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, 2011

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, 2011

Prepared by

Bergen County Special Services
School District
Business Department

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INTRODUCTORY SECTION

Bergen County Special Services
Bergen County Technical Schools
Bergen One-Stop Career Center

BERGEN COUNTY TECHNICAL SCHOOLS/SPECIAL SERVICES

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

November 14, 2011

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 accounting principles generally accepted in the United States of America (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 School District for the fiscal year ended June 30, 2011.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Bergen County Special Services School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grant agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Bergen County Special Services School District's separately issued Single Audit Report.

GAAP 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 MD&A and should be read in conjunction with it. The Bergen County Special Services School District's MD&A can be found immediately following the report of the independent auditors.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmission letter, and a list of principal officials. The financial section includes the independent auditor's 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 supplement 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 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 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 counties on 30 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 2010-11 fiscal year with an enrollment of 771 students, which is 32 students lower than the previous year. The following details changes in District enrollment over the last ten years:

	Enrollment
2010/11	771
2009/10	803
2008/09	857
2007/08	860
2006/07	826
2005/06	774
2004/05	806
2003/04	775
2002/03	755
2001/02	749

The District continues its administrative partnership with Bergen County Technical High School, facilitating an efficient and productive sharing of resources including central office administrations, professional development sources and opportunities, pedagogical and technological expertise, and other peripheral support services. The district also provides as-needed personnel and special project support to the Bergen County Workforce Investment Act.

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 capital 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. The New Jersey Sports and Exposition Authority (Meadowlands Racetrack, Izod Center) and the Valley Hospital System round out the top three employers in the county. Other leading employers include: Quest Diagnostics, Englewood Hospital & Medical Center, Bergen Regional Medical Center, Cingular Wireless, Holy Name Hospital, The County of Bergen, and Mercedes-Benz.

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. 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 $.20 for every $100 of assessed value.

MAJOR INITIATIVES: During this past year, the District has increased the number of sites in which t 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 support 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. Establish 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.

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 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. This internal control structure is also subject to periodic evaluation by the District's 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 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 and the special revenue fund. 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, 2011.

DEBT ADMINISTRATION:

At June 30, 2011, the District has no debt service. All bonded long-term debt is included in the County of Bergen's financial statements.

CASH MANAGEMENT:

By agreement with the Bergen County Administrator, the Board requests payment of enough funds to meet immediate obligations. The Board relies on the county administrator for an appropriate investment policy. The District has adopted a cash management plan which 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/collision, hazard and theft insurance on property and contents, and fidelity bonds, workers' compensation, and a self-insured health benefits plan and unemployment fund.

ACKNOWLEDGMENTS:

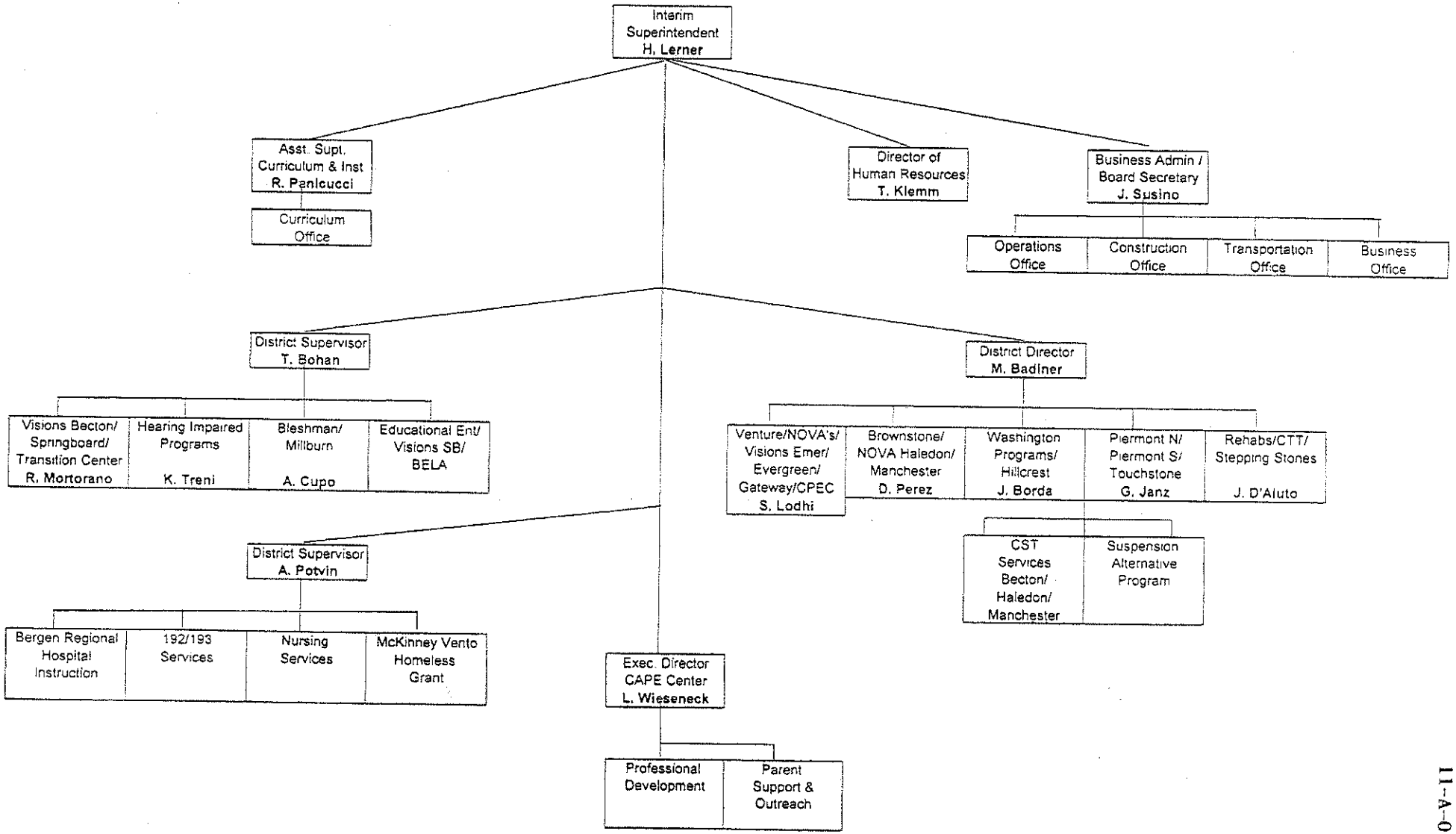
We would like to express our appreciation to the members of the Board of Education and the Bergen County Executive and Board of Chosen Freeholders for their concern in providing fiscal accountability to the citizens and to taxpayers of the school district and thereby contributing their full support to 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,

Howard Lerner
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, 2011

COUNTY EXECUTIVE

Kathleen Donovan

MEMBERS OF THE BOARD OF CHOSEN FREEHOLDERS

John Driscoll, Jr., - Chairman
Maura DeNicola – Vice Chairwoman
David L. Ganz
Robert G. Hermansen
John P. Mitchell – Chair Pro Tempore
Bernadette P. McPherson
John A. Felice

BOARD OF EDUCATION	**Term Expires**
President	
Kenneth Brouwer	2013
Vice-President	
Maureen Kuchar	2012
Members of the Board	
Gary J. Lentini	2013
Dr. John P. Campion	2014
Robert Gilmartin Superintendent Bergen County Office of Education	Indefinite
Marlene Den Bleyker	2014
Ralph Menendez	2012

OTHER OFFICIALS

Superintendent	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, Montesano	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

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Attorney

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JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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, 2011, 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 and Regulatory Compliance, 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 also 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bergen County Special Services School District as of June 30, 2011, 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 14, 2011 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.

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

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 as a whole. The 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. 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 also 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2011

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, 2011. 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 (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 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 $22,284,026 (net assets). Of this amount $7,902,173 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- The District's total net assets increased by $2,625,737.
- Overall district-wide revenues were $94,143,610, which were $2,625,737 more than expenses.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of $5,241,803. Of this amount, $2,570,866 is available for spending at the District's discretion (unassigned fund balance – General Fund). The 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:

- 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

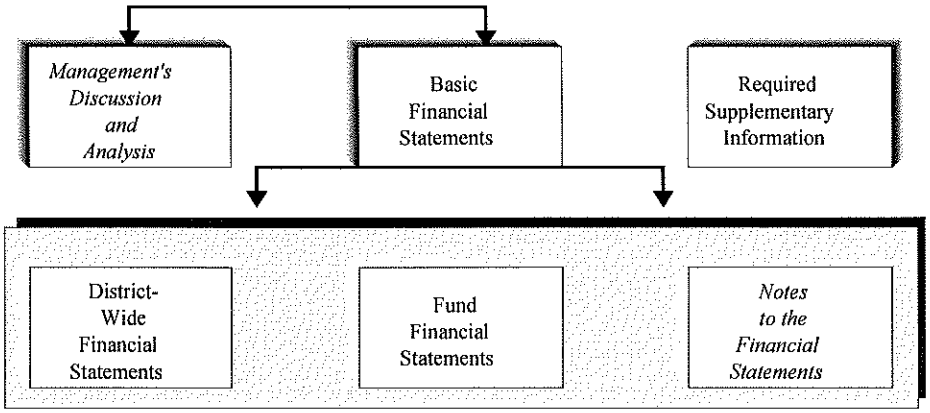


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Fund	Financial	Statements
	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 there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or Services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net 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.*

- 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

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 $22,284,026 on June 30, 2011 compared to $19,658,289 on June 30, 2010. See Table A-1

Table A-1
Net Assets
As of June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	$ 13,649,777	$ 10,323,641	$ 91,639	$ 32,354	$ 13,741,416	$ 10,355,995
Capital Assets	14,077,590	14,573,918	16,695	21,545	14,094,285	14,595,463
Total Assets	**27,727,367**	**24,897,559**	**108,334**	**53,899**	**27,835,701**	**24,951,458**
Long-Term Liabilities	2,014,471	1,952,108			2,014,471	1,952,108
Other Liabilities	3,482,106	3,332,995	55,098	8,066	3,537,204	3,341,061
Total Liabilities	**5,496,577**	**5,285,103**	**55,098**	**8,066**	**5,551,675**	**5,293,169**
Net Assets						
Invested in capital assets, net of related debt	14,077,590	14,573,918	16,695	21,545	14,094,285	14,595,463
Restricted	287,568	1			287,568	1
Unrestricted	7,865,632	5,038,537	36,541	24,288	7,902,173	5,062,825
Total Net Assets	**$ 22,230,790**	**$ 19,612,456**	**$ 53,236**	**$ 45,833**	**$ 22,284,026**	**$ 19,658,289**

Management's Discussion and Analysis
For the Year Ended June 30, 2011

By far, the largest portion of the Bergen County Special Services net assets (63%) 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 $8,189,741 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, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
Revenues	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	$ 69,117,215	$ 67,166,745	$ 133,673	$ 133,040	$ 69,250,888	$ 67,299,785
Operating Grants and Contributions	13,318,375	13,844,363	244,752	261,444	13,563,127	14,105,807
Capital Grants and Contributions	832,836	1,441,212			832,836	1,441,212
General Revenues						
County Property Taxes	8,824,185	7,817,170			8,824,185	7,817,170
State/Federal Aid	40,430	23,539			40,430	23,539
Investment Earnings	11,021	15,679			11,021	15,679
Miscellaneous	1,621,123	1,213,957	-	-	1,621,123	1,213,957
Total Revenues	**93,765,185**	**91,522,665**	**378,425**	**394,484**	**94,143,610**	**91,917,149**
Expenses						
Instruction						
Special Education	54,062,659	52,185,751			54,062,659	52,185,751
Support Services						
Student and Instruction Related Services	20,135,118	19,147,517			20,135,118	19,147,517
School Administration Services	4,246,311	4,039,313			4,246,311	4,039,313
General Administration	1,124,974	1,257,233			1,124,974	1,257,233
Plant Operations and Maintenance	7,243,623	7,444,936			7,243,623	7,444,936
Pupil Transportation	1,509,882	1,571,143			1,509,882	1,571,143
Business/Central Svcs/Admin. Info. Tech.	2,660,556	2,650,731			2,660,556	2,650,731
Interest on Debt		2,528			-	2,528
Food Services	-	-	534,750	567,154	534,750	567,154
Total Expenses	**90,983,123**	**88,299,152**	**534,750**	**567,154**	**91,517,873**	**88,866,306**
Increase (Decrease) in Net Assets Before Transfers	**2,782,062**	**3,223,513**	**(156,325)**	**(172,670)**	**2,625,737**	**3,050,843**
Transfers	**(163,728)**	**(184,430)**	**163,728**	**184,430**	**-**	**-**
Change in Net Assets	**2,618,334**	**3,039,083**	**7,403**	**11,760**	**2,625,737**	**3,050,843**
Beginning of Year, Net Assets	**19,612,456**	**16,573,373**	**45,833**	**34,073**	**19,658,289**	**16,607,446**
End of Year, Net Assets	**$ 22,230,790**	**$ 19,612,456**	**$ 53,236**	**$ 45,833**	**$ 22,284,026**	**$ 19,658,289**

Governmental Activities. The District's total governmental activities revenues were $93,765,185 for the year ended June 30, 2011, an increase of $2,242,820 (2.5 percent) over the previous year. Tuition and charges for services accounted for 74 percent of total revenues. County property taxes and aid account for 10% percent of total revenue for the year. Another 16 percent came from state and federal grants, contributions and aid, the balance came from investment earnings, and other miscellaneous revenues.

