

HACKENSACK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Hackensack, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Hackensack Board of Education
Hackensack New Jersey
For The Fiscal Year Ended June 30, 2020**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



**HACKENSACK
PUBLIC SCHOOLS**
EXCELLENCE IN EDUCATION

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December 17, 2020

Honorable President and
Members of the Board of Education
Hackensack School District
Hackensack, New Jersey 07601
Dear Board Members:

The Comprehensive Annual Financial Report of the Hackensack School District for the Fiscal Year ended June 30, 2020, 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 (Board). 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 Basic Financial Statements and results of Operations 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 (4) Sections as follows:

- The Introductory Section includes this transmittal letter, the District's Organizational Chart, list of professional advisors and a list of principal officials.
- The Financial Section includes the basic Financial Statements and Schedules, required supplementary information, Management's Discussion and Analysis, 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 Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and finding(s) and recommendations. The District is required to undergo an Annual Single Audit in conformity with the provisions of the Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 Hackensack School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement No. 14. All funds and account groups of the District are included in this Report. The Hackensack Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular academic, technological, vocational, as well as special education for handicapped students. This District is also a receiving school District from Maywood, Rochelle Park and South Hackensack.

The District completed the 2019-2020 fiscal year with an Average Daily Enrollment of 5,711 students, which is 59 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<i>Fiscal Year</i>	<i>ADE</i>	<i>Number Change</i>	<i>Percent Change</i>
2019/20	5,711	59	-1.03%
2018/19	5,770	97	1.98%
2017/18	5,673	(6)	-0.10%
2016/17	5,679	(11)	-0.20%
2015/16	5,690	78	1.39%
2014/15	5,612	149	2.73%
2013/14	5,463	57	1.05%
2012/13	5,406	182	3.48%
2011/12	5,224	92	1.79%
2010/11	5,132	99	1.97%
2009/10	5,033	131	2.67%
2008/09	4,902	(20)	-0.41%

For the 2019/20 school year, the District was configured as follows:

- | | |
|--|------------------------|
| • Early Childhood Developmental Center | Grades Pre-K through K |
| • Fairmount Elementary School | Grades Pre-K through 4 |
| • Fanny M. Hillers Elementary School | Grades K through 4 |
| • Jackson Avenue Elementary School | Grades Pre-K through 4 |
| • Nellie K. Parker Elementary School | Grades Pre-K through 4 |
| • Hackensack Middle School | Grades 5 through 8 |
| • Hackensack High School | Grades 9 through 12 |

Based on Demographic Projections prepared in February 2015 by Whitehall Associates, the Hackensack Board of Education determined that the District is facing the need to expand in order to meet the projected growth in enrollment. In 2013, the Hackensack Board of Education approved a five (5) year lease for a school located in Hackensack from the Archdiocese of Newark to help alleviate the immediate need for space. This facility is referred to as the Hackensack Early Childhood Development

Center and houses Pre-K general education and students with disabilities.

During the 2019-2020 school year, this lease was renewed for an additional four (4) years. The lease is scheduled to expire on June 30, 2023. By the time the current lease expires, the district hopes to have a district owned replacement facility.

2. MAJOR INITIATIVES 2019/20

Educational Programs, Grades Pre-K-12

Our District serves students in PreK - 12, with a Preschool Program, four (4) elementary schools, a middle school and one high school, with a total student population of over 5,700 students. Our program of instruction follows the New Jersey Students Learning Standards (NJSLS) and aims to provide for personalized learning, supporting the needs of individual students to address the achievement gaps. Teachers provide for engaging and rigorous learning in classroom environments that privilege problem-solving, digital learning, career-readiness skills, to prepare all students to be Future Ready.

The 2019/20 school year saw our PreK full-day program expand enrollment with 163 full day general education preschool students. The district was able to provide additional inclusion opportunities for students with special needs, and expand classes to Jackson Avenue school. Preschool teachers received training in the Creative Curriculum and implemented the GOLD and ESI-R assessments, which assisted with aligning instruction to student needs. Prior to school closures in March, we held several family nights to support family engagement, including a Family Block Night. The district also worked to secure contracts with two private preschool providers to be able to expand classes for the 2020-2021 school year.

In the area of Mathematics, during the 2019/20 school year, a major focus was on professional development activities that supported the revision of NJSLS aligned Benchmark Assessments to better correlate with the New Jersey Student Learning Standards for Math. These benchmarks were then aligned with the resources for each grade level that included HMH GoMath Algebra preparation materials along with McGraw Hill Geometry products. Alignment was also addressed so that HMH materials would support standards-based instruction which was to be extended to grade 9 Algebra students in 2020-21 SY. The focus was to develop a deeper understanding of mathematical practices as per the New Jersey Student Learning Standards. This vertical alignment of resources addresses the needs of students as per Algebra readiness and within Algebra itself. The ultimate goal is to increase the number of students on the college preparatory pathway which would include a 4th year of mathematics such as Precalculus by graduation. Additional Professional Development was infused into the school year via Building and Department PD sessions in which the teachers shared data and created intervention programs for students who were meeting with challenges. Differentiated instruction was the focus of much of the professional development initiatives as the specific gaps in content knowledge and skills were discovered.

Revising benchmark assessments and providing professional development for using data to inform instruction was also the focus of English Language Arts during the 2019 / 2020 school year. The district staff continued their focus on the fifth-grade transition by increasing independent reading and adding novel-based instruction aligned to standards. In addition, grade 5 teachers began professional development on the components of Balanced Literacy in preparation for the new Reader's Workshop curriculum work to take place in 2020-2021. Prior to virtual instruction, teachers continued to develop strategies for reading intervention using the System 44 and the Read 180 system focusing on how to effectively respond to student performance data. Coaching sessions by outside consultants were provided for staff in grades 5 through 12. Teachers in grades 6-12 continued their novel-based approach to the teaching of reading and standards-based writing at their grade levels, while incorporating more non-fiction texts, podcasts, and Ted Talks to support students in making the connection to content to improve writing and discussion skills. All English teachers of grades 5 -12 participated in professional

development designed to help them understand the NJ LGBTQ+ / Inclusive Curriculum mandate and to begin review of their curricula as a means of identifying areas and units that might need revision to create a more culturally relevant focus for students. The Bilingual Department and the English Department staff worked together to focus on the language acquisition skills of English Language Learners who transitioned to the general education classroom.

