Manhattan and bank the Hudson River, include luxury high-rises, and modern office buildings. There are 330,817 households out of which a third have children under the age of 18 living with them. According to the 2000 Census, the median income for a household in the county is \$63,277, and the median income for a family is \$79,875.

Bergen County enjoys one of the lowest real estate rates in the state. The county tax rate is under \$0.20 for every \$100 of assessed value.

**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, 2010.

**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, 2010 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.

**AWARDS:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Bergen County Special Services School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the eighth consecutive year that the District received this award. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only.

The Government Finance Officers Association of the United States and Canada (GFOA) has also given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Bergen County Special Services for its Popular Annual Financial Report for the fiscal year ended June 30, 2009. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

**AWARDS (Continued)**

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This is the sixth year the District has received a Popular Award.

Last year, the Bergen County Special Services School District submitted its annual budget to the Government Finance Officers Association of the United States (GFOA) for consideration in the Distinguished Budget Awards Program. We were honored to receive the distinguished budget award for the second consecutive year.

**ACKNOWLEDGMENTS:**

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

Respectfully submitted,

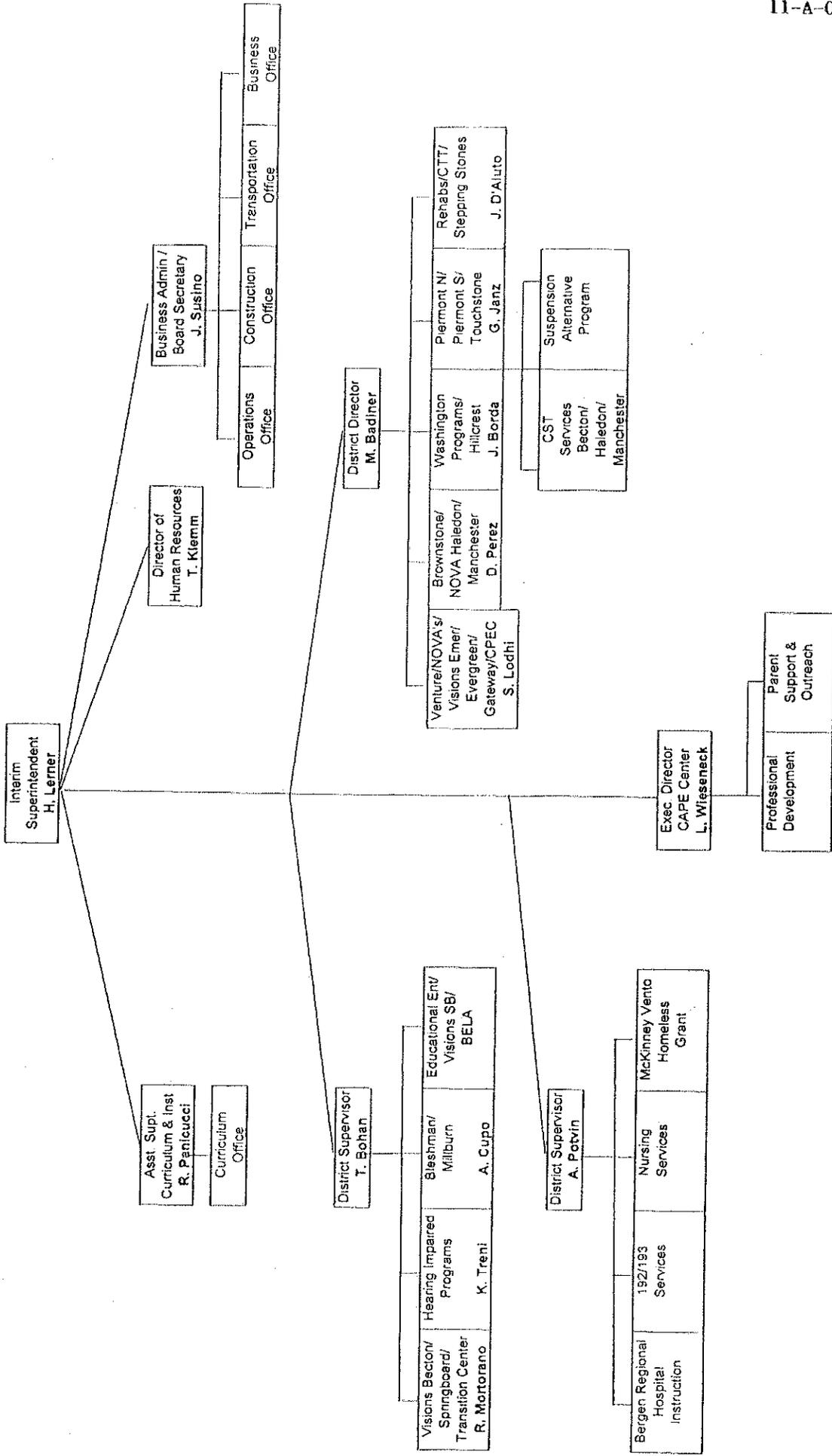


Dr. Howard Lerner  
Interim/Acting Superintendent



John Susino  
Business Administrator/Board Secretary

Bergen County Special Services  
Organizational Chart  
2010-2011



**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
BERGEN COUNTY, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2010**

**COUNTY EXECUTIVE**

Dennis McNerney

**MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS**

James M. Carroll – Chairman  
Elizabeth Calabrese – Vice Chairwoman  
John Driscoll, Jr.  
David L. Ganz  
Robert Hermansen  
John S. Hogan  
Bernadette P. McPherson

**BOARD OF EDUCATION**

	<u>Term Expires</u>
President	
Kenneth Brouwer	2010
Vice-President	
Maureen Kuchar	2012
Members of the Board	
Toni F. Bongard	2012
Dr. Timothy Eustace	2011
Dr. Aaron R. Graham	Indefinite
Superintendent	
Bergen County Office of Education	
Dr. Pargellan McCall	2011

**OTHER OFFICIALS**

Superintendent (Interim/Acting)	Dr. Howard Lerner
Business Administrator / Board Secretary	John Susino
Director of Personnel	Thomas Klemm
District Director	Mitchell Badiner
District Supervisor	Tara Bohan
Supervisor of Instruction	Gary Molenaar
Supervisor of Instruction 192/193	Ann Potvin
Principal, Millburn	Angela Cupo
Principal, Piermont CC, Life Skills North	Gregory Janz
Principal, Hillcrest	Jan Borda
Principal, Brownstone	David Perez
Principal, Washington	Jan Borda
Principal, Carl Padovano, Nova, Emerson, Evergreen	Dr. Seema Lodhi
Principal, Bleshman	Angela Cupo
Principal, Hearing Impaired	Kathleen Treni
Principal, Springboard, Transition Center, Visions	Robert Mortorano

**BERGEN COUNTY SPECIAL SERVICES BOARD OF EDUCATION**

Consultants and Advisors

Architect

Ronald Schmidt & Associates, P.A.  
222 Grand Avenue  
Englewood, New Jersey 07631

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bergen County Special Services  
School District, New Jersey

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

**PRESENTED TO**

**Bergen County  
Special Services School District  
New Jersey**

**for the Fiscal Year Ended**

**June 30, 2009**



President

*Jeffrey L. Esser*  
Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Evin Green*

President

*John D. Quasar*

Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Bergen County Special Services School District  
New Jersey**

For the Fiscal Year Beginning

**July 1, 2009**

President

Executive Director

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITORS' REPORT

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

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, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

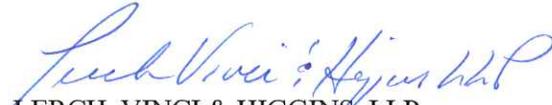
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bergen County Special Services School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2010 on our consideration of the Bergen County Special Services School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 22, 2010

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

# **BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

## **Management's Discussion and Analysis For the Year Ended June 30, 2010**

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, 2010. 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 (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2009-2010 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 \$19,658,289 (net assets). Of this amount \$5,062,825 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- The District's total net assets increased by \$3,050,843.
- Overall district-wide revenues were \$91,917,149, which were \$3,050,843 more than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$2,391,474. Of this amount, \$2,498,099 is available for spending at the District's discretion (unreserved fund balance – General Fund). The remaining negative balance is attributed to the accumulated deficit in the Capital Projects Fund which is the result of the County of Bergen utilizing temporary financing to fund expenditures for certain capital projects.

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

The financial section of the annual report consists of four parts – Independent Auditors' 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:

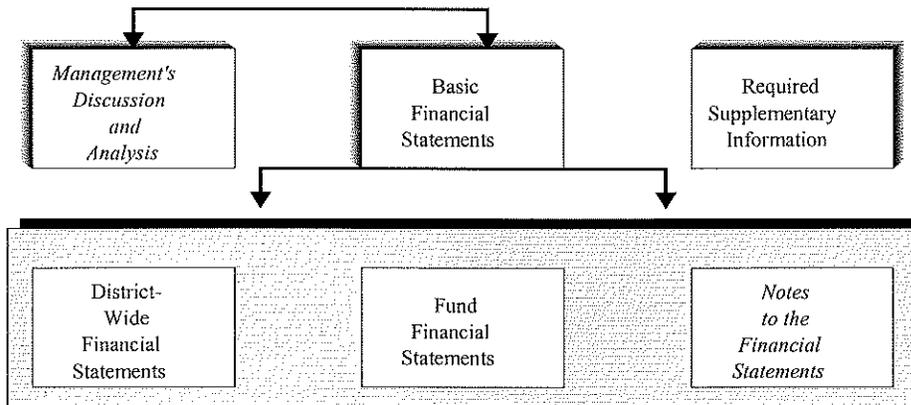
# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

- 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 For the Year Ended June 30, 2010

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 assets Statement of activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenue, Expenses, and Changes in Fund Net Assets, Statement of Cash Flows	Statements of Fiduciary Net Assets, Statement of Changes in Fiduciary Net Assets
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 assets 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 assets* and how they have changed. Net assets – 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 For the Year Ended June 30, 2010

- Over time, increases or decreases in the District's net assets 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 eleven internal service funds for the following:

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

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the Basic 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 basic 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 assets may serve over time as a useful indicator of a governments financial position. The District's *combined* net assets were \$19,658,289 on June 30, 2010 compared to \$16,607,446 on June 30, 2009. See Table A-1

**Table A-1  
Net Assets  
As of June 30, 2010 and 2009**

	Governmental Activities		Business- Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Current Assets	\$ 10,323,641	\$ 8,659,741	\$ 32,354	\$ 26,051	\$ 10,355,995
Capital Assets	14,573,918	15,205,677	21,545	21,395	14,595,463	15,227,072
<b>Total Assets</b>	<b><u>24,897,559</u></b>	<b><u>23,865,418</u></b>	<b><u>53,899</u></b>	<b><u>47,446</u></b>	<b><u>24,951,458</u></b>	<b><u>23,912,864</u></b>
Long-Term Liabilities	1,952,108	1,951,150			1,952,108	1,951,150
Other Liabilities	3,332,995	5,340,895	8,066	13,373	3,341,061	5,354,268
<b>Total Liabilities</b>	<b><u>5,285,103</u></b>	<b><u>7,292,045</u></b>	<b><u>8,066</u></b>	<b><u>13,373</u></b>	<b><u>5,293,169</u></b>	<b><u>7,305,418</u></b>
Net Assets						
Invested in capital assets, net of related debt	14,573,918	15,147,880	21,545	21,395	14,595,463	15,169,275
Restricted	1	1			1	1
Unrestricted	5,038,537	1,425,492	24,288	12,678	5,062,825	1,438,170
<b>Total Net Assets</b>	<b><u>\$ 19,612,456</u></b>	<b><u>\$ 16,573,373</u></b>	<b><u>\$ 45,833</u></b>	<b><u>\$ 34,073</u></b>	<b><u>\$ 19,658,289</u></b>	<b><u>\$ 16,607,446</u></b>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2010**

By far, the largest portion of the Bergen County Special Services net assets (75%) 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 assets of \$4,956,934 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 assets for government as a whole.

**Table A-2  
Change in Net Assets  
For the Fiscal Years Ended June 30, 2010 and 2009**

	Governmental Activities		Business- Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 20,798,191	\$ 20,603,942	\$ 133,040	\$ 141,752	\$ 20,931,231	\$ 20,745,694
Operating Grants and Contributions	13,844,363	13,859,135	261,444	227,481	14,105,807	14,086,616
Capital Grants and Contributions	1,441,212	848,417			1,441,212	848,417
General Revenues						
County Aid	7,817,170	7,817,170			7,817,170	7,817,170
State/Federal Aid	23,539	391,605			23,539	391,605
Tuition	46,368,554	47,559,940			46,368,554	47,559,940
Investment Earnings	15,679	29,184			15,679	29,184
Miscellaneous	1,213,957	975,533	-	-	1,213,957	975,533
<b>Total Revenues</b>	<b>91,522,665</b>	<b>92,084,926</b>	<b>394,484</b>	<b>369,233</b>	<b>91,917,149</b>	<b>92,454,159</b>
<b>Expenses</b>						
Instruction						
Special Education	52,185,751	54,047,641			52,185,751	54,047,641
Support Services						
Student and Instruction Related Services	19,147,517	18,565,246			19,147,517	18,565,246
School Administration Services	4,039,313	3,691,661			4,039,313	3,691,661
General Administration	1,257,233	1,689,248			1,257,233	1,689,248
Plant Operations and Maintenance	7,444,936	7,826,411			7,444,936	7,826,411
Pupil Transportation	1,571,143	1,702,675			1,571,143	1,702,675
Business/Central Svcs/Admin. Info. Tech.	2,650,731	3,465,816			2,650,731	3,465,816
Interest on Debt	2,528	10,385			2,528	10,385
Food Services	-	-	567,154	559,804	567,154	559,804
<b>Total Expenses</b>	<b>88,299,152</b>	<b>90,999,083</b>	<b>567,154</b>	<b>559,804</b>	<b>88,866,306</b>	<b>91,558,887</b>
<b>Increase (Decrease) in Net Assets Before Transfers</b>	<b>3,223,513</b>	<b>1,085,843</b>	<b>(172,670)</b>	<b>(190,571)</b>	<b>3,050,843</b>	<b>895,272</b>
<b>Transfers</b>	<b>(184,430)</b>	<b>(190,973)</b>	<b>184,430</b>	<b>190,973</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>3,039,083</b>	<b>894,870</b>	<b>11,760</b>	<b>402</b>	<b>3,050,843</b>	<b>895,272</b>
<b>Beginning of Year, Net Assets</b>	<b>16,573,373</b>	<b>15,678,503</b>	<b>34,073</b>	<b>33,671</b>	<b>16,607,446</b>	<b>15,712,174</b>
<b>End of Year, Net Assets</b>	<b>\$ 19,612,456</b>	<b>\$ 16,573,373</b>	<b>\$ 45,833</b>	<b>\$ 34,073</b>	<b>\$ 19,658,289</b>	<b>\$ 16,607,446</b>

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

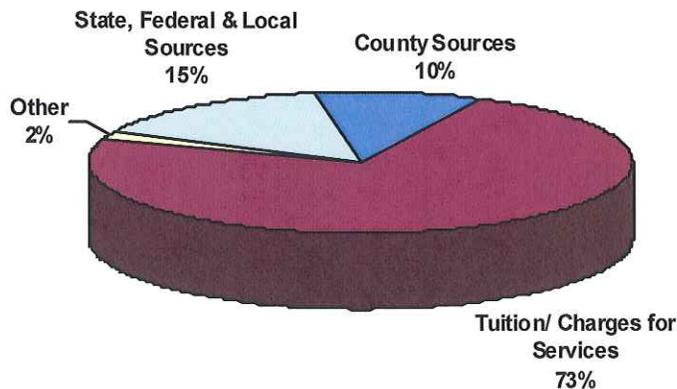
**Governmental Activities.** The District's total governmental activities revenues were \$91,522,665 for the year ended June 30, 2010, a decrease of \$562,263 (0.6 percent) over the previous year. Tuition and charges for services accounted for 74 percent of total revenues. County property taxes and aid account for 8% percent of total revenue for the year. Another 18 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 \$88,299,152, a decrease of \$2,699,931 (3.0 percent) over the previous year. The District's expenses are predominantly related to educating and caring for students with special needs.

Total governmental activities revenues surpassed expenses and transfers, increasing net assets by \$3,090,083 over the last year.

- The cost of all governmental activities this year was \$88,299,152.
  - Some of the cost was paid by the users of the District's programs and tuition charges for a total of \$67,166,745, a decrease of \$997,137 (1.4 percent).
  - The federal and state governments subsidized certain programs with grants, contributions and aid of \$13,867,902, a decrease of \$382,838 (2.7 percent). This decrease was primarily a result of decreases in grant entitlements/spending.
  - In addition, the District also received \$1,441,212 in capital contributions from the County to fund major capital projects during the year, an increase of \$592,795 (69 percent) from the prior year.
  - District's costs in the amount of \$7,817,170, were provided by County sources from property taxes, the same amount as 2008-2009.

