

**BURLINGTON COUNTY SPECIAL SERVICES  
SCHOOL DISTRICT**

Westampton, New Jersey  
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**WESTAMPTON, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by**

**Burlington County Special Services School District  
Finance Department**

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## OUTLINE OF CAFR

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	13
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion & Analysis	19
<b>BASIC FINANCIAL STATEMENTS</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	53
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	87
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grants - Budget & Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	95

**OUTLINE OF CAFR (Continued)**  
**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

	<b>PAGE</b>
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System	101
L-2 Schedule of District Contributions - Public Employees' Retirement System	102
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	103
L-4 Schedule of the District's Contributions Teachers' Pension and Annuity Fund	104
Notes to the Required Supplementary Information	107
<b>D. School Based Budget Schedules Fund:</b>	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
<b>E. Special Revenue Fund:</b>	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	N/A
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
<b>F. Capital Projects Fund:</b>	
F-1 Summary Schedule of Project Expenditures	117
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	118
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Westampton Campus Reroofing Project - Phase III	119
<b>G. Proprietary Funds:</b>	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
<b>H. Fiduciary Funds:</b>	
H-1 Combining Statement of Fiduciary Net Position	129
H-2 Combining Statement of Changes in Fiduciary Net Position	130
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	130
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	131
<b>I. Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**OUTLINE OF CAFR (Continued)**  
**STATISTICAL SECTION (unaudited)**

	<b>PAGE</b>
<b>Financial Trends:</b>	
J-1 Net Position by Component	137
J-2 Changes in Net Position	138
J-3 Fund Balances - Governmental Funds	140
J-4 Changes in Fund Balance - Governmental Funds	141
J-5 Other Local Revenue by Source - General Fund	142
<b>Revenue Capacity:</b>	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	N/A
J-7 Direct & Overlapping Property Tax Rates	N/A
J-8 Principal Property Taxpayers	N/A
J-9 Property Tax Levies & Collections	N/A
<b>Debt Capacity:</b>	
J-10 Ratios of Outstanding Debt by Type	N/A
J-11 Ratios of General Bonded Debt Outstanding	N/A
J-12 Direct & Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
<b>Demographic &amp; Economic Information:</b>	
J-14 Demographic & Economic Statistics	144
J-15 Principal Employers	144
<b>Operating Information:</b>	
J-16 Full-Time Equivalent District Employees by Function/Program	145
J-17 Operating Statistics	146
J-18 School Building Information	147
J-19 Schedule of Required Maintenance	148
J-20 Insurance Schedule	149

**SINGLE AUDIT SECTION**

K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	153
K-2 Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	155
K-3 Schedule of Expenditures of Federal Awards, Schedule A	159
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	160
K-5 Notes to Schedules of Awards and Financial Assistance	161
K-6 Schedule of Findings & Questioned Costs - Summary of Auditor's Results	163
K-7 Schedule of Findings & Questioned Costs - Findings	165
K-8 Summary Schedule of Prior Audit Findings	166

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**INTRODUCTORY SECTION**

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**BURLINGTON COUNTY INSTITUTE OF TECHNOLOGY**

20 Pioneer Blvd · Westampton NJ 08060 · P: 609-261-5600 · F: 609-261-5967

**Dr. Christopher Nagy**  
Superintendent of Schools  
cnagy@burlcoschools.org

**Theresa L. Margiotta**  
Business Administrator/Board Secretary  
tmargiotta@burlcoschools.org

November 28, 2017

Honorable President and Members of the Board of Education  
Burlington County Special Services School District  
Burlington County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Burlington County Special Services School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and result of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organization chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. 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 U.S. Office of Management and Budget "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations" and the State of New Jersey OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grant and State Aid Payments". Information related to this single audit, including the auditor's 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.

**1. REPORTING ENTITY AND ITS SERVICES:** The Burlington County Special Services School District is an independent report entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Burlington County Special Services Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to special education students. The District completed the 2016-17 fiscal year with an enrollment of 616, which is 7 students less than the previous year's enrollment. The following page details the changes in the student enrollment of the District over the last ten years.

## Student Enrollment Data

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	616.0	-1.02%
2015-16	623.0	-9.28%
2014-15	686.1	0.90%
2013-14	680.0	-12.25%
2012-13	774.9	-0.06%
2011-12	775.4	-6.21%
2010-11	826.7	-5.39%
2009-10	873.8	-6.71%
2008-09	936.6	-8.72%
2007-08	1,026.1	-----

**2. ECOMONIC CONDITION AND OUTLOOK:** With the election of the President of the United States, the U.S. economy has recently seen revitalized growth and expansion. This growth has been consistent over the last 12 months, and it is anticipated to continue into 2018. There is a resurgence in the stock market and new jobs are being created each month. It is highly anticipated that this dramatic turnaround in the US economy will enhance the District's ability to continue to provide our students with the highest quality care, support, and education.

**3. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognized 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 regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

**4. 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 Estimate. Annual appropriated budgets are adopted for the general fund and 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 time basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

**5. ACCOUNTING SYSTEM AND REPORTS:** The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized by the basis of funds and account groups. These funds and account groups are explained in “Notes to the Financial Statements”, Note 1.

**6. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund and capital projects fund for the fiscal year ended June 30, 2017, and the amount and percentage of increases in relation to prior year revenues.

	Revenue	Percentage of Total	(Decrease)/ Increase From 2016	Percentage Decrease/ Increase
Local Sources	\$ 41,202,986	89.40%	\$ 3,067,031	7.44%
State Sources	4,596,870	9.97%	469,929	10.22%
Federal Sources	288,044	0.62%	74,653	25.92%
Total	<u>\$ 46,087,900</u>	<u>100.00%</u>	<u>\$ 3,611,613</u>	

The following schedule presents a summary of general fund and capital projects fund expenditures for the fiscal year ended June 30, 2017, and the percentage of increases and decreases in relation to prior year amounts.

	Expenditure	Percentage of Total	(Decrease)/ Increase From 2016	Percentage Decrease/ Increase
Current Expenditures:				
Instruction	\$ 14,872,414	33.70%	\$ (79,928)	-0.54%
Other Special Instruction	327,741	0.74%	63,079	19.25%
Support Services & Undistributed Costs	28,933,649	65.56%	(1,205,839)	-4.17%
Total	<u>\$ 44,133,804</u>	<u>100.00%</u>	<u>\$ (1,222,688)</u>	

**7. DEBT ADMINISTRATION:** None


**8. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements,” Note 2. 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.

**9. 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 property and contents, and fidelity bonds.

**10. OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board to perform this service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Office of Management and Budget “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations” and the state of New Jersey OMB Circular Letter 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grant and State Aid Payments”. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENT:** We would like to express our appreciation to the members of the Burlington County Special Services Board of Education for their concern in providing fiscal accountability to the citizens and 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 financial and accounting staff.

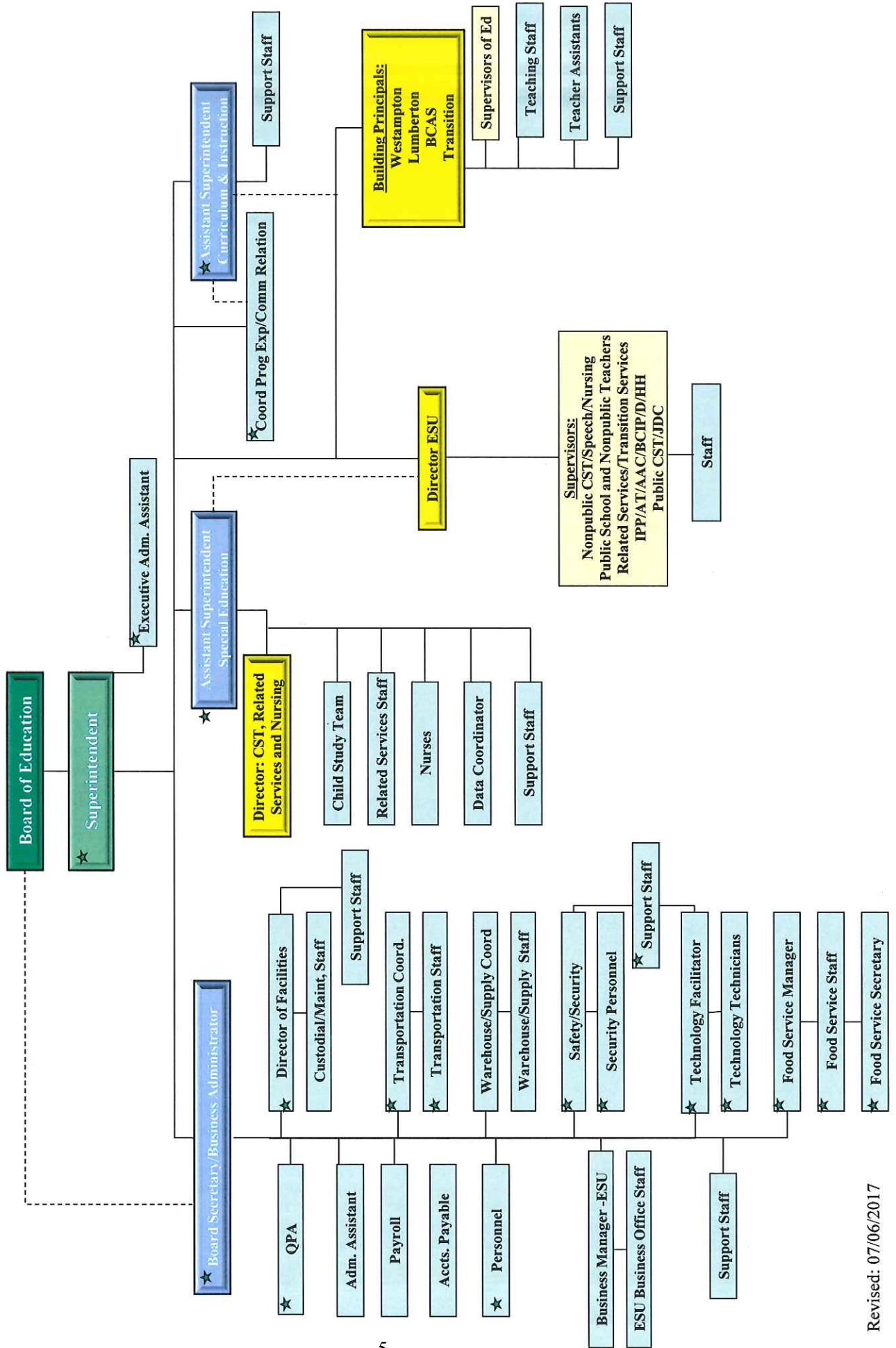
Respectfully submitted,

  
\_\_\_\_\_  
Christopher Nagy, Ed. D.  
Superintendent

  
\_\_\_\_\_  
Theresa L. Margiotta  
Business Administrator/Board Secretary

**POLICY**

**Burlington County Special Services School District**  
 Administration 1100  
 DISTRICT ORGANIZATIONAL CHART  
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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Robert C. Silcox, President	2018
Paula D. Lee, Vice President	2018
Christopher L. Baxter, Esq.	2016
Kathleen Burgess	2016
John J. Ferry	2017
Leon E. Jones, Jr.	2017

**OTHER OFFICIALS**

Dr. Christopher Nagy, Superintendent

Theresa L. Margiotta, Business Administrator/Board Secretary

Constance L. Stewart, Treasurer

Capehart & Scatchard, Solicitors

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**CONSULTANTS AND ADVISORS**

**ARCHITECT**

The Design Collaborative  
414 Garden State Parkway, Suite 100  
Cape May Court House, New Jersey 08210

**AUDIT FIRM**

Kevin P. Frenia, CPA, PSA  
Holman Frenia Allison, P. C.  
618 Stokes Road  
Medford, New Jersey 08055

**ATTORNEY**

Capehart & Scatchard, P.A.  
8000 Midlantic Drive, Suite 300  
Mt. Laurel, New Jersey 08054

**OFFICIAL DEPOSITORY**

TD Bank  
Mount Holly, NJ 08060

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Burlington County Special Services School District  
County of Burlington  
Westampton, New Jersey 08060

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, County of Burlington, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington County Special Services School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 28, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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# **Burlington County Special Services School District, New Jersey Management's Discussion & Analysis**

**For the Fiscal Year Ended June 30, 2017**

## **Unaudited**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017.

### **Financial Highlights**

The District's change in total net position based on current year's transactions was \$1,305,058. Of the 63,546,553 of revenues charges for enterprise funds accounted for \$17,148,588, contributions from grants and sources such as On-Behalf TPAF amount to \$4,931,501, and total general revenues and special items were \$41,466,464.

### **Using this Comprehensive Annual Financial Report**

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

### **Reporting the District as a Whole**

#### *The Statement of Net Position and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

### **Reporting the District's Most Significant Funds**

#### *Fund Financial Statements*

The fund financial statements begin on Page 37 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

## **Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$(18,491,791) at the close of the most recent fiscal year. This deficit is caused by the current year accrual of net pension liability and compensated absences, as described in Note 19 to the financial statements.

A portion of the District's net position in the amount of 8,420,747 reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Government-wide Financial Analysis (continued):

A comparative analysis of fiscal year 2017:

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2017	JUNE 30, 2016
				(MEMORANDUM ONLY)
Cash & Cash Equivalents	\$ 2,720,387	\$ -	\$ 2,720,387	\$ 333,398
Internal Balances	691,073	(691,073)	-	-
Receivables, Net (Note 4)	2,638,189	1,498,774	4,136,963	
Inventory	-	28,964	28,964	20,495
Restricted Cash & Cash Equivalents	1,510,108	-	1,510,108	1,510,108
Capital Assets, Net (Note 5)				
Non-Depreciable	3,240,652	-	3,240,652	1,750,783
Depreciable	5,180,095	278,525	5,458,620	5,069,939
<b>Total Assets</b>	<b>15,980,504</b>	<b>1,115,190</b>	<b>17,095,694</b>	<b>8,684,723</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred Outflows Related to Pensions (Note 8)	13,315,215	-	13,315,215	4,352,100
<b>Total Deferred Outflow of Resources</b>	<b>13,315,215</b>	<b>-</b>	<b>13,315,215</b>	<b>4,352,100</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>29,295,719</b>	<b>1,115,190</b>	<b>30,410,909</b>	<b>13,036,823</b>
<b>LIABILITIES</b>				
Cash Deficit	-	619,816	619,816	1,302,907
Accounts Payable	243,457	71,944	315,401	241,802
Due to Other Governments	1,391,358	-	1,391,358	-
Unearned Revenue	2,169,162	814	2,169,976	1,653,580
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	39,909,898	-	39,909,898	28,984,691
<b>Total Liabilities</b>	<b>43,713,875</b>	<b>692,574</b>	<b>44,406,449</b>	<b>32,305,341</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred Inflows Related to Pensions (Note 8)	4,073,635	-	4,073,635	5,617,281
<b>Total Deferred Inflow of Resources</b>	<b>4,073,635</b>	<b>-</b>	<b>4,073,635</b>	<b>5,617,281</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>47,787,510</b>	<b>692,574</b>	<b>48,480,084</b>	<b>37,922,622</b>
<b>NET POSITION</b>				
Investment in Capital Assets	8,420,747	278,525	8,699,272	6,820,722
Restricted for:				
Capital Projects	1,510,108	-	1,510,108	1,643,124
Unrestricted (Deficit)	(28,422,646)	144,091	(28,278,555)	(27,838,079)
<b>Total Net Position</b>	<b>\$ (18,491,791)</b>	<b>\$ 422,616</b>	<b>\$ (18,069,175)</b>	<b>\$ (19,374,233)</b>

**Government-wide Financial Analysis (continued):**

An additional portion of the District's net position in the amount of \$1,781,051 represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing activities.