In the area of Science in SY 2019-2020 the major focus of work was to create assessments that align more closely to the three dimensions of the NJSLS-S. This was in response to the release of performance data on the first ever administration of the NJSLS-S in May of 2019. Our results were below, but approaching the state average in the 11th grade and below to far below the state averages in 5th and 8th grade. Science the NJSLS-S primarily assesses the students' ability to apply the eight Science and Engineering practices to explain phenomena. The science department focused on using available resources, such as the "STEM Teaching Tools #30, Integrating Science Practices Into Assessment Tasks" and previously released NJSLS-S sample items to redesign our assessments and focus our instructional practices around making student thinking visible and argumentative discussion and talk. Throughout the year, assessments were created, coded to standards, and administered to students via Edulastic. Although there are eight Science and Engineering Practices, we focused on Asking Questions and Defining Problems, Analyzing and Interpreting Data, and Engaging in Argument through Evidence as a part of our Claim, Evidence, Reasoning instructional framework and Argument Driven Inquiry initiative. Analysis of the data in PLC's revealed that we need additional assessments to create actionable interventions which are specific to the Science and Engineering Practices., our science assessments to In order to support the alignment of our science curriculum to New Jersey Student Learning Standards for Science, emphasis was placed on evidence based instructional practices through consistent implementation of the Claim Evidence Reasoning framework in grades 5-12 and a 9-12 implementation of the Argument Driven Inquiry instructional model. High School Teachers received Argument Driven Inquiry training in June of 2018 and again in October of 2018. The CER and ADI frameworks both support our underlying purpose of developing scientific literacy by engaging our students in grade 8 with Science and Engineering practices in addition to the Cross Cutting Concepts and Disciplinary Core ideas as outlined in the NJSLS. Instructionally, a focus was placed on strategies that reinforced the Science and Engineering Practices specifically.

In addition to our rigorous academic programs, we offer students many activities during and after school that support their growth. Our competitive and recreational sports programs, clubs and activities, such as our HS and MS Robotics Clubs, engage students in hands-on, inquiry-based learning and provide students with opportunities to learn life skills in various settings. In addition, a grade 9 engineering course entitled Introduction to STEM Principles was introduced at Hackensack High School for up to 100 students. On March 14, 2019, HMS held its first ever STEAM night.

Last year, we continued to support our Chromebook 1:1 in grades K through 12, rolling out a new cloud-based filter and classroom management tool; leveraging E-Rate funding to upgrade network equipment throughout the District; and doubling our District internet bandwidth to 2Gbps while simultaneously lowering costs using the ESCNJ/DRLAP Broadband Initiative. To enhance communication and security, we migrated from a hosted VoIP telephony system to an on-premises Mitel/Shoretel system allowing us to integrate our phones with our forthcoming Lockdown and Emergency Notification System and our public announcement systems in each building. We also replaced/upgraded obsolete security cameras and added over 140 cameras at our Middle School and High School, significantly improving coverage. In addition, we performed routine refreshes of servers, desktops, projectors, Smartboards and other classroom technology.

Facility/District Upgrades included:

- Asbestos Abatement Hillers Crawl Space
- Middle School Partial Roof Replacement
- Middle School Turf Field Replacement Preparation/Engineering
- Parker School Retaining Wall

- Fairmount Masonry Wall
- High School Soccer Field House Improvements
- District Drainage Repairs
- Hillers School Electronic Exterior Sign

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 the adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1) The cost of a control should not exceed the benefits likely to be derived; and
- (2) The valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and 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 laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls which now includes the prerequisite that all requisitions confirm the use of Ed Data, NJESC, State Contracts etc., 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 voters of the municipality. Annual appropriated Budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final Budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as Reservations of Fund Balance at June 30, 2020.

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect Generally Accepted Accounting Principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. DEBT ADMINISTRATION

At June 30, 2020, the District had no outstanding bonds, \$941,814 in capital leases payable and \$338,487 in lease-purchase agreements payable. Additional information regarding the District's debt is contained in the "Notes to the Financial Statements", Note 7.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END

The Board developed its 2019/20 budget under the State's funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

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 completed its second year as a member of the New Jersey School Boards Association Insurance Group, North Jersey Educational Insurance Fund which self-insures Workers' Compensation and purchases general liability, auto and property insurance on a volume basis (Joint Insurance Fund).

10. OTHER INFORMATION

- Independent Audit - State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Lerch Vinci & Higgins, LLC was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The Auditor's Report on the basic financial statements and specific required supplemental information is 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.
- NJQSAC

The district underwent a New Jersey Quality Single Accountability Continuum review which was conducted in late February by the Department of Education. The district passed all sections. They included Instruction & Program, Fiscal, Governance, Operations and Personnel. A letter from the Department of Education's Office of Field Services Coordination states "I am pleased to

five areas of the NJQSAC review process and has been designated as "high performing."