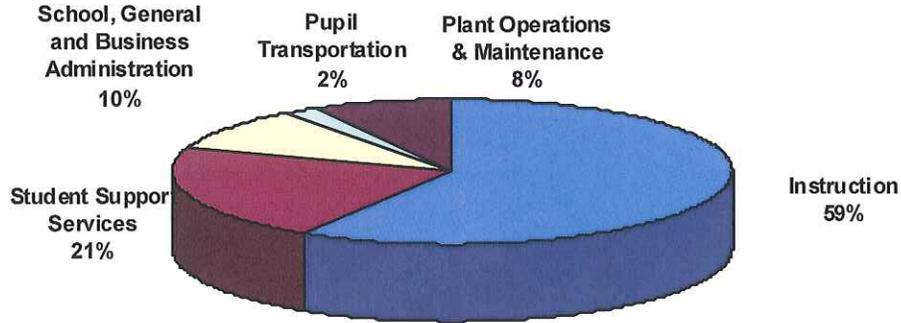
**Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2010**



# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

**Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2010**



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 \$88,299,182. After applying program revenues derived from charges for services of \$20,798,191 operating grants, and contributions of \$13,844,363 and capital grants and contributions of \$1,441,212, the net cost of services to the District was \$52,215,386. See Table A-5.

**Table A-5  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2010 and 2009**

	Total Cost of Services		Net Cost of Services	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Special Education	\$ 52,185,751	\$ 54,047,641	\$ 28,635,969	\$ 30,311,142
Support Services				
Student and Instruction Related Services	19,147,517	18,565,246	12,636,755	12,301,950
School Administrative Services	4,039,313	3,691,661	3,642,721	2,925,110
General Administrative Services	1,257,233	1,689,248	385,693	1,321,763
Plant Operations and Maintenance	7,444,936	7,826,411	4,759,497	6,105,069
Pupil Transportation	1,571,143	1,702,675	1,494,340	1,574,409
Other Support Services-Business/Central Svc./Admin. Info. Tech.	2,650,731	3,465,816	657,883	1,137,761
Debt Service				
Interest on Long-Term Debt	<u>2,528</u>	<u>10,385</u>	<u>2,528</u>	<u>10,385</u>
<b>Total</b>	<b><u>\$ 88,299,152</u></b>	<b><u>\$ 90,999,083</u></b>	<b><u>\$ 52,215,386</u></b>	<b><u>\$ 55,687,589</u></b>

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

**Business-Type Activities** –The District's total business-type activities revenues were \$394,484 for the year ended June 30, 2010, an increase of \$25,801 (7 percent) from the previous year. Charges for services accounted for 34% of total revenues. Operating grants and contributions accounted for 66% 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 revenues and transfers in surpassed expenses, increasing net assets by \$11,760 over the last year.

The cost of all business-type activities this year was \$567,154.

- Some of the cost was paid by the users of the District's Food Service program for a total of \$133,040, a decrease of \$8,712 (6 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of \$261,444, an increase of \$33,963 (15 percent). This increase is a result of an incline in meals served to low income students during the year.
- The District transferred \$184,430 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 \$2,391,474, an increase of \$2,871,727 from last year's fund balance deficit of \$480,253. This increase is partially attributed to a decrease in certain costs. There was also a slight decline compared to prior year in costs relating to the various capital projects in progress throughout the District. \$2,498,099 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is reserved 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 \$179,024 or 2) reserved for capital purposes \$1.

Revenues and total other financing sources (net) for the District's governmental funds were \$70,689,746, while total expenses were \$67,818,019.

#### 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.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>Local Sources</b>				
County Property Taxes	\$ 7,817,170	\$ 7,817,170		0%
Tuition	46,368,554	47,559,940	\$ (1,191,386)	-3%
Investment Earnings	15,679	29,184	(13,505)	(50%)
Miscellaneous	1,113,659	975,533	138,126	14%
State Sources	4,306,370	4,075,713	230,657	6%
Federal Sources	314,316	110,486	203,830	(31%)
<b>Total General Fund Revenue</b>	<b>\$ 59,935,748</b>	<b>\$ 60,568,026</b>	<b>\$ (632,278)</b>	<b>-1%</b>

Total General Fund Revenues decreased by \$632,278 or 1% from the previous year.

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

### General Fund (Continued)

County Property Taxes remained the same as the previous year. Tuition which represents 77% of total General Fund revenues for the year decreased 3% due to decreases in enrollment and annual tuition rates over the previous year.

Investment earnings decreased by \$13,505 due to a decline in market interest rates and available cash balances.

Revenue from federal sources increased \$203,830 due to increases in revenues received for Medicaid reimbursement. Revenues from state sources increased by \$230,657 largely due to an increase in on-behalf TPAF social security and pension system contributions.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 33,924,504	\$ 35,209,767	\$ (1,285,263)	-4%
Support Services	24,111,703	25,237,844	(1,126,141)	-4%
Debt Service	60,325	110,669	(50,344)	-45%
Capital Outlay	<u>13,679</u>	<u>11,838</u>	<u>1,841</u>	(49%)
Total General Fund Expenditures	<u>\$ 58,110,211</u>	<u>\$ 60,570,118</u>	<u>\$ (2,459,907)</u>	-4%

Total General Fund expenditures decreased \$2,459,907 or 4% from the previous year. Most of this decrease can be attributed to the decreased cost of instructional and support salaries associated with staffing and benefits in preexisting programs.

In Fiscal Year 2010 General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$1,891,107. After adding statutory transfers and other financing source/(use), the unreserved undesignated fund balance increased from \$568,108 at June 30, 2009 to \$2,498,099 at June 30, 2010. Despite a significant increase in tuition revenues, the District incurred additional expenses which decreased the available funds at year end.

### 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 \$9,247,216 for the year ended June 30, 2010. Local sources account for the majority of the Special Revenue Funds' revenues, which represented in excess of 87% of the total revenue for the year. The majority of the local sources comes from other LEAs that contract with Bergen County Special Services to provide services in conjunction with nonpublic allotments.

Total Special Revenue Fund revenues decreased \$817,885 or 8% from the previous year.

Expenditures of the Special Revenue Fund were also \$9,247,216. Special Education instructional expenditures were \$4,168,647 or 45% of the total expended for the year ended June 30, 2010.

Total Special Revenue Fund expenditures also decreased \$817,885 or 8% from the previous year. Support services expenditures decreased \$8,029 (0.2%) over the previous year. Capital outlay expenditures decreased \$368,066 or 94%.

# BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## Management's Discussion and Analysis For the Year Ended June 30, 2010

### Capital Projects Fund

The capital projects expenditures exceeded revenues by \$980,620 resulting in a fund balance deficit of \$186,400 at June 30, 2010. This deficit is the result of the County of Bergen utilizing temporary financing to fund expenditures for certain capital projects. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

### Proprietary Funds

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

- *Enterprise Fund* - The District uses an Enterprise Fund to report activities related to the District's Food services program. The District's Enterprise Fund provides the same type of information found in the government-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.
- *Internal Service Fund* - The District uses internal service funds to report activities that provide services and supplies for the District's other programs and activities, as well as services provided on behalf of other districts. The internal service fund is also utilized to account for the District's liabilities relating to compensated absences.

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

The internal service fund revenues exceeded expenditures and transfers by \$773,271 resulting in a fund balance of \$3,315,419 at June 30, 2010 up from \$2,542,148 at June 30, 2009.

### General Fund Budgetary Highlights

Over the course of the year, the District amended the original budget several times increasing the final budget \$339,526 which can be briefly summarized as follows:

- \$256,123 in increases allocated to various accounts including special education instructional programs, employee benefits and student and instruction related services operations.
- \$50,003 in increases allocated to capital outlay appropriations for necessary equipment acquisitions and replacements.
- \$33,400 increases allotted to Other Special Schools.

Of this \$339,526 increase, \$98,026 was the reappropriation of prior year encumbrances, \$241,500 was funded out of increases in charges for services from tuition for new and/or expanding programs.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2010**

**CAPITAL ASSETS**

By the end of June 30, 2010, the District had invested \$25,074,649 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 2009-2010 amounted to \$1,172,633 for governmental activities and \$4,850 for business-type activities.

**Table A-6  
Capital Assets**

	Governmental Activities		Business- Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Buildings	\$ 6,890,464	\$ 6,440,791			\$ 6,890,464	\$ 6,440,791
Improvements Other Than Buildings	396,120	396,120			396,120	396,120
Leasehold Improvements	8,883,981	8,156,627			8,883,981	8,156,627
Machinery and Equipment	8,837,984	9,437,569	\$ 66,100	\$ 61,100	8,904,084	9,498,669
<b>Total Capital Assets</b>	25,008,549	24,431,107	66,100	61,100	25,074,649	24,492,207
Less Accumulated Depreciation	10,434,631	9,225,430	44,555	39,705	10,479,186	9,265,135
<b>Capital Assets, Net</b>	<u>\$ 14,573,918</u>	<u>\$ 15,205,677</u>	<u>\$ 21,545</u>	<u>\$ 21,395</u>	<u>\$ 14,595,463</u>	<u>\$ 15,227,072</u>

Additional information on the District's capital assets is presented in the "Notes to the Basic 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 \$1,952,108.

Additional information on the Districts long-term liabilities is presented in the "Notes to the Basic 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 2010-2011 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 2010-2011. Budgeted expenditures in the General Fund increased 9% percent from the final 2009/2010 modified budget to \$60,491,985 in fiscal year 2010-2011. Increased payroll and employee benefit costs, are the primary reason for the increase.

# **BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

## **Management's Discussion and Analysis For the Year Ended June 30, 2010**

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

Three goals served as the foundation for the development of the 2010/2011 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 2010/2011 continue to include program site consolidation and expansion of the autistic programs for students, as well as program improvements to meet state and federal mandates covering instruction and services to physically, behaviorally and cognitively challenged students.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Bergen County Special Services, 327 East Ridgewood Avenue, Paramus, NJ 07652.

**BASIC FINANCIAL STATEMENTS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Assets			
Cash and Cash Equivalents	\$ 6,044,873	\$ 4,090	\$ 6,048,963
Receivables, net	4,205,761	25,870	4,231,631
Inventories and Security Deposits	73,007	2,394	75,401
Capital Assets, net of accumulated depreciation	<u>14,573,918</u>	<u>21,545</u>	<u>14,595,463</u>
Total Assets	<u>24,897,559</u>	<u>53,899</u>	<u>24,951,458</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,413,898	6,898	1,420,796
Intergovernmental Payable	683,848		683,848
Unearned Revenue	1,235,249	1,168	1,236,417
Intergovernmental Advances- Restricted			-
Noncurrent Liabilities			
Due within one year	200,000		200,000
Due beyond one year	<u>1,752,108</u>	<u>-</u>	<u>1,752,108</u>
Total Liabilities	<u>5,285,103</u>	<u>8,066</u>	<u>5,293,169</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	14,573,918	21,545	14,595,463
Restricted			
Capital Projects	1		1
Unrestricted	<u>5,038,537</u>	<u>24,288</u>	<u>5,062,825</u>
Total Net Assets	<u>\$ 19,612,456</u>	<u>\$ 45,833</u>	<u>\$ 19,658,289</u>

The accompanying Notes to the Basic 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, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction:							
Special Education	\$ 52,185,751	\$ 15,045,448	\$ 8,504,334		\$ (28,635,969)		\$ (28,635,969)
Support Services:							
Student & Instruction Related Services	19,147,517	1,588,974	4,921,788		(12,636,755)		(12,636,755)
General Administration Services	1,257,233	871,540			(385,693)		(385,693)
School Administration Services	4,039,313	111,593	284,999		(3,642,721)		(3,642,721)
Plant Operations and Maintenance	7,444,936	1,110,985	133,242	1,441,212	(4,759,497)		(4,759,497)
Pupil Transportation	1,571,143	76,803			(1,494,340)		(1,494,340)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,650,731	1,992,848			(657,883)		(657,883)
Debt Service							
Interest on Long-term Debt	2,528	-	-	-	(2,528)		(2,528)
Total Governmental Activities	88,299,152	20,798,191	13,844,363	1,441,212	(52,215,386)		(52,215,386)
Business - Type Activities							
Food Service	567,154	133,040	261,444			\$ (172,670)	(172,670)
Total Business Type Activities	567,154	133,040	261,444			(172,670)	(172,670)
Total Primary Government	\$ 88,866,306	\$ 20,931,231	\$ 14,105,807	\$ 1,441,212	(52,215,386)	(172,670)	(52,388,056)
General Revenues:							
County Property Tax Levy					7,817,170		7,817,170
Federal and State Aid Restricted					23,539		23,539
Tuition Revenue					44,960,015		44,960,015
Investment Earnings					15,679		15,679
Tuition Non-Resident					1,408,539		1,408,539
Miscellaneous					1,213,957		1,213,957
Transfers					(184,430)	184,430	-
Total General Revenues and Transfers					55,254,469	184,430	55,438,899
Change in Net Assets					3,039,083	11,760	3,050,843
Net Assets - Beginning of Year					16,573,373	34,073	16,607,446
Net Assets - End of Year					\$ 19,612,456	\$ 45,833	\$ 19,658,289

**FUND FINANCIAL STATEMENTS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Assets				
Cash and Cash Equivalents	\$ 4,251,236	\$ 7,969	\$ 1,514	\$ 4,260,719
Intergovernmental Receivables	754,946	1,395,499		2,150,445
Due from Other Funds	1,525,000			1,525,000
Security Deposits	<u>73,007</u>	<u>-</u>	<u>-</u>	<u>73,007</u>
 Total Assets	 <u>\$ 6,604,189</u>	 <u>\$ 1,403,468</u>	 <u>\$ 1,514</u>	 <u>\$ 8,009,171</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 786,876	\$ 73,867	\$ 62,914	\$ 923,657
Intergovernmental Payable	496,569	187,279		683,848
Other Payable	156,709			156,709
Due to Other Funds	1,216,577	1,025,000	125,000	2,366,577
Deferred Revenue	1,117,927	117,322		1,235,249
Accrued Liability for Insurance Claims	<u>251,657</u>	<u>-</u>	<u>-</u>	<u>251,657</u>
 Total Liabilities	 <u>4,026,315</u>	 <u>1,403,468</u>	 <u>187,914</u>	 <u>5,617,697</u>
 Fund Balances:				
Reserved for:				
Encumbrances	79,774		99,250	179,024
Capital Reserve	1			1
Unreserved Reported in:				
Designated for Subsequent Year's				
Expenditures	400,000			400,000
Undesignated	<u>2,098,099</u>	<u>-</u>	<u>(285,650)</u>	<u>1,812,449</u>
 Total Fund Balances	 <u>2,577,874</u>	 <u>-</u>	 <u>(186,400)</u>	 2,391,474
 Total Liabilities and Fund Balances	 <u>\$ 6,604,189</u>	 <u>\$ 1,403,468</u>	 <u>\$ 1,514</u>	

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2010**

Amounts reported for governmental activities in the statement of net assets(A-1) are different because:	\$ 2,391,474
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,008,549 and the accumulated depreciation is \$10,434,631	14,573,918
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund	
Compensated Absences	(536,764)
The assets and liabilities of the Internal Service funds are included with governmental activities	3,183,828
Net assets of governmental activities	\$ 19,612,456

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
County Property Tax Levy	\$ 7,817,170			\$ 7,817,170
County Aid			\$ 1,441,212	1,441,212
Tuition - LEA's	44,960,015			44,960,015
Non-Resident Fees	1,408,539			1,408,539
Interest on Investments	15,679			15,679
Miscellaneous	<u>1,113,659</u>	<u>\$ 8,019,136</u>	<u>-</u>	<u>9,132,795</u>
	<u>55,315,062</u>	<u>8,019,136</u>	<u>1,441,212</u>	<u>64,775,410</u>
State Sources	4,306,370	948,061		5,254,431
Federal Sources	<u>314,316</u>	<u>280,019</u>	<u>-</u>	<u>594,335</u>
Total Revenues	<u>59,935,748</u>	<u>9,247,216</u>	<u>1,441,212</u>	<u>70,624,176</u>
<b>EXPENDITURES</b>				
Current:				
Special Education Instruction	33,924,504	4,168,647		38,093,151
Support Services	-			
Student & Instruction Related Services	12,384,065	4,921,788	72,711	17,378,564
School Administration Services	3,101,078			3,101,078
Support Services General Administration	1,145,640			1,145,640
Plant Operations and Maintenance	5,651,420	133,242		5,784,662
Pupil Transportation	1,171,617			1,171,617
Other Support Services - Business (Central Services/Admin Info Tech)	657,883			657,883
Debt Service				
Principal	57,797			57,797
Interest and Other Charges	2,528			2,528
Capital Outlay	<u>13,679</u>	<u>23,539</u>	<u>387,881</u>	<u>425,099</u>
Total Expenditures	<u>58,110,211</u>	<u>9,247,216</u>	<u>460,592</u>	<u>67,818,019</u>
Excess(Deficiency) of Revenues over Expenditures	<u>1,825,537</u>	<u>-</u>	<u>980,620</u>	<u>2,806,157</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	250,000			250,000
Transfers Out	<u>(184,430)</u>	<u>-</u>	<u>-</u>	<u>(184,430)</u>
Total Other Financing Sources and Uses	<u>65,570</u>	<u>-</u>	<u>-</u>	<u>65,570</u>
Net Change in Fund Balances	1,891,107		980,620	2,871,727
Fund Balance (Deficit) - Beginning of Year	<u>686,767</u>	<u>-</u>	<u>(1,167,020)</u>	<u>(480,253)</u>
Fund Balance (Deficit) - End of Year	<u>\$ 2,577,874</u>	<u>\$ -</u>	<u>\$ (186,400)</u>	<u>\$ 2,391,474</u>

The accompanying Notes to the Basic 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, 2010**

**Total Net Change in Fund Balances - Governmental Funds (B-2)** \$ 2,871,727

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

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

Depreciation Expense	\$ (1,130,354)	
Gain on Valuation of Capital Assets	100,298	
Capital Outlays	<u>425,099</u>	
		(604,957)

The issuance of long-term debt (leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of net assets.