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2017	(MEMORANDUM ONLY) JUNE 30, 2016
<b>General Revenues:</b>				
County Appropriation	\$ 5,494,388	\$ -	\$ 5,494,388	\$ 6,550,783
Federal & State Aid Not Restricted	288,044	-	288,044	213,391
Tuition - LEAs	26,720,278	-	26,720,278	23,818,838
Other Tuition	8,310,839	-	8,310,839	7,052,945
Non Resident Fees	354,042	-	354,042	358,446
Rents and Royalties	158,609	-	158,609	144,083
Miscellaneous Income	164,830	-	164,830	210,864
Transfers	(1,542,798)	1,542,798	-	-
Cancellation of Prior Year A/R	31,853	-	31,853	-
Gain/(Loss) on Adjustment to Capital Assets	-	(56,419)	(56,419)	65,064
Operating Grants & Contributions	4,596,870	334,631	4,931,501	8,720,831
Charges for Services	-	17,148,588	17,148,588	16,343,938
<b>Total Revenues:</b>	<b>44,576,955</b>	<b>18,969,598</b>	<b>63,546,553</b>	<b>63,479,183</b>
<b>Expenditures:</b>				
Special Education	14,872,414	-	14,872,414	14,952,342
Other Special Instruction	327,741	-	327,741	264,662
Support Services	28,274,094	-	28,274,094	30,107,990
Undistributed Costs	503,314	18,263,932	18,767,246	19,777,787
<b>Total Expenditures</b>	<b>43,977,563</b>	<b>18,263,932</b>	<b>62,241,495</b>	<b>65,102,781</b>
Change In Net Position	599,392	705,666	1,305,058	(1,623,598)
Beginning Net Position	(19,091,183)	(283,050)	(19,374,233)	(17,750,635)
<b>Ending Net Position</b>	<b>\$ (18,491,791)</b>	<b>\$ 422,616</b>	<b>\$ (18,069,175)</b>	<b>\$ (19,374,233)</b>



## Government-wide Financial Analysis (continued):

### Governmental Activities

Net position of the District's governmental activities increased by \$599,392. The increase was a result of an additions to capital assets. There is a deficit in net position of \$(18,491,791).

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities (amounts expressed in thousands). General revenues including county appropriations and tuitions from other LEA's, investment earnings and unrestricted State entitlements must support the net cost of the District's programs.

Program Expenses:	
Instruction:	
Special Education	\$ 14,872,414
Other Special Instruction	327,741
Support Services:	
Student & Related Expenses	4,835,812
School Administrative Services	659,370
General & Business Services	3,243,060
Plant Operations & Maintenance	3,500,366
Pupil Transportation	244,846
Unallocated Benefits	11,193,770
On-Behalf TPAF & Social Security	
Contributions	4,596,870
Unallocated Depreciation	<u>503,314</u>
Total Expenses	<u>\$ 43,977,563</u>

### The District's Funds

The District's governmental funds (as presented on the balance sheet on Page 37) reported a combined fund balance of \$5,147,138 which is more than last year's total of \$4,703,987. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General Fund	<u>\$5,147,138</u>	<u>\$4,703,987</u>	<u>\$443,151</u>

## General Fund

The District's general fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the general fund.

	2017	2016	Percentage
	Amount	Amount	Change
<b>Revenues:</b>			
County Appropriation	\$ 4,004,519	\$ 4,800,000	-16.57%
Tuition Charges	35,031,117	30,871,783	13.47%
Non-Resident Fees	354,042	358,446	-1.23%
Rents and Royalties	158,609	144,083	10.08%
Miscellaneous	164,830	210,860	-21.83%
State Sources	4,596,870	4,126,941	11.39%
Federal Sources	288,044	213,391	34.98%
	<hr/>		
Total	\$ 44,598,031	\$ 40,725,504	9.51%

The total county appropriation revenue decreased by \$795,481 for the year. Tuition revenue is up \$4,159,334. State and federal revenue is up \$469,929 and \$74,653 respectively for the fiscal year.

As the table below illustrates, the largest portions of general fund expenditures are for salaries and undistributed expenditures. The District is a service entity and as such is labor intensive.

	2017	2016	Percentage
	Amount	Amount	Change
<b>Expenditures</b>			
Special Education Instruction	\$ 14,872,414	\$ 14,952,342	-0.53%
Other Special Instruction	327,741	264,662	23.83%
Support Services & Undistributed Costs:			
Undistributed Expenditures	27,443,780	28,388,705	-3.33%
	<hr/>		
Total	\$ 42,643,935	\$ 43,605,709	-2.21%

## General Fund Budget Information

The District's budget is prepared in accordance with New Jersey law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

## Capital Assets

The District has \$8,699,272 investments in capital assets. The majority of the 16/17 acquisitions were for transportation vehicles (Buses and Trucks) throughout the District. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 5).

**Debt**

Under the statues, which created the School District, any debt service requirements for the School District are provided by the County Board of Chosen Freeholders.

**Factors Expected to Have an Effect on Future Operations**

The District has been experiencing a decline in core student enrollment and therefore experienced a net loss in revenue. We continue to face cash flow difficulties within the District. Despite the cash flow issues, we continue to seek new ways to enrich each and every special education student's education.

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 2,720,387	\$ -	\$ 2,720,387
Internal Balances	691,073	(691,073)	-
Receivables, Net (Note 4)	2,638,189	1,498,774	4,136,963
Inventory	-	28,964	28,964
Restricted Cash & Cash Equivalents	1,510,108	-	1,510,108
Capital Assets, Net (Note 5)			
Non-Depreciable	3,240,652	-	3,240,652
Depreciable	5,180,095	278,525	5,458,620
<b>Total Assets</b>	<b>15,980,504</b>	<b>1,115,190</b>	<b>17,095,694</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions (Note 8)	13,315,215	-	13,315,215
<b>Total Deferred Outflow of Resources</b>	<b>13,315,215</b>	<b>-</b>	<b>13,315,215</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>29,295,719</b>	<b>1,115,190</b>	<b>30,410,909</b>
<b>LIABILITIES</b>			
Cash Deficit	-	619,816	619,816
Accounts Payable	243,457	71,944	315,401
Due to Other Governments	1,391,358	-	1,391,358
Unearned Revenue	2,169,162	814	2,169,976
Noncurrent Liabilities (Note 7):			
Due Beyond One Year	39,909,898	-	39,909,898
<b>Total Liabilities</b>	<b>43,713,875</b>	<b>692,574</b>	<b>44,406,449</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions (Note 8)	4,073,635	-	4,073,635
<b>Total Deferred Inflow of Resources</b>	<b>4,073,635</b>	<b>-</b>	<b>4,073,635</b>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>47,787,510</b>	<b>692,574</b>	<b>48,480,084</b>
<b>NET POSITION</b>			
Investment in Capital Assets	8,420,747	278,525	8,699,272
Restricted for:			
Capital Projects	1,510,108	-	1,510,108
Unrestricted (Deficit)	(28,422,646)	144,091	(28,278,555)
<b>Total Net Position</b>	<b>\$ (18,491,791)</b>	<b>\$ 422,616</b>	<b>\$ (18,069,175)</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Governmental Activities:						
Instruction:	\$			\$		\$
Special Education	14,872,414	-	-	(14,872,414)	-	(14,872,414)
Other Special Instruction	327,741	-	-	(327,741)	-	(327,741)
Support Services:						
Student & Instruction Related Services	4,835,812	-	-	(4,835,812)	-	(4,835,812)
School Administrative Services	659,370	-	-	(659,370)	-	(659,370)
General & Business Administrative Services	3,243,060	-	-	(3,243,060)	-	(3,243,060)
Plant Operations & Maintenance	3,500,366	-	-	(3,500,366)	-	(3,500,366)
Pupil Transportation	244,846	-	-	(244,846)	-	(244,846)
Unallocated Benefits	11,193,770	-	-	(11,193,770)	-	(11,193,770)
On-Behalf TPAF & Social Security Contributions	4,596,870	-	4,596,870	-	-	-
Unallocated Depreciation	503,314	-	-	(503,314)	-	(503,314)
<b>Total Governmental Activities</b>	<b>43,977,563</b>	<b>-</b>	<b>4,596,870</b>	<b>(39,380,693)</b>	<b>-</b>	<b>(39,380,693)</b>
Business-Type Activities:						
Food Service	1,218,879	264,500	334,631	-	(619,748)	(619,748)
School Store	6,785	1,971	-	-	(4,814)	(4,814)
Educational Services	14,195,018	14,242,084	-	-	47,066	47,066
VQCA	741,259	741,259	-	-	-	-
Alternative Education Program	2,101,991	1,898,774	-	-	(203,217)	(203,217)
<b>Total Business-Type Activities</b>	<b>18,263,932</b>	<b>17,148,588</b>	<b>334,631</b>	<b>-</b>	<b>(780,713)</b>	<b>(780,713)</b>
<b>Total Primary Government</b>	<b>\$ 62,241,495</b>	<b>\$ 17,148,588</b>	<b>\$ 4,931,501</b>	<b>(39,380,693)</b>	<b>(780,713)</b>	<b>(40,161,406)</b>
<b>General Revenues:</b>						
County Appropriation				5,494,388	-	5,494,388
Federal & State Aid Not Restricted				288,044	-	288,044
Tuition - LEAs				26,720,278	-	26,720,278
Other Tuition				8,310,839	-	8,310,839
Non Resident Fees				354,042	-	354,042
Rents and Royalties				158,609	-	158,609
Miscellaneous Income				164,830	-	164,830
Transfers				(1,542,798)	1,542,798	-
Special Items:				31,853	-	31,853
Cancellation of Prior Year's Accounts Receivable				-	(56,419)	(56,419)
Gain/(Loss) on Disposal of Capital Assets				-	-	-
<b>Total General Revenues, Special Items, Extraordinary Items &amp; Transfers</b>				<b>39,980,085</b>	<b>1,486,379</b>	<b>41,466,464</b>
Change In Net Position				599,392	705,666	1,305,058
Net Position - Beginning				(19,091,183)	(283,050)	(19,374,233)
<b>Net Position - Ending</b>				<b>\$ (18,491,791)</b>	<b>\$ 422,616</b>	<b>(18,069,175)</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

## B. Fund Financial Statements

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Governmental Funds

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS	GENERAL FUND	CAPITAL PROJECTS FUND	TOTALS
Cash & Cash Equivalents	\$ 3,035,176	\$ -	\$ 3,035,176
Receivables, Net:			
Interfund Receivable	754,785	224,815	979,600
Due from Other Governments:			
Other	2,488,835	89,974	2,578,809
State	59,380	-	59,380
Restricted Cash & Cash Equivalents	1,510,108	-	1,510,108
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 7,848,284	\$ 314,789	\$ 8,163,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Cash Deficit	\$ -	\$ 314,789	\$ 314,789
Interfund Payable	288,527	-	288,527
Accounts Payable	243,457	-	243,457
Unearned Revenue	2,169,162	-	2,169,162
	<hr/>	<hr/>	<hr/>
Total Liabilities	2,701,146	314,789	3,015,935
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Restricted for:			
Capital Reserve Account	1,510,108	-	1,510,108
Assigned to:			
Designated for Subsequent Year's Expenditures - SEMI	133,016	-	133,016
Other Purposes	137,927	-	137,927
Unassigned:			
General Fund	3,366,087	-	3,366,087
	<hr/>	<hr/>	<hr/>
Total Fund Balances	5,147,138	-	5,147,138
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 7,848,284	\$ 314,789	
	<hr/> <hr/>	<hr/> <hr/>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$13,186,548 and the accumulated depreciation is \$4,765,801.	\$ 8,420,747
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	9,241,580
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(1,391,358)
Long term liabilities, including compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<hr/> (39,909,898)
Net Position of Governmental Activities	<hr/> <hr/> \$ (18,491,791)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTALS
<b>Revenues:</b>			
County Appropriation	\$ 4,004,519	\$ 1,489,869	\$ 5,494,388
Tuition Charges	26,720,278	-	26,720,278
Other Tuition	8,310,839	-	8,310,839
Nonresident Fees	354,042	-	354,042
Rents and Royalties	158,609	-	158,609
Miscellaneous	164,830	-	164,830
State Sources	4,596,870	-	4,596,870
Federal Sources	288,044	-	288,044
	<hr/>		
Total Revenues	44,598,031	1,489,869	46,087,900
<b>Expenditures:</b>			
Instruction:			
Special Education Instruction	14,872,414	-	14,872,414
Other Special Instruction	327,741	-	327,741
Support Services & Undistributed Costs:			
Student & Instruction Related Services	4,835,812	-	4,835,812
School Administrative Services	659,370	-	659,370
Other Administrative Services	3,243,060	-	3,243,060
Plant Operations & Maintenance	3,636,968	-	3,636,968
Pupil Transportation	244,846	-	244,846
Capital Outlay	842,888	1,489,869	2,332,757
Unallocated Benefits	9,383,966	-	9,383,966
On-Behalf TPAF & Social Security Contributions	4,596,870	-	4,596,870
	<hr/>		
Total Expenditures	42,643,935	1,489,869	44,133,804
<b>Excess/(Deficiency) of Revenues</b>			
Over Expenditures	1,954,096	-	1,954,096
<b>Other Financing Sources/(Uses):</b>			
Board Contribution to Enterprise Funds	(1,542,798)	-	(1,542,798)
Cancellation of Prior Year Intergov. Accounts Payable	31,853	-	31,853
	<hr/>		
Total Other Financing Sources & (Uses)	(1,510,945)	-	(1,510,945)
<b>Net Change in Fund Balances</b>			
Fund Balance - July 1	443,151	-	443,151
	<hr/>		
Fund Balance - July 1	4,703,987	-	4,703,987
<hr/>			
Fund Balance - June 30	\$ 5,147,138	\$ -	\$ 5,147,138

The Accompanying Notes to the Financial Statements are an integral part of this Statement.