- **COVID-19**

The district's response to COVID-19 has been multifaceted. Our work began with ensuring that all students had access to a device and reliable Internet. Hackensack Public Schools has been a one-to-one district for several years, and therefore we were able to provide each student with a Chromebook to use for remote learning. We distributed approximately 450 hotspots to students to support virtual learning and assisted with Internet access in order to receive live instruction. Virtual instruction is aligned to the scope and sequence of the in-person instruction and there is consistent interaction between students and teachers. This includes both synchronous (scheduled class meetings) and asynchronous (student self-paced) learning. Teachers met with students in both whole and small groups within the virtual or classroom setting. Teachers delivered high-quality, standards-based instruction, including assessing and monitoring student progress in the virtual environment. Social/emotional supports are a focus of our program through providing SEL resources and mindfulness activities to staff. Additionally, students receive social emotional lessons and activities in class, and counseling support is available. Family contact is an integral part of our program and time is designated to allow teachers and families to build relationships and ensure students are learning. Parent feedback is obtained through the use of various surveys. Additionally, parent meetings occur regularly, with sessions offered in English and Spanish to allow parents to ask questions and gain information to support their children. We have learned that parent attendance increases significantly when parent programs are offered virtually.

11. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Hackensack School Board 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 Business Office staff.

Respectfully submitted,



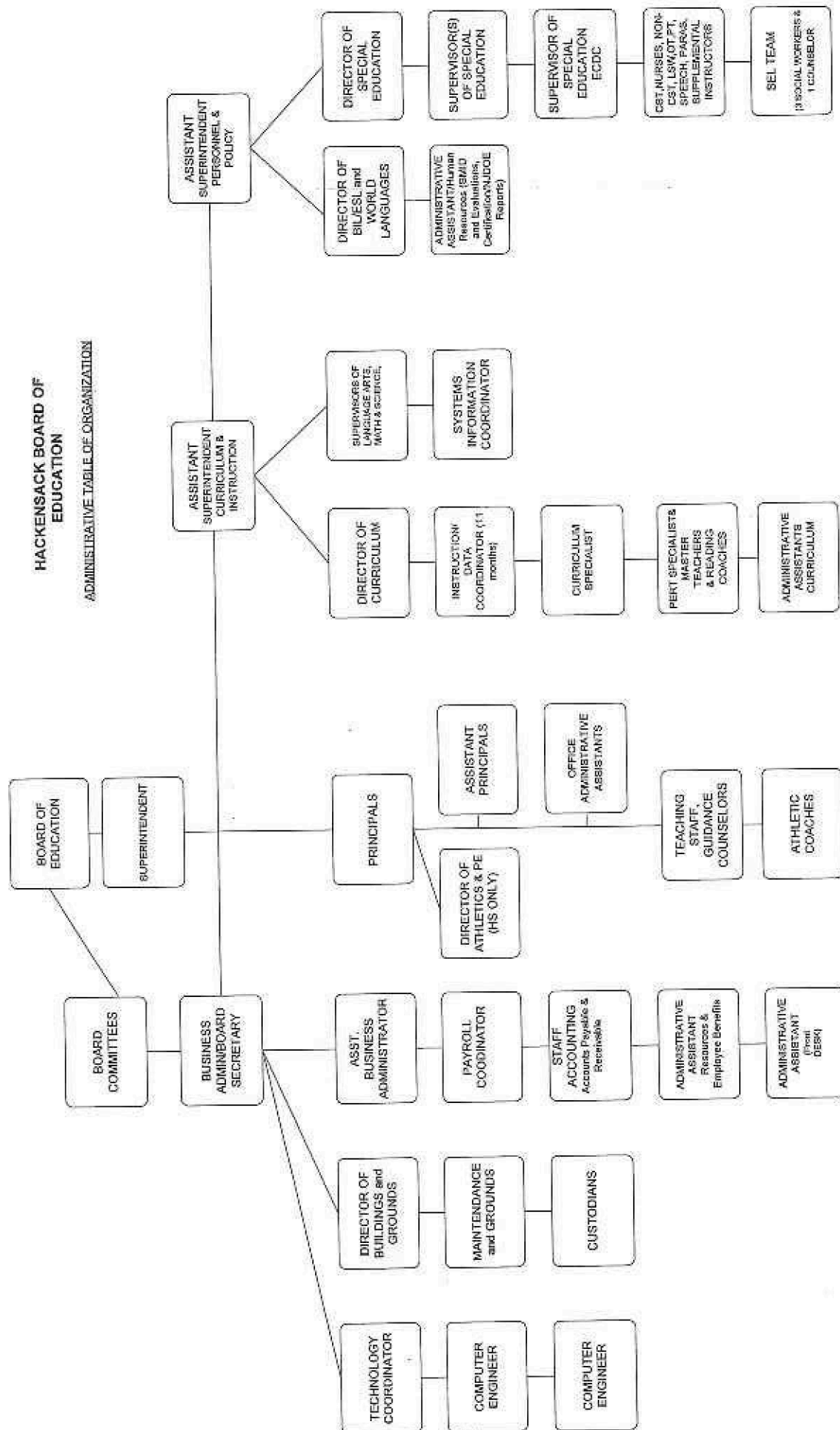
Roberto Sanchez
Superintendent of Schools



Dora E. Zeno
Interim SBA/Board Secretary

HACKENSACK BOARD OF EDUCATION

ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2020

Members of the Board of Education

Term Expires

Lancelot Powell, President	2021
Scott James-Vickery, Vice President	2022
Frances Cogelja	2021
Christopher M. Coleman	2023
Ira Goodman	2022
Michael R. Oates	2023
Anthony F. Rodriguez	2023
Lara Rodriguez, July 1, 2019 – June 26, 2020	2021
Carlos Velez	2021
Lynn Wiebe (Maywood Rep) – July 1, 2019 to February 29, 2020	
Julio Bendezu (Maywood Rep) – March 1, 2020 to June 30, 2020	

Other Officials

Roberto Sanchez, Acting Superintendent – August 1, 2019 – June 30, 2020

Rosemary Marks, Acting Superintendent - July 1, 2019 – July 21, 2019
Assistant Superintendent – August 1, 2019 – June 30, 2020

Andrea Parchment, Administrative Assistant to the Superintendent/
Director for Planning, Research & Evaluation