Capital Lease Principal Payment		57,797
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In the statement of activities, certain operating expenses, e.g. compensated absences, and claims for self-insurance claims are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Compensated Absences	(164,646)	
Accrued Liability for Insurance Claims	<u>105,891</u>	
		(58,755)

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	1,023,271	
Net Transfers to General Fund	<u>(250,000)</u>	
		<u>773,271</u>

**Change in net assets of governmental activities** **\$ 3,039,083**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2010**

	<b>Business Type Activities Enterprise Fund Food Service</b>	<b>Governmental Activities  Internal Service Funds</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 4,090	\$ 1,784,154
Intergovernmental Accounts Receivable	25,870	1,931,107
Other Receivable		
Due From B.C.T.S.		124,209
Due from Other Funds		1,216,577
Inventories	2,394	-
Total Current Assets	32,354	5,056,047
Capital Assets		
Furniture, machinery & equipment	66,100	568,649
Less: Accumulated Depreciation	(44,555)	(437,058)
Total Capital Assets, Net	21,545	131,591
Total Assets	53,899	5,187,638
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	6,898	57,560
Other Payable		24,315
Due to Other Funds		375,000
Intergovernmental Payable		-
Unearned Revenue	1,168	-
Total Current Liabilities	8,066	456,875
Noncurrent Liabilities		
Compensated Absences	-	1,415,344
Total Noncurrent Liabilities	-	1,415,344
Total Liabilities	8,066	1,872,219
<b>NET ASSETS</b>		
Invested in capital assets net of related debt	21,545	131,591
Unrestricted	24,288	3,183,828
Total Net Assets	\$ 45,833	\$ 3,315,419

The accompanying Notes to the Basic 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 ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Business- Type Activities Enterprise</b>	<b>Governmental Activities</b>
	<b><u>Fund</u> <u>Food</u> <u>Service</u></b>	<b><u>Internal</u> <u>Service Funds</u></b>
<b>OPERATING REVENUES</b>		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	\$ 83,671	
Breakfast Program	11,773	
Special Functions	37,596	
Tuition from LEAS		\$ 11,810,388
Charges and Fees	-	8,987,803
Total Operating Revenues	133,040	20,798,191
<b>OPERATING EXPENSES</b>		
Cost of Sales	312,933	
Salaries	108,813	13,486,936
Employee Benefits	37,354	3,776,355
Purchased Services	43,417	2,158,120
Supplies and Materials	5,453	305,506
Management Fee	30,564	
Miscellaneous Expenses	23,770	5,724
Depreciation	4,850	42,279
Total Operating Expenses	567,154	19,774,920
Operating Income (Loss)	(434,114)	1,023,271
<b>Nonoperating Revenues</b>		
State Sources		
State School Lunch Program	6,329	
State School Breakfast Program	5,100	
Federal Sources		
National School Lunch Program	167,433	
National School Breakfast Program	77,846	
Fresh Fruit and Vegetable Program	4,736	
Gain on Valuation of Capital Assets	-	65,296
Total Non-Operating Revenues	261,444	65,296
Net Income (Loss) Before Operating Transfers	(172,670)	1,088,567
Transfers		
Transfers In(Out)	184,430	(250,000)
Change in Net Assets	11,760	838,567
Total Net Assets - Beginning of Year	34,073	2,476,852
Total Net Assets - Ending of Year	\$ 45,833	\$ 3,315,419

The accompanying Notes to the Basic 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, 2010**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Fund</b>	
	<b>Food Service</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 133,165	\$ 21,305,858
Payments to Employees for Salaries & Benefits	(146,167)	(13,486,936)
Payments to Suppliers	(402,846)	(6,467,708)
Net Cash Provided by(Used for) operating activities	(415,848)	1,351,214
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	11,410	
Federal Sources	229,977	
Operating Subsidies and transfers to/from other funds	183,430	(400,000)
Net cash provided by (used for) noncapital financing activities	424,817	(400,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	(5,000)	(15,477)
Net cash provided by (used for) for capital and related financing activities	(5,000)	(15,477)
Net increase in cash and cash equivalents	3,969	935,737
Cash and Cash Equivalents- Beginning of Year	121	848,417
Cash and Cash Equivalents- End of Year	\$ 4,090	\$ 1,784,154
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income(Loss)	\$ (434,114)	\$ 1,023,271
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	4,850	42,279
Food Distribution(USDA Commodities)-National School Lunch Program	18,879	
(Increase) Decrease in accounts receivable, net	125	486,768
Increase (Decrease) in other current liabilities		20,899
Increase (Decrease) in deferred revenue	(370)	
Increase(decrease) in accounts payable	(6,037)	(222,003)
(Increase)Decrease in inventories	819	-
Total adjustments	18,266	327,943
Net cash provided by (used for) operating activities	\$ (415,848)	\$ 1,351,214
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	\$ 20,047	

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>	<u>Agency Fund</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 195,102	\$ 6,492	\$ 11,348	\$ 44,289	\$ 497,218
Due From Other Funds	-	-	-	-	-
Total Assets	<u>195,102</u>	<u>6,492</u>	<u>11,348</u>	<u>44,289</u>	<u>\$ 497,218</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings					\$ 493,854
Due to State of New Jersey	25,322				
Payable to student groups	-	-	-	-	3,364
Total Liabilities	<u>25,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 497,218</u>
<b>NET ASSETS</b>					
Held in trust for unemployment claims and other purposes	<u>\$ 169,780</u>	<u>\$ 6,492</u>	<u>\$ 11,348</u>		
Reserved for scholarships				<u>\$ 44,289</u>	

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Speech Equipment Trust</u>	<u>Operating/ Development Trust</u>	<u>Private Purpose Scholarship</u>
<b>ADDITIONS</b>				
Contributions:				
Board contribution	\$ 42,000			
Plan Member	42,363			
Private Donations	<u>-</u>	<u>-</u>	\$ 5,240	<u>-</u>
Total Contributions	<u>84,363</u>	<u>-</u>	<u>5,240</u>	<u>-</u>
Investment Earnings:				
Interest/Investment Earnings	<u>582</u>	\$ 1,797	<u>53</u>	\$ <u>139</u>
Net investment earnings	<u>582</u>	<u>1,797</u>	<u>53</u>	<u>139</u>
Total Additions	<u>84,945</u>	<u>1,797</u>	<u>5,293</u>	<u>139</u>
<b>DEDUCTIONS</b>				
Unemployment Claims	222,632			
Scholarships Awarded				2,850
Administrative expenses	<u>-</u>	<u>-</u>	<u>3,950</u>	<u>-</u>
Total Deductions	<u>222,632</u>	<u>-</u>	<u>3,950</u>	<u>2,850</u>
Change in Net Assets	(137,687)	1,797	1,343	(2,711)
Net Assets, Beginning of Year	<u>307,467</u>	<u>4,695</u>	<u>10,005</u>	<u>47,000</u>
Net Assets, End of the Year	<u>\$ 169,780</u>	<u>\$ 6,492</u>	<u>\$ 11,348</u>	<u>\$ 44,289</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 and state financial programs, with the exception of grants for major capital projects and the school breakfast and lunch 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 major capital facilities and other capital assets.

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

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

Additionally, the government reports the following fund types:

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

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

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.

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.

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.

**D. Assets, Liabilities and Net Assets or Equity**

**1. *Deposits and Investments***

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables***

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".

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

*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.

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

**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. 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 unearned revenue.

**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. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets (Continued)***

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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.

Property, plant, and equipment of the primary government 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	10-15
Office Equipment and Furniture	5-10
Vehicles	8
Computer Equipment	5

**5. *Compensated Absences***

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

**6. *Long-term obligations***

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

**7. *Fund Equity***

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. Fund Equity (Continued)**

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

Designations of fund balance represent tentative management plans that are subject to change.

**Designated for Subsequent Year's Expenditures** – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010/2011 District budget certified for taxes.

**8. Reclassifications**

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

**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 required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the County Board of Estimate for final approval. 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 2009/2010. During 2009/2010 the Board increased the original general fund budget by \$339,526. The increase was funded by additional tuition revenue, non-resident fees, and miscellaneous revenue and the reappropriation of prior year general fund encumbrances. The Special Revenue Fund budget increased by \$622,842 which was funded by additional grant awards.

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 the certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of 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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**B. Deficit Fund Equity**

The District has an accumulated deficit of \$186,400 in the Capital Projects Fund as of June 30, 2010. This deficit is the result of the County of Bergen utilizing temporary financing to fund expenditures for certain capital projects. As the County of Bergen permanently finances these appropriations the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

**C. Capital Reserve Account**

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

Funds placed in the capital reserve account 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 account 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, 2010 is as follows:

Beginning balance	<u>\$ 1</u>
Ending balance	<u>\$ 1</u>

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**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 plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital for all deposits not covered by the FDIC.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**Deposits (Continued)**

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, 2010, the book value of the Board's deposits was \$6,803,412 and bank balances of the Board's cash and deposits amounted to \$8,654,348. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>8,654,348</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.

**Investments**

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

As of June 30, 2010, 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.

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Internal Service Funds</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Restricted	\$ 754,946	\$ 1,395,499	\$ 25,870	\$ 2,055,316	\$ 4,231,631
Other	-	-	-	-	-
	<u>754,946</u>	<u>1,395,499</u>	<u>25,870</u>	<u>2,055,316</u>	<u>4,231,631</u>
Gross Receivables					
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 754,946</u>	<u>\$ 1,395,499</u>	<u>\$ 25,870</u>	<u>\$ 2,055,316</u>	<u>\$ 4,231,631</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**B. Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Tuition Charges – Prior Year Credits	\$1,117,927
Special Revenue Fund	
Unencumbered grant draw downs	<u>117,322</u>
Total deferred revenue for governmental funds	<u>\$1,235,249</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance, July 1, 2009</u>	<u>Increases</u>	<u>Valuation Adjustment</u>	<u>Balance, June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Buildings	\$ 6,440,791	\$ 69,059	\$ 380,614	\$ 6,890,464
Improvements other than buildings	396,120			396,120
Leasehold Improvements	8,156,627	219,930	507,424	8,883,981
Machinery and equipment	<u>9,437,569</u>	<u>151,587</u>	<u>(751,172)</u>	<u>8,837,984</u>
Total capital assets being depreciated	<u>24,431,107</u>	<u>440,576</u>	<u>136,866</u>	<u>25,008,549</u>
Less accumulated depreciation for:				
Buildings	(1,696,930)	(137,119)	(112,816)	(1,946,865)
Improvements other than buildings	(300,973)	(19,806)	112,816	(207,963)
Leasehold Improvements	(1,854,277)	(360,297)	354,635	(1,859,939)
Machinery and equipment	<u>(5,373,250)</u>	<u>(655,411)</u>	<u>(391,203)</u>	<u>(6,419,864)</u>
Total accumulated depreciation	<u>(9,225,430)</u>	<u>(1,172,633)</u>	<u>(36,568)</u>	<u>(10,434,631)</u>
Total capital assets, being depreciated, net	<u>15,205,677</u>	<u>(732,057)</u>	<u>100,298</u>	<u>14,573,918</u>
Governmental activities capital assets, net	<u>\$ 15,205,677</u>	<u>\$ (732,057)</u>	<u>\$ 100,298</u>	<u>\$ 14,573,918</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**C. Capital Assets (Continued)**

	Balance, <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2010</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 61,100	\$ 5,000	-	\$ 66,100
Total capital assets being depreciated	<u>61,100</u>	<u>5,000</u>	<u>-</u>	<u>66,100</u>
Less accumulated depreciation for:				
Machinery and equipment	(39,705)	(4,850)	-	(44,555)
Total accumulated depreciation	<u>(39,705)</u>	<u>(4,850)</u>	<u>-</u>	<u>(44,555)</u>
Total capital assets, being depreciated, net	<u>21,395</u>	<u>150</u>	<u>-</u>	<u>21,545</u>
Business-type activities capital assets, net	<u>\$ 21,395</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 21,545</u>

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

**Governmental activities:**

Instruction	
Special	\$ 176,314
Total Instruction	<u>176,314</u>

Support Services

Student and Instruction Related Services	15,333
School administration	66,695
Operations and maintenance of plant	549,289
Student transportation	<u>322,723</u>
Total Support Services	<u>954,040</u>
Total Governmental Funds	<u>1,130,354</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>42,279</u>
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Total depreciation expense - governmental activities	<u>\$ 1,172,633</u>
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**Business-type activities:**

Food Service Fund	<u>\$ 4,850</u>
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**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

The composition of interfund balances as of June 30, 2010, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,025,000
General Fund	Management Agreement - Internal Svc. Fund	125,000
General Fund	Capital Projects Fund	125,000
General Fund	Education Enterprises - Internal Svc. Fund	225,000
General Fund	Touchstone-Internal Svc. Fund	25,000
Internal Service Funds	General Fund	<u>1,216,577</u>
		<u>\$ 2,741,577</u>

The above balances are the result of 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 Funds.

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>Enterprise-Food Service</u>	<u>General Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 184,430		\$ 184,430
Internal Service Funds	-	\$ 250,000	<u>250,000</u>
Total transfers out	<u>\$ 184,430</u>	<u>\$ 250,000</u>	<u>\$ 434,430</u>

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**E. Leases**

**Capital Leases**

The District is leasing copier equipment totaling \$292,627 under capital leases. The leases are for terms of 5 years. The leases were retired during 2009-2010.

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Balance, July 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2010</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 57,797		\$ 57,797		
Compensated absences	1,787,462	\$ 164,646		\$ 1,952,108	\$ 200,000
Accrued Liability for Insurance Claims	<u>105,891</u>	<u>-</u>	<u>105,891</u>	<u>-</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 1,951,150</u>	<u>\$ 164,646</u>	<u>\$ 163,688</u>	<u>\$ 1,952,108</u>	<u>\$ 200,000</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District has joined the County of Bergen's self insured health and prescription benefit plan for its employees. Transactions related to the plan are accounted for in the General Fund. The participating members fund the entire cost of the plan. Claims are paid directly by the plan.