**BURLINGTON 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 YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 443,151

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. When capital outlays and other adjustments exceed depreciation, the difference is an addition in the reconciliation (+); when depreciation and other adjustments exceed capital outlays the difference is a reduction to the reconciliation (-)

	Capital Outlay	\$ 2,469,359	
	Depreciation Expense	<u>(503,314)</u>	1,966,045

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (1,853,289)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 43,485

Change in Net Position of Governmental Activities \$ 599,392

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## Proprietary Funds

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017**

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND

ASSETS	FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	ALTERNATIVE EDUCATION PROGRAM	TOTALS
Current Assets:					
Cash & Cash Equivalents	\$ 5,399	\$ 34,183	\$ 173,863	\$ -	\$ 213,445
Interfund Receivable	63,712	-	-	-	63,712
Receivable:					
State	289	-	-	-	289
Federal	21,629	-	-	-	21,629
Other	5,717	-	1,052,154	418,985	1,476,856
Inventories	22,722	6,242	-	-	28,964
<b>Total Current Assets</b>	<b>119,468</b>	<b>40,425</b>	<b>1,226,017</b>	<b>418,985</b>	<b>1,804,895</b>
Capital Assets:					
Equipment	301,848	1,527	382,416	193,480	879,271
Less: Accumulated Depreciation	(173,798)	(1,527)	(382,416)	(43,005)	(600,746)
<b>Total Capital Assets</b>	<b>128,050</b>	<b>-</b>	<b>-</b>	<b>150,475</b>	<b>278,525</b>
<b>Total Assets</b>	<b>247,518</b>	<b>40,425</b>	<b>1,226,017</b>	<b>569,460</b>	<b>2,083,420</b>
LIABILITIES					
Cash Deficit	-	-	-	833,261	833,261
Accounts Payable	71,944	-	-	-	71,944
Interfund Payables	-	-	754,785	-	754,785
Unearned Revenue	814	-	-	-	814
<b>Total Liabilities</b>	<b>72,758</b>	<b>-</b>	<b>754,785</b>	<b>833,261</b>	<b>1,660,804</b>
NET POSITION					
Investment in Capital Assets	128,050	-	-	150,475	278,525
Unrestricted (Deficit)	46,710	40,425	471,232	(414,276)	144,091
<b>Total Net Position</b>	<b>\$ 174,760</b>	<b>\$ 40,425</b>	<b>\$ 471,232</b>	<b>\$ (263,801)</b>	<b>\$ 422,616</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND							TOTALS
	FOOD SERVICE FUND	HUMAN SERVICES FACILITY FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	VQ/CA	ALTERNATIVE EDUCATION PROGRAM		
<b>OPERATING REVENUES</b>								
Local Sources:								
Daily Sales - Reimbursable Programs:								
School Lunch & Breakfast Programs	\$ 68,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,271
Daily Sales - Nonreimbursable Programs	80,195	26,234	-	-	-	-	-	106,429
Special Functions	88,155	1,645	-	-	-	-	-	89,800
Fees for Services	-	-	-	14,000,880	-	-	-	14,000,880
Other Revenue	-	-	-	241,204	741,259	1,898,774	-	2,881,237
Sale of Merchandise	-	-	1,971	-	-	-	-	1,971
<b>Total Operating Revenue</b>	<b>236,621</b>	<b>27,879</b>	<b>1,971</b>	<b>14,242,084</b>	<b>741,259</b>	<b>1,898,774</b>	<b>-</b>	<b>17,148,588</b>
<b>OPERATING EXPENSES</b>								
Salaries & Wages	626,992	29,647	-	6,891,361	722,107	103,170	-	8,373,277
Health Benefits	-	-	-	1,040,000	-	-	-	1,040,000
Purchased Professional Services	135,950	-	-	1,080,396	-	1,661,628	-	2,877,974
Purchased Services - Transportation	-	-	-	4,882,292	-	-	-	4,882,292
Rental of Land and Buildings	-	-	-	-	19,152	271,284	-	290,436
Repairs	7,871	-	-	76,457	-	-	-	84,328
Supplies & Materials	79,103	3,429	-	204,221	-	42,115	-	328,868
Depreciation	17,152	2,118	-	-	-	14,601	-	33,871
Miscellaneous Expenditures	16,536	2,129	-	20,291	-	9,193	-	48,149
Cost of Sales-Reimbursable Programs	82,030	-	-	-	-	-	-	82,030
Cost of Sales-Non-Reimbursable Programs	198,198	17,554	6,785	-	-	-	-	222,537
<b>Total Operating Expenses</b>	<b>1,163,832</b>	<b>54,877</b>	<b>6,785</b>	<b>14,195,018</b>	<b>741,259</b>	<b>2,101,991</b>	<b>-</b>	<b>18,263,762</b>
<b>Operating Income/(Loss)</b>	<b>(927,211)</b>	<b>(26,998)</b>	<b>(4,814)</b>	<b>47,066</b>	<b>-</b>	<b>(203,217)</b>	<b>-</b>	<b>(1,115,174)</b>
<b>Nonoperating Revenues/(Expenses):</b>								
State Sources:								
State School Lunch Program	3,878	-	-	-	-	-	-	3,878
Federal Source:								
School Breakfast Program	100,472	-	-	-	-	-	-	100,472
National School Lunch Program	192,141	-	-	-	-	-	-	192,141
Food Distribution Program	38,140	-	-	-	-	-	-	38,140
Transfer In/(Out) from General Fund	538,902	56,887	-	547,009	-	400,000	-	1,542,798
Transfer In from Other Funds	57,115	26,190	-	137,000	-	-	-	220,305
Transfer Out to Other Funds	-	(57,115)	-	-	-	(163,190)	-	(220,305)
Cancellation of Accounts Receivable	-	(170)	-	-	-	-	-	(170)
Gain/(Loss) on Disposal of Capital Assets	(56,419)	-	-	-	-	-	-	(56,419)
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>874,229</b>	<b>25,792</b>	<b>-</b>	<b>684,009</b>	<b>(163,190)</b>	<b>400,000</b>	<b>-</b>	<b>1,820,840</b>
<b>Change in Net Position</b>	<b>(52,982)</b>	<b>(1,206)</b>	<b>(4,814)</b>	<b>731,075</b>	<b>(163,190)</b>	<b>196,783</b>	<b>-</b>	<b>705,666</b>
<b>Total Net Position - Beginning</b>	<b>227,742</b>	<b>1,206</b>	<b>45,239</b>	<b>(259,843)</b>	<b>163,190</b>	<b>(460,584)</b>	<b>-</b>	<b>(283,050)</b>
<b>Total Net Position - Ending</b>	<b>\$ 174,760</b>	<b>\$ -</b>	<b>\$ 40,425</b>	<b>\$ 471,232</b>	<b>\$ -</b>	<b>\$ (263,801)</b>	<b>\$ -</b>	<b>\$ 422,616</b>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND						TOTALS
	FOOD SERVICE FUND	HUMAN SERVICES FACILITY FOOD SERVICE FUND	SCHOOL STORE	EDUCATIONAL SERVICES UNIT	VQ/CA	ALTERNATIVE EDUCATION PROGRAM	
Cash Flows From Operating Activities:							
Receipts from Customers	\$ 230,904	\$ 28,227	\$ 1,971	\$ 14,634,876	\$ 741,259	\$ 1,950,782	\$ 17,588,019
Payments to Employees	(626,992)	-	-	(6,136,406)	(722,107)	(103,170)	(7,588,675)
Payments to Suppliers	(490,085)	(56,540)	(9,464)	(9,080,311)	(19,152)	(1,986,473)	(11,642,025)
Net Cash Provided/(Used) by Operating Activities	(886,173)	(28,313)	(7,493)	(581,841)	-	(138,861)	(1,642,681)
Cash Flows From Noncapital Financing Activities:							
State Sources	3,872	-	-	-	-	-	3,872
Federal Sources	292,197	-	-	-	-	-	292,197
Operating Subsidies & Transfers to Other Funds	538,902	28,077	-	684,009	(163,190)	(691,605)	396,193
Net Cash Provided/(Used) by Noncapital Financing Activities	834,971	28,077	-	684,009	(163,190)	(691,605)	692,262
Cash Flows From Capital & Related Financing Activities:							
Purchases of Capital Assets	-	-	-	-	-	(2,795)	(2,795)
Net Cash Provided/(Used) by Capital & Related Financing Activities	-	-	-	-	-	(2,795)	(2,795)
Net Increase/(Decrease) in Cash & Cash Equivalents	(51,202)	(236)	(7,493)	102,168	(163,190)	(833,261)	(953,214)
Balances - Beginning of Year	56,601	236	41,676	71,695	163,190	-	333,398
Balances - End of Year	\$ 5,399	\$ -	\$ 34,183	\$ 173,863	\$ -	\$ (833,261)	\$ (619,816)

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

Operating Income/(Loss)	\$ (927,211)	\$ (26,998)	\$ (4,814)	\$ 47,066	\$ -	\$ (203,217)	\$ (1,115,174)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:							
Food Distribution Program	38,140	-	-	-	-	-	38,140
Depreciation & Net Amortization	17,152	2,118	-	-	-	14,601	33,871
(Increase)/Decrease in Accounts Receivable, Net	(5,717)	348	-	392,792	-	52,008	439,431
(Increase)/Decrease in Inventories	(11,750)	5,960	(2,679)	-	-	-	(8,469)
Increase/(Decrease) in Unearned Revenue	709	-	-	-	-	-	709
Increase/(Decrease) in Accounts Payable	2,504	(9,741)	-	(1,021,699)	-	(2,253)	(1,031,189)
Total Adjustments	41,038	(1,315)	(2,679)	(628,907)	-	64,356	(527,507)
Net Cash Provided/(Used) by Operating Activities	\$ (886,173)	\$ (28,313)	\$ (7,493)	\$ (581,841)	\$ -	\$ (138,861)	\$ (1,642,681)

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Fiduciary Fund

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL FUND	
Cash & Cash Equivalents	\$ 31,137	\$ 205,627	\$ 278,035	\$ 514,799
Total Assets	<u>31,137</u>	<u>205,627</u>	<u>278,035</u>	<u>514,799</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	-	-	270,192	270,192
Unemployment Claims Payable	34,361	-	-	34,361
Due to Employees - Flex Spending	-	-	7,843	7,843
Payable to Student Groups	-	205,627	-	205,627
Total Liabilities	<u>34,361</u>	<u>205,627</u>	<u>278,035</u>	<u>518,023</u>
<b>NET POSITION</b>				
Held (Deficit) in Trust for Unemployment Claims	<u>(3,224)</u>	-	-	<u>(3,224)</u>
Total Net Position	<u>\$ (3,224)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,224)</u>

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	PRIVATE PURPOSE		TOTALS
	DONATION TRUST	UNEMPLOYMENT TRUST	
ADDITIONS			
Employee Contributions	\$ -	\$ 181,122	\$ 181,122
Total Contributions	-	181,122	181,122
Total Additions	-	181,122	181,122
DEDUCTIONS			
Disbursements	65,617	184,346	249,963
Total Deductions	65,617	184,346	249,963
Change in Net Position	(65,617)	(3,224)	(68,841)
Net Position - Beginning of the Year	65,617	-	65,617
Net Position - End of the Year	\$ -	\$ (3,224)	\$ (3,224)

The Accompanying Notes to the Financial Statements are an integral part of this Statement.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

### Note 1. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of the Burlington County Special Services School District (hereafter referred to as the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

#### **Reporting Entity**

The Burlington County Special Services School District is a Special Services School District located in the County of Burlington, State of New Jersey. As a Special Services School District, the School District functions independently through a Board of Education. The Board is comprised of six members appointed to three-year terms by the County Freeholders. These terms are staggered so that two members' terms expire each year. The purpose of the School District is to provide programs adapted to each student's unique needs and abilities. Focusing on students' capabilities, the School District provides specialized academic instructional approaches, a carefully planned sequence of career development experiences, physical education, and recreational activities combined with the specialized therapeutic interventions needed to assure that each child reaches full potential. By carefully structuring each student's program on an individual basis, the School District strives to have each student become a productive, self-sufficient member of the community. The Burlington County Special Services School District has an approximate enrollment at June 30, 2017 of 616 students.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization's board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is a component unit of the County of Burlington, however, the County of Burlington reports on a regulatory basis of accounting which excludes component units. The County of Burlington's financial statements may be obtained directly from the County of Burlington Department of Finance and Administration.

#### **Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

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

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**A. Government-Wide Financial Statements**

The School District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the School District accompanied by a total column. Fiduciary activities of the School District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the School District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the School District are reported in three categories: 1) charges for services, 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.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

**B. Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The School District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other



# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Department of Education the School District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

### C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The School District’s Enterprise Funds consist of the Food Service Fund, the Human Services Facility Food Service Fund, the School Store Fund, the Educational Services Unit Fund, the VQ/CA Fund and the Alternative Education Program Fund.

### D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District’s fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and Agency Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The School District reports the following fiduciary funds:

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

**Private Purpose Trust Funds** - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School District. Expenditures consist of unemployment reimbursement claims.

Donation Trust Fund – Revenues consist of donations from various residents. Expenditures consist of various payments for the district..

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

### Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the School District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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 generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### Encumbrances

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 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.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

#### Cash, Cash Equivalents and Investments

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents.

#### Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

**Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

#### **Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the School District is eligible to realize the revenue.

#### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

#### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

#### **Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

#### **Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

#### **Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Fund Balance**

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

### Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.



**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School District's financial statements

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of this Statement had no impact on the School District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District’s financial statements.