Dr. Dennis R. Frohnapfel, Interim School Business Administrator/Board Secretary
-July 1, 2019 – February 13, 2020

Dora E. Zeno, Interim School Business Administrator/Board Secretary
February 18, 2020 – June 30, 2020

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2020

Board Attorney

FLORIO PERRUCCI STEINHARDT CAPPELLI TIPTON & TAYLOR LLC
218 Route 17 North, Ste 410
Rochelle Park, New Jersey 07662
(3/1/2020 to 6/30/2020)

SCARINCI & HOLLENBECK, LLC
1100 Valley Brook Ave
Lyndhurst, New Jersey 07071
(7/1/2019 – 2/29/2020)

Risk Manager

ALAMO INSURANCE GROUP, INC.
55 Flanagan Way
Secaucus, New Jersey 07094

Insurance Broker– Health Benefits/Dental

IMAC INSURANCE AGENCY
540 Mill Street
Belleville, New Jersey 07109

District Auditor

LERCH, VINCI & HIGGINS, LLP
17-17 Route 208 N
Fair Lawn, New Jersey 07410

Official Depository

TD BANK
1000 MacArthur Blvd
Mahwah, NJ 07430

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAFFET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. VIGONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SAGO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hackensack Board of Education
Hackensack, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackensack Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackensack Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hackensack Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Hackensack Board of Education.

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

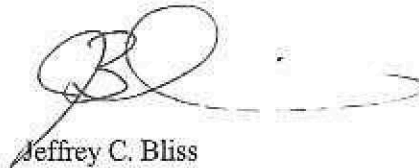
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2020 on our consideration of the Hackensack Board of Education'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hackensack Board of Education's 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 Hackensack Board of Education's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 17, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

As management of the Hackensack Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Hackensack Board of Education for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, as well as, the District's financial statements and notes to the financial statements which immediately follows this discussion and analysis.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Hackensack Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,273,331 (Net Position)
- The District's total net position increased by \$6,269,922.
- Overall District revenues were \$147,712,745. General revenues accounted for \$99,939,467 or 68% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$47,773,278 or 32% of total revenues.
- The school district had \$138,958,271 in expenses for governmental activities; only \$45,573,651 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$99,939,467 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$18,696,199. Of this amount, \$15,881,687 is fund balance restricted for specific purposes, \$3,323,113 has been assigned to year end expenditures and the remaining amount is the unassigned fund deficit of \$508,601.
- The General Fund fund balance at June 30, 2020 was \$18,696,198, an increase of \$4,602,922 compared to the ending fund balance at June 30, 2019 of \$14,093,276.
- The General Fund unassigned budgetary fund balance at June 30, 2020 was \$22,201,263, which represents an increase of \$5,058,317 when compared to the ending unassigned budgetary fund balance at June 30, 2019 of \$17,142,946.
- The District's total outstanding long-term liabilities decreased by \$4,207,318 during the current fiscal year.

HACKENSACK BOARD OF EDUCATION

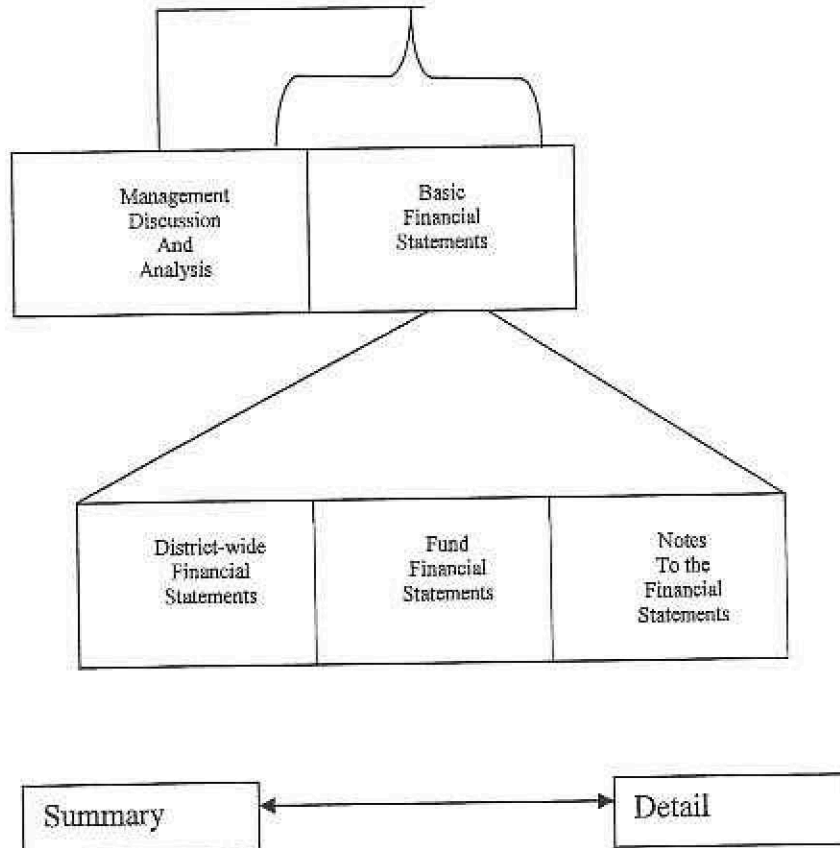
Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program is included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund, for its food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these resources to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$6,273,331 on June 30, 2020 and \$3,409 on June 30, 2019 as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 22,261,908	\$ 16,923,064	\$ 713,035	\$ 1,480,674	\$ 22,974,943	\$ 18,403,738
Capital Assets, net of accumulated depreciation	24,136,804	23,631,273	571,561	382,705	24,708,365	24,013,978
Total Assets	<u>46,398,712</u>	<u>40,554,337</u>	<u>1,284,596</u>	<u>1,863,379</u>	<u>47,683,308</u>	<u>42,417,716</u>
Deferred Outflows of Resources	<u>3,372,910</u>	<u>6,160,799</u>	<u>-</u>	<u>-</u>	<u>3,372,910</u>	<u>6,160,799</u>
Liabilities						
Long-Term liabilities	30,307,368	34,514,686	-	-	30,307,368	34,514,686
Other Liabilities	3,584,582	2,695,114	99,842	391,937	3,684,424	3,087,051
Total Liabilities	<u>33,891,950</u>	<u>37,209,800</u>	<u>99,842</u>	<u>391,937</u>	<u>33,991,792</u>	<u>37,601,737</u>
Deferred Inflows of Resources	<u>10,791,095</u>	<u>10,971,606</u>	<u>-</u>	<u>1,763</u>	<u>10,791,095</u>	<u>10,973,369</u>
Net Position						
Net Investment in Capital Assets	23,194,990	23,002,316	571,561	382,705	23,766,551	23,385,021
Restricted	10,147,692	8,518,737	-	-	10,147,692	8,518,737
Unrestricted	(28,254,105)	(32,987,323)	613,193	1,086,974	(27,640,912)	(31,900,349)
Total Net Position	<u>\$ 5,088,577</u>	<u>\$ (1,466,270)</u>	<u>\$ 1,184,754</u>	<u>\$ 1,469,679</u>	<u>\$ 6,273,331</u>	<u>\$ 3,409</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future 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. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