Estimates of claims payable and of claims incurred, but not reported at June 30, 2010, are reported as claims and judgments payable and accrued liability for insurance claims. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$251,657 reported at June 30, 2010 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

Changes in the balances of claims liabilities for the fiscal years ended June 30, 2010 and 2009 are as follows:

<b>Governmental Activities:</b>	<u>Fiscal Year Ended June 30, 2010</u>	<u>Fiscal Year Ended June 30, 2009</u>
Unpaid claims, beginning of fiscal year	\$ 1,688,891	\$ 1,398,623
Incurred claims (including IBNR's)		10,739,065
Claim Payments	<u>1,437,234</u>	<u>10,448,797</u>
Unpaid claims, beginning of fiscal year	<u>\$ 251,657</u>	<u>\$ 1,688,891</u>
General Fund		
Other Current Liabilities	\$ 251,657	\$ 1,583,000
Governmental Activities		
Noncurrent Liabilities	<u>-</u>	<u>105,891</u>
	<u>\$ 251,657</u>	<u>\$ 1,688,891</u>

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>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions/ Int. Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 42,000	\$ 42,363	\$ 222,632	\$ 169,780
2009	44,500	80,966	79,970	307,467
2008		87,447	76,269	261,971

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Employee Retirement Systems and Pension Plans**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

**Funding Status and Funding Progress**

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2008 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 (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 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 5.5% for PERS, 5.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS 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:

2010	\$ 1,370,418	\$ 101,774
2009	1,155,805	91,964
2008	853,490	1,981,977

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$101,774 and \$91,964 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,293,142 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**D. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

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.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Basis of Accounting**

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

**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 June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**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, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were \$1,911,454, \$1,754,435 and \$562,958, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources					
County Aid	\$ 7,817,170		\$ 7,817,170	\$ 7,817,170	
Tuition	48,024,760	\$ 241,500	48,266,260	44,960,015	\$ (3,306,245)
Non Resident Fees	1,350,000		1,350,000	1,408,539	58,539
Interest on Investments	25,000		25,000	15,679	(9,321)
Miscellaneous	866,459	-	866,459	1,113,659	247,200
<b>Total Local Sources</b>	<b>58,083,389</b>	<b>241,500</b>	<b>58,324,889</b>	<b>55,315,062</b>	<b>(3,009,827)</b>
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,911,454	1,911,454
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				101,774	101,774
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,293,142	2,293,142
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,306,370</b>	<b>4,306,370</b>
Federal Sources:					
Medicaid Reimbursement	100,000	-	100,000	314,316	214,316
<b>Total Federal Sources</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>314,316</b>	<b>214,316</b>
<b>Total Revenues</b>	<b>58,183,389</b>	<b>241,500</b>	<b>58,424,889</b>	<b>59,935,748</b>	<b>1,510,859</b>
<b>EXPENDITURES</b>					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	1,787,678	105,100	1,892,778	1,892,759	19
Other Salaries for Instruction	968,437	149,400	1,117,837	1,117,767	70
Purchased Prof. - Educ. Services	885,000		885,000	858,504	26,496
Other Purchased Services	96,448		96,448	53,836	42,612
General Supplies	85,715	6,539	92,254	74,046	18,208
Textbooks	5,657		5,657	430	5,227
Other Objects	25,000	(25)	24,975	8,786	16,189
<b>Total Auditory Impairments - Instruction</b>	<b>3,853,935</b>	<b>261,014</b>	<b>4,114,949</b>	<b>4,006,128</b>	<b>108,821</b>
Behavioral Disabilities - Instruction					
Salaries of Teachers	3,068,694	57,500	3,126,194	3,092,469	33,725
Other Salaries for Instruction	1,504,838	37,500	1,542,338	1,542,306	32
Purchased Prof. - Educ. Service	418,100	8,300	426,400	350,005	76,395
Other Purchased Services	76,850	100	76,950	41,468	35,482
General Supplies	195,610	62,626	258,236	175,852	82,384
Textbooks	90,650	(3,000)	87,650	23,112	64,538
Other Objects	35,400	1,100	36,500	10,509	25,991
<b>Total Behavioral Disabilities - Instruction</b>	<b>5,390,142</b>	<b>164,126</b>	<b>5,554,268</b>	<b>5,235,721</b>	<b>318,547</b>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Psychiatric					
Salaries of Teachers	\$ 605,518	\$ 33,100	\$ 638,618	\$ 638,608	\$ 10
Other Salaries for Instruction	161,060		161,060	160,111	949
Purchased Prof. - Educ. Service	710,000	(57,000)	653,000	651,882	1,118
Other Purchased Services	3,100		3,100		3,100
General Supplies	25,250	600	25,850	17,926	7,924
Textbooks	12,500		12,500	2,927	9,573
Other Objects	9,500	-	9,500	2,073	7,427
<b>Total Psychiatric</b>	<b>1,526,928</b>	<b>(23,300)</b>	<b>1,503,628</b>	<b>1,473,527</b>	<b>30,101</b>
Multiple Disabilities - Instruction					
Salaries of Teachers	2,220,847	(210,000)	2,010,847	1,983,864	26,983
Other Salaries for Instruction	1,148,807	(90,000)	1,058,807	1,034,163	24,644
Purchased Prof. - Educ. Service	526,750	10,100	536,850	536,770	80
Other Purchased Services	35,900	(20,300)	15,600	7,382	8,218
General Supplies	145,152	(1,553)	143,599	109,621	33,978
Textbooks	16,950	(320)	16,630	7,249	9,381
Other Objects	24,370	(5,400)	18,970	4,564	14,406
<b>Total Multiple Disabilities</b>	<b>4,118,776</b>	<b>(317,473)</b>	<b>3,801,303</b>	<b>3,683,613</b>	<b>117,690</b>
Autistic - Instruction					
Salaries of Teachers	3,590,872	504,300	4,095,172	4,095,156	16
Other Salaries for Instruction	2,544,170	175,500	2,719,670	2,719,614	56
Purchased Prof. - Educ. Service	95,900		95,900	86,000	9,900
Other Purchased Services	29,575		29,575	17,556	12,019
General Supplies	190,778	6,018	196,796	120,822	75,974
Textbooks	12,375	(2,500)	9,875		9,875
Other Objects	37,208	(12,000)	25,208	1,237	23,971
<b>Total Autistic</b>	<b>6,500,878</b>	<b>671,318</b>	<b>7,172,196</b>	<b>7,040,385</b>	<b>131,811</b>
Preschool Handicapped - Full Time - Instruction					
Salaries of Teachers	679,959	(40,000)	639,959	635,570	4,389
Other Salaries for Instruction	388,356	(70,000)	318,356	313,378	4,978
Purchased Prof. - Educ. Service	60,350	32,000	92,350	92,341	9
Other Purchased Services	9,130	(550)	8,580	255	8,325
General Supplies	100,201	(1,543)	98,658	37,239	61,419
Textbooks	2,271		2,271	23	2,248
Other Objects	12,751	-	12,751	1,788	10,963
<b>Total Preschool Handicapped - Full-Time</b>	<b>1,253,018</b>	<b>(80,093)</b>	<b>1,172,925</b>	<b>1,080,594</b>	<b>92,331</b>
<b>Total Special Education - Instruction</b>	<b>22,643,677</b>	<b>675,592</b>	<b>23,319,269</b>	<b>22,519,968</b>	<b>799,301</b>
School Sponsored Co curricular Activities					
Other Objects	77,800	6,300	84,100	53,275	30,825
<b>Total School Sponsored Co curricular Activities</b>	<b>77,800</b>	<b>6,300</b>	<b>84,100</b>	<b>53,275</b>	<b>30,825</b>
Community Services Programs/ Operations					
Salaries	98,280	7,400	105,680	105,655	25
Other Purchased Services	85,000		85,000	85,000	
Supplies and Materials	15,000	2,690	17,690	12,623	5,067
Other Objects	5,000	(1,855)	3,145	855	2,290
Transfers to Cover Deficit (Enterprise Funds)	85,000	-	85,000	60,000	25,000
<b>Total Community Services Programs/ Operations</b>	<b>288,280</b>	<b>8,235</b>	<b>296,515</b>	<b>264,133</b>	<b>32,382</b>
<b>Total Instruction</b>	<b>23,009,757</b>	<b>690,127</b>	<b>23,699,884</b>	<b>22,837,376</b>	<b>862,508</b>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Health Services					
Salaries	\$ 705,112		\$ 705,112	\$ 678,563	\$ 26,549
Purchased Professional and Technical Services	26,500		26,500	23,319	3,181
Supplies and Materials	15,840		15,840	7,911	7,929
Other Objects	32,080	\$ 304	32,384	24,052	8,332
<b>Total Health Services</b>	<b>779,532</b>	<b>304</b>	<b>779,836</b>	<b>733,845</b>	<b>45,991</b>
Other Support Services - Students Related Services					
Salaries	4,262,463	(370,000)	3,892,463	3,864,040	28,423
Purchased Professional-Educational Services	98,875	100,900	199,775	199,678	97
<b>Total Other Support Services-Students Related Serv.</b>	<b>4,361,338</b>	<b>(269,100)</b>	<b>4,092,238</b>	<b>4,063,718</b>	<b>28,520</b>
Other Support Services-Students-Spl.					
Salaries of Other Professional Staff	2,286,133	230,000	2,516,133	2,516,108	25
Salaries of Secretarial and Clerical Assistants	53,039		53,039	50,829	2,210
Purchased Professional-Educational Services	10,500	112,600	123,100	123,028	72
Supplies and Materials	4,500		4,500	4,122	378
Other Objects	3,500	-	3,500	1,376	2,124
<b>Total Other Support Services-Students-Spl.</b>	<b>2,357,672</b>	<b>342,600</b>	<b>2,700,272</b>	<b>2,695,463</b>	<b>4,809</b>
Educational Media Service/School Library					
Other Purchased Services	430,000	17,200	447,200	447,200	
Supplies and Materials	250,000	-	250,000	232,138	17,862
<b>Total Educational Media Services/School Library</b>	<b>680,000</b>	<b>17,200</b>	<b>697,200</b>	<b>679,338</b>	<b>17,862</b>
Instructional Staff Training Services					
Other Objects	177,540	(100,350)	77,190	21,040	56,150
<b>Total Instructional Staff Training Services</b>	<b>177,540</b>	<b>(100,350)</b>	<b>77,190</b>	<b>21,040</b>	<b>56,150</b>
Support Services General Administration					
Salaries	145,985	11,600	157,585	157,560	25
Legal Services	210,000	1,350	211,350	211,313	37
Audit Fees	75,000	(1,350)	73,650	60,749	12,901
Other Purchased Professional Services	215,500	(100,650)	114,850	113,292	1,558
Leases and Rentals	17,200	5,650	22,850	22,830	20
Communications/Telephone	368,100		368,100	342,949	25,151
Other Purchased Services	214,000	(70,000)	144,000	136,983	7,017
Supplies and Materials	25,000		25,000	8,625	16,375
Judgements Against the School District	25,000		25,000		25,000
Miscellaneous Expenditures	45,000	-	45,000	24,364	20,636
<b>Total Support Services General Administration</b>	<b>1,340,785</b>	<b>(153,400)</b>	<b>1,187,385</b>	<b>1,078,665</b>	<b>108,720</b>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

EXPENDITURES (Continued)	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	\$ 1,267,065	\$ 103,000	\$ 1,370,065	\$ 1,370,044	\$ 21
Salaries of Secretarial and Clerical Assistants	590,811		590,811	582,303	8,508
Purchased Professional and Technical Services	137,500		137,500	137,500	
Other Purchased Services	15,899		15,899	6,140	9,759
Supplies and Materials	15,002	(1,004)	13,998	3,103	10,895
Other Objects	9,250	-	9,250	1,403	7,847
<b>Total Support Services School Administration</b>	<b>2,035,527</b>	<b>101,996</b>	<b>2,137,523</b>	<b>2,100,493</b>	<b>37,030</b>
Central Services					
Salaries	236,575		236,575	234,366	2,209
Purchased Professional Services	296,250		296,250	296,250	
Purchased Technical Services	33,500		33,500	7,119	26,381
Other Purchased Services	10,950		10,950	4,235	6,715
Supplies and Materials	28,000	2,261	30,261	11,031	19,230
Interest on Current Loans	75,000	(60,900)	14,100		14,100
Miscellaneous Expenditures	10,000	-	10,000	5,259	4,741
<b>Total Central Services</b>	<b>690,275</b>	<b>(58,639)</b>	<b>631,636</b>	<b>558,260</b>	<b>73,376</b>
Required Maintenance for School Facilities					
Salaries	107,091	(32,000)	75,091	75,066	25
Cleaning, Repair and Maintenance Services	175,000	(28,499)	146,501	141,733	4,768
General Supplies	55,000	-	55,000	41,162	13,838
<b>Total Required Maintenance for School Facilities</b>	<b>337,091</b>	<b>(60,499)</b>	<b>276,592</b>	<b>257,961</b>	<b>18,631</b>
Custodial Services					
Salaries	889,434	87,200	976,634	976,567	67
Purchased Professional and Technical Services	285,500		285,500	285,500	
Cleaning, Repair and Maintenance Services	338,000	1,178	339,178	175,491	163,687
Rental of Land and Bldgs. Other Than Lease Purch	2,298,358	(80,000)	2,218,358	2,217,120	1,238
Other Purchased Property Services	55,700		55,700	60,888	4,812
General Supplies	195,000	111	195,111	177,859	17,252
Energy (Natural Gas)	200,000		200,000	145,692	54,308
Energy (Electricity)	815,000	(160,000)	655,000	636,779	18,221
Energy (Oil)	60,000	(35,000)	25,000	20,412	4,588
Other Objects	9,000	-	9,000	8,716	284
<b>Total Custodial Services</b>	<b>5,145,992</b>	<b>(176,511)</b>	<b>4,969,481</b>	<b>4,705,024</b>	<b>264,457</b>
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	50,000	-	50,000	27,841	22,159
<b>Total Upkeep of Grounds</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>27,841</b>	<b>22,159</b>
Security					
Cleaning, Repair and Maintenance Services	125,000	34,200	159,200	159,172	28
<b>Total Security</b>	<b>125,000</b>	<b>34,200</b>	<b>159,200</b>	<b>159,172</b>	<b>28</b>
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	697,675		697,675	678,754	18,921
Cleaning, Repair and Maintenance Services	40,000	(35,000)	5,000	1,501	3,499
Contr Serv (Other Than Between Home & School) - Vendors	10,000		10,000	1,622	8,378
Miscellaneous Purchased Services-Transportation	28,100		28,100	28,100	
Supplies and Materials	175,000	(20,500)	154,500	151,784	2,716
Miscellaneous Expenditures	20,000	1,350	21,350	21,334	16
<b>Total Student Transportation Services</b>	<b>970,775</b>	<b>(54,150)</b>	<b>916,625</b>	<b>883,095</b>	<b>33,530</b>

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	\$ 1,017,000		1,017,000	\$ 1,010,042	\$ 6,958
Other Retirement Contributions- Regular	1,342,200	\$ 28,218	1,370,418	1,370,418	
Unemployment Compensation	29,000		29,000	28,922	78
Workmen's Compensation	246,500		246,500	237,246	9,254
Health Benefits	10,269,569	(91,093)	10,178,476	7,413,460	2,765,016
Tuition Reimbursement	159,150	2,000	161,150	156,950	4,200
Other Employee Benefits	35,000	-	35,000	21,382	13,618
<b>Total Unallocated Benefits</b>	<b>13,098,419</b>	<b>(60,875)</b>	<b>13,037,544</b>	<b>10,238,420</b>	<b>2,799,124</b>
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				101,774	(101,774)
On-behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,911,454	(1,911,454)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,293,142	(2,293,142)
<b>Total TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,306,370</b>	<b>(4,306,370)</b>
<b>Total Undistributed Expenditures</b>	<b>32,149,946</b>	<b>(437,224)</b>	<b>31,712,722</b>	<b>32,508,705</b>	<b>(795,983)</b>
<b>Total Expenditures - Current</b>	<b>55,159,703</b>	<b>252,903</b>	<b>55,412,606</b>	<b>55,346,081</b>	<b>66,525</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Special Education - Instruction					
Behavioral Disabilities		13,275	13,275		13,275
Multiple Disabilities		5,373	5,373		5,373
Autism		14,776	14,776		14,776
Preschool Disabilities		2,879	2,879		2,879
Operations and Maintenance of Plant	-	13,700	13,700	13,679	21
<b>Total Equipment</b>	<b>-</b>	<b>50,003</b>	<b>50,003</b>	<b>13,679</b>	<b>36,324</b>
<b>Total Capital Outlay</b>	<b>-</b>	<b>50,003</b>	<b>50,003</b>	<b>13,679</b>	<b>36,324</b>
<b>SPECIAL SCHOOLS</b>					
Other Special Schools - Instruction					
Salaries of Teachers	364,531		364,531	338,000	26,531
Other Salaries for Instruction	716,438		716,438	643,147	73,291
Other Purchased Services	371,750	24,700	396,450	395,441	1,009
General Supplies	17,000	2,250	19,250	17,235	2,015
Other Objects	12,500	(4,550)	7,950	7,166	784
<b>Total Other Special Schools - Instruction</b>	<b>1,482,219</b>	<b>22,400</b>	<b>1,504,619</b>	<b>1,400,989</b>	<b>103,630</b>
Other Special Schools - Support Services					
Salaries	476,392	8,400	484,792	478,147	6,645
Personal Services - Employee Benefits	701,206		701,206	566,565	134,641
Purchased Professional and Technical Services	108,200		108,200	95,799	12,401
Other Purchased Services	253,120	300	253,420	198,475	54,945
Supplies and Materials	14,750		14,750	10,476	4,274
Other Objects	5,300	2,300	7,600	-	7,600
<b>Total Other Special Schools - Support Services</b>	<b>1,558,968</b>	<b>11,000</b>	<b>1,569,968</b>	<b>1,349,462</b>	<b>220,506</b>
<b>Total Other Special Schools</b>	<b>3,041,187</b>	<b>33,400</b>	<b>3,074,587</b>	<b>2,750,451</b>	<b>324,136</b>
<b>Total Expenditures</b>	<b>58,200,890</b>	<b>336,306</b>	<b>58,537,196</b>	<b>58,110,211</b>	<b>426,985</b>
Excess(Deficiency) of Revenues Over(Under) Expenditures					
	(17,501)	(94,806)	(112,307)	1,825,537	1,937,844