**Note 2. Deposits and Investments**

**Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District’s bank balance of \$6,887,979 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 6,222,580
Uninsured and Uncollateralized	<u>665,399</u>
	<u>\$ 6,887,979</u>

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

A capital reserve account was established by the School District by inclusion of \$500 on November 29, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance, June 30, 2016 & 2017	\$ 1,510,108
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**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

Description	Governmental Funds			Proprietary Funds			Total Business-Type Activities
	General Fund	Capital Projects Fund	Total Governmental Activities	Food Service Fund	Educational Services Unit	Alternative Ed. Program	
Federal Awards	\$ -	\$ -	\$ -	\$ 21,629	\$ -	\$ -	\$ 21,629
State Awards	59,380	-	59,380	289	-	-	289
Other	2,488,835	89,974	2,578,809	5,717	1,052,154	418,985	1,476,856
<b>Total</b>	<b>\$ 2,548,215</b>	<b>\$ 89,974</b>	<b>\$ 2,638,189</b>	<b>\$ 27,635</b>	<b>\$ 1,052,154</b>	<b>\$ 418,985</b>	<b>\$ 1,498,774</b>

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Construction in Progress	\$ 1,750,783	\$ 1,489,869	\$ -	\$ 3,240,652
Total Capital Assets not being depreciated	1,750,783	1,489,869	-	3,240,652
Capital Assets being depreciated:				
Land Improvements	1,779,935	77,511	-	1,857,446
Buildings and Improvements	1,345,628	365,527	-	1,711,155
Equipment	5,840,843	536,452	-	6,377,295
Total Capital Assets being depreciated	8,966,406	979,490	-	9,945,896

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets (continued)**

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Governmental Activities (continued):</b>				
Less: Accumulated Depreciation:				
Land Improvements	(887,772)	(91,221)	-	(978,993)
Buildings and Improvements	(605,988)	(37,016)	-	(643,004)
Equipment	(2,768,727)	(375,077)	-	(3,143,804)
Total Accumulated Depreciation	<u>(4,262,487)</u>	<u>(503,314)</u>	-	<u>(4,765,801)</u>
Total Capital Assets being depreciated, net	4,703,919	476,176	-	5,180,095
Total Governmental Activities Capital Assets, net	\$ 6,454,702	\$ 1,966,045	\$ -	\$ 8,420,747
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
<b>Business-Type Activities:</b>				
Machinery & Equipment	\$ 939,700	\$ 2,795	\$ (63,224)	\$ 879,271
	<u>939,700</u>	<u>2,795</u>	<u>(63,224)</u>	<u>879,271</u>
Less: Accumulated Depreciation:				
Machinery & Equipment	(573,680)	(33,871)	6,805	(600,746)
	<u>(573,680)</u>	<u>(33,871)</u>	<u>6,805</u>	<u>(600,746)</u>
Total Business-Type Activities Capital Assets, net	\$ 366,020	\$ (31,076)	\$ (56,419)	\$ 278,525

Depreciation expense was not allocated among the various functions/programs of the School District.

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 754,785	\$ 288,527
Capital Projects Fund	224,815	-
Food Service Fund	63,712	-
Educational Services Unit Fund	-	754,785
	<u>\$ 1,043,312</u>	<u>\$ 1,043,312</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 6. Interfund Receivables, Payables and Transfers (continued)**

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 11,037,336	\$ 8,081,782
Capital Projects Fund	-	912,250
Food Service Fund	57,115	55,000
Human Services Fund	26,190	57,115
Educational Services Unit Fund	8,068,361	8,953,060
VQ/CA Fund	-	163,190
Alternative Education Fund	-	1,091,605
Student Activity Fund	125,000	-
	<u>\$ 19,314,002</u>	<u>\$ 19,314,002</u>

The purpose of the interfund transfers were for the funding of other funds operations and for payments made on behalf of other funds.

**Note 7. Long-Term and Short-Term Obligations**

Long-Term

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,084,407	\$ -	\$ 43,485	\$ 1,040,922	\$ -
Net Pension Liability	27,900,284	10,968,692	-	38,868,976	-
	<u>\$ 28,984,691</u>	<u>\$ 10,968,692</u>	<u>\$ 43,485</u>	<u>\$ 39,909,898</u>	<u>\$ -</u>

Compensated absences and net pension liability are liquidated by the general fund.

**Bonds Payable**

As of June 30, 2017, the District had no bonds payable outstanding.

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.

**Short-Term – Line of Credit**

The district was issued a line of credit from Investors Bank with a principal amount of \$2,000,000 for a one year term with a prime interest rate on October 4, 2016. The district drew down \$1,000,000 during

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term and Short-Term Obligations (continued)**

the current fiscal year and repaid the balance before year end. As of June 30, 2017 there was no outstanding payable amount.

**Note 8. Pension Plans**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)(continued)**

payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual

payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$38,868,976 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.1312381523%, which was an increase of 0.0069496248% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$3,019,121 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 722,845	\$ -
Changes of Assumptions	8,051,576	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,482,109	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,667,327	4,073,635
School District contributions subsequent to measurement date	1,391,358	-
	<u>\$ 13,315,215</u>	<u>\$ 4,073,635</u>



**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)(continued)**

\$1,391,358 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1,

2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>		
2018	\$	1,571,015
2019		1,571,015
2020		2,008,477
2021		1,803,309
2022		896,406
		<hr/>
	\$	<u>7,850,222</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)(continued)**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)(continued)**

asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**A. Public Employees' Retirement System (PERS)(continued)**

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 47,629,394</u>	<u>\$ 38,868,976</u>	<u>\$ 31,636,492</u>

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.13124%	 0.12429%

**B. Teachers' Pension and Annuity Fund (TPAF)**

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for TPAF:

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

# BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 8. Pension Plans (continued)

#### B. Teachers' Pension and Annuity Fund (TPAF)(continued)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$133,368,066. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.1695363229%, which was a decrease of 0.0183083399% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$10,020,754 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)(continued)**

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)(continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>At 1% Decrease (2.22%)</u>	<u>At Current Discount Rate (3.22%)</u>	<u>At 1% Increase (4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 159,271,275	\$ 133,368,066	\$ 112,214,753
	<u>\$ 159,271,275</u>	<u>\$ 133,368,066</u>	<u>\$ 112,214,753</u>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF)(continued)**

**Pension Plan Fiduciary Net Position** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$55,014, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$31,988.



## BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### **Note 9. State Post-Retirement Medical Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

#### **Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$1,868,866, \$1,557,190 and \$2,532, respectively.

#### **Note 11. Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's trust fund for the current and previous two years:

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 11. Risk Management (continued)**

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 181,122	\$ -	\$ 184,346	\$ (3,224)
2015-2016	242,708	-	211,909	-
2014-2015	27,172	4	64,103	(30,799)

**Property and Liability Insurance** – The School District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Note 12. Contingencies**

**State and Federal Grantor Agencies** - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School District receives a substantial amount of its support from the county government. A significant reduction in the level of support, if this were to occur, could have an effect on the School District’s programs and activities.

**Note 13. Deferred Compensation**

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- AXA Equitable Life
- Lincoln Investment
- The Omni Group
- Vanguard
- TIAA

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 14. Compensated Absences**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with School Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$1,040,922 and \$-0-, respectively.

**Note 16. Commitments**

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$137,927.

**Note 17. Operating Leases**

General Fund

The School District has commitments to lease copiers and postage machines under operating leases for 5 years. Total lease payments made during the year ended June 30, 2017 amounted to \$64,500. Future minimum lease payments are as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 58,632
2019	59,070
2020	59,070
2021	37,188
2022	<u>5,238</u>
Total Minimum Lease Payments	<u>\$ 219,198</u>

Alternative Education Program Fund

The School District has commitments to lease a building under operating leases for 10 years. Total lease payments made during the year ended June 30, 2017 amounted to \$271,284. Future minimum lease payments are as follows:

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 17. Operating Leases (continued)**

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 360,000
2019	360,000
2020	360,000
2021	360,000
2022	360,000
2023-2026	<u>900,000</u>
Total Minimum Lease Payments	<u><u>\$ 1,800,000</u></u>

**Note 18. Fund Balances**

**General Fund** – Of the \$5,147,138 General Fund fund balance at June 30, 2017, \$1,510,108 has been restricted for the Capital Reserve Account; \$133,016 has been assigned to Designated for Subsequent Year’s Expenditures – SEMI; \$137,927 has been assigned to other purposes and \$3,366,087 has been unassigned.

**Note 19. Deficit in Net Position**

**Unrestricted Net Position** – The School District governmental activities had a deficit in unrestricted net position in the amount of \$28,693,589 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