The total cost of all governmental activities programs and services was $90,983,123, an increase of $2,683,971 (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 $2,618,334 over the last year.

- The cost of all governmental activities this year was $90,983,123.
    - Some of the cost was paid by the users of the District's programs and tuition charges for a total of $69,117,215, an increase of $1,950,470 (2.9 percent).
    - The federal and state governments subsidized certain programs with grants, contributions and aid of $13,358,805, a decrease of $509,097 (3.7 percent). This decrease was primarily a result of decreases in grant entitlements/spending.
    - In addition, the District also received $832,836 in capital contributions from the County to fund major capital projects during the year, an increase of $608,376 (42 percent) from the prior year.
    - District's costs in the amount of $8,824,185, were provided by County sources from property taxes, an increase of $1,007,015 (12.9 percent).

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2011

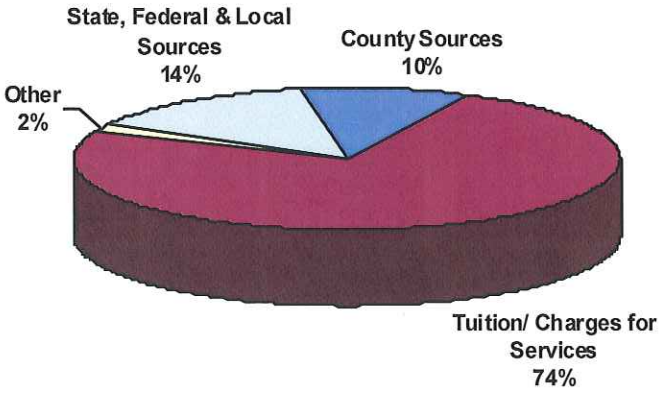
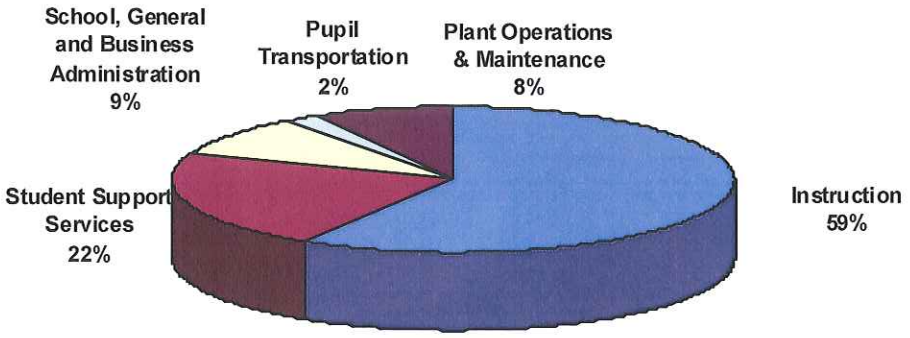


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2011



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 $90,983,123. After applying program revenues derived from charges for services of $69,117,215 operating grants, and contributions of $13,358,805 and capital grants and contributions of $832,836, the net cost of services to the District was $7,714,697. See Table A-5.

Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction				
Special Education	$ 54,062,659	$ 52,185,751	$ (17,881,349)	$ (17,732,585)
Support Services				
Student and Instruction Related Services	20,135,118	19,147,517	14,030,951	12,636,755
School Administrative Services	4,246,311	4,039,313	3,133,302	3,642,721
General Administrative Services	1,124,974	1,257,233	1,016,662	385,693
Plant Operations and Maintenance	7,243,623	7,444,936	5,249,642	4,759,497
Pupil Transportation	1,509,882	1,571,143	1,432,775	1,494,340
Other Support Services-Business/Central Svc./Admin. Info. Tech.	2,660,556	2,650,731	732,714	657,883
Debt Service				
Interest on Long-Term Debt	-	2,528	-	2,528
Total	**$ 90,983,123**	**$ 88,299,152**	**$ 7,714,697**	**$ 5,846,832**

Business-Type Activities –The District's total business-type activities revenues were $362,575 for the year ended June 30, 2011, a decrease of $31,909 (8 percent) from the previous year. Charges for services accounted for 37% of total revenues. Operating grants and contributions accounted for 63% 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 $7,403 over the last year.

The cost of all business-type activities this year was $534,750.

- Some of the cost was paid by the users of the District's Food Service program for a total of $133,673, an increase of $633 (0.5 percent).
- The Federal and State governments subsidized the Food Service program with grants and contributions of $244,752, a decrease of $16,692 (12.5 percent). This decrease is a result of a decline in meals served to low income students during the year.
- The District transferred $163,728 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 $5,241,803, an increase of $2,850,329 from last year's fund balance of $2,850,329. This increase is partially attributed to an increase in revenue and partially to a decrease in certain costs. There was also a decline compared to prior year in costs relating to the various capital projects in progress throughout the District. $3,672,367 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is committed or restricted to indicate that it is not available for new spending because it has been committed 1) to liquidate contracts and purchase orders of the prior period $1,281,868 or 2) restricted for capital purposes $500,001.

Revenues and total other financing sources (net) for the District's governmental funds were $73,797,235, while total expenses were $70,946,906.

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, 2011	Year Ended June 30, 2010	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
County Property Taxes	$ 8,824,185	$ 7,817,170	$ 1,007,015	13%
Tuition	49,220,732	46,368,554	2,852,178	6%
Investment Earnings	11,021	15,679	(4,658)	-30%
Miscellaneous	1,621,123	1,113,659	507,464	46%
State Sources	4,257,726	4,306,370	(48,644)	-1%
Federal Sources	84,160	314,316	(230,156)	-73%
Total General Fund Revenue	$ 64,018,947	$ 59,935,748	$ 4,083,199	7%

Total General Fund Revenues increased by $4,083,199 or 7% from the previous year.

General Fund (Continued)

County Property Taxes increased from the previous year. Tuition which represents 77% of total General Fund revenues for the year remained fairly consistent from the previous year.

Investment earnings decreased by $4,658 due to a decline in market interest rates and available cash balances.

Revenue from federal sources decreased $230,156 due to a decrease in revenues received for Medicaid reimbursement. Revenues from state sources decreased by $48,644 largely due to a decrease in on-behalf TPAF social security and pension system contributions.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2011	Year Ended June 30, 2010	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	$ 35,621,501	$ 33,924,504	$ 1,696,997	5%
Support Services	25,315,985	24,111,703	1,204,282	5%
Debt Service	-	60,325	(60,325)	-100%
Capital Outlay	133,632	13,679	119,953	877%
Total General Fund Expenditures	$ 61,071,118	$ 58,110,211	$ 2,960,907	5%

Total General Fund expenditures increased $2,960,907 or 5% from the previous year. Most of this increase can be attributed to the increased cost of instructional and support salaries associated with staffing and benefits in preexisting programs.

In Fiscal Year 2011 General Fund revenues and other financing sources were greater than expenditures and other financing uses by $2,947,829. After adding statutory transfers and other financing source/(use), the unrestricted fund balance increased from $2,577,874 at June 30, 2010 to $5,454,236 at June 30, 2011.

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 $9,016,919 for the year ended June 30, 2011. 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 $230,297 or 2.5% from the previous year.

Expenditures of the Special Revenue Fund were also $9,016,919. Special Education instructional expenditures were $4,071,739 or 45% of the total expended for the year ended June 30, 2011.

Total Special Revenue Fund expenditures also decreased $230,297 or 2.5% from the previous year. Support services expenditures decreased $150,280 (3%) over the previous year. Capital outlay expenditures increased $16,891 or 72%.

Capital Projects Fund

The capital projects expenditures exceeded revenues by $26,033 resulting in a fund balance deficit of $212,433 at June 30, 2011. 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 Districts Enterprise Fund provides the same type of information found in the government-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

- *Internal Service Fund* – The District uses internal service funds to report activities that provide services and supplies for the District's other programs and activities, as well as services provided on behalf of other districts. The internal service fund is also utilized to account for the District's liabilities relating to compensated absences.

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

The internal service fund revenues exceeded expenditures and transfers by $310,882 resulting in a fund balance of $3,626,301 at June 30, 2011 up from $3,315,419 at June 30, 2010.

General Fund Budgetary Highlights

Over the course of the year, the District amended the original budget several times increasing the final budget $444,771 which can be briefly summarized as follows:

- $141,921 in increases allocated to various accounts including special education instructional programs, employee benefits and student and instruction related services operations.

- $296,193 in increases allocated to capital outlay appropriations for necessary equipment acquisitions and replacements.

- $2,829 increases allotted to Other Special Schools.

- $3,430 increases allotted to Transfer of Food Service Fund – Board Contribution.

Of this $444,771 increase, $79,771 was the reappropriation of prior year encumbrances, $364,600 was funded out of increases in charges for services from tuition for new and/or expanding programs.

CAPITAL ASSETS

By the end of June 30, 2011, the District had invested $25,757,705 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 2010-2011 amounted to $1,179,384 for governmental activities and $4,850 for business-type activities.

Table A-6
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Buildings	$ 6,990,652	$ 6,890,464			$ 6,990,652	$ 6,890,464
Improvements Other Than Buildings	396,120	396,120			396,120	396,120
Leasehold Improvements	8,955,068	8,883,981			8,955,068	8,883,981
Machinery and Equipment	9,349,765	8,837,984	$ 66,100	$ 66,100	9,415,865	8,904,084
Total Capital Assets	25,691,605	25,008,549	66,100	66,100	25,757,705	25,074,649
Less Accumulated Depreciation	11,614,015	10,434,631	49,405	44,555	11,663,420	10,479,186
Capital Assets, Net	$ 14,077,590	$ 14,573,918	$ 16,695	$ 21,545	$ 14,094,285	$ 14,595,463

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 $2,014,471.

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 2011-2012 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 2011-2012. Budgeted expenditures in the General Fund decreased 5.6 percent from the final 2010/2011 modified budget to $57,293,262 in fiscal year 2011-2012. Increased payroll and employee benefit costs, are the primary reason for the increase.

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

Three goals served as the foundation for the development of the 2011/2012 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 2011/2012 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

EXHIBIT A-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets			
Cash and Cash Equivalents	$ 9,773,181	$ 65,036	$ 9,838,217
Receivables, net	3,818,589	22,626	3,841,215
Inventories and Security Deposits	58,007	3,977	61,984
Capital Assets, net of accumulated depreciation	14,077,590	16,695	14,094,285
Total Assets	27,727,367	108,334	27,835,701
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,214,870	54,997	2,269,867
Intergovernmental Payable	230,906		230,906
Unearned Revenue	1,036,330	101	1,036,431
Noncurrent Liabilities			
Due within one year	200,000		200,000
Due beyond one year	1,814,471	-	1,814,471
Total Liabilities	5,496,577	55,098	5,551,675
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	14,077,590	16,695	14,094,285
Restricted			
Capital Projects	287,568		287,568
Unrestricted	7,865,632	36,541	7,902,173
Total Net Assets	$ 22,230,790	$ 53,236	$ 22,284,026

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, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities							
Instruction:							
Special Education	$ 54,062,659	$ 63,806,079	$ 8,137,929		$ 17,881,349		$ 17,881,349
Support Services:							
Student & Instruction Related Services	20,135,118	1,332,449	4,771,718		(14,030,951)		(14,030,951)
General Administration Services	1,124,974	108,312			(1,016,662)		(1,016,662)
School Administration Services	4,246,311	837,313	275,696		(3,133,302)		(3,133,302)
Plant Operations and Maintenance	7,243,623	1,028,113	133,032	$ 832,836	(5,249,642)		(5,249,642)
Pupil Transportation	1,509,882	77,107			(1,432,775)		(1,432,775)
Support Services - Business/Central Svc/ Admin Info. Tech.	2,660,556	1,927,842	-	-	(732,714)	-	(732,714)
Total Governmental Activities	90,983,123	69,117,215	13,318,375	832,836	(7,714,697)	-	(7,714,697)
Business - Type Activities							
Food Service	534,750	133,673	244,752	-	-	$ (156,325)	(156,325)
Total Business Type Activities	534,750	133,673	244,752	-	-	(156,325)	(156,325)
Total Primary Government	$ 91,517,873	$ 69,250,888	$ 13,563,127	$ 832,836	(7,714,697)	(156,325)	(7,871,022)
General Revenues:							
County Property Tax Levy					8,824,185		8,824,185
Federal and State Aid Restricted					40,430		40,430
Tuition Revenue					-		-
Investment Earnings					11,021		11,021
Tuition Non-Resident					-		-
Miscellaneous					1,621,123		1,621,123
Transfers					(163,728)	163,728	-
Total General Revenues and Transfers					10,333,031	163,728	10,496,759
Change in Net Assets					2,618,334	7,403	2,625,737
Net Assets - Beginning of Year					19,612,456	45,833	19,658,289
Net Assets - End of Year					$ 22,230,790	$ 53,236	$ 22,284,026