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original <u>Budget</u>	Adjustments/ Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
Other Financing Sources(Uses):					
Transfer to Food Service Fund - Board Contribution	\$ (232,499)	\$ (3,220)	\$ (235,719)	\$ (184,430)	\$ 51,289
Operating Transfers - Internal Service Funds	250,000		250,000	250,000	
Operating Transfers - Compensated Absences Internal Service Fund	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<u>17,501</u>	<u>(3,220)</u>	<u>14,281</u>	<u>65,570</u>	<u>51,289</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses		(98,026)	(98,026)	1,891,107	1,989,133
Fund Balances, July 1	<u>686,767</u>	<u>-</u>	<u>686,767</u>	<u>686,767</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 686,767</u>	<u>\$ (98,026)</u>	<u>\$ 588,741</u>	<u>\$ 2,577,874</u>	<u>\$ 1,989,133</u>
<b>Recapitulation:</b>					
Reserve for Encumbrance				\$ 79,774	
Capital Reserve				1	
Unreserved					
Undesignated				2,098,099	
Designated for Subsequent Year's Expenditures				<u>400,000</u>	
				<u>\$ 2,577,874</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, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
State Sources	\$ 971,943	\$ 30,376	\$ 1,002,319	\$ 928,061	\$ (74,258)
Federal Sources	487,214	13,080	500,294	243,135	(257,159)
Other Sources	8,000,000	579,026	8,579,026	8,019,136	(559,890)
Total Revenues	<u>9,459,157</u>	<u>622,482</u>	<u>10,081,639</u>	<u>9,190,332</u>	<u>(891,307)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	9,296,198	(5,027,533)	4,268,665	3,907,648	361,017
Other Salaries for Instruction		35,994	35,994	35,994	
Purchased Professional Services		11,445	11,445	9,863	1,582
Other Purchased Services		46,515	46,515	46,515	
General Supplies		179,813	179,813	101,337	78,476
Other Objects	162,959	(95,146)	67,813	67,290	523
Total Instruction	<u>9,459,157</u>	<u>(4,848,912)</u>	<u>4,610,245</u>	<u>4,168,647</u>	<u>441,598</u>
Support Services					
Salaries		973,917	973,917	898,066	75,851
Personnel Services Employee Benefits		1,923,351	1,923,351	1,804,153	119,198
Cleaning, Repair, and Maintenance Service		7,493	7,493	5,115	2,378
Purchased Professional Education Services		2,135,822	2,135,822	1,996,733	139,089
Communication and Telephone		20,733	20,733	20,733	
Energy		16,909	16,909	16,909	
Rental		116,922	116,922	116,333	589
Travel		16,066	16,066	13,142	2,924
Other Purchased Services		106,271	106,271	89,373	16,898
Supplies and Materials		5,458	5,458	5,458	
Miscellaneous Expenditures	-	40,719	40,719	12,937	27,782
Total Support Services	<u>-</u>	<u>5,363,661</u>	<u>5,363,661</u>	<u>4,978,952</u>	<u>384,709</u>
Facilities Acquisition and Construction					
Buildings		99,425	99,425	34,425	65,000
Instructional Equipment	-	8,308	8,308	8,308	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>107,733</u>	<u>107,733</u>	<u>42,733</u>	<u>65,000</u>
Total Expenditures	<u>9,459,157</u>	<u>622,482</u>	<u>10,081,639</u>	<u>9,190,332</u>	<u>891,307</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 Funds 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.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Source/Inflows of Resources</b>		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	\$ 59,935,748	\$ 9,190,332
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, 2009		56,884
Encumbrances, June 30, 2010	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 59,935,748</u>	<u>\$ 9,247,216</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 58,110,211	\$ 9,190,332
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, 2009		56,884
Encumbrances, June 30, 2010	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	<u>\$ 58,110,211</u>	<u>\$ 9,247,216</u>

**SCHOOL LEVEL FUNDS**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-RUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Total Brought Forward (Ex. E-1b)	Total Brought Forward (Ex. E-1a)	Total Brought Forward (Ex. E-1c)	Nonpublic Supp. Insp.	Nonpublic Speech	Nonpublic Transport	Nonpublic Home Inst	Nonpublic Exam & Class	Nonpublic Comm. Ed	2010
<b>REVENUES</b>										
Intergovernmental										
State	\$ 101,237	\$ 826,824								\$ 928,061
Federal	161,140	81,395								243,135
Other	284,696	-								8,013,136
Total Revenues	\$ 547,073	\$ 908,819	\$ 1,661,593	\$ 835,633	\$ 1,162,314	\$ 94,423	\$ 58,718	\$ 1,407,290	\$ 2,514,469	\$ 9,190,332
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 136,211	\$ 421,410	\$ 782,279	\$ 491,985	\$ 566,488	\$ 45,359	\$ 39,166	\$ 11,634	\$ 1,424,750	\$ 3,207,648
Other Salaries for Instruction	-	-	-	11,998	12,362	-	-	-	-	35,994
Purchased Professional Services	8,268	1,595	-	-	-	-	-	-	-	9,863
Other Purchased Services	-	46,515	-	2,651	594	-	-	6,444	16,463	46,515
General Supplies	7,510	16,017	51,658	-	991	-	-	10,996	20,973	101,337
Other Objects	30,359	3,971	-	-	-	-	-	-	-	67,290
Total Instruction	182,348	489,508	833,937	506,634	580,435	45,359	39,166	29,074	1,462,186	4,168,647
Support Services										
Salaries	153,835	149,927	75,249	67,228	130,180	44,624	641	212,897	63,485	898,066
Personnel Services Employee Benefits	164,377	68,789	195,767	236,790	328,268	2,378	148	114,612	693,024	1,804,153
Cleaning, Repair, and Maintenance Services	-	-	-	-	-	-	-	4,191	924	5,115
Purchased Professional Education Services	8,907	62,857	470,582	13,911	89,027	2,062	18,763	1,004,937	228,900	1,895,946
Purchased Professional Technical Services	-	29,338	67,449	-	-	-	-	-	-	96,787
Communication and Telephone	654	-	-	-	654	-	-	654	18,771	20,733
Energy (Heat & Electricity)	5,828	-	-	-	5,540	-	-	5,541	5,541	16,909
Purchased Property Services	-	-	-	-	-	-	-	-	-	-
Rental	10,000	15,267	-	10,000	25,000	-	-	28,033	28,033	116,333
Travel	843	1,904	-	-	-	-	-	-	10,395	13,142
Other Purchased Services	17,905	40,785	10,301	1,070	3,210	-	-	12,892	3,210	89,373
Supplies and Materials	2,376	3,082	-	-	-	-	-	-	-	5,458
Miscellaneous Expenditures	-	12,937	-	-	-	-	-	-	-	12,937
Total Support Services	364,725	384,886	819,348	328,999	581,879	49,064	19,552	1,378,216	1,052,283	4,378,952
Facilities Acquisition and Construction										
Buildings	-	34,425	-	-	-	-	-	-	-	-
Rental of Buildings	-	-	-	-	-	-	-	-	-	34,425
Instructional Equipment	-	-	8,308	-	-	-	-	-	-	8,308
Total Facilities Acquisition and Construction	-	34,425	8,308	-	-	-	-	-	-	42,733
Total Expenditures	\$ 547,073	\$ 908,819	\$ 1,661,593	\$ 835,633	\$ 1,162,314	\$ 94,423	\$ 58,718	\$ 1,407,290	\$ 2,514,469	\$ 9,190,332

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, 2010

	Careers Thru Technology	DDD Transmutation	Adult Autism	After Hours	Community Connections	Getting Us There	Leisure Bridges	Community Partnership	REMS SNAP	Total Exhibit E-1a
<b>REVENUES</b>										
Intergovernmental										
State	\$ 165,988	\$ 224,454	\$ 118,921	\$ 43,397	\$ 37,098	\$ 75,766	\$ 56,260	\$ 104,940	\$ -	\$ 826,824
Federal									\$ 81,985	\$ 81,985
Other										
<b>Total Revenues</b>	<b>\$ 165,988</b>	<b>\$ 224,454</b>	<b>\$ 118,921</b>	<b>\$ 43,397</b>	<b>\$ 37,098</b>	<b>\$ 75,766</b>	<b>\$ 56,260</b>	<b>\$ 104,940</b>	<b>\$ 81,985</b>	<b>\$ 908,819</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 133,861	\$ 59,333	\$ 116,007	\$ 42,897	\$ 28,819	\$ 40,493				\$ 421,410
Other Salaries for Instruction		1,595								1,595
Purchased Professional Services		46,515								46,515
Other Purchased Services		3,093		500		5,520			\$ 6,904	16,017
General Supplies										3,971
Other Objects										
<b>Total Instruction</b>	<b>133,861</b>	<b>110,536</b>	<b>116,007</b>	<b>43,397</b>	<b>28,819</b>	<b>46,013</b>	<b>3,971</b>	<b>-</b>	<b>6,904</b>	<b>489,508</b>
Support Services										
Salaries	17,202	36,422	2,914		5,779	17,779	13,860	\$ 59,819	13,354	149,927
Personnel Services Employee Benefits		29,363				1,974	597	16,314	3,339	68,789
Cleaning, Repair, and Maintenance Services										
Purchased Professional Education Services								19,300	43,537	62,837
Purchased Professional Technical Services		29,338								29,338
Other Purchased Professional Services										
Communication and Telephone										
Energy (Heat & Electricity)										
Purchased Property Services		15,267								15,267
Rental										
Travel		3,528							1,904	1,904
Other Purchased Services								9,263		40,785
Supplies and Materials								244		3,082
Miscellaneous Expenditures									12,937	12,937
<b>Total Support Services</b>	<b>17,202</b>	<b>113,918</b>	<b>2,914</b>	<b>-</b>	<b>5,779</b>	<b>19,753</b>	<b>45,289</b>	<b>104,940</b>	<b>75,091</b>	<b>384,886</b>
Facilities Acquisition and Construction										
Rental of Buildings	14,925				2,500	10,000	7,000			34,425
Instructional Equipment										
<b>Total Facilities Acquisition and Construction</b>	<b>14,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>10,000</b>	<b>7,000</b>	<b>-</b>	<b>-</b>	<b>34,425</b>
<b>Total Expenditures</b>	<b>\$ 165,988</b>	<b>\$ 224,454</b>	<b>\$ 118,921</b>	<b>\$ 43,397</b>	<b>\$ 37,098</b>	<b>\$ 75,766</b>	<b>\$ 56,260</b>	<b>\$ 104,940</b>	<b>\$ 81,985</b>	<b>\$ 908,819</b>

**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, 2010**

	Work Ready, Work Now	Work Ready, Work Now ARRA	Blishman Donations	Millburn Donations	HHP Union St Donations	Nonpublic ESL	Millburn Transition	Homeless Children	Homeless Children Continued	Total Exhibit E-1b
<b>REVENUES</b>										
Intergovernmental										
State	\$ 101,237									\$ 101,237
Federal		\$ 25,542	\$ 201	\$ 2,836	\$ 1,135	\$ 276,313	\$ 4,211	\$ 65,544	\$ 70,054	\$ 161,140
Other										\$ 284,696
<b>Total Revenues</b>	<b>\$ 101,237</b>	<b>\$ 25,542</b>	<b>\$ 201</b>	<b>\$ 2,836</b>	<b>\$ 1,135</b>	<b>\$ 276,313</b>	<b>\$ 4,211</b>	<b>\$ 65,544</b>	<b>\$ 70,054</b>	<b>\$ 547,073</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 26,955					\$ 79,222		\$ 30,034	\$ 136,211	\$ 136,211
Other Salaries for Instruction										
Purchased Professional Services	7,718							530	8,268	8,268
Other Purchased Services										
General Supplies	1,096		\$ 201	\$ 2,836	\$ 1,135	855	\$ 776	\$ 382	229	7,510
Other Objects		\$ 25,542					3,435		1,382	30,359
<b>Total Instruction</b>	<b>\$ 35,789</b>	<b>\$ 25,542</b>	<b>\$ 201</b>	<b>\$ 2,836</b>	<b>\$ 1,135</b>	<b>\$ 80,077</b>	<b>\$ 4,211</b>	<b>\$ 382</b>	<b>\$ 32,175</b>	<b>\$ 185,348</b>
Support Services										
Salaries	48,665					44,474		47,207	13,489	153,835
Personnel Services Employee Benefits	16,783					130,720		11,802	5,072	164,377
Cleaning, Repair, and Maintenance Services										
Purchased Professional Education Services						3,490		5,417	8,907	8,907
Other Purchased Professional Services										
Communication and Telephone						654			654	654
Energy (Heat & Electricity)						5,828			5,828	5,828
Purchased Property Services										
Rental						10,000				10,000
Travel								736	107	843
Other Purchased Services										
Supplies and Materials						1,070			16,835	17,905
Miscellaneous Expenditures									2,376	2,376
<b>Total Support Services</b>	<b>\$ 65,448</b>					<b>\$ 196,236</b>		<b>\$ 65,162</b>	<b>\$ 37,879</b>	<b>\$ 364,725</b>
Facilities Acquisition and Construction										
Buildings										
Instructional Equipment										
<b>Total Facilities Acquisition and Construction</b>										
<b>Total Expenditures</b>	<b>\$ 101,237</b>	<b>\$ 25,542</b>	<b>\$ 201</b>	<b>\$ 2,836</b>	<b>\$ 1,135</b>	<b>\$ 276,313</b>	<b>\$ 4,211</b>	<b>\$ 65,544</b>	<b>\$ 70,054</b>	<b>\$ 547,073</b>

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, 2010

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	Total Exhibit E-1c
<b>REVENUES</b>			
Intergovernmental			
State			
Federal			
Other	\$ 1,564,529	\$ 97,064	\$ 1,661,593
Total Revenues	\$ 1,564,529	\$ 97,064	\$ 1,661,593
<b>EXPENDITURES</b>			
Instruction			
Salaries of Teachers	\$ 782,279		\$ 782,279
Other Salaries for Instruction			
Purchased Professional Services			
Other Purchased Services	37,222	\$ 14,436	\$ 51,658
General Supplies			
Other Objects			
Total Instruction	819,501	14,436	833,937
Support Services			
Salaries	75,249		75,249
Personnel Services Employee Benefits	195,767		195,767
Cleaning, Repair, and Maintenance Services			
Purchased Professional Education Services	387,954	82,628	470,582
Other Purchased Professional Services	67,449		67,449
Communication and Telephone			
Energy (Heat & Electricity)			
Purchased Property Services			
Rental			
Travel			
Other Purchased Services	10,301		10,301
Supplies and Materials			
Miscellaneous Expenditures			
Total Support Services	736,720	82,628	819,348
Facilities Acquisition and Construction			
Buildings			
Instructional Equipment	8,308		8,308
Total Facilities Acquisition and Construction	8,308		8,308
Total Expenditures	\$ 1,564,529	\$ 97,064	\$ 1,661,593

**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, 2010**

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, 2010**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2010</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Centralized Campus	\$ 7,800,000	\$ 7,299,554		\$ 500,446
Facilities Bond #13	830,000	829,855		145
Facilities Bond #14	3,756,650	3,745,270	\$ 11,380	
Facilities Bond #15	1,791,000	1,393,203	103,479	294,318
Facilities Bond #16	1,400,000			1,400,000
Facilities Bond #17	1,847,000	734,871	104,899	1,007,230
Facilities Bond #18	<u>5,010,750</u>	<u>765,665</u>	<u>240,834</u>	<u>4,004,251</u>
	<u>\$ 22,435,400</u>	<u>\$ 14,768,418</u>	<u>\$ 460,592</u>	<u>\$ 7,206,390</u>
				Project Balance, June 30, 2010
				\$ 7,206,390
				Unrealized Revenue - Authorized
				But Not Issued by the County
				<u>(7,392,790)</u>
				Fund Balance, June 30, 2010
				<u>\$ (186,400)</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, 2010**

<b>Revenues and Other Financing Sources</b>	
County Aid	\$ <u>1,441,212</u>
Total Revenues and Other Financing Sources	<u>1,441,212</u>
<b>Expenditures and Other Financing Uses</b>	
Purchased Professional and Technical Services	288,989
Facilities Acquisition and Construction Services	98,892
Equipment	72,711
Supplies and Materials	<u>460,592</u>
Total Expenditures and Other Financing Uses	<u>460,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	980,620
Fund Balance (Deficit) - Beginning of Year	<u>(1,167,020)</u>
Fund Balance (Deficit) - End of Year	<u>\$ (186,400)</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

		<u>Analysis of Funds</u>	
		<u>County Aid</u>	<u>State Share EDA</u>
<u>Analysis of Appropriation</u>			
Centralized Campus	\$ 7,800,000		
Facilities Bond #15	1,791,000		
Facilities Bond #16	1,400,000		
Facilities Bond #17	1,847,000		
Facilities Bond #18	<u>5,010,750</u>		
	17,848,750	\$ 17,848,750	
Facilities Bond #13	830,000		
Facilities Bond #14	<u>3,756,650</u>		
	<u>4,586,650</u>	<u>2,809,317</u>	<u>\$ 1,777,333</u>
Total	<u>\$ 22,435,400</u>	<u>\$ 20,658,067</u>	<u>\$ 1,777,333</u>