The Alternative Education Program fund had a deficit in unrestricted net position in the amount of \$414,276 at June 30, 2017. The primary causes of this deficit is pre-existing contracted requirements preclude the District from charging the requisite amount for tuition.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Revenues:</b>						
<b>Local Sources:</b>						
County Appropriations	10-1210	\$ 4,800,000	\$ -	\$ 4,800,000	\$ 4,004,519	\$ (795,481)
Tuition - LEAs	10-1310	26,054,410	-	26,054,410	26,720,278	665,868
Other Tuition	10-1320-1340	7,158,750	-	7,158,750	8,310,839	1,152,089
Nonresident Fees	10-1350	441,000	-	441,000	354,042	(86,958)
Rents and Royalties	10-1910	200,000	-	200,000	158,609	(41,391)
Interest Earned on Capital Reserve	10-1XXX	5,000	-	5,000	-	(5,000)
Miscellaneous	10-1XXX	250,000	-	250,000	164,830	(85,170)
<b>Total Local Sources</b>		<b>38,909,160</b>	<b>-</b>	<b>38,909,160</b>	<b>39,713,117</b>	<b>803,957</b>
<b>State Sources:</b>						
<b>Nonbudgeted:</b>						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	1,557,190	1,557,190
On-Behalf TPAF Pension Contributions		-	-	-	1,868,866	1,868,866
On-Behalf TPAF Long-Term Disability Insurance Contribution		-	-	-	2,532	2,532
Reimbursed TPAF Social Security Contributions		-	-	-	1,168,282	1,168,282
<b>Total State Sources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,596,870</b>	<b>4,596,870</b>
<b>Federal Sources:</b>						
Special Education Aid - Medicaid Initiative	11-4200-000	-	-	-	249,477	249,477
ARRA - Special Education Aid - Medicaid Initiative	11-4200-000	-	26,637	26,637	26,637	-
FEMA Reimbursement from Prior Year Expenditures	11-4200-000	-	-	-	11,930	11,930
<b>Total Federal Services</b>		<b>-</b>	<b>26,637</b>	<b>26,637</b>	<b>288,044</b>	<b>261,407</b>
<b>Total Revenues</b>		<b>38,909,160</b>	<b>26,637</b>	<b>38,935,797</b>	<b>44,598,031</b>	<b>5,662,234</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Special Education - Instruction:</b>						
<b>Auditory Impairments:</b>						
Salaries of Teachers	11-207-100-101	-	335,882	335,882	335,301	581
Purchased Professional Education Services	11-207-100-330	205,000	(84,790)	120,210	120,210	-
<b>Total Auditory Impairments</b>		<b>205,000</b>	<b>251,092</b>	<b>456,092</b>	<b>455,511</b>	<b>581</b>
<b>Behavioral Disabilities:</b>						
Salaries of Teachers	11-209-100-101	1,949,650	(102,614)	1,847,036	1,846,452	584
Other Salaries for Instruction	11-209-100-106	921,256	(48,793)	872,463	870,212	2,251
Unused Vacation Payment Term/Retired	11-209-100-199	-	1,700	1,700	1,699	1
Purchased Professional Education Services	11-209-100-320	175,000	(136,189)	38,811	38,708	103
Purchased Technical Services	11-209-100-330	-	42,361	42,361	42,361	-
Other Purchased Services	11-209-100-500	51,650	(18,982)	32,668	27,845	4,823
General Supplies	11-209-100-610	121,005	(40,136)	80,869	80,221	648
Textbooks	11-209-100-640	8,000	(99)	7,901	7,894	7
<b>Total Behavioral Disabilities</b>		<b>3,226,561</b>	<b>(302,752)</b>	<b>2,923,809</b>	<b>2,915,392</b>	<b>8,417</b>
<b>Multiple Disabilities:</b>						
Salaries of Teachers	11-212-100-101	3,638,510	(394,894)	3,243,616	3,241,104	2,512
Other Salaries for Instruction	11-212-100-106	2,105,192	(112,499)	1,992,693	1,991,380	1,313
Unused Vacation Payment Term/Retired	11-212-100-199	-	31,995	31,995	31,987	8
Purchased Professional Education Services	11-212-100-320	214,000	(55,602)	158,398	157,803	595
Purchased Technical Services	11-212-100-330	-	60,000	60,000	60,000	-
Other Purchased Services	11-212-100-500	71,706	18,484	90,190	84,548	5,642
General Supplies	11-212-100-610	129,096	(30,066)	99,030	94,478	4,552
Textbooks	11-212-100-640	16,000	(10,000)	6,000	5,581	419
<b>Total Multiple Disabilities</b>		<b>6,174,504</b>	<b>(492,582)</b>	<b>5,681,922</b>	<b>5,666,881</b>	<b>15,041</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Autism:</b>						
Salaries of Teachers	11-214-100-101	1,621,820	(49,663)	1,572,157	1,572,004	153
Other Salaries for Instruction	11-214-100-106	1,699,800	5,464	1,705,264	1,705,015	249
Unused Vacation Payment Term/Retired	11-214-100-199	-	1,625	1,625	1,622	3
Purchased Professional Educational Services	11-214-100-320	216,000	(10,575)	205,425	204,518	907
Purchased Technical Services	11-214-100-330	-	57,000	57,000	56,424	576
Other Purchased Services	11-214-100-500	78,565	(5,615)	72,950	68,941	4,009
General Supplies	11-214-100-610	63,924	(27,270)	36,654	35,403	1,251
<b>Total Autism</b>		<b>3,680,109</b>	<b>(29,034)</b>	<b>3,651,075</b>	<b>3,643,927</b>	<b>7,148</b>
<b>Preschool Disabilities -Full-Time:</b>						
Salaries of Teachers	11-216-100-101	177,719	60,527	238,246	238,246	-
Other Salaries for Instruction	11-216-100-106	85,424	46,396	131,820	131,800	20
Purchased Professional Educational Services	11-216-100-320	38,000	(28,000)	10,000	5,112	4,888
Purchased Technical Services	11-216-100-330	-	15,000	15,000	15,000	-
Other Purchased Services	11-216-100-500	1,115	-	1,115	459	656
General Supplies	11-216-100-610	8,100	(6,200)	1,900	941	959
<b>Total Preschool Disabilities - Full-Time</b>		<b>310,358</b>	<b>87,723</b>	<b>398,081</b>	<b>391,558</b>	<b>6,523</b>
<b>Home Instruction:</b>						
Salaries of Teachers	11-219-100-101	5,000	11,450	16,450	16,389	61
<b>Total Home Instruction</b>		<b>5,000</b>	<b>11,450</b>	<b>16,450</b>	<b>16,389</b>	<b>61</b>
<b>Extended School Year:</b>						
Salaries of Teachers	11-221-100-101	580,000	(41,122)	538,878	538,878	-
Other Salaries for Instruction	11-221-100-106	295,000	17,166	312,166	312,166	-
Purchased Professional Educational Services	11-221-100-320	3,000	61,138	64,138	64,138	-
<b>Total Extended School Year</b>		<b>878,000</b>	<b>37,182</b>	<b>915,182</b>	<b>915,182</b>	<b>-</b>
<b>Cognitive Severe:</b>						
Salaries of Teachers	11-222-100-101	454,930	(11,000)	443,930	443,292	638
Other Salaries for Instruction	11-222-100-106	430,451	(62,785)	367,666	366,925	741
Unused Vacation Payment Term/Retired	11-222-100-199	-	18,200	18,200	18,179	21
Purchased Professional Educational Services	11-222-100-320	40,000	(10,094)	29,906	29,906	-
Purchased Technical Services	11-222-100-330	-	5,100	5,100	610	4,490
Other Purchased Services	11-222-100-500	1,800	-	1,800	405	1,395
General Supplies	11-222-100-610	9,623	675	10,298	8,257	2,041
<b>Total Cognitive-Severe</b>		<b>936,804</b>	<b>(59,904)</b>	<b>876,900</b>	<b>867,574</b>	<b>9,326</b>
<b>Total Special Education - Instruction</b>		<b>15,416,336</b>	<b>(496,825)</b>	<b>14,919,511</b>	<b>14,872,414</b>	<b>47,097</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries (Stipends)	11-401-100-100	189,000	143,228	332,228	326,030	6,198
Other Purchased Services	11-401-100-500	4,500	(2,789)	1,711	1,711	-
Supplies and Materials	11-401-100-600	1,500	(1,500)	-	-	-
<b>Total School Sponsored Cocurricular Activities</b>		<b>195,000</b>	<b>138,939</b>	<b>333,939</b>	<b>327,741</b>	<b>6,198</b>
<b>Community Services:</b>						
Salaries	11-800-330-100	9,094	4,900	13,994	13,610	384
Supplies and Materials	11-800-330-600	500	(500)	-	-	-
<b>Total Community Services</b>		<b>9,594</b>	<b>4,400</b>	<b>13,994</b>	<b>13,610</b>	<b>384</b>
<b>Total Instruction</b>		<b>15,620,930</b>	<b>(353,486)</b>	<b>15,267,444</b>	<b>15,213,765</b>	<b>53,679</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Undistributed Expenditures:</b>						
<b>Health Services:</b>						
Salaries	11-000-213-100	497,001	(34,114)	462,887	462,887	-
Other Purchased Professional Services	11-000-213-330	20,330	(1,424)	18,906	18,906	-
Supplies and Materials	11-000-213-610	11,929	(1,840)	10,089	10,089	-
<b>Total Health Services</b>		<b>529,260</b>	<b>(37,378)</b>	<b>491,882</b>	<b>491,882</b>	<b>-</b>
<b>Other Related Services</b>						
<b>Services:</b>						
Salaries	11-000-216-100	2,228,950	67,700	2,296,650	2,296,173	477
Purchased Prof. - Educational Services	11-000-216-320	50,000	52,612	102,612	102,612	-
Supplies & Materials	11-000-216-610	13,586	1,617	15,203	15,203	-
<b>Total Other Related Services</b>		<b>2,292,536</b>	<b>121,929</b>	<b>2,414,465</b>	<b>2,413,988</b>	<b>477</b>
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	299,211	(126,845)	172,366	171,871	495
Salaries of Secretarial & Clerical Assistants	11-000-219-105	266,993	30,997	297,990	297,245	745
Other Salaries	11-000-219-110	1,098,479	(112,603)	985,876	985,876	-
Unused Vacation Payment Term/Unused	11-000-219-199	-	6,340	6,340	6,340	-
Purchased Ed Services	11-000-219-320	50,000	12,000	62,000	60,819	1,181
Purchased Technical Services	11-000-219-390	33,500	93,630	127,130	127,130	-
Other Purchased Services	11-000-219-500	8,100	(3,800)	4,300	1,360	2,940
Supplies & Materials	11-000-219-600	12,996	(4,410)	8,586	8,584	2
Other Objects	11-000-219-800	3,146	(2,050)	1,096	996	100
<b>Total Other Support Services - Students - Special Services</b>		<b>1,772,425</b>	<b>(106,741)</b>	<b>1,665,684</b>	<b>1,660,221</b>	<b>5,463</b>
<b>Improvement of Instruction Services/Other</b>						
<b>Support Services - Instruction Staff:</b>						
Salaries of Supervisors of Instruction	11-000-221-102	81,053	5,303	86,356	86,352	4
Salaries of Other Professional Staff	11-000-221-104	10,000	1,000	11,000	10,842	158
Salaries of Secretarial & Clerical Assistants	11-000-221-105	40,000	1,412	41,412	41,412	-
Other Purchased Services	11-000-221-500	47,000	42,935	89,935	88,466	1,469
Supplies and Materials	11-000-221-600	6,300	(3,965)	2,335	2,003	332
Other Objects	11-000-221-800	3,800	1,069	4,869	3,846	1,023
<b>Total Improvement of Instruction Services/Other Support Services Instructional Staff</b>		<b>188,153</b>	<b>47,754</b>	<b>235,907</b>	<b>232,921</b>	<b>2,986</b>
<b>Instructional Staff Training Services:</b>						
Salaries of Other Professional Staff	11-000-223-104	8,000	-	8,000	-	8,000
Other Purchased Services	11-000-223-500	26,200	(2,128)	24,072	21,089	2,983
Supplies and Materials	11-000-223-600	4,500	(2,399)	2,101	2,101	-
<b>Total Instructional Staff Training Services</b>		<b>38,700</b>	<b>(4,527)</b>	<b>34,173</b>	<b>23,190</b>	<b>10,983</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	152,190	410	152,600	146,758	5,842
Admin Unused Vacation-Retire Term	11-000-230-199	-	7,590	7,590	7,590	-
Legal Services	11-000-230-331	114,850	26,538	141,388	140,251	1,137
Audit Fees	11-000-230-332	45,000	14,260	59,260	59,260	-
Other Purchased Professional Services	11-000-230-339	25,000	(3,020)	21,980	21,980	-
Communications/Telephone	11-000-230-530	275,000	(8,300)	266,700	266,064	636
BOE Other Purchased Services	11-000-230-585	10,000	(3,586)	6,414	6,357	57
Supplies and Materials	11-000-230-610	1,500	(1,075)	425	-	425
Miscellaneous Expenditures	11-000-230-890	10,000	400	10,400	10,120	280
BOE Membership Dues and Fees	11-000-230-895	10,000	(8,960)	1,040	990	50
<b>Total Support Services General Administration</b>		<b>643,540</b>	<b>24,257</b>	<b>667,797</b>	<b>659,370</b>	<b>8,427</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	653,112	6,213	659,325	656,985	2,340
Salaries of Secretarial & Clerical Assistants	11-000-240-105	189,116	56,430	245,546	245,457	89
Unused Vacation Payment Term/Retired	11-000-240-199	-	22,091	22,091	22,001	90
Purchased Professional & Tech Services	11-000-240-300	80,000	(7,340)	72,660	68,376	4,284
Other Purchased Services	11-000-240-500	1,450	583	2,033	1,533	500
Supplies and Materials	11-000-240-600	14,668	(11,162)	3,506	1,596	1,910
Other Objects	11-000-240-800	8,420	2,689	11,109	9,000	2,109
<b>Total Support Services School Administration</b>		<b>946,766</b>	<b>69,504</b>	<b>1,016,270</b>	<b>1,004,948</b>	<b>11,322</b>
<b>Support Services Central Services</b>						
Salaries	11-000-251-100	653,267	(118,500)	534,767	531,224	3,543
Purchased Professional Services	11-000-251-330	167,000	(51,850)	115,150	106,699	8,451
Supplies and Materials	11-000-251-600	31,500	(6,741)	24,759	18,806	5,953
Interest on Loans	11-000-251-831	-	4,600	4,600	4,596	4
Miscellaneous Expenditures	11-000-251-890	20,000	(9,000)	11,000	7,523	3,477
Shared Service Agreement - County Board of Freeholders	11-000-251-897	500,000	400,000	900,000	900,000	-
<b>Total Support Services Central Services</b>		<b>1,371,767</b>	<b>218,509</b>	<b>1,590,276</b>	<b>1,568,848</b>	<b>21,428</b>
<b>Support Services Administrative Information Technology:</b>						
Salaries	11-000-252-100	237,936	(22,944)	214,992	214,991	1
Other Purchased Professional Services	11-000-252-330	125,000	2,820	127,820	126,320	1,500
Supplies and Materials	11-000-252-600	85,000	259,930	344,930	326,117	18,813
Other Objects	11-000-252-800	2,000	-	2,000	1,836	164
<b>Total Support Services Administrative Information Technology</b>		<b>449,936</b>	<b>239,806</b>	<b>689,742</b>	<b>669,264</b>	<b>20,478</b>
<b>Allowable Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	496,706	(1,157)	495,549	492,909	2,640
Unused Vacation Payment Term/Retired	11-000-261-199	-	2,838	2,838	2,838	-
Cleaning, Repair & Maintenance Services	11-000-261-420	245,000	(12,839)	232,161	232,161	-
General Supplies	11-000-261-610	147,000	211	147,211	138,434	8,777
Other Objects	11-000-261-800	6,000	(3,000)	3,000	2,415	585
<b>Total Allowable Maintenance for School Facilities</b>		<b>894,706</b>	<b>(13,947)</b>	<b>880,759</b>	<b>868,757</b>	<b>12,002</b>
<b>Operation &amp; Maintenance of Plant:</b>						
Salaries	11-000-262-100	864,054	(33,398)	830,656	829,423	1,233
Purchased Professional & Technical Services	11-000-262-300	138,222	(80,414)	57,808	48,853	8,955
Cleaning, Repair & Maintenance Services	11-000-262-420	49,000	(2,465)	46,535	46,311	224
Other Purchased Property Services	11-000-262-490	95,000	(10,900)	84,100	84,075	25
Insurance	11-000-262-520	246,530	(14,196)	232,334	229,654	2,680
General Supplies	11-000-262-610	134,000	99,642	233,642	231,508	2,134
Energy (Natural Gas)	11-000-262-621	275,000	(65,000)	210,000	202,453	7,547
Energy (Electricity)	11-000-262-622	525,000	-	525,000	523,464	1,536
Other Objects	11-000-262-800	3,500	(1,500)	2,000	1,600	400
<b>Total Operation &amp; Maintenance of Plant</b>		<b>2,330,306</b>	<b>(108,231)</b>	<b>2,222,075</b>	<b>2,197,341</b>	<b>24,734</b>
<b>Care &amp; Upkeep of Grounds:</b>						
Salaries	11-000-263-100	10,000	(5,000)	5,000	4,931	69
General Supplies	11-000-263-610	20,000	(2,903)	17,097	15,385	1,712
<b>Total Care &amp; Upkeep of Grounds</b>		<b>30,000</b>	<b>(7,903)</b>	<b>22,097</b>	<b>20,316</b>	<b>1,781</b>
<b>Total Operation &amp; Maintenance of Plant Services &amp; Allowable Maintenance for School Facilities</b>		<b>3,255,012</b>	<b>(130,081)</b>	<b>3,124,931</b>	<b>3,086,414</b>	<b>38,517</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBER	JUNE 30, 2017			ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Security Services:</b>						
Salaries	11-000-266-100	60,000	(60,000)	-	-	-
Purchased Professional & Technical Services	11-000-266-330	205,000	(49,480)	155,520	155,520	-
Cleaning, Repair & Maintenance Services	11-000-266-390	-	274,209	274,209	274,189	20
General Supplies	11-000-266-610	15,000	105,995	120,995	120,845	150
<b>Total Security Services</b>		<b>280,000</b>	<b>270,724</b>	<b>550,724</b>	<b>550,554</b>	<b>170</b>
<b>Student Transportation Services:</b>						
Salaries Pupil Transportation (Between Home & School) Nonpublic	11-000-270-163	284,916	(96,485)	188,431	188,429	2
Unused Vacation Payment Term/Retired	11-000-270-199	-	2,910	2,910	2,910	-
Cleaning, Repair, & Maintenance Services	11-000-270-420	15,000	47,607	62,607	53,507	9,100
<b>Total Student Transportation Services</b>		<b>299,916</b>	<b>(45,968)</b>	<b>253,948</b>	<b>244,846</b>	<b>9,102</b>
<b>Unallocated Benefits Employee Benefits:</b>						
Social Security Contributions	11-000-291-220	1,085,710	(60,391)	1,025,319	1,024,754	565
Other Retirement Contributions - Regular	11-000-291-241	1,236,911	3,274	1,240,185	1,237,777	2,408
Unemployment Compensation	11-000-291-250	85,000	35,510	120,510	120,509	1
Workmen's Compensation	11-000-291-260	806,923	(82,088)	724,835	724,835	-
Health Benefits	11-000-291-270	7,334,251	(1,113,056)	6,221,195	6,211,828	9,367
Benefits Unused Sick Retired-Terminated	11-000-291-299	-	30,000	30,000	30,000	-
Tuition Reimbursement	11-000-291-280	70,000	(30,000)	40,000	34,263	5,737
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>10,618,795</b>	<b>(1,216,751)</b>	<b>9,402,044</b>	<b>9,383,966</b>	<b>18,078</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	1,557,190	(1,557,190)
On-Behalf TPAF Pension Contributions		-	-	-	1,868,866	(1,868,866)
On-Behalf TPAF Long Term Disability Insurance Contribution		-	-	-	2,532	(2,532)
Reimbursed TPAF Social Security Contributions		-	-	-	1,168,282	(1,168,282)
<b>Total Undistributed Expenditures</b>		<b>22,686,806</b>	<b>(548,963)</b>	<b>22,137,843</b>	<b>26,587,282</b>	<b>(4,449,439)</b>
<b>Total Expenditures - Current Expense</b>		<b>38,307,736</b>	<b>(902,449)</b>	<b>37,405,287</b>	<b>41,801,047</b>	<b>(4,395,760)</b>
<b>Capital Outlay:</b>						
Multiple Disabilities	12-212-100-730	36,280	(36,280)	-	-	-
Undistributed Expenditures - Admin Info Tech.	12-000-252-730	10,000	80,924	90,924	90,924	-
Undist. Expend. - Required Maint for School Fac.	12-000-261-730	7,000	-	7,000	-	7,000
Undist. Expend. - Custodial Services	12-000-262-730	5,000	133,257	138,257	138,257	-
Transportation Equipment	12-000-270-730	-	195,711	195,711	195,711	-
Interest Deposit to Capital Reserve	10-604	5,000	(5,000)	-	-	-
<b>Total Equipment</b>		<b>63,280</b>	<b>368,612</b>	<b>431,892</b>	<b>424,892</b>	<b>7,000</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Construction Services	12-000-400-450	145,000	422,692	567,692	417,996	149,696
<b>Total Facilities Acquisition &amp; Construction Services:</b>		<b>145,000</b>	<b>422,692</b>	<b>567,692</b>	<b>417,996</b>	<b>149,696</b>
<b>Total Capital Outlay</b>		<b>208,280</b>	<b>791,304</b>	<b>999,584</b>	<b>842,888</b>	<b>156,696</b>
<b>Total Expenditures</b>		<b>38,516,016</b>	<b>(111,145)</b>	<b>38,404,871</b>	<b>42,643,935</b>	<b>(4,239,064)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under)</b>						
Expenditures Before Other Financing Sources/(Uses)		393,144	137,782	530,926	1,954,096	1,423,170