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

FUND FINANCIAL STATEMENTS

EXHIBIT B-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Assets				
Cash and Cash Equivalents	$ 7,420,503	$ 7,847	$ 17,950	$ 7,446,300
Intergovernmental Receivables	651,454	1,347,045		1,998,499
Due from Other Funds	1,108,000			1,108,000
Security Deposits	58,007	-	-	58,007
Total Assets	$ 9,237,964	$ 1,354,892	$ 17,950	$ 10,610,806
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 1,406,067	$ 188,603	$ 5,383	$ 1,600,053
Intergovernmental Payable	197,705			197,705
Other Payable	194,654			194,654
Due to Other Funds	1,216,577	650,000	225,000	2,091,577
Deferred Revenue	520,041	516,289		1,036,330
Accrued Liability for Insurance Claims	248,684	-	-	248,684
Total Liabilities	3,783,728	1,354,892	230,383	5,369,003
Fund Balances:				
Restricted				
Capital Reserve	500,001			500,001
Capital Projects			(212,433)	(212,433)
Assigned				
Encumbrances	1,281,868			1,281,868
Designated for Subsequent Year's Expenditures	1,101,501			1,101,501
Unassigned				
Undesignated	2,570,866	-	-	2,570,866
Total Fund Balances	5,454,236	-	(212,433)	5,241,803
Total Liabilities and Fund Balances	$ 9,237,964	$ 1,354,892	$ 17,950	

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

Continued

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011

Amounts reported for governmental activities in the statement of net assets(A-1) are different because:	$ 5,241,803
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $25,691,605 and the accumulated depreciation is $11,614,015.	14,077,590
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund	
Compensated Absences	(599,127)
The assets and liabilities of the Internal Service funds are included with governmental activities	3,510,524
Net assets of governmental activities	$ 22,230,790

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

EXHIBIT B-2

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local Sources				
County Property Tax Levy	$ 8,824,185			$ 8,824,185
County Aid			$ 832,836	832,836
Tuition - LEA's	47,846,544			47,846,544
Non-Resident Fees	1,374,188			1,374,188
Interest on Investments	11,021			11,021
Miscellaneous	1,621,123	$ 7,805,240	-	9,426,363
	59,677,061	7,805,240	832,836	68,315,137
State Sources	4,257,726	931,898		5,189,624
Federal Sources	84,160	279,781	-	363,941
Total Revenues	64,018,947	9,016,919	832,836	73,868,702
EXPENDITURES				
Current:				
Special Education Instruction	35,621,501	4,071,739		39,693,240
Support Services				
Student & Instruction Related Services	13,577,155	4,771,718	376,090	18,724,963
School Administration Services	3,347,755			3,347,755
Support Services General Administration	1,016,662			1,016,662
Plant Operations and Maintenance	5,528,246	133,032		5,661,278
Pupil Transportation	1,113,453			1,113,453
Other Support Services - Business (Central Services/Admin Info Tech)	732,714			732,714
Capital Outlay	133,632	40,430	482,779	656,841
Total Expenditures	61,071,118	9,016,919	858,869	70,946,906
Excess(Deficiency) of Revenues over Expenditures	2,947,829	-	(26,033)	2,921,796
OTHER FINANCING SOURCES(USES)				
Transfers In	92,261			92,261
Transfers Out	(163,728)	-	-	(163,728)
Total Other Financing Sources and Uses	(71,467)	-	-	(71,467)
Net Change in Fund Balances	2,876,362		(26,033)	2,850,329
Fund Balance (Deficit) - Beginning of Year	2,577,874	-	(186,400)	2,391,474
Fund Balance (Deficit) - End of Year	$ 5,454,236	$ -	$ (212,433)	$ 5,241,803

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, 2011

Total Net Change in Fund Balances - Governmental Funds (B-2)		$ 2,850,329
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	$ (1,137,355)	
Capital Outlays	656,841	
		(480,514)
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	(62,363)	
Accrued Liability for Insurance Claims	-	
		(62,363)
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	403,143	
Net Transfers to General Fund	(92,261)	
Change in Net Assets		310,882
Change in net assets of governmental activities		$ 2,618,334

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

EXHIBIT B-4

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	Business Type Activities Enterprise Fund Food Service	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 65,036	$ 2,326,881
Intergovernmental Accounts Receivable	22,626	1,668,183
Due From B.C.T.S.		151,907
Due from Other Funds		1,216,577
Inventories	3,977	-
Total Current Assets	91,639	5,363,548
Capital Assets		
Furniture, machinery & equipment	66,100	594,864
Less: Accumulated Depreciation	(49,405)	(479,087)
Total Capital Assets, Net	16,695	115,777
Total Assets	108,334	5,479,325
LIABILITIES		
Current Liabilities		
Accounts Payable	54,997	167,179
Other Payable		4,300
Due to Other Funds		233,000
Intergovernmental Payable		33,201
Unearned Revenue	101	-
Total Current Liabilities	55,098	437,680
Noncurrent Liabilities		
Compensated Absences	-	1,415,344
Total Noncurrent Liabilities	-	1,415,344
Total Liabilities	55,098	1,853,024
NET ASSETS		
Invested in capital assets net of related debt	16,695	115,777
Unrestricted	36,541	3,510,524
Total Net Assets	$ 53,236	$ 3,626,301

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

EXHIBIT B-5

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, 2011

	Business- Type Activities	Governmental Activities
	Enterprise Fund Food Service	Internal Service Funds
OPERATING REVENUES		
Charges for Services		
Daily sales - reimbursable programs		
Lunch Program	$ 82,090	
Breakfast Program	12,051	
Special Functions	39,532	
Tuition from LEAS		$ 10,981,333
Charges and Fees	-	8,915,150
Total Operating Revenues	133,673	19,896,483
OPERATING EXPENSES		
Cost of Sales	322,006	
Salaries	107,107	14,097,545
Employee Benefits	34,282	3,305,197
Purchased Services	34,353	1,579,099
Supplies and Materials	2,491	459,105
Management Fee	29,661	
Miscellaneous Expenses		10,365
Depreciation	4,850	42,029
Total Operating Expenses	534,750	19,493,340
Operating Income (Loss)	(401,077)	403,143
Nonoperating Revenues		
State Sources		
State School Lunch Program	3,442	
Federal Sources		
National School Lunch Program	160,348	
National School Breakfast Program	77,419	
Fresh Fruit and Vegetable Program	3,543	-
Total Non-Operating Revenues	244,752	-
Net Income (Loss) Before Operating Transfers	(156,325)	403,143
Transfers		
Transfers In(Out)	163,728	(92,261)
Change in Net Assets	7,403	310,882
Total Net Assets - Beginning of Year	45,833	3,315,419
Total Net Assets - Ending of Year	$ 53,236	$ 3,626,301

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

EXHIBIT B-6

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities	Governmental Activities
	Enterprise Fund	
	Food Service	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 133,673	$ 20,144,895
Payments to Employees for Salaries & Benefits	(141,389)	(14,097,545)
Payments to Suppliers	(326,145)	(5,244,147)
Net Cash Provided by(Used for) operating activities	(333,861)	803,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,268	
Federal Sources	226,811	
Operating Subsidies and transfers to/from other funds	163,728	(234,261)
Net cash provided by (used for) noncapital financing activities	394,807	(234,261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	-	(26,215)
Net cash provided by (used for) for capital and related financing activities	-	(26,215)
Net increase in cash and cash equivalents	60,946	542,727
Cash and Cash Equivalents- Beginning of Year	4,090	1,784,154
Cash and Cash Equivalents- End of Year	$ 65,036	$ 2,326,881
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income(Loss)	$ (401,077)	$ 403,143
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	4,850	42,029
Food Distribution(USDA Commodities)-National School Lunch Program	16,917	
(Increase) Decrease in accounts receivable, net		235,226
Increase (Decrease) in other current liabilities		8,886
Increase (Decrease) in deferred revenue	(1,067)	4,300
Increase(decrease) in accounts payable	48,099	109,619
(Increase)Decrease in inventories	(1,583)	-
Total adjustments	67,216	400,060
Net cash provided by (used for) operating activities	$ (333,861)	$ 803,203
Non-Cash Financing Activities		
National School Lunch Program (Food Distribution)	$ 15,850	

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

EXHIBIT B-7

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011

	Unemployment Compensation Trust	Speech Equipment Trust	Operating/ Development Trust	Private Purpose Scholarship	Agency Fund
ASSETS					
Cash and Cash Equivalents	$ 356,983	$ 6,743	$ 11,202	$ 41,558	$ 404,881
Total Assets	356,983	6,743	11,202	41,558	$ 404,881
LIABILITIES					
Payroll deductions and withholdings					$ 401,338
Due to State of New Jersey	17,228	-	-	-	-
Total Liabilities	17,228	-	-	-	$ 401,338
NET ASSETS					
Held in trust for unemployment claims and other purposes	$ 339,755	$ 6,743	$ 11,202		
Reserved for scholarships				$ 41,558	

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

EXHIBIT B-8

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Speech Equipment Trust	Operating/ Development Trust	Private Purpose Scholarship
ADDITIONS				
Contributions:				
Board contribution	$ 200,000			
Plan Member	81,857			
Private Donations	-	-	$ 260	-
Total Contributions	281,857	-	260	-
Investment Earnings:				
Interest/Investment Earnings	247	$ 251	37	$ 119
Net investment earnings	247	251	37	119
Total Additions	282,104	251	297	119
DEDUCTIONS				
Unemployment Claims	112,129			
Scholarships Awarded				2,850
Administrative expenses	-	-	443	-
Total Deductions	112,129	-	443	2,850
Change in Net Assets	169,975	251	(146)	(2,731)
Net Assets, Beginning of Year	169,780	6,492	11,348	44,289
Net Assets, End of the Year	$ 339,755	$ 6,743	$ 11,202	$ 41,558

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

BASIC FINANCIAL STATEMENTS

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. 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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements 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 property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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.

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 child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund types:

The internal service fund accounts for financing of goods and services provided to other departments or agencies of the District, or to other Boards of Education, on a cost reimbursement basis. These activities include services related to 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.

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

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 change 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

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

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

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

5. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

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

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2010/2011. During 2010/2011 the Board increased the original budget by $444,371. The increase was funded by additional tuition revenue and miscellaneous revenue and the reappropriation of prior year general fund encumbrances. The Special Revenue Fund budget increased by $1,055,616 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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The District has an accumulated deficit of $212,433 in the Capital Projects Fund as of June 30, 2011. This deficit is the result of the District 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Beginning balance	$ 1
Increased;	
Deposit per June Resolution	500,000
Ending balance	$ 500,001

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 collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or $200 million for all deposits not covered by the FDIC.

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, 2011, the book value of the Board's deposits was $10,659,584 and bank balances of the Board's cash and deposits amounted to $12,540,190. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account	Bank Balance
Insured	$ 12,540,190

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, 2011, 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Food Service	Internal Service Funds	Total
Receivables:					
Intergovernmental					
Restricted	$ 651,454	$ 1,347,045	$ 22,026	$ 1,820,090	$ 3,840,615
Other	-	-	-	-	-
	651,454	1,347,045	22,026	1,820,090	3,840,615
Gross Receivables					
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	$ 651,454	$ 1,347,045	$ 22,026	$ 1,820,090	$ 3,840,615

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:

	Unearned
General Fund	
Tuition Charges –Prior Year Credits	$520,041
Special Revenue Fund	
Unencumbered grant draw downs	446,382
Grant drawdowns reserved for encumbrances	69,907
Total deferred revenue for governmental funds	$1,036,330

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
Governmental activities:				
Capital assets, being depreciated:				
Buildings	$ 6,890,464	$ 100,188		$ 6,990,652
Improvements other than buildings	396,120			396,120
Leasehold Improvements	8,883,981	71,087		8,955,068
Machinery and equipment	8,837,984	511,781	-	9,349,765
Total capital assets being depreciated	25,008,549	683,056	-	25,691,605
Less accumulated depreciation for:				
Buildings	(1,946,865)	(138,637)		(2,085,502)
Improvements other than buildings	(207,963)	(19,806)		(227,769)
Leasehold Improvements	(1,859,939)	(363,206)		(2,223,145)
Machinery and equipment	(6,419,864)	(657,735)	-	(7,077,599)
Total accumulated depreciation	(10,434,631)	(1,179,384)	-	(11,614,015)
Total capital assets, being depreciated, net	14,573,918	(496,328)	-	14,077,590
Governmental activities capital assets, net	$ 14,573,918	$ (496,328)	$ -	$ 14,077,590
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	$ 66,100	-	-	$ 66,100
Total capital assets being depreciated	66,100	-	-	66,100
Less accumulated depreciation for:				
Machinery and equipment	(44,555)	$ (4,850)	-	(49,405)
Total accumulated depreciation	(44,555)	(4,850)	-	(49,405)
Total capital assets, being depreciated, net	21,545	(4,850)	-	16,695
Business-type activities capital assets, net	$ 21,545	$ (4,850)	$ -	$ 16,695

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:	
Instruction	
Special	$ 187,215
Total Instruction	187,215
Support Services	
Student and Instruction Related Services	15,343
School administration	61,243
Operations and maintenance of plant	554,232
Student transportation	319,322
Total Support Services	950,140
Total Governmental Funds	1,137,355
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	42,029
Total depreciation expense - governmental activities	$ 1,179,384
Business-type activities:	
Food Service Fund	$ 4,850

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 650,000
General Fund	Management Agreement - Internal Svc. Fund	152,000
General Fund	Capital Projects Fund	225,000
General Fund	Education Enterprises - Internal Svc. Fund	81,000
Internal Service Funds	General Fund	1,216,577
		$ 2,324,577

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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

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

	Transfer In:		
	Enterprise-Food Service	General Fund	Total
Transfer Out:			
General Fund	$ 163,728		$ 163,728
Internal Service Funds	-	$ 92,261	92,261
Total transfers out	$ 163,728	$ 92,261	$ 255,989

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

E. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
Governmental activities:					
Compensated absences	$ 1,952,108	$ 62,363	-	$ 2,014,471	$ 200,000
Governmental activity Long-term liabilities	$ 1,952,108	$ 62,363	$ -	$ 2,014,471	$ 200,000

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 (IBNR) at June 30, 2011, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of $248,684 reported at June 30, 2011 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.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2011 and 2010 are as follows:

Governmental Activities:	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Unpaid claims, beginning of fiscal year	$ 251,657	$ 1,688,891
Incurred claims (including IBNR's)		
Claim Payments	2,973	1,437,234
Unpaid claims, end of fiscal year	$ 248,684	$ 251,657
General Fund		
Other Current Liabilities	$ 248,684	$ 251,657
Governmental Activities		
Noncurrent Liabilities	-	-
	$ 248,684	$ 251,657

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.