Analysis

4/23/03	Project Number 0285-030-03-0258-00	\$ 77,699
4/23/03	Project Number 0285-070-03-0375-00	1,197,744
4/23/03	Project Number 0285-050-03-0259-00	<u>501,890</u>
		<u>\$ 1,777,333</u>

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30,2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUNDS**

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2010

	Millburn Regional Day School	Norman A. Blesham Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	EUTC	Management Agreement	Compensated Absences	Totals
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash and Cash Equivalents	\$ 405,091	\$ 687,290	\$ 413,878	\$ 139,061	\$ 40,809	\$ 955	\$ 57,218	\$ 1,304	\$ 35,280	\$ 3,268	\$ -	\$ 1,784,154
Accounts Receivable	452,502	245,320	272,242	25,200	54,000	223,880	55,445	602,518	-	124,209	-	1,931,107
Due From B.C.T.S.	-	-	-	-	-	-	-	-	-	-	\$ 1,216,577	124,209
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	1,216,577
Total Current Assets	\$ 857,593	\$ 932,610	\$ 686,120	\$ 164,261	\$ 94,809	\$ 224,835	\$ 112,663	\$ 603,822	\$ 35,280	\$ 127,477	\$ 1,216,577	\$ 5,056,047
<b>Capital Assets</b>												
Furniture, machinery & equipment	188,200	281,319	-	-	-	14,657	-	70,488	13,985	-	-	568,649
Less: Accumulated Depreciation	(169,293)	(223,309)	-	-	-	(7,330)	-	(65,953)	(1,173)	-	-	(437,058)
Total Capital Assets, Net	18,907	58,010	-	-	-	7,327	-	34,535	12,812	-	-	131,591
Total Assets	\$ 876,500	\$ 990,620	\$ 686,120	\$ 164,261	\$ 94,809	\$ 232,162	\$ 112,663	\$ 638,357	\$ 48,092	\$ 127,477	\$ 1,216,577	\$ 5,187,638
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Accounts Payable	22,252	29,593	307	-	-	3,702	-	1,710	1,221	2,477	-	57,560
Other	8,542	11,958	-	-	-	-	-	113	-	-	-	24,315
Intergovernmental Payable	-	-	-	-	-	25,000	-	225,000	-	125,000	-	375,000
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	30,794	41,551	307	-	307	28,702	-	226,823	1,221	127,477	-	456,875
<b>Noncurrent Liabilities</b>												
Compensated Absences	83,351	115,416	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Noncurrent Liabilities	83,351	115,416	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Liabilities	114,145	156,967	307	-	307	28,702	-	226,823	1,221	127,477	1,216,577	1,872,219
<b>NET ASSETS</b>												
Invested in capital assets net of related debt	18,907	58,010	-	-	-	7,327	-	34,535	12,812	-	-	131,591
Unrestricted	743,448	775,643	686,120	164,261	94,502	196,133	112,663	376,999	34,059	-	-	3,183,828
Total Net Assets	\$ 762,355	\$ 833,653	\$ 686,120	\$ 164,261	\$ 94,502	\$ 203,460	\$ 112,663	\$ 411,534	\$ 46,871	\$ -	\$ -	\$ 3,315,419

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Millburn Regional Day School	Norman A. Briehman Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	ETTC	Management Agreement	Compensated Absences	Totals
<b>REVENUES</b>												
OPERATING REVENUES	\$ 4,135,873	\$ 7,674,515	\$ 1,102,058	\$ 2,948,900	\$ 159,000	\$ 643,692	\$ 174,986	\$ 2,657,186	\$ 61,332	\$ 980,909	-	\$ 11,810,388
Tuition from LEAS	37,440	222,300	-	-	-	-	-	-	-	-	-	8,987,803
Charges and Fees	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Revenues	4,173,313	7,896,815	1,102,058	2,948,900	159,000	643,692	174,986	2,657,186	61,332	980,909	-	20,798,191
<b>OPERATING EXPENSES</b>												
Instruction-Special Education	2,004,692	4,580,491	649,871	1,429,183	117,652	517,378	106,533	1,773,829	28,688	-	-	11,208,317
School Sponsored Curricular Activities	-	-	-	-	-	-	-	-	-	-	-	468,032
Health Services	213,356	243,628	-	11,048	-	-	-	4,541	-	-	-	514,124
Other Support Services-Students-Special	154,882	188,670	-	166,031	-	-	-	154,062	-	-	-	212,260
Admin. Info. Technology	-	53,348	-	4,850	-	-	-	-	-	-	-	-
Instructional Staff Training Services	-	-	-	-	-	-	-	-	-	6,654	-	111,593
General Administration	26,448	22,530	-	39,022	-	-	-	16,939	-	-	-	616,549
School Administration	159,931	177,576	-	187,462	-	-	-	91,580	-	21,904	-	989,150
Operation and Maintenance of Plant	276,960	386,392	-	187,170	-	-	-	116,724	-	-	-	62,436
Student Transportation	-	-	-	62,436	-	-	-	-	-	762,307	-	1,731,200
Business/Central Services	339,725	360,049	-	269,119	-	-	-	360,291	-	189,095	-	3,776,355
Unallocated Benefits	791,837	1,555,506	162,468	572,520	24,361	98,932	21,345	-	-	949	-	42,625
Food Services	1,901	4,459	-	35,316	-	-	-	-	-	-	-	42,279
Depreciation	4,733	28,231	-	-	-	1,466	-	6,913	936	-	-	-
Total Operating Expenses	3,974,465	7,600,880	812,339	2,964,157	142,013	617,776	127,878	2,524,879	29,624	980,909	-	19,774,920
Operating Income (Loss)	198,848	295,935	289,719	(15,257)	16,987	25,916	47,108	132,307	31,708	-	-	1,023,271
Net Income (Loss) Before Operating Transfers	198,848	295,935	289,719	(15,257)	16,987	25,916	47,108	132,307	31,708	-	-	1,023,271
Transfer In(out)	-	-	(100,000)	(35,000)	(25,000)	(35,000)	(20,000)	(35,000)	-	-	-	(250,000)
Other Financing Source(Use)	-	-	-	(50,257)	(8,013)	(9,084)	27,108	97,307	31,708	-	-	773,271
Change in Net Assets	198,848	295,935	189,719	(50,257)	(8,013)	(9,084)	27,108	97,307	31,708	-	-	65,296
Prior Period Adjustment - Capital Assets, net	8,469	56,827	-	-	-	-	-	-	-	-	-	-
Total Net Assets - Beginning of Year	555,038	480,891	496,401	214,518	102,515	212,544	85,555	314,227	15,163	-	-	2,476,852
Total Net Assets - Ending of Year	762,355	833,653	686,120	164,261	94,502	203,460	112,663	411,534	46,871	-	-	3,315,419

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Millburn Regional Day School	Norman A. Bishman Regional Day School	One to Aides	Extended Year	TAP	Tonahstone	Home Hospital	Education Enterprises	ETTC	Management Assessment	Compensated Absences	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Receipts from Customers	\$ 4,222,006	\$ 8,280,736	\$ 1,146,996	\$ 2,923,700	\$ 190,500	\$ 632,071	\$ 158,371	\$ 2,482,129	\$ 61,332	\$ 1,204,017	\$ -	\$ 21,305,858
Payments to Employees	(2,701,419)	(5,375,378)	(649,871)	(1,573,315)	(97,652)	(936,641)	(86,784)	(1,841,569)	(27,467)	(762,307)	-	(13,486,936)
Payments to Suppliers for Goods and Services	(1,372,094)	(3,312,673)	(162,468)	(1,390,842)	(44,054)	(217,669)	(41,094)	(681,366)	-	(217,981)	-	(6,467,708)
Net Cash Provided by/Used for operating activities	149,493	592,685	334,657	(40,457)	48,794	15,761	30,493	(37,806)	33,865	223,729	-	1,351,214
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>												
Operating Subsidies and transfers from/to other funds	(10,000)	(10,000)	(100,000)	(35,000)	(25,000)	(15,000)	(20,000)	40,000	-	(225,000)	-	(400,000)
Net cash provided by (used for) noncapital financing activities	(10,000)	(10,000)	(100,000)	(35,000)	(25,000)	(15,000)	(20,000)	40,000	-	(225,000)	-	(400,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>												
Purchases of capital assets	-	(3,519)	-	-	-	-	-	(2,713)	(9,245)	-	-	(15,477)
Net cash provided by (used) capital and related financing activities	-	(3,519)	-	-	-	-	-	(2,713)	(9,245)	-	-	(15,477)
Net increase (decrease) in cash and cash equivalents	139,493	579,166	234,657	(75,457)	23,794	761	10,493	(519)	24,620	(1,271)	-	935,737
Balances - Beginning of Year	265,598	108,124	179,221	214,518	17,015	194	46,725	1,823	10,660	4,539	-	543,417
Balances - End of Year	\$ 405,091	\$ 687,290	\$ 413,878	\$ 139,061	\$ 40,809	\$ 955	\$ 57,218	\$ 1,304	\$ 35,280	\$ 3,268	\$ -	\$ 1,784,154
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>												
Operating Income (Loss)	\$ 198,848	\$ 295,935	\$ 289,719	\$ (15,257)	\$ 16,987	\$ 25,916	\$ 47,108	\$ 132,307	\$ 31,708	\$ -	\$ -	\$ 1,023,271
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities												
Depreciation and net amortization	4,733	28,231				1,466		6,913	956			42,279
(Increase) Decrease in accounts receivable, net	42,144	371,963	44,938	(25,200)	31,500	(13,013)	(16,615)	(172,057)		223,108		486,768
Increase (Decrease) in other current liabilities	7,549	11,958				1,392						20,899
Increase (decrease) in accounts payable	(103,781)	(115,402)			307			(4,969)		621		(222,003)
Total Adjustments	(49,355)	296,750	44,938	(25,200)	31,807	(10,155)	(16,615)	(170,113)	2,157	223,729		327,943
Net Cash Provided (Used) by Operating Activities	\$ 149,493	\$ 592,685	\$ 334,657	\$ (40,457)	\$ 48,794	\$ 15,761	\$ 30,493	\$ (37,806)	\$ 33,865	\$ 223,729	\$ -	\$ 1,351,214

**FIDUCIARY FUNDS**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,364	\$ 493,854	\$ 497,218
Total Assets	<u>\$ 3,364</u>	<u>\$ 493,854</u>	<u>\$ 497,218</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 493,854	\$ 493,854
Payable to Student Groups	<u>\$ 3,364</u>	<u>-</u>	<u>3,364</u>
Total Liabilities	<u>\$ 3,364</u>	<u>\$ 493,854</u>	<u>\$ 497,218</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

	<b>Balance July 1, <u>2009</u></b>	<b><u>Receipts</u></b>	<b>Disburse- <u>ments</u></b>	<b>Balance June 30, <u>2010</u></b>
SCHOOLS				
Bergen County Piermont Student Activity	\$ 343	\$ 326	\$ 633	\$ 36
District Student Activity		4,168	1,228	2,940
Millburn Regional Day School	<u>387</u>	<u>1</u>	<u>-</u>	<u>388</u>
	<u>\$ 730</u>	<u>\$ 4,495</u>	<u>\$ 1,861</u>	<u>\$ 3,364</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Balance July 1, <u>2009</u></b>	<b><u>Receipts</u></b>	<b>Disburse- <u>ments</u></b>	<b>Balance June 30, <u>2010</u></b>
Payroll Deductions and Withholdings	\$ 434,765	\$ 22,851,424	\$ 22,792,335	\$ 493,854
Accrued Salaries and Wages	<u>1,255</u>	<u>33,967,138</u>	<u>33,968,393</u>	<u>-</u>
	<u>\$ 436,020</u>	<u>\$ 56,818,562</u>	<u>\$ 56,760,728</u>	<u>\$ 493,854</u>

**LONG-TERM DEBT**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOT APPLICABLE**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>		<u>AMOUNT OF ORIGINAL ISSUE</u>		<u>BALANCE July 1, 2009</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2010</u>
XEROX WCP65H Midland Ave Rehab	7.50%	\$	28,626				
XEROX WC35H - Rockleigh Rehab	7.50%		12,610				
XEROX WCP45H- Rockleigh	7.50%		15,689				
XEROX WCP65H - Hillcrest	7.50%		32,107				
XEROX WC35H- Montasano	7.50%		13,542				
XEROX WCP65H- Union Street	7.50%		32,716				
XEROX WCP35H- Superintendents Office	7.50%		17,335				
XEROX WC35H- Hillcrest	7.50%		13,542				
XEROX WC45H- Rockleigh	7.50%		15,315				
XEROX 5665- MPS Bleshman Serial #7TL-014927	0.00%		32,210				
CANON IR 8500- Montasano	10.43%	\$	19,499		2,827	2,827	-
CANON IR 5020- Nova Basement	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Evergreen Lobby	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Brownstone 2nd Floor	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Carl Padavano Main Office	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Ship Room	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Rockleigh Touchstone "E"	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Rockleigh RGL Nurse	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Wood-Ridge Teachers' Room	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Wood-Ridge Office	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Gateway	10.42%		11,750		1,468	1,468	-
CANON IR 5020- Millburn Room 102	10.42%		11,750		1,941	1,941	-
CANON IR 5020- Millburn Room 103	10.42%		11,750		1,941	1,941	-
CANON IR 8070 - Superintendent's	10.42%		20,487		4,986	4,986	-
CANON IR 3220 - Superintendent's	10.42%		14,145		3,442	3,442	-
CANON IR 3220 - Superintendent's	10.42%		14,145		3,442	3,442	-
CANON IR 5020 - Personnel	10.42%		11,750		2,859	2,859	-
CANON IR 5020 - Hip Godwin	10.42%		11,750		2,859	2,859	-
CANON IR 5020 - Hip Highland	10.42%		11,750		2,859	2,859	-
CANON IR 5020 - Nova - Emerson	10.42%		11,750		2,859	2,859	-
CANON IR 6020 - Piermont	10.42%		12,851		3,127	3,127	-
CANON IR 5020 - Piermont	10.42%		11,750		2,859	2,859	-
CANON IR 5020 - New Bridges	10.42%		11,750		2,859	2,859	-
<b>GRAND TOTAL</b>		\$	<u>506,319</u>		<u>57,797</u>	<u>57,797</u>	<u>-</u>

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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 ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 3,841,543	\$ 3,944,915	\$ 5,298,188	\$ 11,185,224	\$ 12,598,772	\$ 14,330,036	\$ 14,761,199	\$ 15,147,880	\$ 14,573,918
Restricted	943,513		4,412	1	1	1	1	1	1
Unrestricted	2,062,928	3,532,746	3,453,565	3,536,925	1,198,649	1,897,018	917,303	1,425,492	5,038,537
Total Governmental Activities Net Assets	\$ 6,847,984	\$ 7,477,661	\$ 8,756,165	\$ 14,722,150	\$ 13,797,422	\$ 16,227,055	\$ 15,678,503	\$ 16,573,373	\$ 19,612,456
<b>Business-Type Activities</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 10,008	\$ 14,648	\$ 11,818	\$ 40,795	\$ 35,945	\$ 31,095	\$ 26,245	\$ 21,395	\$ 21,545
Unrestricted	82,654	131,014	113,296	82,740	25,789	(31,998)	7,426	12,678	24,288
Total Business-Type Activities Net Assets	\$ 92,662	\$ 145,662	\$ 125,114	\$ 123,535	\$ 61,734	\$ (903)	\$ 33,671	\$ 34,073	\$ 45,833
<b>District-Wide</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 3,851,551	\$ 3,959,563	\$ 5,310,006	\$ 11,226,019	\$ 12,634,717	\$ 14,361,131	\$ 14,787,444	\$ 15,169,275	\$ 14,595,463
Restricted	943,513	-	4,412	1	1	1	1	1	1
Unrestricted	2,145,582	3,663,760	3,566,861	3,619,665	1,224,438	1,865,020	924,729	1,438,170	5,062,825
Total District Net Assets	\$ 6,940,646	\$ 7,623,323	\$ 8,881,279	\$ 14,845,685	\$ 13,859,156	\$ 16,226,152	\$ 15,712,174	\$ 16,607,446	\$ 19,658,289