The District's total net position of \$6,273,331 at June 30, 2020 represents a \$6,269,922 increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2020 and 2019.

Change in Net Position For The Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities		Business- Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenue						
Charges for Services	\$ 7,183,378	\$ 7,089,863	\$ 303,497	\$ 471,145	\$ 7,486,875	\$ 7,561,008
Operating Grants and Contributions	38,377,215	40,793,399	1,896,130	2,429,239	40,273,345	43,222,638
Capital Grants and Contributions	13,058	27,500			13,058	27,500
General Revenues						
Property Taxes	85,146,015	83,501,257			85,146,015	83,501,257
Unrestricted State Aid	14,254,090	11,552,967			14,254,090	11,552,967
Other	539,362	648,838	-	-	539,362	648,838
Total Revenues	145,513,118	143,613,824	2,199,627	2,900,384	147,712,745	146,514,208
Expenses						
Instruction						
Regular	58,774,895	61,409,161			58,774,895	61,409,161
Special Education	27,125,449	27,386,726			27,125,449	27,386,726
Other Instruction	3,589,091	3,738,828			3,589,091	3,738,828
School Sponsored Activities and Athletics	1,768,094	2,267,830			1,768,094	2,267,830
Support Services						
Student and Instruction Related Services	20,689,562	21,465,340			20,689,562	21,465,340
General Administrative Services	1,123,138	1,774,589			1,123,138	1,774,589
School Administrative Services	7,524,095	7,551,630			7,524,095	7,551,630
Central Services and Info. Technology	3,190,296	2,563,278			3,190,296	2,563,278
Plant Operations and Maintenance	12,201,920	11,594,792			12,201,920	11,594,792
Pupil Transportation	2,943,653	3,023,372			2,943,653	3,023,372
Interest on Long-Term Debt	28,078	57,839			28,078	57,839
Food Services	-	-	2,484,552	2,737,472	2,484,552	2,737,472
Total Expenses	138,958,271	142,833,385	2,484,552	2,737,472	141,442,823	145,570,857
Change in Net Position	6,554,847	780,439	(284,925)	162,912	6,269,922	943,351
Net Position, Beginning of Year	(1,466,270)	(2,246,709)	1,469,679	1,306,767	3,409	(939,942)
Net Position, End of Year	\$ 5,088,577	\$ (1,466,270)	\$ 1,184,754	\$ 1,469,679	\$ 6,273,331	\$ 3,409

HACKENSACK BOARD OF EDUCATION

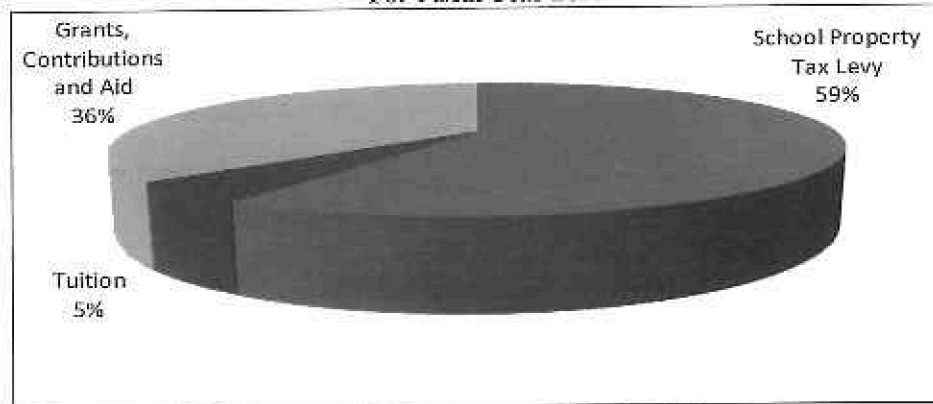
Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$145,513,118 for the fiscal year ended June 30, 2020, property taxes of \$85,146,015 represented 59% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$52,644,363 and represented 36% of revenues. In addition, charges for services from tuition and facility rental represented 5% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