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBER	JUNE 30, 2017				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Financing Sources/(Uses):					
Board Contribution to Enterprise Funds	(393,144)	(1,102,645)	(1,495,789)	(1,542,798)	(47,009)
Cancellation of Prior Year Intergovernmental Accounts Payable	-	-	-	31,853	31,853
Total Other Financing Sources/(Uses)	(393,144)	(1,102,645)	(1,495,789)	(1,510,945)	(15,156)
Excess/(Deficiency) of Revenues Over/(Under)					
Expenditures After Other Financing Sources/(Uses)	-	(964,863)	(964,863)	443,151	1,408,014
Fund Balances, July 1	4,703,987	-	4,703,987	4,703,987	-
Fund Balances, June 30	\$ 4,703,987	\$ (964,863)	\$ 3,739,124	\$ 5,147,138	\$ 1,408,014

**RECAPITULATION OF BUDGET TRANSFERS:**

Prior Year Reserve for Encumbrances	\$ 364,863
Board Resolution	<u>600,000</u>
Total Budget Transfers	<u>\$ 964,863</u>

**RECAPITULATION OF FUND BALANCE:**

<b>Restricted Fund Balance:</b>	
Capital Reserve	\$ 1,510,108
<b>Assigned Fund Balance:</b>	
Year-End Encumbrances	137,927
ARRA - Special Education - Medicaid Initiative	133,016
<b>Unassigned Fund Balance</b>	<u>3,366,087</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 5,147,138</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PART II  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

GENERAL  
FUND  
N-1

Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-Series)	<u>\$ 44,598,031</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u><u>\$ 44,598,031</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures" From the Budgetary Comparison Schedule	<u>\$ 42,643,935</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 42,643,935</u></u>

N-1 The General Fund Budget Uses GAAP Basis Therefore no Reconciliation is Necessary

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PEERS)  
LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.1312381523%	0.1242885275%	0.1568279499%	0.1515896433%
School District's proportionate share of the net pension liability	\$ 38,868,976	\$ 27,900,284	\$ 29,362,481	\$ 28,971,793
School District's covered payroll	\$ 8,924,012	\$ 8,739,799	\$ 8,630,576	\$ 10,547,656
School District's proportionate share of the net pension liability as a percentage of its covered payroll	435.55%	319.23%	340.21%	274.68%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
 LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 1,391,358	\$ 1,165,901	\$ 1,068,548	\$ 1,292,867
Contributions in relation to the contractually required contribution	(1,391,358)	(1,165,901)	(1,068,548)	(1,292,867)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 8,854,950	\$ 8,924,012	\$ 8,739,799	\$ 8,630,576
Contributions as a percentage of covered payroll	15.71%	13.06%	12.23%	14.98%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	133,368,066	118,725,848	106,005,793	102,843,366
	<u>\$ 133,368,066</u>	<u>\$ 118,725,848</u>	<u>\$ 106,005,793</u>	<u>\$ 102,843,366</u>
School District's covered payroll	\$ 16,624,194	\$ 16,770,812	\$ 16,917,862	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

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

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

Not Applicable

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F. Capital Projects Fund

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

PROJECT TITLE/ISSUE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2017
		PRIOR YEARS	CURRENT YEAR	
Various Capital Improvements:				
County Appropriations:				
Westampton Campus Reroofing Project	\$ 3,350,000	\$ 1,750,783	\$ 1,489,869	\$ 109,348
<b>Total</b>	<u>\$ 3,350,000</u>	<u>\$ 1,750,783</u>	<u>\$ 1,489,869</u>	<u>\$ 109,348</u>

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2017:

Unexpended Project Balances June 30, 2017	<u>\$ 109,348</u>
<b>Total Fund Balance (Budgetary Basis) - June 30, 2017</b>	<u>\$ 109,348</u>
Less:	
Unexpended County Aid	<u>(109,348)</u>
<b>Total Fund Balance (GAAP Basis) - June 30, 2017</b>	<u>\$ -</u>

**BURLINGTON 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, 2017**

Expenditures & Other Financing Uses:	
Construction Services	<u>\$ 1,489,869</u>
Total Expenditures	<u>1,489,869</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,489,869)
Fund Balance - Beginning	<u>1,599,217</u>
Fund Balance - Ending	<u><u>\$ 109,348</u></u>



**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
WESTAMPTON REROOFING PROJECT - PHASE III  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
County Appropriations	\$ 3,350,000	\$ -	\$ 3,350,000	\$ 3,350,000
Total Reserve	3,350,000	-	3,350,000	3,350,000
Expenditures & Other Financing Uses:				
Construction Services	1,750,783	1,489,869	3,240,652	3,350,000
Total Expenditures & Other Financing Uses	1,750,783	1,489,869	3,240,652	3,350,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 1,599,217	\$ (1,489,869)	\$ 109,348	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	0605-030-16-1000
Grant Date	9/9/2015
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,350,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 3,350,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	96.74%
Original Target Completion Date	2016-2017
Revised Target Completion Date	N/A

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## G. Proprietary Funds

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Enterprise Funds

(See Exhibits B-4 through B-6)

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Internal Service Fund

Not Applicable

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## H. Fiduciary Fund

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 31,137	\$ 205,627	\$ 278,035	\$ 514,799
Total Assets	31,137	205,627	278,035	514,799
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	-	-	270,192	270,192
Claims Payable	34,361	-	-	34,361
Due to Employees - Flex Spending Account	-	-	7,843	7,843
Due to Student Groups	-	205,627	-	205,627
Total Liabilities	34,361	205,627	278,035	518,023
<b>NET POSITION</b>				
Reserved for Unemployment Claims	(3,224)	-	-	(3,224)
Total Net Position	\$ (3,224)	\$ -	\$ -	\$ (3,224)

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS:	PRIVATE PURPOSE TRUST		TOTAL
	DONATION TRUST	UNEMPLOYMENT TRUST	
Local Sources:			
Employee Contributions	\$ -	\$ 181,122	\$ 181,122
Total Additions	-	181,122	181,122
DEDUCTIONS:			
Disbursements	65,617	184,346	249,963
Total Operating Deductions	65,617	184,346	249,963
Change in Net Position	(65,617)	(3,224)	(68,841)
Net Position, July 1	65,617	-	65,617
Net Position, June 30	\$ -	\$ (3,224)	\$ (3,224)

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JUNE 30, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Central/District	\$ 102,018	\$ 3,410	\$ 101,000	\$ 4,428
South Campus	86,495	1,815	3,915	84,395
High School	41,735	27,816	19,987	49,564
East Campus	58,463	1,429	9,478	50,414
Lumberton Campus	1,733	2,739	2,474	1,998
Yearbook	8,619	6,955	10,168	5,406
Field Trips	9,347	22,468	22,393	9,422
Total	\$ 308,410	\$ 66,632	\$ 169,415	\$ 205,627

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 251,334	\$ 33,897,311	\$ 33,870,610	\$ 278,035
Total Assets	<u>\$ 251,334</u>	<u>\$ 33,897,311</u>	<u>\$ 33,870,610</u>	<u>\$ 278,035</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 250,419	\$ 15,446,311	\$ 15,426,538	\$ 270,192
Due to Employees - Net Payroll	-	18,432,363	18,432,363	-
Due to Employees - Flex Spending	915	18,637	11,709	7,843
Total Liabilities	<u>\$ 251,334</u>	<u>\$ 33,897,311</u>	<u>\$ 33,870,610</u>	<u>\$ 278,035</u>

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I. Long-Term Debt

Not Applicable

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**STATISTICAL SECTION (Unaudited)**

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Net Investment in										
Capital Assets	\$ 8,420,747	\$ 6,454,702	\$ 3,771,907	\$ 3,540,684	\$ 2,505,345	\$ 1,946,535	\$ 1,918,911	\$ 2,114,430	\$ 1,994,904	\$ 1,988,661
Restricted	1,510,108	1,643,124	3,939,610	1,508,343	2,489,206	2,082,491	1,804,871	1,390,507	1,382,611	1,369,785
Unrestricted	(28,422,646)	(27,189,009)	(26,151,370)	2,469,985	1,869,193	558,675	2,437,068	2,989,180	1,706,833	3,404,334
<b>Total Governmental Activities</b>	<b>\$ (18,491,791)</b>	<b>\$ (19,091,183)</b>	<b>\$ (18,439,853)</b>	<b>\$ 7,519,012</b>	<b>\$ 6,863,744</b>	<b>\$ 4,587,701</b>	<b>\$ 6,160,850</b>	<b>\$ 6,494,117</b>	<b>\$ 5,084,348</b>	<b>\$ 6,762,780</b>
<b>Business-Type Activities:</b>										
Net Investment in										
Capital Assets	\$ 278,525	\$ 366,020	\$ 266,805	\$ 102,292	\$ 118,018	\$ 138,670	\$ 154,966	\$ 192,402	\$ 239,426	\$ 176,599
Unrestricted	144,091	(649,070)	422,413	1,566,914	2,589,206	1,979,505	287,985	(905,855)	2,602,866	4,804,777
<b>Total Business-Type Activities</b>	<b>\$ 422,616</b>	<b>\$ (283,050)</b>	<b>\$ 689,218</b>	<b>\$ 1,669,206</b>	<b>\$ 2,707,224</b>	<b>\$ 2,118,175</b>	<b>\$ 442,951</b>	<b>\$ (713,453)</b>	<b>\$ 2,842,292</b>	<b>\$ 4,981,376</b>
<b>Government-Wide:</b>										
Net Investment in										
Capital Assets	\$ 8,699,272	\$ 6,820,722	\$ 4,038,712	\$ 3,642,976	\$ 2,623,363	\$ 2,085,205	\$ 2,073,877	\$ 2,306,832	\$ 2,234,330	\$ 2,165,260
Restricted	1,510,108	1,643,124	3,939,610	1,508,343	2,489,206	2,082,491	1,804,871	1,390,507	1,382,611	1,369,785
Unrestricted	(28,278,555)	(27,838,079)	(25,728,957)	4,036,899	4,458,399	2,538,180	2,725,053	2,083,325	4,309,699	8,209,111
<b>Total District Net Position</b>	<b>\$ (18,069,175)</b>	<b>\$ (19,374,233)</b>	<b>\$ (17,750,635)</b>	<b>\$ 9,188,218</b>	<b>\$ 9,570,968</b>	<b>\$ 6,705,876</b>	<b>\$ 6,603,801</b>	<b>\$ 5,780,664</b>	<b>\$ 7,926,640</b>	<b>\$ 11,744,156</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Special Education	\$ 14,872,414	\$ 14,952,342	\$ 15,200,512	\$ 15,424,094	\$ 16,002,153	\$ 17,293,675	\$ 17,463,812	\$ 20,624,676	\$ 20,725,888	\$ 20,870,679
Other Special Instruction	327,741	264,662	111,882	109,620	121,249	109,552	128,022	113,073	86,347	93,336
Other Special Instruction	-	-	-	-	-	-	-	-	19,245	32,436
Support Services:										
Student & Instruction Related Services	4,835,812	4,742,066	4,765,408	4,790,637	4,960,201	4,860,196	4,768,340	891,235	766,603	761,648
School Administrative Services	659,370	571,932	539,302	683,097	641,997	652,508	644,362	968,279	684,626	871,142
General & Business Administrative Services	3,243,060	2,984,042	2,813,961	2,718,655	2,650,522	2,488,553	2,125,766	2,008,678	2,232,537	2,278,354
Plant Operations & Maintenance	3,500,366	3,221,994	2,957,405	3,584,535	3,301,464	3,002,177	2,790,981	2,897,523	2,883,767	3,064,698
Pupil Transportation	244,846	303,019	545,275	338,084	304,342	150,239	-	-	1,163,065	887,618
Unallocated Benefits	11,193,770	18,284,937	17,093,711	12,690,642	15,634,534	15,342,139	15,964,168	13,612,763	13,291,557	12,484,522
On-Behalf TPAF Contributions & Social Security Contributions	4,596,870	-	-	(76,306)	-	-	-	-	-	-
Unallocated Compensated Absences	-	183	(57,160)	(76,306)	(24,604)	47,167	43,381	(827,143)	125,502	44,222
Unallocated Contributed Capital	-	77,177	-	-	(486,311)	(67,328)	-	(39,928)	-	17,548
Unallocated Depreciation	503,314	481,067	235,561	206,906	206,906	215,000	205,000	209,070	246,312	167,719
Adjustment to Fixed Assets	-	965,429	-	-	-	(172,641)	-	-	-	-
Transfer to Capital Reserve	-	-	-	-	-	-	-	-	-	43,381
Special Schools	-	-	-	-	-	-	-	12,096	16,344	17,294
<b>Total Governmental Activities Expense</b>	<b>43,977,563</b>	<b>46,848,850</b>	<b>44,205,857</b>	<b>40,469,964</b>	<b>43,312,453</b>	<b>43,921,217</b>	<b>44,133,832</b>	<b>40,470,322</b>	<b>42,241,793</b>	<b>41,634,597</b>
<b>Business-Type Activities:</b>										
Food Service	1,218,879	1,182,337	1,333,438	891,283	1,303,635	1,113,093	1,169,276	1,423,397	1,560,527	1,490,230
School Store	6,785	719	2,261	70,890	87,318	3,091	1,374	2,691	3,357	6,140
Educational Services	14,195,018	14,489,923	14,562,395	14,044,658	14,602,528	14,253,859	15,661,303	18,078,793	18,633,356	16,829,518
VQ/CA	741,259	719,514	1,228,805	1,358,967	1,360,354	-	-	-	-	-
Alternative Education Program	2,101,991	1,861,438	1,486,578	-	-	-	-	-	-	-
<b>Total Business-Type Activities Expense</b>	<b>18,263,932</b>	<b>18,253,931</b>	<b>18,613,477</b>	<b>16,365,798</b>	<b>17,353,835</b>	<b>15,370,043</b>	<b>16,831,953</b>	<b>19,504,881</b>	<b>20,197,240</b>	<b>18,325,888</b>
<b>Total District Expenses</b>	<b>\$ 62,241,495</b>	<b>\$ 65,102,781</b>	<b>\$ 62,819,334</b>	<b>\$ 56,835,762</b>	<b>\$ 60,666,288</b>	<b>\$ 59,291,260</b>	<b>\$ 60,965,785</b>	<b>\$ 59,975,203</b>	<b>\$ 62,439,033</b>	<b>\$ 59,960,485</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants & Contributions	\$ 4,596,870	\$ 8,402,593	\$ 8,483,196	\$ 2,064,871	\$ 2,899,835	\$ 3,383,122	\$ 2,860,416	\$ 2,786,420	\$ 2,669,233	\$ 3,135,815
<b>Total Governmental Activities Program Revenues</b>	<b>4,596,870</b>	<b>8,402,593</b>	<b>8,483,196</b>	<b>2,064,871</b>	<b>2,899,835</b>	<b>3,383,122</b>	<b>2,860,416</b>	<b>2,786,420</b>	<b>2,669,233</b>	<b>3,135,815</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	264,500	343,349	344,611	253,398	354,212	387,921	396,391	423,346	519,998	500,786
School Store	1,971	3,330	7,349	10,714	9,091	16,410	16,735	17,835	18,066	23,160
Educational Services	14,242,084	13,711,461	13,835,792	12,935,366	15,190,132	14,421,452	14,267,549	14,354,634	16,222,780	15,242,618
VQ/CA	741,259	709,342	1,259,753	1,391,735	1,470,000	-	-	-	-	-
Adult Education Program	1,898,774	1,576,456	1,310,976	-	-	-	-	-	-	-
Operating Grants & Contributions	334,631	318,238	326,731	314,987	413,382	422,466	397,081	450,987	418,543	446,065