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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:

Year Ended June 30,	District Contributions	Employee Contributions/ Int. Earnings	Amount Reimbursed	Ending Balance
2011	$ 200,000	$ 81,857	$ 112,129	$ 339,755
2010	42,000	42,363	222,632	169,780
2009	44,500	80,966	79,970	307,467

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, 2011, 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.

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

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.

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as $1/7^{th}$ of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of $45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and $30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and $15.1 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.

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 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 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 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, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	PERS	On-behalf TPAF
2011	$ 1,728,303	$ 88,587
2010	1,370,418	101,774
2009	1,155,805	91,964

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed $88,587, $101,774 and $91,964 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $2,287,549 during the year ended June 30, 2011 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.

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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, 2009, the most recent actuarial valuation date, the State had a $56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to $20.5 billion for state active and retired members and $36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009, 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, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed $883.8 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 $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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, 2011, 2010 and 2009 were $1,881,590, $1,911,454 and $1,754,435, 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, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
County Aid	$ 8,824,185		$ 8,824,185	$ 8,824,185	
Tuition	48,507,800	$ 348,600	48,856,400	47,846,544	$ (1,009,856)
Non Resident Fees	1,350,000		1,350,000	1,374,188	24,188
Interest on Investments	25,000		25,000	11,021	(13,979)
Miscellaneous	760,000	16,000	776,000	1,621,123	845,123
Total Local Sources	59,466,985	364,600	59,831,585	59,677,061	(154,524)
State Sources					
On-Behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,881,590	1,881,590
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				88,587	88,587
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,287,549	2,287,549
Total State Sources	-	-	-	4,257,726	4,257,726
Federal Sources:					
Medicaid Reimbursement	125,000	-	125,000	84,160	(40,840)
Total Federal Sources	125,000	-	125,000	84,160	(40,840)
Total Revenues	59,591,985	364,600	59,956,585	64,018,947	4,062,362
EXPENDITURES					
Current					
Special Education					
Auditory Impairments - Instruction					
Salaries of Teachers	1,902,095	(56,100)	1,845,995	1,818,702	27,293
Other Salaries for Instruction	1,197,620		1,197,620	1,171,917	25,703
Purchased Prof. - Educ. Services	940,000	56,100	996,100	996,076	24
Other Purchased Services	96,548	(200)	96,348	52,479	43,869
General Supplies	97,614	19,431	117,045	88,068	28,977
Textbooks	6,500	(3,000)	3,500	942	2,558
Other Objects	25,500	(4,564)	20,936	9,031	11,905
Total Auditory Impairments - Instruction	4,265,877	11,667	4,277,544	4,137,215	140,329
Behavioral Disabilities - Instruction					
Salaries of Teachers	3,223,190		3,223,190	3,115,786	107,404
Other Salaries for Instruction	1,664,043	(150,000)	1,514,043	1,404,712	109,331
Purchased Prof. - Educ. Service	394,250		394,250	293,405	100,845
Other Purchased Services	77,698	(500)	77,198	38,281	38,917
General Supplies	175,440	54,319	229,759	172,023	57,736
Textbooks	67,782	(20,902)	46,880	31,878	15,002
Other Objects	31,457	(4,100)	27,357	10,048	17,309
Total Behavioral Disabilities - Instruction	5,633,860	(121,183)	5,512,677	5,066,133	446,544

Continued

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Psychiatric					
Salaries of Teachers	$ 673,391	$ (43,400)	$ 629,991	$ 629,954	$ 37
Other Salaries for Instruction	174,157	58,500	232,657	232,631	26
Purchased Prof. - Educ. Service	750,000	(13,500)	736,500	674,873	61,627
Other Purchased Services	3,100	(1,600)	1,500	153	1,347
General Supplies	23,250	7,970	31,220	24,684	6,536
Textbooks	10,000	(4,850)	5,150	5,131	19
Other Objects	4,500	(350)	4,150	1,918	2,232
Total Psychiatric	1,638,398	2,770	1,641,168	1,569,344	71,824
Multiple Disabilities - Instruction					
Salaries of Teachers	2,080,331	157,200	2,237,531	2,237,251	280
Other Salaries for Instruction	1,162,364	50,000	1,212,364	1,188,037	24,327
Purchased Prof. - Educ. Service	595,550	70,500	666,050	665,959	91
Other Purchased Services	35,900	100	36,000	11,572	24,428
General Supplies	139,900	(1,584)	138,316	123,602	14,714
Textbooks	13,800	2,200	16,000	8,535	7,465
Other Objects	20,160	3,000	23,160	8,376	14,784
Total Multiple Disabilities	4,048,005	281,416	4,329,421	4,243,332	86,089
Autism - Instruction					
Salaries of Teachers	4,271,066	(40,000)	4,231,066	4,096,052	135,014
Other Salaries for Instruction	2,833,268	(103,100)	2,730,168	2,667,043	63,125
Purchased Prof. - Educ. Service	86,900	40,000	126,900	126,710	190
Other Purchased Services	29,925	1,600	31,525	22,654	8,871
General Supplies	170,608	12,990	183,598	127,557	56,041
Textbooks	2,250		2,250	812	1,438
Other Objects	22,000	-	22,000	13,899	8,101
Total Autistic	7,416,017	(88,510)	7,327,507	7,054,727	272,780
Preschool Handicapped - Full Time - Instruction					
Salaries of Teachers	657,442	104,200	761,642	761,642	-
Other Salaries for Instruction	299,309	38,500	337,809	336,923	886
Purchased Prof. - Educ. Service	54,500	113,550	168,050	167,994	56
Other Purchased Services	7,850		7,850	167	7,683
General Supplies	79,600	(22,638)	56,962	50,299	6,663
Textbooks	1,700	(700)	1,000	200	800
Other Objects	10,721	-	10,721	4,080	6,641
Total Preschool Handicapped - Full-Time	1,111,122	232,912	1,344,034	1,321,305	22,729
Total Special Education - Instruction	24,113,279	319,072	24,432,351	23,392,056	1,040,295
School Sponsored Co curricular Activities					
Other Objects	66,682	5,735	72,417	54,374	18,043
Total School Sponsored Co curricular Activities	66,682	5,735	72,417	54,374	18,043
Other Instructional Programs					
Purchased Prof. - Educ. Service		11,000	11,000	5,000	6,000
General Supplies		4,500	4,500	3,470	1,030
Other Objects	-	500	500	-	500
Total Other Instructional Programs	-	16,000	16,000	8,470	7,530
Community Services Programs/ Operations					
Salaries	114,240	900	115,140	115,093	47
Other Purchased Services	90,000		90,000	90,000	-
Supplies and Materials	16,000	5,067	21,067	20,816	251
Other Objects	5,500	(900)	4,600	487	4,113
Transfers to Cover Deficit (Enterprise Funds)	85,000	-	85,000	10,000	75,000
Total Community Services Programs/ Operations	310,740	5,067	315,807	236,396	79,411
Total Instruction	24,490,701	345,874	24,836,575	23,691,296	1,145,279

Continued

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Health Services					
Salaries	$ 693,808		$ 693,808	$ 669,400	$ 24,408
Purchased Professional and Technical Services	25,000		25,000	25,000	-
Supplies and Materials	13,650		13,650	7,129	6,521
Other Objects	39,150	$ 200	39,350	29,754	9,596
Total Health Services	771,608	200	771,808	731,283	40,525
Other Support Services - Students Related Services					
Salaries	3,979,131	109,200	4,088,331	4,088,232	99
Purchased Professional-Educational Services	106,625	134,100	240,725	240,697	28
Total Other Support Services-Students Related Serv.	4,085,756	243,300	4,329,056	4,328,929	127
Other Support Services-Students-Spl.					
Salaries of Other Professional Staff	2,776,884	(148,200)	2,628,684	2,593,128	35,556
Salaries of Secretarial and Clerical Assistants	53,284	(24,100)	29,184	10,460	18,724
Purchased Professional-Educational Services	120,000	4,010	124,010	124,005	5
Supplies and Materials	4,500	(4,010)	490	149	341
Other Objects	3,500	-	3,500	54	3,446
Total Other Support Services-Students-Spl.	2,958,168	(172,300)	2,785,868	2,727,796	58,072
Educational Media Service/School Library					
Other Purchased Services	450,000	55,500	505,500	505,407	93
Supplies and Materials	250,000	462,576	712,576	712,480	96
Total Educational Media Services/School Library	700,000	518,076	1,218,076	1,217,887	189
Instructional Staff Training Services					
Other Objects	159,500	(73,200)	86,300	39,980	46,320
Total Instructional Staff Training Services	159,500	(73,200)	86,300	39,980	46,320
Support Services General Administration					
Salaries	179,003		179,003	134,503	44,500
Legal Services	225,000		225,000	160,752	64,248
Audit Fees	60,000	(4,900)	55,100	52,742	2,358
Other Purchased Professional Services	90,000	23,200	113,200	93,515	19,685
Leases and Rentals	13,000		13,000	5,999	7,001
Communications/Telephone	416,500		416,500	327,497	89,003
Other Purchased Services	178,500	(18,300)	160,200	146,007	14,193
Supplies and Materials	20,000		20,000	6,836	13,164
Judgements Against the School District	35,000		35,000		35,000
Miscellaneous Expenditures	35,000	-	35,000	22,498	12,502
Total Support Services General Administration	1,252,003	-	1,252,003	950,349	301,654

Continued

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Support Services School Administration					
Salaries of Principals/ Assistant Principals	$ 1,462,689	$ (2,250)	$ 1,460,439	$ 1,369,175	$ 91,264
Salaries of Secretarial and Clerical Assistants	579,568	2,250	581,818	581,786	32
Purchased Professional and Technical Services	145,000		145,000	145,000	-
Other Purchased Services	13,106	700	13,806	3,445	10,361
Supplies and Materials	16,050		16,050	2,387	13,663
Other Objects	6,902	1,000	7,902	1,573	6,329
Total Support Services School Administration	2,223,315	1,700	2,225,015	2,103,366	121,649
Central Services					
Salaries	257,415		257,415	249,955	7,460
Purchased Professional Services	271,500		271,500	271,500	-
Purchased Technical Services	51,100		51,100	45,114	5,986
Other Purchased Services	14,620		14,620	267	14,353
Supplies and Materials	15,000		15,000	13,760	1,240
Interest on Current Loans	20,000		20,000		20,000
Miscellaneous Expenditures	8,000	-	8,000	6,136	1,864
Total Central Services	637,635	-	637,635	586,732	50,903
Required Maintenance for School Facilities					
Salaries	91,635		91,635	63,956	27,679
Cleaning, Repair and Maintenance Services	175,000	3,986	178,986	75,746	103,240
General Supplies	55,000	663	55,663	52,676	2,987
Total Required Maintenance for School Facilities	321,635	4,649	326,284	192,378	133,906
Custodial Services					
Salaries	1,036,973	-	1,036,973	1,021,932	15,041
Purchased Professional and Technical Services	300,000		300,000	300,000	
Cleaning, Repair and Maintenance Services	269,000	882	269,882	185,551	84,331
Rental of Land and Bldgs. Other Than Lease Purch	1,870,624	41,500	1,912,124	1,912,058	66
Other Purchased Property Services	62,650	(6,500)	56,150	55,465	685
General Supplies	197,500		197,500	175,514	21,986
Energy (Natural Gas)	275,000	(12,100)	262,900	131,223	131,677
Energy (Electricity)	896,300	(244,200)	652,100	479,267	172,833
Energy (Gasoline)	90,000	12,100	102,100	102,055	45
Other Objects	10,000	-	10,000	9,844	156
Total Custodial Services	5,008,047	(208,318)	4,799,729	4,372,909	426,820
Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	50,000	2,940	52,940	25,729	27,211
Total Upkeep of Grounds	50,000	2,940	52,940	25,729	27,211
Security					
Cleaning, Repair and Maintenance Services	160,000	4,000	164,000	163,947	53
Total Security	160,000	4,000	164,000	163,947	53
Student Transportation Services					
Salaries for Pupil Transp (Other than Bet. Home & School)	690,882		690,882	680,398	10,484
Cleaning, Repair and Maintenance Services	20,000		20,000		20,000
Contr Serv (Other Than Between Home & School) - Vendors	10,000		10,000	2,076	7,924
Miscellaneous Purchased Services-Transportation	30,200		30,200	30,200	
Supplies and Materials	85,000		85,000	70,978	14,022
Miscellaneous Expenditures	20,000	-	20,000	18,999	1,001
Total Student Transportation Services	856,082	-	856,082	802,651	53,431