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2001/02 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
<b>Governmental Activities</b>									
<b>Instruction</b>									
Special Education	\$ 24,537,507	\$ 33,503,995	\$ 38,955,125	\$ 42,188,072	\$ 45,437,422	\$ 46,666,073	\$ 52,409,148	\$ 54,047,641	\$ 52,185,751
<b>Support Services:</b>									
Health Services	626,334								
Student & Instruction Related Services	3,816,195	11,257,493	12,461,830	12,205,278	12,688,247	14,204,788	17,772,009	18,565,246	19,147,517
Educational Media Services	380,850								
School Administration Services	1,692,324	1,613,748	2,485,861	2,905,012	2,972,465	3,154,112	3,577,365	3,691,661	4,039,313
General Administration	1,408,964	2,385,267	1,739,347	1,583,425	1,546,587	1,808,694	1,614,639	1,689,248	1,257,233
Plant Operations And Maintenance	3,525,653	4,755,059	5,038,722	5,944,357	6,754,626	7,999,094	7,723,793	7,826,411	7,444,936
Administrative Information Technology									
Pupil Transportation	594,385	859,267	859,670	1,016,225	1,187,705	1,384,223	1,396,173	1,702,675	1,571,143
Support Svc- Central Svc/Admin Info Tech	1,229,784	1,934,596	2,380,802	2,795,512	3,020,406	3,523,462	3,336,811	3,465,816	2,650,731
Unallocated Benefits	1,562,490								
<b>Debt Service</b>									
Interest on Long Term Debt							19,282	10,385	2,528
<b>Special Schools</b>									
Unallocated Depreciation	2,035,434	1,946,759							
Regional Day Schools	1,036,205								
Regional Day Schools	10,454,584								
<b>Total Governmental Activities Expenses</b>	<u>\$ 24,900,709</u>	<u>\$ 58,256,184</u>	<u>\$ 63,921,357</u>	<u>\$ 68,637,881</u>	<u>\$ 73,607,458</u>	<u>\$ 78,740,446</u>	<u>\$ 87,849,220</u>	<u>\$ 90,999,083</u>	<u>\$ 88,299,152</u>
<b>Business-Type Activities:</b>									
<b>Food Service</b>									
Food Service	559,079	404,909	453,312	420,828	436,509	525,264	533,055	559,804	567,154
<b>Total Business-Type Activities Expense</b>	<u>559,079</u>	<u>404,909</u>	<u>453,312</u>	<u>420,828</u>	<u>436,509</u>	<u>525,264</u>	<u>533,055</u>	<u>559,804</u>	<u>567,154</u>
<b>Total District Expenses</b>	<u>\$ 23,459,788</u>	<u>\$ 58,661,093</u>	<u>\$ 64,374,669</u>	<u>\$ 69,058,709</u>	<u>\$ 74,043,967</u>	<u>\$ 79,265,710</u>	<u>\$ 88,382,275</u>	<u>\$ 91,558,887</u>	<u>\$ 88,866,306</u>
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
<b>Charges For Services:</b>									
Regional Day Schools-Tuition and Fees	\$ 14,859,693	\$ 15,336,307	\$ 16,762,813	\$ 18,202,605	\$ 18,497,913	18,919,693	19,688,173	20,603,942	20,798,191
Operating Grants And Contributions	7,248,225	9,428,516	11,079,945	9,744,655	10,232,877	13,132,719	14,553,680	13,859,135	13,844,363
Capital Grants And Contributions	-	-	697,532	1,964,566	2,293,394	3,134,048	2,335,851	848,417	1,441,212
<b>Total Governmental Activities Program Revenues</b>	<u>22,107,918</u>	<u>24,764,823</u>	<u>28,540,290</u>	<u>29,911,826</u>	<u>31,024,184</u>	<u>35,186,460</u>	<u>36,577,704</u>	<u>35,311,494</u>	<u>36,083,766</u>
<b>Business-Type Activities:</b>									
<b>Charges For Services</b>									
Food Service	158,975	127,741	141,304	128,515	129,377	134,405	130,853	141,752	133,040
Operating Grants And Contributions	132,296	126,146	139,537	153,698	150,070	187,305	198,391	227,481	261,444
Capital Grants And Contributions									
<b>Total Business-Type Activities Program Revenues</b>	<u>291,271</u>	<u>253,887</u>	<u>280,841</u>	<u>282,213</u>	<u>279,447</u>	<u>321,710</u>	<u>329,244</u>	<u>369,233</u>	<u>394,484</u>
<b>Total District Program Revenues</b>	<u>\$ 22,399,189</u>	<u>\$ 25,018,710</u>	<u>\$ 28,821,131</u>	<u>\$ 30,194,039</u>	<u>\$ 31,303,631</u>	<u>\$ 35,508,170</u>	<u>\$ 36,906,948</u>	<u>\$ 35,680,727</u>	<u>\$ 36,478,250</u>
<b>Net (Expense)/Revenue</b>									
<b>Governmental Activities</b>	<u>\$ (30,792,791)</u>	<u>\$ (33,491,361)</u>	<u>\$ (35,381,067)</u>	<u>\$ (38,726,055)</u>	<u>\$ (42,583,274)</u>	<u>\$ (43,553,986)</u>	<u>\$ (51,271,516)</u>	<u>\$ (55,687,589)</u>	<u>\$ (52,215,386)</u>
<b>Business-Type Activities</b>	<u>(267,808)</u>	<u>(151,022)</u>	<u>(172,471)</u>	<u>(138,615)</u>	<u>(157,062)</u>	<u>(203,554)</u>	<u>(203,811)</u>	<u>(190,571)</u>	<u>(172,670)</u>
<b>Total District-Wide Net Expense</b>	<u>\$ (31,060,599)</u>	<u>\$ (33,642,383)</u>	<u>\$ (35,553,538)</u>	<u>\$ (38,864,670)</u>	<u>\$ (42,740,336)</u>	<u>\$ (43,757,540)</u>	<u>\$ (51,475,327)</u>	<u>\$ (55,878,160)</u>	<u>\$ (52,388,056)</u>
<b>General Revenues And Other Changes In Net Assets</b>									
<b>Governmental Activities:</b>									
Property Taxes Levied For General Purposes, Net	\$ 5,095,047	\$ 5,198,849	\$ 5,328,849	\$ 5,462,070	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170
County Bond Proceeds-Type I	1,883,594								
Federal And State Aid Not Restricted	610,000								
Federal And State Aid Restricted	232,587	272,770	81,855	357,029	174,108	341,516	762,787	391,605	23,539
Payments In Lieu Of Taxes									
Tuition Received	24,919,803	27,510,199	29,849,090	33,418,339	34,229,025	37,970,599	41,882,614	46,143,778	44,960,015
Tuition Non-Resident	776,847	852,288	999,846	925,658	1,022,865	1,117,160	1,342,350	1,416,162	1,408,539
Investment Earnings	56,856	52,427	41,502	145,978	242,293	277,145	137,737	29,184	15,679
Miscellaneous Income	312,698	438,527	510,352	638,079	486,893	651,534	896,281	975,533	1,213,957
Transfers	(288,324)	(204,022)	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(190,973)	(184,430)
<b>Total Governmental Activities</b>	<u>33,599,108</u>	<u>34,121,038</u>	<u>36,659,571</u>	<u>40,823,996</u>	<u>41,658,546</u>	<u>45,983,619</u>	<u>50,722,964</u>	<u>56,582,459</u>	<u>55,254,469</u>
<b>Business-Type Activities:</b>									
<b>Investment Earnings</b>									
Transfers	288,324	204,022	151,923	123,157	95,261	140,917	238,385	190,973	184,430
<b>Total Business-Type Activities</b>	<u>288,324</u>	<u>204,022</u>	<u>151,923</u>	<u>123,157</u>	<u>95,261</u>	<u>140,917</u>	<u>238,385</u>	<u>190,973</u>	<u>184,430</u>
<b>Total District-Wide</b>	<u>\$ 33,887,432</u>	<u>\$ 34,325,060</u>	<u>\$ 36,811,494</u>	<u>\$ 40,947,153</u>	<u>\$ 41,753,807</u>	<u>\$ 46,124,536</u>	<u>\$ 50,961,349</u>	<u>\$ 56,773,432</u>	<u>\$ 55,438,899</u>
<b>Change In Net Assets</b>									
<b>Governmental Activities</b>	\$ 2,806,317	\$ 629,677	\$ 1,278,504	\$ 2,097,941	\$ (924,728)	\$ 2,429,633	\$ (548,552)	\$ 894,870	\$ 3,039,083
<b>Business-Type Activities</b>	20,516	53,000	(20,548)	(15,458)	(61,801)	(62,637)	34,574	402	11,760
<b>Total District</b>	<u>\$ 2,826,833</u>	<u>\$ 682,677</u>	<u>\$ 1,257,956</u>	<u>\$ 2,082,483</u>	<u>\$ (986,529)</u>	<u>\$ 2,366,996</u>	<u>\$ (513,978)</u>	<u>\$ 895,272</u>	<u>\$ 3,050,843</u>

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2001-02 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 550,917	\$ 173,764	\$ 839,552	\$ 1,183,638	\$ 777,053	\$ 893,529	\$ 40,848	\$ 118,659	\$ 79,775
Unreserved	31,840	286,001	497,160	648,177	639,897	330,129	538,984	568,108	2,498,099
Total General Fund	<u>\$ 582,757</u>	<u>\$ 459,765</u>	<u>\$ 1,336,712</u>	<u>\$ 1,831,815</u>	<u>\$ 1,416,950</u>	<u>\$ 1,223,658</u>	<u>\$ 579,832</u>	<u>\$ 686,767</u>	<u>\$ 2,577,874</u>
All Other Governmental Funds									
Reserved	\$ 44,123	\$ 432,097	\$ 1,413,245	\$ 826,323	\$ 816,670	\$ 77,648	\$ 191,236	\$ 324,548	\$ 99,250
Unreserved	218,830	(839,091)	3,319,190	(3,032,921)	(3,902,824)	(1,977,471)	(600,061)	(1,491,568)	(285,650)
Total All Other Governmental Funds	<u>\$ 262,953</u>	<u>\$ (406,994)</u>	<u>\$ 4,732,435</u>	<u>\$ (2,206,598)</u>	<u>\$ (3,086,154)</u>	<u>\$ (1,899,823)</u>	<u>\$ (408,825)</u>	<u>\$ (1,167,020)</u>	<u>\$ (186,400)</u>

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2001/02 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>									
Tax Levy	\$ 5,095,047	\$ 5,198,849	\$ 5,328,849	\$ 5,462,070	\$ 5,598,623	\$ 5,766,582	\$ 5,939,580	\$ 7,817,170	\$ 7,817,170
County Aid			697,532	918,810	2,293,394	2,421,390	2,335,851	848,417	1,441,212
Tuition Charges	24,919,803	27,510,199	29,849,090	33,418,339	34,229,025	37,970,599	41,882,614	46,143,778	44,960,015
Non-Resident Fees	776,847	852,288	999,846	925,658	1,022,865	1,117,160	1,342,350	1,416,162	1,408,539
Interest Earnings	56,856	52,427	41,502	145,978	242,293	277,145	137,737	29,184	15,679
Miscellaneous	312,698	438,527	510,352	638,079	486,893	651,534	935,338	1,002,270	9,132,795
State Sources	7,384,504	9,322,955	10,562,199	10,520,099	10,125,469	13,747,861	14,931,928	13,724,728	5,254,431
Federal Sources	706,308	378,331	599,601	627,341	281,516	439,032	345,482	499,635	594,335
<b>Total Revenue</b>	<b>39,252,063</b>	<b>43,753,576</b>	<b>48,588,971</b>	<b>52,656,374</b>	<b>54,280,078</b>	<b>62,391,303</b>	<b>67,850,880</b>	<b>71,481,344</b>	<b>70,624,176</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Special Education Instruction	18,433,556	22,011,397	26,226,434	28,733,141	31,587,020	33,048,943	37,195,137	40,152,729	38,093,151
<b>Support Services:</b>									
Health	527,238								
Student & Inst. Related Services	3,370,121	9,809,274	10,819,531	10,967,481	11,424,742	13,267,706	16,157,221	17,337,971	17,378,564
Educational Media/School Libra	318,019								
General Administration	1,515,102	2,304,962	1,649,350	1,206,425	1,372,153	1,724,587	1,523,040	1,579,880	1,145,640
School Administration Services	1,455,541	1,359,674	1,994,197	2,105,324	2,250,592	2,203,023	2,612,608	3,033,061	3,101,078
Plant Operations And Maintenanc	3,267,042	4,221,899	4,191,086	4,538,777	3,266,338	6,521,346	6,086,022	6,096,313	5,784,662
Pupil Transportation	507,783	707,960	670,770	821,748	838,061	1,013,065	1,008,359	1,296,991	1,171,617
Other Support Services	676,262	819,319	891,422	1,085,204	935,075	1,256,816	1,037,002	1,139,250	657,883
Unallocated Benefits	6,830,848								
Special Schools	1,839,153	1,946,759							
<b>Debt Service</b>									
Principal							103,391	100,304	57,797
Interest on Long Term Debt							19,282	10,385	2,528
Capital Outlay	1,246,064	934,296	2,829,954	3,041,166	2,437,385	2,721,861	1,523,261	1,494,747	425,099
<b>Total Expenditures</b>	<b>39,986,729</b>	<b>44,115,540</b>	<b>49,272,744</b>	<b>52,499,266</b>	<b>56,111,366</b>	<b>61,757,347</b>	<b>67,265,323</b>	<b>72,241,631</b>	<b>67,818,019</b>
<b>Excess (Deficiency) Of Revenues</b>									
Over (Under) Expenditures	(734,666)	(361,964)	(683,773)	157,108	(1,831,288)	633,956	585,557	(760,287)	2,806,157
<b>Other Financing Sources (Uses)</b>									
Capital Leases (Non-Budgeted)	11,460		213,692	160,499	132,128				
County Aid	1,883,594								
Transfers In					500,000	500,000	500,000	500,000	250,000
Transfers Out	(370,863)	(430,974)	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(390,973)	(184,430)
<b>Total Other Financing Sources (Uses)</b>	<b>1,524,191</b>	<b>(430,974)</b>	<b>61,769</b>	<b>37,342</b>	<b>536,867</b>	<b>359,083</b>	<b>261,615</b>	<b>109,027</b>	<b>65,570</b>
<b>Net Change In Fund Balances</b>	<b>\$ 789,525</b>	<b>\$ (792,938)</b>	<b>\$ (622,004)</b>	<b>\$ 194,450</b>	<b>\$ (1,294,421)</b>	<b>\$ 993,039</b>	<b>\$ 847,172</b>	<b>\$ (651,260)</b>	<b>\$ 2,871,727</b>
<b>Debt Service As A Percentage Of</b>									
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* Noncapital expenditures are total expenditures less capital outlay.

**Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2001/02 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-5

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
2001	\$ 147,027	\$ 661,925	\$ 370,118	\$ 146,697	\$ 93,723	\$ 1,419,490
2002	56,856	156,375	23,353	107,004	25,966	369,554
2003	52,427	265,674	24,587	119,672	28,594	490,954
2004	41,502	331,157	16,407	156,329	6,459	551,854
2005	145,978	362,823	68,385	99,035	107,836	784,057
2006	242,293	352,790	5,974	114,986	13,143	729,186
2007	277,145	428,102	43,950	151,476	28,006	928,679
2008	137,737	694,624	68,792	103,753	29,112	1,034,018
2009	29,184	789,941	106,970	73,468	5,154	1,004,717
2010	15,679	941,144	89,681	80,025	2,809	1,129,338

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

Fiscal Year Ended June 30,	Land	Improvements	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value
2001	\$ 36,039,806,743	\$ 40,713,139,097	\$ 76,752,945,840	\$189,184,528	\$ 76,942,130,368	\$ 94,488,590,615
2002	38,776,185,900	42,865,294,543	81,641,480,443	100,888,160	81,742,368,603	104,982,142,417
2003	41,020,038,104	45,617,031,312	86,637,069,416	200,367,839	86,837,437,255	108,087,109,373
2004	49,406,600,869	48,861,828,421	98,268,429,290	194,785,244	98,463,214,534	121,601,699,827
2005	56,096,632,933	52,923,796,118	109,020,429,051	190,964,986	109,211,394,037	136,528,998,442
2006	63,932,175,568	57,740,107,404	121,672,282,972	181,481,223	121,853,764,195	153,984,695,626
2007	75,839,185,175	65,253,445,037	141,092,630,212	208,579,683	141,301,209,895	174,367,309,616
2008	83,015,806,828	71,592,634,189	154,608,441,017	220,878,563	154,829,319,580	182,767,512,263
2009	84,021,555,288	73,867,544,583	157,889,099,871	240,884,027	158,129,983,898	185,908,798,980
2010	N/A	N/A	159,201,628,355	285,137,988	159,486,766,343	175,481,754,684

N/A - 2010 Abstract of Ratables was not available.

Source: County Abstract of Ratables

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

Assessment Year	General	Open Space	Total County Tax Rate
2001	\$ 0.2154	\$ 0.0045	\$ 0.220
2002	0.2145	0.0041	0.219
2003	0.2795	0.0052	0.285
2004	0.1997	0.0109	0.211
2005	0.1893	0.0097	0.199
2006	0.1761	0.0100	0.186
2007	0.1704	0.0099	0.180
2008	0.1751	0.1000	0.185
2009	0.1820	0.0100	0.192
2010	N/A	N/A	N/A

N/A - 2010 Abstract of Ratables was not available.