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Business Type Activities										
Program Revenues	17,483,219	16,662,176	17,085,212	14,906,200	17,436,817	15,248,249	15,077,756	15,246,802	17,179,387	16,212,629
Total District Program Revenues	\$ 22,080,089	\$ 25,064,769	\$ 25,568,408	\$ 16,971,071	\$ 20,336,652	\$ 18,631,371	\$ 17,938,172	\$ 18,033,222	\$ 19,848,620	\$ 19,348,444
Net (Expense)/Revenue:										
Governmental Activities	\$ (39,380,693)	\$ (38,446,257)	\$ (35,722,661)	\$ (38,405,093)	\$ (40,412,618)	\$ (40,538,095)	\$ (41,273,416)	\$ (37,683,902)	\$ (39,572,560)	\$ (38,498,782)
Business-Type Activities	(780,713)	(1,591,755)	(1,528,265)	(1,459,598)	82,982	(121,794)	(1,754,197)	(4,258,079)	(3,017,853)	(2,113,259)
Total Government-Wide Net Expense	\$ (40,161,406)	\$ (40,038,012)	\$ (37,250,926)	\$ (39,864,691)	\$ (40,329,636)	\$ (40,659,889)	\$ (43,027,613)	\$ (41,941,981)	\$ (42,590,413)	\$ (40,612,041)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
County Appropriation	\$ 5,494,388	\$ 6,550,783	\$ 5,200,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Federal & State Aid Not Restricted	288,044	213,391	631,610	2,035,384	1,514,792	44,493	44,493	199,655	256,188	124,165
Tuition Received	26,720,278	23,818,838	25,454,600	25,866,996	28,637,896	26,940,825	26,940,825	29,425,820	26,683,179	25,000,585
Tuition Charges	8,310,839	7,052,945	7,469,275	6,978,742	7,496,846	8,489,849	8,489,849	8,135,944	7,194,202	5,586,564
Non Resident Fees	354,042	358,446	344,680	58,310	351,819	311,263	311,263	315,289	404,024	173,771
Rents and Royalties	158,609	144,083	-	-	-	-	-	-	-	-
Miscellaneous Income	164,830	210,860	192,540	255,597	390,243	175,540	175,540	259,771	451,334	2,653,246
Transfers	(1,542,798)	(554,419)	(547,580)	(934,668)	(502,935)	(1,797,024)	(1,797,024)	(2,196,330)	(695,256)	(696,758)
Cancellation of Prior Year's A/R	31,853	-	-	-	-	-	-	-	-	-
Transfer from County	-	-	227,627	-	-	-	-	-	-	-
Contributed Capital	-	-	-	-	-	-	-	-	-	252,555
Total Governmental Activities	39,980,085	37,794,927	38,972,752	39,060,361	42,688,661	38,964,946	38,964,946	40,940,149	39,093,671	37,894,128
Business-Type Activities:										
Investment Earnings	-	-	697	890	2,706	361	14,271	7,078	91,390	174,460
Contributed Capital	-	-	-	-	427	(367)	-	-	90,621	38,122
Transfers	1,542,798	554,419	547,580	420,690	502,935	1,797,024	2,896,330	695,256	696,758	662,187
Gain/(Loss) on Adjustment to Capital Assets	(56,419)	65,064	-	-	-	-	-	-	-	-
Total Business-Type Activities	1,486,379	619,487	548,277	421,580	506,068	1,797,018	2,910,601	702,334	878,769	874,769
Total Government-Wide	\$ 41,466,464	\$ 38,414,414	\$ 39,521,029	\$ 39,481,941	\$ 43,194,729	\$ 40,761,964	\$ 41,875,547	\$ 41,642,483	\$ 39,972,440	\$ 38,768,897
Change in Position:										
Governmental Activities	\$ 599,392	\$ (651,330)	\$ 3,250,091	\$ 655,268	\$ 2,276,043	\$ (1,573,149)	\$ (2,308,470)	\$ 3,256,247	\$ (478,889)	\$ (604,654)
Business-Type Activities	705,666	(972,268)	(979,988)	(1,038,018)	589,050	1,675,224	1,156,404	(3,555,745)	(2,139,084)	(1,238,490)
Total District	\$ 1,305,058	\$ (1,623,598)	\$ 2,270,103	\$ (382,750)	\$ 2,865,093	\$ 102,075	\$ (1,152,066)	\$ (299,498)	\$ (2,617,973)	\$ (1,843,144)

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT**  
**FUND BALANCES AND GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
 (Modified Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund</b>										
Restricted	\$ 1,510,108	\$ 1,510,108	\$ 1,509,852	\$ 1,508,343	\$ 1,506,836	\$ 1,501,971	\$ 1,501,270	\$ 1,390,507	\$ 1,382,611	\$ 1,369,785
Assigned	270,943	133,016	2,429,758	-	982,370	580,520	303,601	-	-	-
Unassigned	3,366,087	3,060,863	4,276,178	4,051,354	3,366,288	1,800,969	3,632,195	4,140,926	3,685,722	5,257,721
<b>Total General Fund</b>	<b>\$ 5,147,138</b>	<b>\$ 4,703,987</b>	<b>\$ 8,215,788</b>	<b>\$ 5,559,697</b>	<b>\$ 5,855,494</b>	<b>\$ 3,883,460</b>	<b>\$ 5,437,066</b>	<b>\$ 5,531,433</b>	<b>\$ 5,068,333</b>	<b>\$ 6,627,506</b>

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
County Appropriation	\$ 5,494,388	\$ 6,550,783	\$ 5,200,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000	\$ 4,800,000
Tuition Charges	26,720,278	23,818,838	25,454,600	25,866,996	28,637,896	26,940,825	29,425,820	26,683,179	25,000,585	25,310,928
Other Tuition	8,310,839	7,052,945	7,469,275	6,978,742	7,496,846	8,489,849	8,135,944	7,194,202	5,586,564	3,509,642
Nonresident Fees	354,042	358,446	344,680	58,310	351,819	311,263	315,289	404,024	173,771	201,039
Rents and Royalties	158,609	144,083	-	-	-	-	-	-	-	-
Miscellaneous	164,830	210,860	192,540	255,597	390,243	175,540	259,771	451,334	2,653,246	2,238,918
State Sources	4,596,870	4,126,941	3,794,646	3,954,584	4,214,711	3,385,530	2,860,416	2,786,420	2,659,992	5,541,630
Federal Sources	288,044	213,391	631,610	145,671	199,916	42,085	199,655	256,188	133,406	246,196
<b>Total Revenues</b>	<b>46,087,900</b>	<b>42,476,287</b>	<b>43,087,351</b>	<b>42,059,900</b>	<b>46,091,431</b>	<b>44,145,092</b>	<b>45,996,895</b>	<b>42,575,347</b>	<b>41,007,564</b>	<b>41,848,353</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Special Education Instruction	14,872,414	14,952,342	15,200,512	15,424,094	16,002,153	17,293,675	17,463,812	20,624,676	20,725,888	20,870,679
Other Special Instruction	327,741	264,662	111,882	109,620	121,249	109,532	128,022	113,073	86,347	93,336
Other Instructional Programs	-	-	-	-	-	-	-	-	19,245	32,436
<b>Support Services &amp; Undistributed Costs:</b>										
Student & Instruction Related										
Services	4,835,812	4,742,066	4,765,408	4,790,637	4,960,201	4,860,196	4,768,340	891,235	766,603	761,648
School Administrative Services	659,370	571,932	539,302	683,097	641,997	652,508	644,362	968,279	684,626	871,142
Other Administrative Services	3,243,060	2,484,042	2,513,961	2,418,655	2,350,522	2,188,553	2,125,766	2,297,346	2,232,537	2,278,354
Plant Operations & Maintenance	3,636,968	3,265,315	2,957,405	3,584,535	3,301,464	3,004,832	2,790,981	2,897,523	2,883,767	3,064,698
Pupil Transportation	244,846	303,019	545,275	338,084	304,342	150,239	-	-	1,163,065	887,618
Unallocated Benefits	9,383,966	14,187,144	12,033,630	12,690,642	15,634,534	15,342,139	15,964,168	13,612,763	13,291,557	12,484,522
On-Behalf TPAF & FICA Contributions	4,596,870	-	-	-	-	-	-	-	-	-
Special Schools	2,332,757	4,585,970	1,424,156	1,164,278	300,000	300,000	-	12,096	16,344	17,294
Capital Outlay	-	-	-	-	-	-	-	-	-	43,381
<b>Total Expenditures</b>	<b>44,133,804</b>	<b>45,356,492</b>	<b>40,091,531</b>	<b>41,203,642</b>	<b>43,616,462</b>	<b>43,901,674</b>	<b>43,885,451</b>	<b>41,416,991</b>	<b>41,869,979</b>	<b>41,405,108</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>1,954,096</b>	<b>(2,880,205)</b>	<b>2,995,820</b>	<b>856,258</b>	<b>2,474,969</b>	<b>243,418</b>	<b>2,111,444</b>	<b>1,158,356</b>	<b>(862,415)</b>	<b>443,245</b>
<b>Other Financing Sources/(Uses):</b>										
Increase in Capital Reserve	-	-	-	-	-	-	-	-	-	43,381
Transfers Out	(1,542,798)	(554,419)	(319,953)	(934,668)	(502,935)	(1,797,024)	(2,196,330)	(695,256)	(696,758)	(662,187)
Cancellation of Prior Year's Receivables	31,853	(77,177)	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>(1,510,945)</b>	<b>(631,596)</b>	<b>(319,953)</b>	<b>(934,668)</b>	<b>(502,935)</b>	<b>(1,797,024)</b>	<b>(2,196,330)</b>	<b>(695,256)</b>	<b>(696,758)</b>	<b>(618,806)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 443,151</b>	<b>\$ (3,511,801)</b>	<b>\$ 2,675,867</b>	<b>\$ (78,410)</b>	<b>\$ 1,972,034</b>	<b>\$ (1,553,606)</b>	<b>\$ (84,886)</b>	<b>\$ 463,100</b>	<b>\$ (1,559,173)</b>	<b>\$ (175,561)</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
GENERAL FUND - REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDED JUNE 30,	TUITION	OTHER LOCAL REVENUE	STATE REVENUE	FEDERAL REVENUE	TOTAL
2017	\$ 35,031,117	\$ 4,682,000	\$ 4,596,870	\$ 288,044	\$ 44,598,031
2016	30,871,783	5,513,389	4,126,941	213,391	40,725,504
2015	32,923,875	5,737,220	3,794,646	631,610	43,087,351
2014	32,845,738	5,113,907	3,440,606	145,671	41,545,922
2013	36,134,742	5,542,062	4,214,711	199,916	46,091,431
2012	35,430,674	5,286,782	3,385,530	42,085	44,145,071
2011	37,561,764	5,375,060	2,860,416	181,932	45,979,172
2010	33,877,381	5,655,358	2,786,420	256,188	42,575,347
2009	30,587,149	7,617,776	2,659,992	133,406	40,998,323
2008	28,820,570	7,224,613	5,538,902	219,036	41,803,121

Note: Excludes the Capital Projects Fund as these expenditures vary substantially from year to year. The Financial data presented would not be as meaningful for comparative purposes if these were included.

Source: District Records.