Continued

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Unallocated Benefits					
Social Security Contributions	$ 1,053,000		1,053,000	$ 1,040,862	$ 12,138
Other Retirement Contributions- Regular	1,550,035	$ 178,269	1,728,304	1,728,303	1
Unemployment Compensation	57,000	163,000	220,000	218,715	1,285
Workmen's Compensation	256,000	17,000	273,000	238,441	34,559
Health Benefits	10,198,810	(890,769)	9,308,041	8,472,152	835,889
Tuition Reimbursement	165,000	2,500	167,500	152,316	15,184
Other Employee Benefits	35,000	5,000	40,000	39,761	239
Total Unallocated Benefits	13,314,845	(525,000)	12,789,845	11,890,550	899,295
On-Behalf TPAF Pension System Contributions- Non-Contributory Group Insurance (Non-Budgeted)				88,587	(88,587)
On-behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budgeted)				1,881,590	(1,881,590)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,287,549	(2,287,549)
Total TPAF Contributions	-	-	-	4,257,726	(4,257,726)
Total Undistributed Expenditures	32,498,594	(203,953)	32,294,641	34,392,212	(2,097,571)
Total Expenditures - Current	56,989,295	141,921	57,131,216	58,083,508	(952,292)
CAPITAL OUTLAY					
Equipment					
Special Education - Instruction					
Behavioral Disabilities			-		-
Multiple Disabilities		19,100	19,100		19,100
Autism		12,714	12,714	12,705	9
Preschool Disabilities		2,879	2,879	2,879	-
Educational Media and School Library		102,500	102,500	88,089	14,411
Operations and Maintenance of Plant	-	30,000	30,000	29,959	41
Total Equipment	-	167,193	167,193	133,632	33,561
Facilities Acquisition and Construction Services					
Construction Services	-	129,000	129,000	-	129,000
Total Facilities Acquisition and Construction Services	-	129,000	129,000	-	129,000
Total Capital Outlay	-	296,193	296,193	133,632	162,561
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	374,013		374,013	355,751	18,262
Other Salaries for Instruction	771,902		771,902	646,321	125,581
Other Purchased Services	388,750		388,750	367,640	21,110
General Supplies	25,000	1,162	26,162	21,418	4,744
Other Objects	13,500	-	13,500	8,889	4,611
Total Other Special Schools - Instruction	1,573,165	1,162	1,574,327	1,400,019	174,308
Other Special Schools - Support Services					
Salaries	604,363	(600)	603,763	508,079	95,684
Personal Services - Employee Benefits	721,275	-	721,275	629,708	91,567
Purchased Professional and Technical Services	132,600	(835)	131,765	92,948	38,817
Other Purchased Services	235,600	3,100	238,700	212,926	25,774
Supplies and Materials	15,000		15,000	10,298	4,702
Other Objects	-	-	-	-	-
Total Other Special Schools - Support Services	1,708,838	1,665	1,710,503	1,453,959	256,544
Total Other Special Schools	3,282,003	2,827	3,284,830	2,853,978	430,852
Total Expenditures	60,271,298	440,941	60,712,239	61,071,118	(358,879)
Excess(Deficiency) of Revenues Over(Under) Expenditures	(679,313)	(76,341)	(755,654)	2,947,829	3,703,483

Continued

EXHIBIT C-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources(Uses):					
Transfer to Food Service Fund - Board Contribution	$ (220,687)	$ (3,430)	$ (224,117)	$ (163,728)	$ 60,389
Operating Transfers - Internal Service Funds	500,000		500,000	92,261	(407,739)
Operating Transfers - Compensated Absences Internal Service Fund	-	-	-	-	-
Total Other Financing Sources/(Uses)	279,313	(3,430)	275,883	(71,467)	(347,350)
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(400,000)	(79,771)	(479,771)	2,876,362	3,356,133
Fund Balances, July 1	2,577,874	-	2,577,874	2,577,874	-
Fund Balances, June 30	$ 2,177,874	$ (79,771)	$ 2,098,103	$ 5,454,236	$ 3,356,133

Recapitulation:	
Restricted Fund Balance	
Capital Reserve	$ 500,001
Assigned Fund Balance	
Reserve for Encumbrance	1,281,868
Designated for Subsequent Year's Expenditures	1,101,501
Unassigned Fund Balance	
Undesignated	2,570,866
	$ 5,454,236

EXHIBIT C-2

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	$ 1,002,319	$ 116,601	$ 1,118,920	$ 979,458	$ (139,462)
Federal Sources	88,739	346,404	435,143	298,128	(137,015)
Other Sources	8,100,000	592,611	8,692,611	7,809,240	(883,371)
Total Revenues	9,191,058	1,055,616	10,246,674	9,086,826	(1,159,848)
EXPENDITURES					
Instruction					
Salaries of Teachers	9,029,858	(4,787,115)	4,242,743	3,821,038	421,705
Other Salaries for Instruction		19,021	19,021	19,021	-
Purchased Professional Services		10,792	10,792	8,792	2,000
Other Purchased Services		32,605	32,605	30,105	2,500
General Supplies		238,775	238,775	167,405	71,370
Other Objects	161,200	(111,362)	49,838	47,725	2,113
Total Instruction	9,191,058	(4,597,284)	4,593,774	4,094,086	499,688
Support Services					
Salaries		772,884	772,884	730,043	42,841
Personnel Services Employee Benefits		2,070,711	2,070,711	1,987,944	82,767
Cleaning, Repair, and Maintenance Service		7,555	7,555	7,555	-
Purchased Professional Education Services		2,249,161	2,249,161	1,830,131	419,030
Communication and Telephone		14,756	14,756	14,756	-
Energy		13,324	13,324	13,324	-
Rental		119,708	119,708	119,708	-
Travel		8,591	8,591	8,126	465
Other Purchased Services		117,937	117,937	117,937	-
Supplies and Materials		6,692	6,692	6,380	312
Miscellaneous Expenditures	-	22,893	22,893	21,087	1,806
Total Support Services	-	5,404,212	5,404,212	4,856,991	547,221
Facilities Acquisition and Construction					
Buildings		101,029	101,029	95,320	5,709
Instructional Equipment	-	147,659	147,659	40,429	107,230
Total Facilities Acquisition and Construction	-	248,688	248,688	135,749	112,939
Total Expenditures	9,191,058	1,055,616	10,246,674	9,086,826	1,159,848
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -	$ -	$ -

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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.

	General Fund	Special Revenue Fund
Source/Inflows of Resources		
Actual Amounts (budgetary basis) "revenue"		
From the budgetary comparison schedule	$ 64,018,947	$ 9,086,826
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, 2010		
Encumbrances, June 30, 2011	-	(69,907)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 64,018,947	$ 9,016,919
Uses/Outflows of Resources		
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	$ 61,071,118	$ 9,086,826
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, 2010		
Encumbrances, June 30, 2011	-	(69,907)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	$ 61,071,118	$ 9,016,919

SCHOOL LEVEL FUNDS

NOT APPLICABLE

SPECIAL REVENUE FUND

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Total Brought Forward (Ex. E-1b)	Total Brought Forward (Ex. E-1a)	Total Brought Forward (Ex. E-1c)	Nonpublic Supp. Inst.	Nonpublic Speech	Nonpublic Transport	Nonpublic Home Inst	Nonpublic Exam & Class	Nonpublic Comp Ed	2011
REVENUES										
Intergovernmental										
State	$ 127,237	$ 784,689	$ 67,532							$ 979,458
Federal	137,510	148,887	11,731							298,128
Other	265,830	-	$ 1,828,560	$ 733,184	$ 1,068,258	$ 100,947	$ 38,806	$ 1,340,621	$ 2,433,034	7,809,240
Total Revenues	$ 530,577	$ 933,576	$ 1,907,823	$ 733,184	$ 1,068,258	$ 100,947	$ 38,806	$ 1,340,621	$ 2,433,034	$ 9,086,826
EXPENDITURES										
Instruction										
Salaries of Teachers	$ 111,426	$ 462,063	$ 964,566	$ 375,467	$ 452,738	$ 48,120	$ 24,087		$ 1,382,571	$ 3,821,038
Other Salaries for Instruction	-		-	6,211	6,599			$ 6,211		19,021
Purchased Professional Services	8,792	-	-							8,792
Other Purchased Services	30,105	-	-							30,105
General Supplies	35,508	43,972	69,308	76				3,858	14,683	167,405
Other Objects	20,382	-	-	-	623	-	-	9,878	16,842	47,725
Total Instruction	206,213	506,035	1,033,874	381,754	459,960	48,120	24,087	19,947	1,414,096	4,094,086
Support Services										
Salaries	140,519	71,993	76,667	69,524	134,779	46,829	656	124,705	64,371	730,043
Personnel Services Employee Benefits	136,184	82,109	312,388	257,001	351,459		147	113,147	735,509	1,987,944
Cleaning, Repair, and Maintenance Services	-		-			3,998		2,581	976	7,555
Purchased Professional Education Services	3,500	75,778	320,705	14,000		2,000	13,916	857,318	160,000	1,447,217
Purchased Professional Technical Services		28,736	77,178		89,000			188,000		382,914
Communication and Telephone	819		-		819			1,448	11,670	14,756
Energy(Heat & Electricity)	4,841		-		4,241				4,242	13,324
Other Purchased Professional Services	26,997	46,700	-							73,697
Rental	5,000	19,158	-	10,000	25,000			27,775	32,775	119,708
Travel	309	1,222	-						6,595	8,126
Other Purchased Services	3,210	28,625	-	905	3,000			5,700	2,800	44,240
Supplies and Materials	2,985	3,395	-							6,380
Miscellaneous Expenditures	-	21,087	-	-	-	-	-	-	-	21,087
Total Support Services	324,364	378,803	786,938	351,430	608,298	52,827	14,719	1,320,674	1,018,938	4,856,991
Facilities Acquisition and Construction										
Buildings	-		59,291							59,291
Rental of Buildings		36,029								36,029
Instructional Equipment	-	12,709	27,720	-	-	-	-	-	-	40,429
Total Facilities Acquisition and Construction	-	48,738	87,011	-	-	-	-	-	-	135,749
Total Expenditures	$ 530,577	$ 933,576	$ 1,907,823	$ 733,184	$ 1,068,258	$ 100,947	$ 38,806	$ 1,340,621	$ 2,433,034	$ 9,086,826

EXHIBIT E-1a

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, 2011

	Careers Thru Technology	DDD Transportation	Adult Autism	After Hours	Community Connections	Getting Us There	Leisure Bridges	Food Service Equipment Grant	REMS SNAP	Total Exhibit E-1a
REVENUES										
Intergovernmental										
State	$ 198,022	$ 238,277	$ 124,885	$ 41,672	$ 37,098	$ 75,766	$ 56,260	$ 12,709		$ 784,689
Federal									$ 148,887	148,887
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	$ 198,022	$ 238,277	$ 124,885	$ 41,672	$ 37,098	$ 75,766	$ 56,260	$ 12,709	$ 148,887	$ 933,576
EXPENDITURES										
Instruction										
Salaries of Teachers	$ 146,823	$ 76,631	$ 120,587	$ 41,672	$ 25,734	$ 49,916			$ 700	$ 462,063
Other Salaries for Instruction										-
Purchased Professional Services										-
Other Purchased Services										
General Supplies					4,450	7,154			$ 32,368	43,972
Other Objects	-	-	-	-	-	-	$ -	-	-	-
Total Instruction	146,823	76,631	120,587	41,672	30,184	57,070	-	-	33,068	506,035
Support Services										
Salaries		38,316				225	19,310		14,142	71,993
Personnel Services Employee Benefits	32,699	28,736	4,298		3,914	8,471	401		3,590	82,109
Cleaning, Repair, and Maintenance Services										
Purchased Professional Education Services									75,778	75,778
Purchased Professional Technical Services		28,736								28,736
Other Purchased Professional Services		46,700			-					46,700
Communication and Telephone										-
Energy (Heat & Electricity)										-
Purchased Property Services										-
Rental		19,158								19,158
Travel									1,222	1,222
Other Purchased Services					500		28,125			28,625
Supplies and Materials							3,395			3,395
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	21,087	21,087
Total Support Services	32,699	161,646	4,298	-	4,414	8,696	51,231	-	115,819	378,803
Facilities Acquisition and Construction										
Rental of Buildings	18,500				2,500	10,000	5,029		-	36,029
Instructional Equipment	-	-	-	-	-	-	-	12,709	-	12,709
Total Facilities Acquisition and Construction	18,500	-	-	-	2,500	10,000	5,029	12,709	-	48,738
Total Expenditures	$ 198,022	$ 238,277	$ 124,885	$ 41,672	$ 37,098	$ 75,766	$ 56,260	$ 12,709	$ 148,887	$ 933,576

EXHIBIT E-1b

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, 2011

	Work Ready, Work Now	Foundation Funds	Bleshman Donations	Millburn Donations	HIP Union St Donations	Nonpublic ESL	Millburn Transition	Homeless Children	Homeless Children Continued	Total Exhibit E-1b
REVENUES										
Intergovernmental										
State	$ 127,237									$ 127,237
Federal								$ 82,338	$ 55,172	137,510
Other	-	10,101	$ 7,364	$ 5,385	$ 66	238,130	$ 4,784	-	-	265,830
Total Revenues	$ 127,237	$ 10,101	$ 7,364	$ 5,385	$ 66	$ 238,130	$ 4,784	$ 82,338	$ 55,172	$ 530,577
EXPENDITURES										
Instruction										
Salaries of Teachers	$ 28,074					$ 65,690		$ 17,662		$ 111,426
Other Salaries for Instruction										-
Purchased Professional Services	8,792									8,792
Other Purchased Services								$ 7,500	22,605	30,105
General Supplies	1,745	10,101	$ 7,364	$ 5,385	$ 66	76	$ 4,784		5,987	35,508
Other Objects	20,250	$ -	-	-	-	-	-	132	-	20,382
Total Instruction	58,861	10,101	7,364	5,385	66	65,766	4,784	25,294	28,592	206,213
Support Services										
Salaries	58,838					42,546		27,849	11,286	140,519
Personnel Services Employee Benefits	9,038					114,753		9,734	2,659	136,184
Cleaning, Repair, and Maintenance Services										-
Purchased Professional Education Services						3,500				3,500
Other Purchased Professional Services								16,667	10,330	26,997
Communication and Telephone						819				819
Energy (Heat & Electricity)						4,841				4,841
Purchased Property Services										-
Rental						5,000				5,000
Travel								309		309
Other Purchased Services						905			2,305	3,210
Supplies and Materials	500							2,485		2,985
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	-
Total Support Services	68,376	-	-	-	-	172,364	-	57,044	26,580	324,364
Facilities Acquisition and Construction										
Buildings										-
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	-
Total Expenditures	$ 127,237	$ 10,101	$ 7,364	$ 5,385	$ 66	$ 238,130	$ 4,784	$ 82,338	$ 55,172	$ 530,577