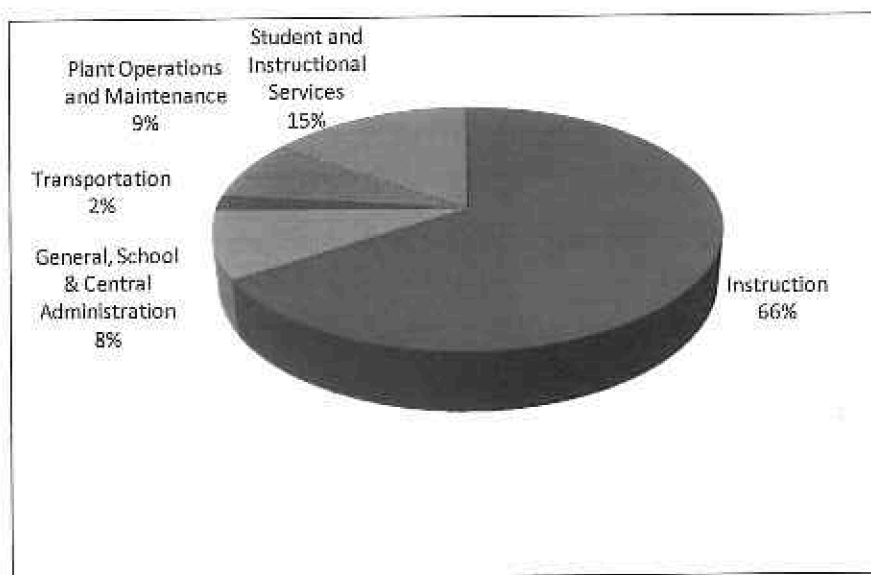
The total cost of all governmental activities programs and services was \$138,958,271 for the fiscal year ended June 30, 2020. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$91,257,529 (66%) of total expenses. Support services costs were \$47,672,664 (34%) of total expenses and interest on debt totaled \$28,078 less than 1% of total expenses.

For fiscal year 2020, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$6,554,847 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2020**



**Expenses by Use – Governmental Activities
For Fiscal Year 2020**



HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

Total and Net Cost of Governmental Activities. The District's total cost of services was \$138,958,271. After applying program revenues, derived from operating and capital grants and contributions of \$38,390,273 and charges for services of \$7,183,378, the net cost of services of the District is \$93,384,620 for the fiscal year ended June 30, 2020.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2020 and 2019

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 58,774,895	\$ 61,409,161	\$ 36,792,323	\$ 36,963,595
Special Education	27,125,449	27,386,726	15,056,088	16,450,825
Other Instruction	3,589,091	3,738,828	2,628,790	2,614,025
School Sponsored Activities and Athletics	1,768,094	2,267,830	1,763,971	2,174,417
Support Services				
Student and Instruction Related Services	20,689,562	21,465,340	14,981,231	15,157,415
General Administrative Services	1,123,138	1,774,589	1,042,309	1,668,226
School Administrative Services	7,524,095	7,551,630	5,941,802	5,725,392
Central Services and Info. Technology	3,190,296	2,563,278	3,129,321	2,422,179
Plant Operations and Maintenance	12,201,920	11,594,792	9,760,194	9,298,586
Pupil Transportation	2,943,653	3,023,372	2,260,513	2,390,124
Interest on Long-Term Debt	28,078	57,839	28,078	57,839
Total	\$ 138,958,271	\$ 142,833,385	\$ 93,384,620	\$ 94,922,623

Business-Type Activities – The District's total business-type activities revenues were \$2,199,627 for the fiscal year ended June 30, 2020 and relate entirely to the District's food service (cafeteria) program operations. Charges for services of \$303,497 accounted for 14% of total revenues and operating grants and contributions of \$1,896,130 accounted for 86% of total revenues.

Total cost of all business-type activities programs and services was \$2,484,552 for the fiscal year ended June 30, 2020 and pertained entirely to food service (cafeteria) operating expenses.

For fiscal year 2020, total business-type activities expenses exceeded revenues, decreasing net position by \$284,925 or 19% over the previous year.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$18,696,199 at June 30, 2020, an increase of \$4,444,883 from last year's fund balance of \$14,251,316. The District's restricted fund balances increased \$2,539,378, the assigned fund balances increased \$2,152,946 while the unassigned fund deficit of the governmental funds increased \$247,481 at June 30, 2020.

Revenues for the District's governmental funds were \$139,203,507, while total expenditures were \$135,374,740 for the fiscal year ended June 30, 2020. The District also had other financing sources of \$616,116 from capital lease proceeds.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from grades Pre-K through 12 including pupil transportation, extra-curricular activities, plant operation and maintenance costs and capital outlay activities.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 84,522,752	\$ 82,865,444	\$ 1,657,308	2%
Tuition	7,083,222	6,989,382	93,840	1%
Other	637,455	748,589	(111,134)	-15%
State Sources	40,627,832	35,250,279	5,377,553	15%
Federal Sources	216,779	222,763	(5,984)	-3%
Total General Fund Revenues	<u>\$ 133,088,040</u>	<u>\$ 126,076,457</u>	<u>\$ 7,011,583</u>	6%

For fiscal year 2020, total General Fund revenues increased \$7,011,583 or 6% from the previous year. Property taxes increased \$1,657,308 or 2% to support increases in operating costs. Tuition revenues increased \$93,840 or 1% due to an increase in enrollment from other school districts. As indicated, State aid increased \$5,377,553 or 15% mainly due to the increase in equalization aid as well as on-behalf TPAF pension contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 82,294,678	\$ 81,036,942	\$ 1,257,736	2%
Support Services	43,278,561	41,340,511	1,938,050	5%
Capital Outlay	2,275,150	4,809,219	(2,534,069)	-53%
Debt Service	843,223	795,338	47,885	100%
Total Expenditures	<u>\$ 128,691,612</u>	<u>\$ 127,982,010</u>	<u>\$ 709,602</u>	1%

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

GENERAL FUND (Continued)

For fiscal year 2020, total General Fund expenditures increased \$709,602 or 1% from the previous year. Increases in regular education and special education instruction costs, info technology support and plant operation and maintenance support costs were the major factors for the increase in the current fiscal year. Notable decreases were capital outlay expenditures which decreased 53% from the previous year.