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,**

N/A

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

N/A

**PRINCIPAL PROPERTY TAX PAYERS**

N/A



**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

EXHIBIT J-9

N/A

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

EXHIBIT J-10

N/A

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

EXHIBIT J-11

N/A

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2013**

EXHIBIT J-12

N/A

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

EXHIBIT J-13

N/A

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	COUNTY POPULATION (a)	PERSONAL INCOME (b)	COUNTY PER CAPITA PERSONAL INCOME (c)	COUNTY UNEMPLOYMENT RATE (d)
2016	449,284	N/A	N/A	4.4%
2015	450,226	24,864,631,302	55,227	5.2%
2014	450,677	24,222,536,719	53,747	6.3%
2013	450,103	23,308,583,855	51,785	7.9%
2012	451,227	23,188,555,530	51,390	9.2%
2011	450,549	22,507,175,295	49,955	8.8%
2010	449,218	21,583,577,246	48,047	9.0%
2009	446,108	21,256,600,092	47,649	8.5%
2008	445,492	21,301,645,472	47,816	5.0%
2007	446,314	20,614,351,032	46,188	3.8%

Source: New Jersey Department of Education

( a ) Population information provided by the New Jersey Department of Labor and Workforce Development

( b ) Estimated based upon the Municipal Population and Per Capita Personal Income presented

( c ) Estimated based upon the 2000 & 2010 Census published by the U.S. Bureau of Economic Analysis

( d ) Unemployment data provided by the New Jersey Department of Labor and Workforce Development

**PRINCIPAL EMPLOYERS  
CURRENT YEAR**

	EMPLOYEES	RANK
Lockheed Martin	3,450	1
TD Bank	3,388	2
Virtua Memorial Hospital of Burlington Country	2,390	3
Burlington Coat Factory	2,338	4
PHH Mortgage	1,850	5
CVS Corporation	1,240	6
Automotive Resources International	1,200	7
Viking Yacht. Co. Corp.	1,100	8
Deborah Heart & Lung Center	1,050	9
Eickhoff ShopRite Stores	1,026	10
	<hr/>	
	19,032	
	<hr/> <hr/>	

Source: Burlington County

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program Instruction:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Special Education	307	334	378	378	378	378	376	395	411	434
Support Services:										
Student & Instruction Related Services	103	123	63	63	63	64	62	63	63	62
School Administrative Services	29	38	14	14	14	14	14	16	15	17
General & Business Administrative Services	25	10	11	11	11	11	11	11	3	3
Plant Operations & Maintenance	26	22	24	24	24	24	23	23	21	23
Pupil Transportation	4	-	3	3	3	3,00	-		7	7
Business & Other Support Services	-	-	3	3	3	3	3	3	10	10
Food Service	10	10	10	10	10	12	12	19	22	21
<b>Total</b>	<b>504</b>	<b>537</b>	<b>506</b>	<b>506</b>	<b>506</b>	<b>509</b>	<b>501</b>	<b>530</b>	<b>552</b>	<b>577</b>

Source: District Personnel Records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE)	AVERAGE DAILY ATTENDANCE (ADA)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	616	41,801,047	67,859	20.33%	103	6/1	626.4	540.5	-25.97%	-28.53%
2016	695	40,770,522	58,663	4.02%	127	6.2/1	690.3	596.0	-18.41%	-21.20%
2015	690	38,667,375	56,040	0.26%	127	6.2/1	686.1	595.6	-11.46%	-13.34%
2014	710	40,039,364	56,393	0.90%	127	6.2/1	846.1	756.3	9.19%	10.04%
2013	775	43,316,462	55,892	1.65%	127	6.2/1	774.9	687.3	-0.06%	-0.55%
2012	793	43,601,674	54,983	3.09%	127	6.2/1	775.4	691.1	-6.21%	-6.19%
2011	823	43,894,932	53,335	12.55%	132	6.3/1	826.7	736.7	-5.39%	-5.09%
2010	874	41,416,991	47,388	8.20%	137	6.2/1	873.8	776.2	-6.71%	-6.12%
2009	956	41,869,979	43,797	11.29%	138	6.9/1	936.6	826.8	-8.72%	-10.23%
2008	1,051	41,361,727	39,355	7.45%	156	6.7/1	1,026.1	921.0	-5.65%	-5.11%

**Sources:** District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Elementary Schools:</b>										
Westampton Campus:										
Square Feet	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433	207,433
Capacity (Students)	755	755	755	755	755	755	755	755	755	755
Enrollment	426	519	398	424	417	519	521	563	629	691
<b>Lumberton Campus:</b>										
Square Feet	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438	66,438
Capacity (Students)	165	165	165	165	165	165	165	165	165	165
Enrollment	93	176	178	177	252	140	169	172	102	100
<b>Junior/Senior:</b>										
Square Feet	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000
Capacity (Students)	167	167	167	167	167	167	167	167	167	167
Enrollment	97	-	114	109	106	134	140	139	126	125

Number of Schools at June 30, 2017:  
Other = 3

**Source:** District Facilities Office

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

	JR/SR HIGH SCHOOL	WESTAMPTON CAMPUS	LUMBERTON CAMPUS	TOTAL
2017	\$ 41,342	\$ 603,362	\$ 224,053	\$ 868,757
2016	8,689	535,370	212,843	756,902
2015	22,305	538,998	262,394	823,697
2014	29,272	480,541	281,302	791,115
2013	60,549	593,683	313,493	967,725
2012	35,682	572,956	232,006	840,644
2011	77,009	435,728	204,646	717,383
2010	83,532	454,475	207,552	745,559
2009	94,681	480,791	152,847	728,319
2008	82,641	471,046	272,711	826,398
Total School Facilities	<u>\$ 535,702</u>	<u>\$ 5,166,950</u>	<u>\$ 2,363,847</u>	<u>\$ 8,066,499</u>

Source: District records

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
<b>Commercial General Liability:</b>		
Bodily Injury and Property Damage - Per Occurrence	\$ 16,000,000	
Products/Completed Operations Aggregate Limit	16,000,000	
Personal/Advertising Injury Limit - Per Occurrence	16,000,000	
Employee Benefits Liability - Per Occurrence	16,000,000	1,000
<b>Commercial Property Coverage:</b>		
Blanket Coverage, Building & Contents	92,974,675	5,000
Equipment Floater:		
Hardware / Software	1,100,000	1,000
<b>Commercial Automobile:</b>		
Bodily Injury & Property Damage	16,000,000	
Medical Payments: Private Passenger	10,000	
Medical Payments: All Other Vehicles	5,000	
Uninsured/Underinsured Motorist: Bodily Injury Per Person	15,000	
Uninsured/Underinsured Motorist: Bodily Injury Per Accident	30,000	
Uninsured/Underinsured Motorist: Private Passenger	1,000,000	
<b>Commercial Crime</b>		
<b>Excess Umbrella:</b>		
Public Employee Dishonesty with Faithful Performance	100,000	500
Theft, Disappearance and Destruction - Loss of Money	50,000	500
Theft, Disappearance and Destruction - Money Orders & Counterfeits	50,000	500
Forgery & Alteration	50,000	500
Computer Fraud	50,000	500
<b>Student Accident:</b>		
Compulsory - Aggregate Limit of Liability	1,000,000	
Excess Medical	5,000,000	25,000
<b>Public Official Bonds:</b>		
Qualified Purchasing Agent	100,000	
Board Secretary	100,000	
Treasurer	350,000	
<b>Workers Compensation:</b>		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease - Policy Limit	2,000,000	
Bodily Injury by Disease - Each Employee	2,000,000	

Source: School District Records

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR’S 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 Education  
Burlington County Special Services School District  
County of Burlington  
Westampton, New Jersey 08060

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Burlington County Special Services School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Burlington County Special Services School District’s basic financial statements, and have issued our report thereon dated November 28, 2017.

**Internal Control Over Financial Reporting**

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

We also noted certain immaterial instances of noncompliance that are not required to be reported under *Governmental Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated November 28, 2017.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 28, 2017



HOLMAN | FRENIA  
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## EXHIBIT K-2

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08

Honorable President and Members  
of the Board of Education  
Burlington County Special Services School District  
County of Burlington  
Westampton, New Jersey 08060

#### Report on Compliance for Each Major State Program

We have audited the Burlington County Special Services School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2017. The Burlington County Special Services School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Burlington County Special Services School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's Circular 15-08 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 state

program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Burlington County Special Services School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Burlington County Special Services School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1011

Medford, New Jersey  
November 28, 2017

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**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	UNEARNED REVENUE AT JUNE 30, 2017
<b>U.S. Department of Health and Human Services</b>											
Passed Through New Jersey Department of Human Services:											
Medical Assistance Program (SEM)	93.778	1705NJ5MAP	100-054-7540-211	\$ 249,477	7/1/16-6/30/17	\$ -	249,477	(249,477)	\$ -	\$ -	-
Medical Assistance Program (SEM) - ARRA	93.778	1605NJ5MAP	100-054-7540-211	26,637	7/1/16-6/30/17	-	26,637	(26,637)	-	-	-
Medical Assistance Program (SEM) - ARRA	93.778	1605NJ5MAP	100-054-7540-211	213,391	7/1/15-6/30/16	(1,725)	1,725	-	-	-	-
<b>Total U.S. Department of Health and Human Services</b>						(1,725)	277,839	(276,114)	-	-	-
<b>U.S. Department of Homeland Security</b>											
Passed Through New Jersey Department of Law and Public Safety:											
Disaster Grants - Public Assistance	97.036	Unavailable	100-066-1200-B80	11,930	7/1/16-6/30/17	-	11,930	(11,930)	-	-	-
<b>Total U.S. Department of Homeland Security</b>						-	11,930	(11,930)	-	-	-
<b>U.S. Department of Agriculture</b>											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program	10.553	171NJ304N1099	100-010-3350-028	100,472	7/1/16-6/30/17	-	93,213	(100,472)	-	(7,259)	-
School Breakfast Program	10.553	16161NJ304N099	100-010-3350-028	96,098	7/1/15-6/30/16	(7,422)	7,422	-	-	-	-
						(7,422)	100,635	(100,472)	-	(7,259)	-
National School Lunch Program	10.555	171NJ304N1099	100-010-3350-026	192,141	7/1/16-6/30/17	-	177,771	(192,141)	-	(14,370)	-
National School Lunch Program	10.555	16161NJ304N099	100-010-3350-026	183,916	7/1/15-6/30/16	(13,791)	13,791	-	-	-	-
Food Distribution Program (Noncash Assistance)	10.555	171NJ304N1099	Unavailable	38,849	7/1/15-6/30/16	105	38,849	(38,140)	-	-	814
						(13,686)	230,411	(230,281)	-	(14,370)	814
<b>Total Child Nutrition Cluster</b>						(21,108)	331,046	(330,753)	-	(21,629)	814
<b>Total U.S. Department of Agriculture</b>						(21,108)	331,046	(330,753)	-	(21,629)	814
<b>Total Expenditures of Federal Awards</b>						\$ (22,833)	\$ 620,815	\$ (618,797)	\$ -	\$ (21,629)	\$ 814

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE JUNE 30, 2017	MEMO
									CUMULATIVE TOTAL EXPENDITURES
<b><u>New Jersey Department of Education:</u></b>									
General Fund:									
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	100-034-5094-003	\$ 1,168,282	7/1/16-6/30/17	\$ -	\$ 1,108,902	\$ (1,168,282)	\$ -	\$ (59,380)	\$ 1,168,282
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	100-034-5094-003	1,166,890	7/1/15-6/30/16	(58,291)	58,291	(1,168,282)	-	(59,380)	1,168,282
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	1,557,190	7/1/16-6/30/17	-	1,557,190	(1,557,190)	-	-	1,557,190
On-Behalf TPAF Pension Contributions (Noncash Assistance)	495-034-5094-002	1,868,866	7/1/16-6/30/17	-	1,868,866	(1,868,866)	-	-	1,868,866
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	495-034-5094-004	2,532	7/1/16-6/30/17	-	2,532	(2,532)	-	-	2,532
				-	3,428,588	(3,428,588)	-	-	3,428,588
Total General Fund				(58,291)	4,595,781	(4,596,870)	-	(59,380)	4,596,870
<b><u>New Jersey Department of Agriculture:</u></b>									
Enterprise Funds:									
National School Lunch Program	100-010-3350-023	3,878	7/1/16-6/30/17	-	3,589	(3,878)	-	(289)	3,878
National School Lunch Program	100-010-3350-023	3,860	7/1/15-6/30/16	(283)	283	-	-	-	-
Total Enterprise Fund				(283)	3,872	(3,878)	-	(289)	3,878
<b>Total State Financial Assistance</b>				\$ (58,574)	\$ 4,599,653	\$ (4,600,748)	\$ -	\$ (59,669)	\$ 4,600,748
State Financial Assistance Programs not subject to Calculation for Major Program Determination:									
On-Behalf TPAF Post-Retirement Medical (Noncash Assistance)	495-034-5094-001	1,557,190	7/1/16-6/30/17			1,557,190			
On-Behalf TPAF Pension Contributions (Noncash Assistance)	495-034-5094-002	1,868,866	7/1/16-6/30/17			1,868,866			
On-Behalf TPAF Long-Term Disability Insurance Contributions (Noncash Assistance)	495-034-5094-004	2,532	7/1/16-6/30/17			2,532			
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>						<u>2,532</u>			
								<u>\$ (1,172,160)</u>	

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Burlington County Special Services School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state 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. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions 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, 2017.

**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.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the general fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 288,044	\$ 4,596,870	\$ 4,884,914
Food Service Fund	<u>330,753</u>	<u>3,878</u>	<u>334,631</u>
Total Awards & Financial Assistance	<u>\$ 618,797</u>	<u>\$ 4,600,748</u>	<u>\$ 5,219,545</u>

**Note 4. Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5. Federal and State Loans Outstanding**

The Burlington County Special Services School District had no loan balances outstanding at June 30, 2017.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

**SECTION IS N/A - NOT REQUIRED**

Internal control over major programs:

1) Material weakness(es) identified?        yes        no

2) Significant deficiency(ies) identified?        yes        none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?        yes        no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	N/A	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to determine Type A programs \_\_\_\_\_

Auditee qualified as low-risk auditee?        yes        no

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditor's Results (continued)**

**State Financial Assistance**

Dollar threshold used to determine Type A programs \_\_\_\_\_ \$ 750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  no

Internal control over major programs:

    1) Material weakness(es) identified? \_\_\_\_\_ yes  no

    2) Significant deficiency(ies) identified? \_\_\_\_\_ yes  no

Type of auditor's report issued on compliance for major programs \_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08? \_\_\_\_\_ yes  no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
_____ 100-034-5094-003 _____	_____ Reimbursed TPAF Social Security Contributions _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section II – 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 *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**Section III – Federal Awards & State Financial Assistance Findings & 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

N/A – Federal single audit not required

**STATE FINANCIAL ASSISTANCE**

None.

**BURLINGTON COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

**Finding No. 2016-001**

Condition:

It was noted during our audit that a general ledger for various funds, though kept and maintained by the District, was not maintained in accordance with GAAP.

Current Status:

This finding has been corrected.

**Finding No. 2016-002**

Condition:

It was noted during our audit that the District is not properly recording Capital Asset additions and deletions throughout the fiscal year. In addition, the District is not properly recording annual depreciation.

Current Status:

This finding has been corrected.

**Federal Awards**

N/A – No Federal Single Audit in prior year.

**State Financial Assistance**

No Prior Year Findings.