Source: County Abstract of Ratables

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

Taxpayer	2010		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Westland GSP	560,926,000	0.35%	NOT AVAILABLE	
1266 Apartment Corp.	289,151,000	0.18%		
Paramus Oak Shopping Center	173,800,000	0.11%		
ALX of Paramus,LLC	171,500,000	0.11%		
1530 Owners Corp.	168,478,000	0.11%		
Becton Dickinson Co.	156,547,900	0.10%		
Hackensack Hospital Assn.	134,097,400	0.08%		
Edgewater Retirement Partners	126,000,000	0.08%		
Sea-Land LTD	119,981,500	0.08%		
Medco Health Solutions	114,535,600	0.07%		
	<u>\$ 2,015,017,400</u>	<u>1.27%</u>	<u>0.00%</u>	

Source: County Board of Taxation

**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
2001	\$ 4,995,144	\$ 4,995,144	100.00%
2002	5,095,047	5,095,047	100.00%
2003	5,198,849	5,198,849	100.00%
2004	5,328,849	5,328,849	100.00%
2005	5,462,070	5,462,070	100.00%
2006	5,598,623	5,598,623	100.00%
2007	5,766,582	5,766,582	100.00%
2008	5,939,580	5,939,580	100.00%
2009	7,817,170	7,817,170	100.00%
2010	7,817,170	7,817,170	100.00%

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

Governmental Activities

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

Source: District records

(1) Estimated

Note:

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

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

**NOT APPLICABLE**

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF DECEMBER 31, 2009  
 (Unaudited)**

Net Direct Debt of School District as of June 30, 2010		None
Net Overlapping Debt of School District		
Bergen County:		
County of Bergen	\$ 681,875,430	
Bergen County Utilities Authority - Water Pollution (100%)	<u>285,219,836</u>	
		<u>\$ 967,095,266</u>
Total Direct and Overlapping Debt		<u>\$ 967,095,266</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Legal Debt Margin Calculation as of December 31, 2009 (County Debt)</b>					
Average equalized valuation of taxable property (last three year	\$135,341,426,503	\$152,222,318,410	\$167,368,287,382	\$ 178,689,519,616	\$182,615,485,340
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
Net Debt Issued Outstanding and Authorized	458,869,305	521,130,736	588,623,268	630,661,565	681,875,430
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>

Source: Annual Debt Statements

Note:

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

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

<u>Year</u>	<u>Population</u>	County Per Capital Personal <u>Income**</u>	Unemployment <u>Rate*</u>
2010	N/A	N/A	N/A
2009	895,250	N/A	7.9
2008	889,915	67,696	4.5
2007	885,664	67,113	3.4
2006	884,581	63,021	3.7
2005	887,322	56,963	4.0
2004	890,232	54,669	4.0
2003	889,739	51,291	4.9
2002	889,442	51,931	5.0
2001	888,333	52,102	3.6

\* 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>2010</u>		<u>2001</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>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular										
Special education	330.0	370.0	379.5	311.5	310.2	353.8	425.6	391.3	368.3	376.7
Other special education	28.0	28.0	25.5	26.3	26.5	26.7	26.7	28.1	30.1	29.1
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	29.0	35.0	33.2	79.3	77.4	79.7	74.7	90.7	90.7	90.9
Health Services	7.0	10.0	11.0	9.0	9.0	8.7	11.0	9.7	9.7	10.0
Educational Media Services	2.0	5.0	7.0	6.7	4.5					
General administration	5.0	5.0	5.0	2.1	2.6	2.9	2.9	3.1	3.1	2.7
School administrative services	16.0	17.0	18.3	18.1	21.9	22.8	22.8	23.6	23.6	25.0
Other administrative services										
Central services	6.0	4.0	4.0	3.1	3.8	5.8	5.8	6.3	6.3	5.0
Administrative Information Technology										
Plant operations and maintenance	17.0	19.0	19.5	21.0	22.8	22.5	23.5	22.3	22.3	20.6
Pupil transportation	13.0	14.0	14.0	14.0	14.6	14.9	16.0	15.7	15.7	15.7
Other support services										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<b>453.0</b>	<b>507.0</b>	<b>517.0</b>	<b>491.1</b>	<b>493.3</b>	<b>537.8</b>	<b>609.0</b>	<b>590.8</b>	<b>569.8</b>	<b>575.7</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	670	\$ 36,343,549	\$ 54,244	7.61%	392	1.71	729	670	1.25%	91.95%
2002	689	39,164,296	56,842	4.79%	392	1.76	749	689	2.74%	92.02%
2003	694	43,181,244	62,221	9.46%	415	1.67	755	694	0.80%	91.96%
2004	713	46,442,790	65,137	4.69%	425	1.68	775	713	2.65%	92.04%
2005	735	49,458,100	67,290	3.30%	425	1.73	806	735	4.00%	91.19%
2006	774	53,673,981	69,346	3.06%	421	1.84	774	710	-3.97%	91.73%
2007	793	59,035,486	74,446	7.35%	435	1.82	836	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%

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 SEVEN FISCAL YEARS  
(Unaudited)**

<u>District Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Union St. School- Hackensack							
Square Feet	8,060	8,060	8,060	8,060	8,060	8,060	8,060
Capacity (students)							
Enrollment	38	39	35	35	35	32	40
Piermont Campus, Rockleigh							
Square Feet	12,162	121,162	121,162	121,162	121,162	121,162	121,162
Capacity (students)							
Enrollment	86	128	119	115	113	131	116
Woodridge Transition Center							
Square Feet	19,261	19,261	19,261	19,261	19,261	19,261	19,261
Capacity (students)							
Enrollment	66	79	88	94	95	98	83
Rocco Montesano, Paramus							
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)							
Enrollment	142	133	125	139	122	115	101
Brownstone, Saddle Brook							
Square Feet		20,096	20,096	20,096	20,096	20,096	20,096
Capacity (students)							
Enrollment		78	81	84	79	62	56
Evergreen,							
Square Feet	5,625	5,625	5,625	5,625	5,625		
Capacity (students)							
Enrollment	24	23	15	20	23		
Gateway/Brownstone, Hackensack							
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Capacity (students)							
Enrollment	94	33	37	60	38	43	26
Godwin, Midland Park							
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Capacity (students)							
Enrollment	58	53	58	85	94	87	84
Hillcrest, Paramus							
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	
Capacity (students)							
Enrollment	88	77	67	66	62	58	
Washington, Ridgewood							
Square Feet					19,974	19,974	19,974
Capacity (students)							
Enrollment					21	28	45
Springboard							
Square Feet						4,300	4,300
Capacity (students)							
Enrollment						40	45
Number of Schools at June 30, 2010							
Life Skills Continuum=		2					
Communication Skills Continuum=		4					
Behavioral Skills Continuum=		14					
Autism Continuum=		7					

Source: District Records

## Note:

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

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

UNDISTRIBUTED EXPENDITURES-REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

School Facilities	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Union St. - Hearing Impaired, Hackensack	\$ 8,998	\$ 7,803	\$ 7,723	\$ 8,287	\$ 9,969	\$ 7,966	\$ 8,893	\$ 2,615	\$ 15,387	\$ 15,387
Piermont Campus, Rockleigh	135,256	117,272	116,263	124,748	149,854	119,903	133,686	109,607	133,770	133,770
Woodridge Transition Center	21,501	18,647	18,482	19,816	23,822	19,070	21,252	5,197	22,338	22,338
Rocco Montesano, Paramus	44,653	38,725	38,363	41,168	49,472	39,593	44,135	30,662	76,369	76,369
Brownstone, Saddle Brook	22,434	19,456	15,927	20,669	24,855	19,890	22,173	-	-	-
Evergreen, Hackensack	-	5,255	1,080	5,777	6,957	5,576	6,206	-	-	-
Gateway, Hackensack	11,163	9,554	9,585	10,297	12,368	9,886	11,034	-	-	-
Godwin, Midland Park	2,758	2,420	540	2,574	3,092	2,507	2,758	-	-	-
Hillcrest, Paramus	-	9,681	9,585	10,297	12,368	9,886	11,034	-	-	-
Washington, Ridgewood	11,198	10,031	9,585	-	-	-	-	-	-	-
	<u>\$ 257,961</u>	<u>\$ 238,844</u>	<u>\$ 227,133</u>	<u>\$ 243,633</u>	<u>\$ 292,757</u>	<u>\$ 234,277</u>	<u>\$ 261,171</u>	<u>\$ 148,081</u>	<u>\$ 247,864</u>	<u>\$ 247,864</u>

Source: District records.

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF INSURANCE  
JUNE 30, 2010  
(Unaudited)**

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

Source: School District's records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
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

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

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 as of and for the fiscal year ended June 30, 2010, which collectively comprise the Bergen County Special Services School District's basic financial statements and have issued our report thereon dated November 22, 2010. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bergen County Special Services School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bergen County Special Services School District's internal control over financial reporting.

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 Bergen County Special Services School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

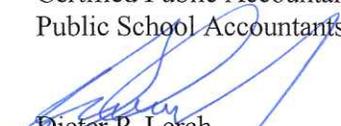
As part of obtaining reasonable assurance about whether the Bergen County Special Services School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which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

However, we noted certain matters that we have reported to management of the Bergen County Special Services School District in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 22, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 22, 2010

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
FACSIMILE (201) 791-3035  
WWW.LVHCPA.COM

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the Bergen County Special Services School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Bergen County Special Services School District's major federal and state programs for the fiscal year ended June 30, 2010. 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. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Bergen County Special Services School District's management. Our responsibility is to express an opinion on Bergen County Special Services School District's compliance based on our audit.

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 Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on Bergen County Special Services School District's compliance with those requirements.

In our opinion, Bergen County Special Services School District complied, in all material respects, with the 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, 2010.

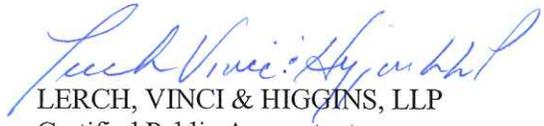
**Internal Control Over Compliance**

Management of Bergen County Special Services School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Bergen County Special Services School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

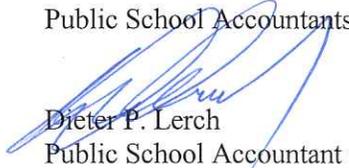
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 22, 2010

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2009	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	(Accounts Receivable)	Deferred Revenues	Due to Grantor	Balance June 30, 2010	
														Cash	Deferred Revenues
U.S. Department of Agriculture															
Pass-through State Department of Agriculture															
<u>Enterprise Fund</u>															
School Breakfast Program	10.553	N/A	7/1/08-6/30/09	\$ 71,120	\$ (7,523)			\$ 7,523	\$ 77,846		\$ (8,417)				
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	77,846				69,429							
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	140,032	(13,463)			13,463	148,554		(14,514)				
Cash Assistance			7/1/09-6/30/10	148,554				134,040							
Non-cash Assistance			7/1/09-6/30/10	20,047				20,047	18,879			\$ 1,168			
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/08-6/30/09	4,891	(2,017)			2,017			(1,781)				
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/09-6/30/10	4,736				2,955	4,736						
Total Enterprise Fund					(23,003)			249,474	250,015		(24,712)	1,168			
U.S. Department of Education															
Pass-through State Department of Education															
<u>General Fund</u>															
Medical Assistance Program	93.778		7/1/09-6/30/10	314,316				314,316	314,316						
Total General Fund								314,316	314,316						
<u>Special Revenue Fund</u>															
Homeless Children	84.196A		9/01/09-8/31/10	38,347				398	26,438		(26,040)				
ARRA - Homeless Children	84.196A		9/01/09-8/31/10	50,392				39,106	39,106						
Homeless Children, Continuation	84.196A		9/1/08-8/31/09	170,000	23,469			46,585	70,054						
ARRA - Workready, Work Now	17.259		7/1/09-6/30/10	26,000					25,542		(25,542)				
REMS-SNAP	84.184E		7/1/09-6/30/10	249,966				81,750	81,995		(245)				
Total Special Revenue Funds					23,469			167,839	243,135		(51,827)				
Total Federal Financial Assistance				\$ 466				\$ 731,629	\$ 807,466		\$ (76,539)	\$ 1,168			

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, 2010**

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2009	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	(Accounts Receivable)	Deferred Revenues	Due to Grantor	MEMO			
													GAAP Receivable	Cumulative Total Expenditures		
State Department of Education																
<b>General Fund</b>																
Reimbursed Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	\$ 2,293,142	\$ (173,820)	-	-	\$ 2,178,787	\$ 2,293,142	-	\$ (114,355)	-	\$ (114,355)	\$ 2,293,142			
Reimbursed Social Security Contributions - On Behalf Pension System Contributions - Post Retirement Medical	09-495-034-5095-002	7/1/08-6/30/09	2,293,314			173,820										
On Behalf Pension System Contributions - On Behalf Pension System Contributions - Non-Contributory Group Insurance	10-495-034-5095-001	7/1/09-6/30/10	1,911,454			1,911,454	1,911,454	1,911,454					1,911,454			
	10-495-034-5095-007	7/1/09-6/30/10	101,774			101,774	101,774	101,774					101,774			
<b>Total General Fund</b>				(173,820)	-	-	4,365,835	4,306,370	-	(114,355)	-	-	4,306,370			
<b>Special Revenues Fund</b>																
Other State Sources																
Community Partnership	N/A	7/1/09-6/30/10	104,940			46,400	104,940	104,940		(58,540)			104,940			
Community Partnership	N/A	7/1/08-6/30/09	138,820	(10,000)		10,000	165,988	165,988					165,988			
Career Thrift Tech	N/A	7/1/09-6/30/10	165,988			165,988	165,988	165,988					165,988			
DDD Contract Transportation	01BS9N	7/1/07-6/30/08	247,969			183,425	234,454	234,454		(41,029)			234,454			
Adult Autism	01BS9N	7/1/09-6/30/10	131,584			96,532	118,921	118,921		(22,389)			118,921			
After Hours	01BS9N	7/1/09-6/30/10	65,164			36,361	43,397	43,397		(7,036)			43,397			
Community Connections	N/A	7/1/09-6/30/10	37,098			37,098	37,098	37,098					37,098			
Getting Us There (GUTS)	N/A	7/1/09-6/30/10	75,766			75,766	75,766	75,766					75,766			
Leisure Bridges	N/A	7/1/09-6/30/10	56,260			56,260	56,260	56,260		(45,862)			56,260			
Work Ready/Work Now	N/A	7/1/08-6/30/09	101,237	(13,216)		55,375	101,237	101,237					101,237			
Work Ready/Work Now	N/A	7/1/08-6/30/09	73,408	413		13,216					\$ 413					
Teacher Quality Enhancement	N/A	7/1/04-9/30/05	2,760													
<b>Total State Department of Education-Special Revenue</b>				(22,803)	-	-	776,421	928,061	-	(174,856)	413	-	928,061			
<b>State Department of Agriculture</b>																
<b>Enterprise Fund</b>																
School Breakfast Program State Share	09-100-010-3360-096	7/1/08-6/30/09	5,042	(533)		533	533	533					533			
School Breakfast Program State Share	10-100-010-3360-096	7/1/09-6/30/10	5,100			4,548	5,100	5,100		(552)			5,100	(552)		
National School Lunch Program State Share	09-100-010-3360-067	7/1/08-6/30/09	6,329	(606)		606	606	606					606	(606)		
National School Lunch Program State Share	10-100-010-3360-067	7/1/09-6/30/10	6,329			5,723	6,329	6,329		(606)			6,329	(606)		
<b>Total Enterprise Fund</b>				(1,139)	-	-	11,410	11,429	-	(1,158)	-	-	11,429	(1,158)		
<b>Total State Financial Assistance</b>				(197,762)	-	-	5,153,666	5,245,860	-	(290,369)	413	-	5,245,860	(115,513)		
State Financial Assistance Not Subject to Single Audit Determination																
<b>General Fund</b>																
On-Behalf/TPAF Contributions							\$ (2,013,228)	\$ (2,013,228)								
<b>Total State Financial Assistance Subject to Single Audit</b>				\$ (197,762)	\$ -	\$ -	\$ 3,140,438	\$ 3,232,632	\$ -	\$ (290,369)	\$ 413	\$ -	\$ 3,232,632	\$ (115,513)	\$ 5,245,860	

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, 2010**

**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 basic 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 presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the general fund and \$56,884 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 314,316	\$ 4,306,370	\$ 4,620,686
Special Revenue Fund	280,019	948,061	1,228,080
Food Service Fund	<u>250,015</u>	<u>11,429</u>	<u>261,444</u>
Total Financial Assistance	<u>\$ 844,350</u>	<u>\$ 5,265,860</u>	<u>\$ 6,110,210</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, 2010**

**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 \$2,293,142 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of \$101,774 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,911,454 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

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





**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

*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, 2010**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

THERE ARE NONE

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE

**BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.