In fiscal year 2020 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$4,602,922. Therefore, the total fund balance of \$14,093,276 at June 30, 2019 increased to a fund balance of \$18,696,199 at June 30, 2020. After deducting restricted and assigned fund balances, the unassigned fund deficit increased from \$261,120 at June 30, 2019 to a fund deficit of \$508,601 at June 30, 2020. The District's restricted fund balances (capital reserve, maintenance reserve, emergency reserve and excess surplus) increased from a collective total fund balance of \$13,184,269 at June 30, 2019 to \$15,881,686 at June 30, 2020. The District's assigned fund balances (year end encumbrances and designated for subsequent expenditures) increased from a collective total fund balance of \$1,170,127 at June 30, 2019 to \$3,323,113 at June 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2020, the District had \$24,136,804 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$571,561 for business type activities. For fiscal year 2020 depreciation expense was \$1,782,677 for governmental activities and \$42,761 for business-type activities. The following is a comparison of the June 30, 2020 and 2019 balances:

Capital Assets as of June 30, 2020 and 2019 (Net of Accumulated Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 68,800	\$ 68,800		
Building and Building Improvements	21,933,722	21,901,404	\$ 319,778	\$ 127,754
Machinery and Equipment	<u>2,134,282</u>	<u>1,661,069</u>	<u>251,783</u>	<u>254,951</u>
Total Capital Assets, Net	<u>\$ 24,136,804</u>	<u>\$ 23,631,273</u>	<u>\$ 571,561</u>	<u>\$ 382,705</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

LONG TERM LIABILITIES

At June 30, 2020 the District had \$30,307,368 of total outstanding long term liabilities. Of this amount, \$941,814 is for capital leases, \$338,487 is for lease purchase agreements, \$2,898,412 is for compensated absences, and \$26,128,655 is for net pension liability. For fiscal year 2020 total outstanding long-term liabilities decreased by \$4,207,317. The following is a comparison of the June 30, 2020 and 2019 balances:

Outstanding Long-Term Liabilities as of June 30, 2020 and 2019

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Serial Bonds (including unamortized premium) \$	-	\$ 637,154
Capital Leases	941,814	635,343
Lease Purchase Agreements	338,487	992,025
Compensated Absences	2,898,412	3,402,465
Net Pension Liability	26,128,655	28,847,699
Total Long-Term Liabilities	<u>\$ 30,307,368</u>	<u>\$ 34,514,686</u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or deferred state aid payments. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through the reappropriation of prior year encumbrances and budget transfers to prevent over expenditures in specific line item accounts.

For fiscal year 2020 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increases budgetary fund balance \$5,058,317. However, after deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$207,914 from an unassigned fund balance of \$2,788,550 at June 30, 2019 to \$2,996,464 at June 30, 2020. In addition, the District increased its capital reserve \$1,383,652 from \$7,753,406 at June 30, 2019 to \$9,137,058 at June 30, 2020, increased its maintenance reserve \$245,302 from \$765,331 at June 30, 2019 to \$1,010,633 at June 30, 2020 and increased its emergency reserve \$297,665 from \$2,335 at June 30, 2019 to \$300,000 at June 30, 2020. The District's total restricted excess surplus balance also increased \$770,798 from \$4,663,197 at June 30, 2019 to \$5,433,995 at June 30, 2020. Overall assigned fund balances increased \$2,152,986, from \$1,170,127 at June 30, 2019 to \$3,323,113 at June 30, 2020.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2020

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs special education costs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related employee benefit costs.

These indicators were considered when adopting the budget for fiscal year 2020-2021. Budgeted expenditures in the General Fund increased approximately 4.4% to \$125,800,344 for fiscal year 2020-2021. A significant portion of this budget increase was funded from additional state aid granted to the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Hackensack Board of Education, 191 Second Street, Hackensack, NJ 07601.

FINANCIAL STATEMENTS

**HACKENSACK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 20,225,122	\$ 520,771	\$ 20,745,893
Receivables, net	1,990,119	174,305	2,164,424
Other Assets	46,667	-	46,667
Inventory		17,959	17,959
Capital Assets, Not Being Depreciated	68,800		68,800
Capital Assets, Being Depreciated, Net	<u>24,068,004</u>	<u>571,561</u>	<u>24,639,565</u>
Total Assets	<u>46,398,712</u>	<u>1,284,596</u>	<u>47,683,308</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>3,372,910</u>	<u>-</u>	<u>3,372,910</u>
Total Deferred Outflows of Resources	<u>3,372,910</u>	<u>-</u>	<u>3,372,910</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	3,062,616	76,323	3,138,939
Accrued Interest Payable	18,873		18,873
Unearned Revenue	503,093	23,519	526,612
Noncurrent Liabilities			
Due Within One Year	934,037		934,037
Due Beyond One Year	<u>29,373,331</u>	<u>-</u>	<u>29,373,331</u>
Total Liabilities	<u>33,891,950</u>	<u>99,842</u>	<u>33,991,792</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>10,791,095</u>	<u>-</u>	<u>10,791,095</u>
Total Deferred Inflows of Resources	<u>10,791,095</u>	<u>-</u>	<u>10,791,095</u>
NET POSITION			
Net Investment in Capital Assets	23,194,990	571,561	23,766,551
Restricted for			
Capital Projects	9,137,058		9,137,058
Plant Maintenance	1,010,633		1,010,633
Debt Service	1		1
Unrestricted	<u>(28,254,105)</u>	<u>613,193</u>	<u>(27,640,912)</u>
Total Net Position	<u>\$ 5,088,577</u>	<u>\$ 1,184,754</u>	<u>\$ 6,273,331</u>