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, 2011

	Nonpublic Flow-thru	Nonpublic Flow-thru Carryover	Community Development Block Grant	DOE Piermont HVAC	DOE Montesano Video	Total Exhibit E-1c
REVENUES						
Intergovernmental						
State				47,560	19,972	67,532
Federal			11,731			11,731
Other	$ 1,310,083	$ 518,477	-	-	-	$ 1,828,560
Total Revenues	$ 1,310,083	$ 518,477	$ 11,731	47,560	19,972	$ 1,907,823
EXPENDITURES						
Instruction						
Salaries of Teachers	$ 661,946	$ 302,620				$ 964,566
Other Salaries for Instruction						-
Purchased Professional Services						-
Other Purchased Services						-
General Supplies	55,262	$ 14,046				69,308
Other Objects	-	-	-	-	-	-
Total Instruction	717,208	316,666	-	-	-	1,033,874
Support Services						
Salaries	76,667					76,667
Personnel Services Employee Benefits	246,510	65,878				312,388
Cleaning, Repair, and Maintenance Services						-
Purchased Professional Education Services	186,847	133,858				320,705
Other Purchased Professional Services	75,103	2,075				77,178
Communication and Telephone						-
Energy (Heat & Electricity)						-
Purchased Property Services						-
Rental						-
Travel						-
Other Purchased Services						-
Supplies and Materials						-
Miscellaneous Expenditures	-	-	-	-	-	-
Total Support Services	585,127	201,811	-	-	-	786,938
Facilities Acquisition and Construction						
Buildings			11,731	47,560		59,291
Instructional Equipment	7,748	-	-	-	19,972	27,720
Total Facilities Acquisition and Construction	7,748	-	11,731	47,560	19,972	87,011
Total Expenditures	$ 1,310,083	$ 518,477	$ 11,731	$ 47,560	$ 19,972	$ 1,907,823

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, 2011

NOT APPLICABLE

CAPITAL PROJECTS FUND

EXHIBIT F-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Issue/Project Title	Adjusted Appropriation	Expenditures to Date Prior Years	Expenditures to Date Current Year	Balance June 30, 2011
Centralized Campus	$ 7,800,000	$ 7,299,554		$ 500,446
Facilites Bond #12	2,005,000	2,000,817		4,183
Facilities Bond #13	830,000	829,855		145
Facilities Bond #14	3,756,650	3,756,443		207
Facilities Bond #15	1,791,000	1,496,682	$ 4,421	289,897
Facilities Bond #16	1,400,000			1,400,000
Facilities Bond #17	1,847,000	839,770	310,143	697,087
Facilities Bond #18	5,010,750	1,006,499	81,662	3,922,589
Facilities Bond #19	1,867,500	-	467,032	1,400,468
Facilities Bond #20	1,925,000	-	-	1,925,000
	-	-	(4,389)	4,389
	$ 28,232,900	$ 17,229,620	$ 858,869	$ 10,144,411

Project Balance, June 30, 2011	$ 10,144,411
Unrealized Revenue - Authorized But Not Issued by the County	(10,356,844)
Fund Balance, June 30, 2011	$ (212,433)

EXHIBIT F-2

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, 2011

Revenues and Other Financing Sources	
County Aid	$ 832,836
Total Revenues and Other Financing Sources	832,836
Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	28,170
Facilities Acquisition and Construction Services	143,106
Equipment	311,503
Supplies and Materials	376,090
Total Expenditures and Other Financing Uses	858,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,033)
Fund Balance (Deficit) - Beginning of Year	(186,400)
Fund Balance (Deficit) - End of Year	$ (212,433)

EXHIBIT F-2A

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Analysis of Appropriation		Analysis of Funds: County Aid	Analysis of Funds: State Share EDA
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	5,010,750		
	17,848,750	$ 17,848,750	
Facilities Bond #13	830,000		
Facilities Bond #14	3,756,650		
Facilities Bond #19	1,867,500		
Facilities Bond #20	1,925,000		
	8,379,150	-	$ -
Total	$ 26,227,900	$ 24,325,617	$ 1,902,283

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	501,890
10/01/10	Project Number 0285-100-09-1002	53,550
4/23/03	Project Number 0285-050-03-0259-00	71,400
		$ 1,902,283

ENTERPRISE FUNDS

EXHIBIT G-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30,2011

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, 2011

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

INTERNAL SERVICE FUNDS

EXHIBIT G-4

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	Millburn Regional Day School	Norman A. Bleshman Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	ETTC	Management Agreement	Compensated Absences	Totals
ASSETS												
Current Assets												
Cash and Cash Equivalents	$ 649,814	$ 869,271	$ 633,352	$ 4,300	$ 3,410	$ 44,587	$ 83,663	$ 69	$ 38,218	$ 197		$ 2,326,881
Accounts Receivable	259,132	232,775	318,012			228,785	20,280	609,199				1,668,183
Due From B.C.T.S.										151,907		151,907
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	$ 1,216,577	1,216,577
Total Current Assets	908,946	1,102,046	951,364	4,300	3,410	273,372	103,943	609,268	38,218	152,104	1,216,577	5,363,548
Capital Assets												
Furniture, machinery & equipment	188,200	281,319				14,657		78,082	32,606			594,864
Less: Accumulated Depreciation	(171,867)	(251,540)	-	-		(8,796)	-	(43,382)	(3,502)	-	-	(479,087)
Total Capital Assets, Net	16,333	29,779	-	-	-	5,861	-	34,700	29,104	-	-	115,777
Total Assets	925,279	1,131,825	951,364	4,300	3,410	279,233	103,943	643,968	67,322	152,104	1,216,577	5,479,325
LIABILITIES												
Current Liabilities												
Accounts Payable	62,638	95,522				139	125	1,819	6,832	104		167,179
Deferred Revenues				4,300								4,300
Other	17,429	11,958						3,814				33,201
Due to Other Funds	-	-	-	-	-	-	-	81,000	-	152,000	-	233,000
Total Current Liabilities	80,067	107,480	-	4,300	-	139	125	86,633	6,832	152,104	-	437,680
Noncurrent Liabilities												
Compensated Absences	83,351	115,416	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Noncurrent Liabilities	83,351	115,416	-	-	-	-	-	-	-	-	1,216,577	1,415,344
Total Liabilities	163,418	222,896	-	4,300	-	139	125	86,633	6,832	152,104	1,216,577	1,853,024
NET ASSETS												
Invested in capital assets net of related debt	16,333	29,779				5,861		34,700	29,104			115,777
Unrestricted	745,528	879,150	951,364	-	3,410	273,233	103,818	522,635	31,386	-	-	3,510,524
Total Net Assets	$ 761,861	$ 908,929	$ 951,364	$ -	$ 3,410	$ 279,094	$ 103,818	$ 557,335	$ 60,490	$ -	$ -	$ 3,626,301

EXHIBIT G-5

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, 2011

	Millburn Regional Day School	Norman A. Bleshman Regional Day School	One to One Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	ETTC	Management Agreement	Compensated Absences	Totals
REVENUES												
OPERATING REVENUES												
Tuition from LEAS	$ 3,690,311	$ 7,291,022										$ 10,981,333
Charges and Fees	34,728	220,906	$ 1,283,266	$ 2,779,100	$ 10,000	$ 772,807	$ 106,500	$ 2,572,733	$ 74,041	$ 1,061,069	-	8,915,150
Total Operating Revenues	3,725,039	7,511,928	1,283,266	2,779,100	10,000	772,807	106,500	2,572,733	74,041	1,061,069	-	19,896,483
OPERATING EXPENSES												
Instruction-Special Education	2,026,728	4,456,419	814,418	1,432,597	84,874	553,355	93,435	1,786,787	58,093			11,306,706
School Sponsored Cocurricular Activities												-
Health Services	162,774	247,942		13,938								424,654
Other Support Services-Students-Regular				24,216								24,216
Other Support Services-Students-Special	171,016	192,856		125,806				16,237				505,915
Admin. Info. Technology		56,372		5,125				117,555				179,052
Instructional Staff Training Services	1,515	60										1,575
General Administration	22,643	22,495		39,768				15,342		8,064		108,312
School Administration	140,557	227,376		201,701				99,032				668,666
Operation and Maintenance of Plant	275,666	326,718		174,621				119,945		21,539		918,489
Student Transportation				63,677								63,677
Business/Central Services	125,630	255,541		377,239						756,168		1,514,578
Unallocated Benefits	794,640	1,618,242	203,604	399,134	16,218	102,224	21,910	264,605		273,358		3,693,935
Food Services	1,790	4,400		33,278		128				1,940		41,536
Depreciation	2,574	28,231	-	-	-	1,466	-	7,429	2,329	-	-	42,029
Total Operating Expenses	3,725,533	7,436,652	1,018,022	2,891,100	101,092	657,173	115,345	2,426,932	60,422	1,061,069	-	19,493,340
Operating Income (Loss)	(494)	75,276	265,244	(112,000)	(91,092)	115,634	(8,845)	145,801	13,619	-	-	403,143
Net Income (Loss) Before Operating Transfers	(494)	75,276	265,244	(112,000)	(91,092)	115,634	(8,845)	145,801	13,619	-	-	403,143
Transfer In(out)												
Other Financing Source(Use)	-	-	-	(52,261)	-	(40,000)	-	-	-	-	-	(92,261)
Change in Net Assets	(494)	75,276	265,244	(164,261)	(91,092)	75,634	(8,845)	145,801	13,619	-	-	310,882
Prior Period Adjustment - Capital Assets, net												-
Total Net Assets - Beginning of Year	762,355	833,653	686,120	164,261	94,502	203,460	112,663	411,534	46,871	-	-	3,315,419
Total Net Assets - Ending of Year	$ 761,861	$ 908,929	$ 951,364	$ -	$ 3,410	$ 279,094	$ 103,818	$ 557,335	$ 60,490	$ -	$ -	$ 3,626,301

EXHIBIT G-6

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINED STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Millburn Regional Day School	Norman A. Bleshman Regional Day School	One to Aides	Extended Year	TAP	Touchstone	Home Hospital	Education Enterprises	ETTC	Management Agreement	Compensated Absences	Totals
CASH FLOWS FROM OPERATING ACTIVITIES												
Receipts from Customers	$ 3,927,296	$ 7,524,473	$ 1,237,496	$ 2,808,600	$ 64,000	$ 764,200	$ 141,665	$ 2,569,753	$ 74,041	$ 1,033,371		$ 20,144,895
Payments to Employees	(2,668,018)	(5,356,730)	(814,418)	(1,940,396)	(64,873)	(434,999)	(93,235)	(1,968,708)		(756,168)		(14,097,545)
Payments to Suppliers for Goods and Services	(1,014,555)	(1,985,762)	(203,604)	(950,704)	(36,526)	(220,569)	(21,985)	(450,686)	(52,482)	(307,274)	-	(5,244,147)
Net Cash Provided by(Used for) operating activities	244,723	181,981	219,474	(82,500)	(37,399)	108,632	26,445	150,359	21,559	(30,071)	-	803,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES												
Operating Subsidies and transfers from(to) other funds	-	-	-	(52,261)	-	(65,000)	-	(144,000)	-	27,000	-	(234,261)
Net cash provided by (used for) noncapital financing activities	-	-	-	(52,261)	-	(65,000)	-	(144,000)	-	27,000	-	(234,261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES												
Purchases of capital assets	-	-	-	-	-	-	-	(7,594)	(18,621)	-	-	(26,215)
Net cash provided by(used) capital and related financing activities	-	-	-	-	-	-	-	(7,594)	(18,621)	-	-	(26,215)
Net increase (decrease) in cash and cash equivalents	244,723	181,981	219,474	(134,761)	(37,399)	43,632	26,445	(1,235)	2,938	(3,071)	-	542,727
Balances - Beginning of Year	405,091	687,290	413,878	139,061	40,809	955	57,218	1,304	35,280	3,268	-	1,784,154
Balances - End of Year	$ 649,814	$ 869,271	$ 633,352	$ 4,300	$ 3,410	$ 44,587	$ 83,663	$ 69	$ 38,218	$ 197	$ -	$ 2,326,881
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES												
Operating Income(Loss)	$ (494)	$ 75,276	$ 265,244	(112,000)	$ (91,092)	$ 115,634	$ (8,845)	$ 145,801	$ 13,619	-	$ -	$ 403,143
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities												
Depreciation and net amortization	2,574	28,231				1,466		7,429	2,329			42,029
(Increase) Decrease in accounts receivable, net	193,370	12,545	(45,770)	$ 25,200	54,000	(4,905)	35,165	(6,681)		$ (27,698)		235,226
Increase(Decrease) in other current liabilities	8,887					(3,702)		3,701				8,886
Increase(Decrease) in Deferred Revenues				4,300								4,300
Increase(decrease) in accounts payable	40,386	65,929		-	(307)	139	125	109	5,611	(2,373)	-	109,619
Total Adjustments	245,217	106,705	(45,770)	29,500	53,693	(7,002)	35,290	4,558	7,940	(30,071)	-	400,060
Net Cash Provided (Used) by Operating Activities	$ 244,723	$ 181,981	$ 219,474	$ (82,500)	$ (37,399)	$ 108,632	$ 26,445	$ 150,359	$ 21,559	$ (30,071)	$ -	$ 803,203

FIDUCIARY FUNDS

EXHIBIT H-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011

	Student Activity	Payroll	Total Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 3,543	$ 401,338	$ 404,881
Total Assets	$ 3,543	$ 401,338	$ 404,881
LIABILITIES			
Payroll Deductions and Withholdings		$ 401,338	$ 401,338
Payable to Student Groups	$ -	-	-
Total Liabilities	$ -	$ 401,338	$ 401,338

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-7

EXHIBIT H-3

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Receipts	Disbursements	Balance June 30, 2011
SCHOOLS				
Bergen County Piermont Student Activity	$ 36	$ -	$ -	$ 36
District Student Activity	2,940	864	685	3,119
Millburn Regional Day School	388	-	-	388
	$ 3,364	$ 864	$ 685	$ 3,543

EXHIBIT H-4

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Receipts	Disbursements	Balance June 30, 2011
Payroll Deductions and Withholdings	$ 493,854	$ 23,070,305	$ 23,162,821	$ 401,338
Accrued Salaries and Wages	-	34,361,889	34,361,889	-
	$ 493,854	$ 57,432,194	$ 57,524,710	$ 401,338

LONG-TERM DEBT

EXHIBIT I-1

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

EXHIBIT I-2

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

EXHIBIT I-3

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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.

EXHIBIT J-1

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

	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
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	$ 14,077,590
Restricted	943,513		4,412	1	1	1	1	1	1	287,568
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	7,865,632
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	$ 22,230,790
Business-Type Activities										
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	$ 16,695
Unrestricted	82,654	131,014	113,296	82,740	25,789	(31,998)	7,426	12,678	24,288	36,541
Total Business-Type Activities Net Assets	$ 92,662	$ 145,662	$ 125,114	$ 123,535	$ 61,734	$ (903)	$ 33,671	$ 34,073	$ 45,833	$ 53,236
District-Wide										
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	$ 14,094,285
Restricted	943,513	-	4,412	1	1	1	1	1	1	287,568
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	7,902,173
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	$ 22,284,026

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

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities										
Instruction										
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	$ 54,062,659
Support Services:										
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	20,135,118
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	4,246,311
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	1,124,974
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	7,243,623
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	1,509,882
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	2,660,556
Unallocated Benefits	1,562,490									
Debt Service										
Interest on Long Term Debt							19,282	10,385	2,528	-
Special Schools	2,035,434	1,946,759								
Unallocated Depreciation	1,036,205									
Regional Day Schools	10,454,584									
Total Governmental Activities Expenses	52,900,709	58,256,184	63,921,357	68,637,881	73,607,458	78,740,446	87,849,220	90,999,083	88,299,152	90,983,123
Business-Type Activities:										
Food Service	559,079	404,909	453,312	420,828	436,509	525,264	533,055	559,804	567,154	534,750
Total Business-Type Activities Expense	559,079	404,909	453,312	420,828	436,509	525,264	533,055	559,804	567,154	534,750
Total District Expenses	$ 53,459,788	$ 58,661,093	$ 64,374,669	$ 69,058,709	$ 74,043,967	$ 79,265,710	$ 88,382,275	$ 91,558,887	$ 88,866,306	$ 91,517,873
Program Revenues										
Governmental Activities:										
Charges For Services:	$ 14,859,693	$ 15,336,307	$ 16,762,813	$ 18,202,605	$ 18,497,913	18,919,693	19,688,173	20,603,942	67,166,745	69,117,215
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	13,318,375
Capital Grants And Contributions	-	-	697,532	1,964,566	2,293,394	3,134,048	2,335,851	848,417	1,441,212	832,836
Total Governmental Activities Program Revenues	22,107,918	24,764,823	28,540,290	29,911,826	31,024,184	35,186,460	36,577,704	35,311,494	82,452,320	83,268,426
Business-Type Activities:										
Charges For Services										
Food Service	158,975	127,741	141,304	128,515	129,377	134,405	130,853	141,752	133,040	133,673
Operating Grants And Contributions	132,296	126,146	139,537	153,698	150,070	187,305	198,391	227,481	261,444	244,752
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	291,271	253,887	280,841	282,213	279,447	321,710	329,244	369,233	394,484	378,425
Total District Program Revenues	$ 22,399,189	$ 25,018,710	$ 28,821,131	$ 30,194,039	$ 31,303,631	$ 35,508,170	$ 36,906,948	$ 35,680,727	$ 82,846,804	$ 83,646,851
Net (Expense)/Revenue										
Governmental Activities	$ (30,792,791)	$ (33,491,361)	$ (35,381,067)	$ (38,726,055)	$ (42,583,274)	$ (43,553,986)	$ (51,271,516)	$ (55,687,589)	$ (5,846,832)	$ (7,714,697)
Business-Type Activities	(267,808)	(151,022)	(172,471)	(138,615)	(157,062)	(203,554)	(203,811)	(190,571)	(172,670)	(156,325)
Total District-Wide Net Expense	$ (31,060,599)	$ (33,642,383)	$ (35,553,538)	$ (38,864,670)	$ (42,740,336)	$ (43,757,540)	$ (51,475,327)	$ (55,878,160)	$ (6,019,502)	$ (7,871,022)
General Revenues And Other Changes In Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	$ 5,095,047	$ 5,198,849	$ 5,328,349	$ 5,462,070	$ 5,598,623	$ 5,766,582	$ 5,939,580	$ 7,817,170	$ 7,817,170	$ 8,824,185
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	40,430
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		
Tuition Non-Resident	776,847	852,288	999,846	925,658	1,022,865	1,117,160	1,342,350	1,416,162		
Investment Earnings	56,856	52,427	41,502	145,978	242,293	277,145	137,737	29,184	15,679	11,021
Miscellaneous Income	312,698	438,527	510,352	638,079	486,893	651,534	896,281	975,533	1,213,957	1,621,123
Transfers	(288,324)	(204,022)	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(190,973)	(184,430)	(163,728)
Total Governmental Activities	33,599,108	34,121,038	36,659,571	40,823,996	41,658,546	45,983,619	50,722,964	56,582,459	8,885,915	10,333,031
Business-Type Activities:										
Investment Earnings										
Transfers	288,324	204,022	151,923	123,157	95,261	140,917	238,385	190,973	184,430	163,728
Total Business-Type Activities	288,324	204,022	151,923	123,157	95,261	140,917	238,385	190,973	184,430	163,728
Total District-Wide	$ 33,887,432	$ 34,325,060	$ 36,811,494	$ 40,947,153	$ 41,753,807	$ 46,124,536	$ 50,961,349	$ 56,773,432	$ 9,070,345	$ 10,496,759
Change In Net Assets										
Governmental Activities	$ 2,806,317	$ 629,677	$ 1,278,504	$ 2,097,941	$ (924,728)	$ 2,429,633	$ (548,552)	$ 894,870	$ 3,039,083	$ 2,618,334
Business-Type Activities	20,516	53,000	(20,548)	(15,458)	(61,801)	(62,637)	34,574	402	11,760	7,403
Total District	$ 2,826,833	$ 682,677	$ 1,257,956	$ 2,082,483	$ (986,529)	$ 2,366,996	$ (513,978)	$ 895,272	$ 3,050,843	$ 2,625,737

EXHIBIT J-3

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

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	
Restricted										$ 500,001
Committed										1,281,868
Assigned										1,101,501
Unassigned	-	-	-	-	-	-	-	-	-	2,570,866
Total General Fund	$ 582,757	$ 459,765	$ 1,336,712	$ 1,831,815	$ 1,416,950	$ 1,223,658	$ 579,832	$ 686,767	$ 2,577,874	$ 5,454,236
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)	
Restricted	-	-	-	-	-	-	-	-	-	(212,433)
Total All Other Governmental Funds	$ 262,953	$ (406,994)	$ 4,732,435	$ (2,206,598)	$ (3,086,154)	$ (1,899,823)	$ (408,825)	$ (1,167,020)	$ (186,400)	$ (212,433)

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a heirarchy based primarily on the extent to which a governemt is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

EXHIBIT J-4

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

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
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	$ 8,824,185
County Aid			697,532	918,810	2,293,394	2,421,390	2,335,851	848,417	1,441,212	832,836
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	47,846,544
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	1,374,188
Interest Earnings	56,856	52,427	41,502	145,978	242,293	277,145	137,737	29,184	15,679	11,021
Miscellaneous	312,698	438,527	510,352	638,079	486,893	651,534	935,338	1,002,270	9,132,795	9,426,363
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	5,189,624
Federal Sources	706,308	378,331	599,601	627,341	281,516	439,032	345,482	499,635	594,335	363,941
Total Revenue	39,252,063	43,753,576	48,588,971	52,656,374	54,280,078	62,391,303	67,850,880	71,481,344	70,624,176	73,868,702
Expenditures										
Instruction										
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	39,693,240
Support Services:										
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	18,724,963
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	1,016,662
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	3,347,755
Plant Operations And Maintenan	3,267,042	4,221,899	4,191,086	4,538,777	5,266,338	6,521,346	6,086,022	6,096,313	5,784,662	5,661,278
Pupil Transportation	507,783	707,960	670,770	821,748	838,061	1,013,065	1,008,359	1,296,991	1,171,617	1,113,453
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	732,714
Unallocated Benefits	6,830,848									
Special Schools	1,839,153	1,946,759								
Debt Service										
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	656,841
Total Expenditures	39,986,729	44,115,540	49,272,744	52,499,266	56,111,366	61,757,347	67,265,323	72,241,631	67,818,019	70,946,906
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(734,666)	(361,964)	(683,773)	157,108	(1,831,288)	633,956	585,557	(760,287)	2,806,157	2,921,796
Other Financing Sources (Uses)										
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	92,261
Transfers Out	(370,863)	(430,974)	(151,923)	(123,157)	(95,261)	(140,917)	(238,385)	(390,973)	(184,430)	(163,728)
Total Other Financing Sources (Uses)	1,524,191	(430,974)	61,769	37,342	536,867	359,083	261,615	109,027	65,570	(71,467)
Net Change In Fund Balances	$ 789,525	$ (792,938)	$ (622,004)	$ 194,450	$ (1,294,421)	$ 993,039	$ 847,172	$ (651,260)	$ 2,871,727	$ 2,850,329
Debt Service As A Percentage Of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

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
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
2011	11,021	1,089,497	389,334	105,014	26,257	1,621,123

EXHIBIT J-6

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
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	84,454,481,049	74,747,147,306	159,201,628,355	285,137,988	159,486,766,343	175,481,754,684
2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - 2011 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
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	0.1934	0.0025	0.1959
2011	N/A	N/A	N/A

N/A - 2011 Abstract of Ratables was not available.

Source: County Abstract of Ratables

EXHIBIT J-8

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

	2011		2002	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	NOT AVAILABLE		NOT AVAILABLE	

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
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%
2011	8,824,185	8,824,185	100.00%

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN 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
2011	-	-	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 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
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, 2010
(Unaudited)

Net Direct Debt of School District as of June 30, 2011		None
Net Overlapping Debt of School District		
Bergen County:		
County of Bergen	$ 730,825,489	
Bergen County Utilities Authority - Water Pollution (100%)	278,792,954	
		$ 1,009,618,443
Total Direct and Overlapping Debt		$ 1,009,618,443

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

	2006	2007	2008	2009	2010	2011
Legal Debt Margin Calculation as of December 31, 2010 (County Debt)						
Average equalized valuation of taxable property (last three years	$135,341,426,503	$152,222,318,410	$167,368,287,382	$ 178,689,519,616	$ 182,615,485,340	$181,109,724,691
Debt limit (2% of average equalization value)	2,706,828,530	3,044,446,368	3,347,365,748	3,573,790,392	3,652,309,707	3,622,194,494
Net Debt Issued Outstanding and Authorized	458,869,305	521,130,736	588,623,268	630,661,565	681,875,430	730,825,489
Remaining Borrowing Capacity	$ 2,247,959,225	$ 2,523,315,632	$ 2,758,742,480	$ 2,943,128,827	$ 2,970,434,277	$ 2,891,369,005

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 six years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-14

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

Year	Population	County Per Capital Personal Income**	Unemployment Rate*
2011	895,250 (1)	N/A	N/A
2010	895,250 (1)	N/A	8.1
2009	895,250	64,388	7.9
2008	889,915	68,541	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

(1) Estimate

* Amounts noted are for Bergen County

** US Bureau of the Census, Population Division, 10/00 and Census 2000 Data for New Jersey General Demographic Profile

Source NJ Department of Labor, Bureau of Labor Force Statistics
U.S. Department of Commerce, Bureau of Economic analysis
New Jersey Department of Labor

EXHIBIT J-15

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

	2011		2002	
Employer	**Employees**	**Percentage of Total Municipal Employment**	**Employees**	**Percentage of Total Municipal Employment**
	NOT AVAILABLE		NOT AVAILABLE	

Source: County of Bergen

EXHIBIT J-16

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular										
Special education	370.0	379.5	311.5	310.2	353.8	425.6	391.3	368.3	376.7	399.4
Other special education	28.0	25.5	26.3	26.5	26.7	26.7	28.1	30.1	29.1	1.0
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	35.0	33.2	79.3	77.4	79.7	74.7	90.7	90.7	90.9	87.2
Health Services	10.0	11.0	9.0	9.0	8.7	11.0	9.7	9.7	10.0	11.0
Educational Media Services	5.0	7.0	6.7	4.5						
General administration	5.0	5.0	2.1	2.6	2.9	2.9	3.1	3.1	2.7	3.0
School administrative services	17.0	18.3	18.1	21.9	22.8	22.8	23.6	23.6	25.0	24.4
Other administrative services										
Central services	4.0	4.0	3.1	3.8	5.8	5.8	6.3	6.3	5.0	5.0
Administrative Information Technology										
Plant operations and maintenance	19.0	19.5	21.0	22.8	22.5	23.5	22.3	22.3	20.6	24.6
Pupil transportation	14.0	14.0	14.0	14.6	14.9	16.0	15.7	15.7	15.7	15.7
Other support services										
Special Schools										29.8
Food Service										
Child Care										
Total	507.0	517.0	491.1	493.3	537.8	609.0	590.8	569.8	575.7	601.1

Source: District Personnel Records

EXHIBIT J-17

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

Fiscal Year	Enrollment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	689	$ 39,164,296	$ 56,842	#DIV/0!	392	1.76	749	689	#DIV/0!	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	826	756	6.72%	91.53%
2008	849	65,619,389	77,290	3.82%	454	1.87	860	792	4.12%	92.09%
2009	842	70,636,195	83,891	8.54%	441	1.91	857	788	-0.35%	91.95%
2010	806	67,332,595	83,539	-0.42%	429	1.88	803	741	-6.30%	92.28%
2011	771	70,290,065	91,167	9.13%	412	1.87	773	713	-3.80%	92.30%

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

EXHIBIT J-18

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

District Building	2004	2005	2006	2007	2008	2009	2010	2011
Union St. School- Hackensack								
Square Feet	8,060	8,060	8,060	8,060	8,060	8,060	8,060	8,060
Capacity (students)								
Enrollment	38	39	35	35	35	32	40	41
Piermont Campus, Rockleigh								
Square Feet	12,162	121,162	121,162	121,162	121,162	121,162	121,162	121,162
Capacity (students)								
Enrollment	86	128	119	115	113	131	116	105
Woodridge Transition Center								
Square Feet	19,261	19,261	19,261	19,261	19,261	19,261	19,261	19,261
Capacity (students)								
Enrollment	66	79	88	94	95	98	83	68
Rocco Montesano, Paramus								
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (students)								
Enrollment	142	133	125	139	122	115	101	104
Brownstone, Saddle Brook								
Square Feet		20,096	20,096	20,096	20,096	20,096	20,096	20,096
Capacity (students)								
Enrollment		78	81	84	79	62	56	63
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	10,000
Capacity (students)								
Enrollment	94	33	37	60	38	43	26	20
Godwin, Midland Park								
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Capacity (students)								
Enrollment	58	53	58	85	94	87	84	111
Hillcrest, Paramus								
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000		
Capacity (students)								
Enrollment	88	77	67	66	62	58		
Washington,Ridgewood								
Square Feet					19,974	19,974	19,974	19,974
Capacity (students)								
Enrollment					21	28	45	49
Springboard								
Square Feet						4,300	4,300	4,300
Capacity (students)								
Enrollment						40	45	41

Number of Schools at June 30, 2011

Life Skills Continuum=	2
Communication Skills Continuum=	4
Behavioral Skills Continuum=	15
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 eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

UNDISTRIBUTED EXPENDITURES-REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

School Facilities	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Union St. - Hearing Impaired, Hackensack	$ 6,710	$ 8,998	$ 7,803	$ 7,723	$ 8,287	$ 9,969	$ 7,966	$ 8,893	$ 2,615	$ 15,387
Piermont Campus, Rockleigh	100,870	135,256	117,272	116,263	124,748	149,854	119,903	133,686	109,607	133,770
Woodridge Transition Center	15,967	21,501	18,647	18,482	19,816	23,822	19,070	21,252	5,197	22,338
Rocco Montesano, Paramus	33,281	44,653	38,725	38,363	41,168	49,472	39,593	44,135	30,662	76,369
Brownstone, Saddle Brook	16,730	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	8,272	11,163	9,554	9,585	10,297	12,368	9,886	11,034		
Godwin, Midland Park	2,081	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	8,467	11,198	10,031	9,585	-	-	-	-	-	-
	$ 192,378	$ 257,961	$ 238,844	$ 227,133	$ 243,633	$ 292,757	$ 234,277	$ 261,171	$ 148,081	$ 247,864

Source: District records.

EXHIBIT J-20

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)

	Coverage	Deductible
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

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EXHIBIT K-1

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

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, 2011, which collectively comprise the Bergen County Special Services School District's basic financial statements and have issued our report thereon dated November 14, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Bergen County Special Services School District is responsible for establishing and maintaining effective 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 and Regulatory Compliance, Department of Education, State of New Jersey.

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 14, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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

Victor P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14, 2011

LERCH, VINCI & HIGGINS, LLP

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EXHIBIT K-2

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

Independent Auditor's Report

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, 2011. 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 and Regulatory Compliance, 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, 2011.

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 management, the Board of Trustees, others within the District, 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 14, 2011

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2011 (Accounts Receivable)	Balance June 30, 2011 Deferred Revenues	Balance June 30, 2011 Due to Grantor	Memo GAAP Receivable
U.S. Department of Agriculture														
Pass-through State Department of Agriculture														
Enterprise Fund														
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	$ 77,419				$ 69,336	$ 77,419		$ (8,083)			$ (8,083)
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	77,846	$ (8,417)			8,417						
National School Lunch Program	10.555	N/A												
Cash Assistance			7/1/10-6/30/11	144,498				131,136	144,498		(13,362)			(13,362)
Cash Assistance			7/1/09-6/30/10	148,554	(14,514)			14,514						
Non-cash Assistance			7/1/09-6/30/10	15,850	1,168			15,850	16,917			$ 101		
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/10-6/30/11	3,543				2,694	3,543		(849)			(849)
Fresh Fruit and Vegetable Program	10.582	N/A	7/1/09-6/30/10	4,736	(1,781)	-	-	1,781	-	-	-	-	-	-
Total Enterprise Fund					(23,544)	-	-	243,728	242,377	-	(22,294)	101	-	(22,294)
U.S. Department of Education														
Pass-through State Department of Education														
General Fund														
Medical Assistance Program	93.778		7/1/10-6/30/11	84,160	-	-	-	84,160	84,160	-	-	-	-	-
Total General Fund					-	-	-	84,160	84,160	-	-	-	-	-
Special Revenue Fund														
Homeless Children, Continuation	84.196A		9/01/09-8/31/10	38,347	(26,040)			81,212	55,172		26,040			
Community Development	14.219		7/01/10-6/30/11	65,000					11,731		(11,731)			(11,731)
ARRA - Homeless Children	84.196A		9/01/09-8/31/10	50,392							-			
Homeless Children	84.196A		9/1/10-8/31/11	147,000				32,181	82,338		(50,157)			(50,157)
ARRA - Workready,Work Now	17.259		7/1/09-6/30/10	26,000	(25,542)			25,542			-			
REMS-SNAP	84.184E		7/1/10-6/30/11	249,966	(245)	-	-	59,665	148,887	-	(89,467)	-	-	(89,467)
Total Special Revenue Funds					(51,827)	-	-	198,600	298,128	-	(125,315)	-	-	(151,355)
Total Federal Financial Assistance					$ (75,371)	$ -	$ -	$ 526,488	$ 624,665	$ -	$ (147,609)	$ 101	$ -	$ (173,649)

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, 2011

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Adjustment	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2011 (Accounts Receivable)	Balance June 30, 2011 Deferred Revenues	Balance June 30, 2011 Due to Grantor	MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
State Department of Education														
General Fund														
Reimbursed Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	$ 2,293,142	$ (114,355)			$ 114,355						$ (114,355)	$ 2,287,549
Reimbursed Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	2,287,549				2,173,113	$ 2,287,549		$ (114,436)				
On Behalf Pension System Contributions - Post Retirement Medical	11-495-034-5095-001	7/1/10-6/30/11	1,881,590				1,881,590	1,881,590						1,881,590
On Behalf Pension System Contributions - Non-Contributory Group Insurance	11-495-034-5095-007	7/1/10-6/30/11	88,587	-	-	-	88,587	88,587	-	-	-	-	-	88,587
Total General Fund				(114,355)	-	-	4,257,645	4,257,726	-	(114,436)	-	-	(114,355)	4,257,726
Special Revenue Fund														
Other State Sources														
Community Partnership	N/A	7/1/09-6/30/10	104,940	(58,540)			58,540							
Community Partnership	N/A	7/1/08-6/30/09	138,820											
Career Thru Tech	N/A	7/1/10-6/30/11	198,022				198,022	198,022						198,022
DDD Contract Transportation	01BS9N	7/1/09-6/30/10	247,969	(41,029)			41,029							
Adult Training	01BS9N	7/1/10-6/30/11	284,238				195,475	238,277		(42,802)				238,277
Adult Autism	01BS9N	7/1/09-6/30/10	131,584	(22,389)			22,389							
Adult Autism	01BS9N	7/1/10-6/30/11	137,202				102,587	124,885		(22,298)				124,885
After Hours	01BS9N	7/1/09-6/30/10	65,164	(7,036)			7,036							
After Hours	01BS9N	7/1/10-6/30/11	65,438				34,006	41,672		(7,666)				41,672
Community Connections	N/A	7/1/10-6/30/11	37,098				37,098	37,098						37,098
Getting Us There (GUTS)	N/A	7/1/10-6/30/11	75,766				75,766	75,766						75,766
Leisure Bridges	N/A	7/1/10-6/30/11	56,260				56,260	56,260						56,260
Work Ready,Work Now		7/1/09-6/30/10	101,237	(45,862)			45,862							
Work Ready,Work Now		7/1/10-6/30/11	127,237				82,221	127,237		(45,016)				127,237
Food Service Equipment Grant		7/1/10-6/30/11	12,709				12,709	12,709						12,709
DOE Piermont HVAC		7/1/10-6/30/11	71,400					47,560		(47,560)				47,560
DOE Montesano Video		7/1/10-6/30/11	53,550					19,972		(19,972)				19,972
Teacher Quality Enhancement		7/1/04-9/30/05	2,760	413	-	-	-	-	-	-	$ 413	-	-	-
Total State Department of Education-Special Revenue				(174,443)	-	-	969,000	979,458	-	(185,314)	413	-	-	979,458
State Department of Agriculture														
Enterprise Fund														
School Breakfast Program State Share	10-100-010-3360-096	7/1/09-6/30/10	5,100	$ (552)			552						(552)	
National School Lunch Program State Share	11-100-010-3360-067	7/1/10-6/30/11	3,442				3,110	3,442		(332)				3,442
National School Lunch Program State Share	10-100-010-3360-067	7/1/09-6/30/10	6,329	(606)	-	-	606	-	-	-	-	-	-	-
Total Enterprise Fund				(1,158)	-	-	4,268	3,442	-	(332)	-	-	(552)	3,442
Total State Financial Assistance				(289,956)	-	-	5,230,913	5,240,626	-	(300,082)	413	-	(114,907)	5,240,626
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Contributions				-	-	-	$ (1,970,177)	$ (1,970,177)	-	-	-	-	-	-
Total State Financial Assistance Subject to Single Audit				$ (289,956)	$ -	$ -	$ 3,260,736	$ 3,270,449	$ -	$ (300,082)	$ 413	$ -	$ (114,907)	$ 5,240,626

The Notes to the Schedules of Expenditures of Federal Assistance and State Financial Assistasnce 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, 2011

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 $60,907 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:

	Federal	State	Total
General Fund	$ 84,160	$ 4,257,726	$ 4,341,886
Special Revenue Fund	279,781	931,898	1,211,679
Food Service Fund	225,460	3,442	228,902
Total Financial Assistance	$ 589,401	$ 5,193,066	$ 5,782,467

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, 2011

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 $2,287,549 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, 2011. The amount reported as TPAF Pension System Contributions in the amount of $88,587 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $1,881,590 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements: Unqualified

Internal control over financial reporting:

1) Were any significant deficiencies over internal control identified? ____ yes X no

2) If applicable, were any such significant deficiencies considered to be material weakness(es)? ____ yes ____ no X n/a

Noncompliance material to basic financial statements noted? ____ yes X no

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified? ____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? ____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? ____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Clus
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? X yes ____ no

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

(1) Were any significant deficiencies in internal control over major programs identified? _____ yes ___X___ no

2) If applicable, were any such significant deficiencies considered to be material weakness(es)? _____ yes _____ no ___X___ n/a

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04? _____ yes ___X___ no

Identification of major state programs:

GMIS Number	Name of State Program or Cluster
11-495-034-5095-002	Social Security Tax (Reimbursed Social Security Contributions)

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

Auditee qualified as low-risk auditee? ___X___ yes _____ no

BERGEN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, 2011

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, 2011

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.