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

HACKENSACK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities						
Instruction						
Regular	\$ 58,774,895	\$ 6,095,522	\$ 15,875,992	\$ 13,058	\$ (36,792,323)	\$ (36,792,323)
Special Education	27,125,449	987,700	11,081,661		(15,056,088)	(15,056,088)
Other Instruction	3,589,091		960,301		(2,628,790)	(2,628,790)
School Sponsored Activities and Athletics	1,768,094		4,123		(1,763,971)	(1,763,971)
Support Services						
Student and Instruction Related Services	20,689,562		5,708,331		(14,981,231)	(14,981,231)
General Administrative Services	1,123,138		80,829		(1,042,309)	(1,042,309)
School Administrative Services	7,524,095		1,582,293		(5,941,802)	(5,941,802)
Central Services and Info. Technology	3,190,296		60,975		(3,129,321)	(3,129,321)
Plant Operations and Maintenance	12,201,920	100,156	2,341,570		(9,760,194)	(9,760,194)
Pupil Transportation	2,943,653		683,140		(2,260,513)	(2,260,513)
Interest on Long Term Debt	28,078				(28,078)	(28,078)
Total Governmental Activities	138,958,271	7,183,378	38,377,215	13,058	(93,384,620)	(93,384,620)
Business-Type Activities						
Food Service	2,484,552	303,497	1,896,130			\$ (284,925)
Total Business-Type Activities	2,484,552	303,497	1,896,130			(284,925)
Total Primary Government	141,442,823	7,486,875	40,273,345	13,058	(93,384,620)	(93,669,545)
General Revenues						
Taxes:						
Property Taxes, levied for general purposes, net					84,522,752	84,522,752
Property Taxes, levied for debt service purposes, net					623,263	623,263
Unrestricted State Aid					14,254,090	14,254,090
Investment Earnings					210,699	210,699
Miscellaneous Income					328,663	328,663
Total General Revenues					99,939,467	99,939,467
Change in Net Position						
Net Position, Beginning of Year					6,554,847	(284,925)
Net Position, End of Year					(1,466,270)	1,469,679
					\$ 5,088,577	\$ 1,184,754
						\$ 6,273,331

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

FUND FINANCIAL STATEMENTS

**HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 19,820,894	\$ 404,227		\$ 1	\$ 20,225,122
Receivables from Other Governments	1,676,758	313,361			1,990,119
Security Deposit	46,667	-	-	-	46,667
Total Assets	<u>\$ 21,544,319</u>	<u>\$ 717,588</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 22,261,908</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,495,280	\$ 105,972			\$ 1,601,252
Accrued Salaries and Wages	352,841				352,841
Due to Other Funds	1,000,000				1,000,000
Payable to State Government		59,962			59,962
Payable to Federal Government		46,531			46,531
Other Liabilities		2,030			2,030
Unearned Revenue	-	503,093	-	-	503,093
Total Liabilities	<u>2,848,121</u>	<u>717,588</u>	<u>-</u>	<u>-</u>	<u>3,565,709</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	6,310,453				6,310,453
Capital Reserve-Designated for Subsequent Year's Expenditures	2,826,605				2,826,605
Maintenance Reserve	1,010,633				1,010,633
Emergency Reserve	300,000				300,000
Excess Surplus	3,721,630				3,721,630
Excess Surplus-Designated for Subsequent Year's Expenditures	1,712,365				1,712,365
Debt Service				\$ 1	1
Assigned Fund Balance					
Year End Encumbrances	2,014,533				2,014,533
Designated for Subsequent Year's Expenditures	1,308,580				1,308,580
Unassigned Fund Balance	(508,601)	-	-	-	(508,601)
Total Fund Balances	<u>18,696,198</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>18,696,199</u>
Total Liabilities and Fund Balances	<u>\$ 21,544,319</u>	<u>\$ 717,588</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 22,261,908</u>

**HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2020**

Total Fund Balances (Exhibit B-1) **\$ 18,696,199**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$58,838,973 and the accumulated depreciation is \$34,702,169.

24,136,804

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

Deferred Outflows of Resources	\$ 3,372,910	
Deferred Inflows of Resources	<u>(10,791,095)</u>	
		(7,418,185)

The district has financed capital assets and certain computer supplies through the issuance of capital leases and lease-purchase agreements. The interest accrual at year end is:

(18,873)

Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Capital Leases Payable	(941,814)	
Lease-Purchase Agreements	(338,487)	
Compensated Absences	(2,898,412)	
Net Pension Liability	<u>(26,128,655)</u>	
		<u>(30,307,368)</u>

Net Position of Governmental Activities (Exhibit A-1) **\$ 5,088,577**

**HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 84,522,752			\$ 623,263	\$ 85,146,015
Tuition	7,083,222				7,083,222
Interest	208,636		\$ 2,063		210,699
Miscellaneous	428,819	-	-	-	428,819
Total - Local Sources	92,243,429	-	2,063	623,263	92,868,755
State Sources	40,627,832	\$ 2,284,923			42,912,755
Federal Sources	216,779	3,205,218	-	-	3,421,997
Total Revenues	133,088,040	5,490,141	2,063	623,263	139,203,507
EXPENDITURES					
Current					
Regular Instruction	52,496,885	2,910,624			55,407,509
Special Education Instruction	24,805,239	1,450,054			26,255,293
Other Instruction	3,278,929	96,304			3,375,233
School-Sponsored Activities and Athletics	1,713,625				1,713,625
Support Services					
Student and Instruction Related Services	18,401,482	1,228,898			19,630,380
General Administrative Services	1,102,718				1,102,718
School Administrative Services	7,140,247				7,140,247
Central Services and Info. Technology	3,079,091				3,079,091
Plant Operations and Maintenance	10,630,131	202,702			10,832,833
Pupil Transportation	2,924,892				2,924,892
Debt Service					
Principal	804,957		158,226	595,000	1,558,183
Interest	38,266			28,262	66,528
Capital Outlay	2,275,150	13,058	-	-	2,288,208
Total Expenditures	128,691,612	5,901,640	158,226	623,262	135,374,740
Excess (Deficiency) of Revenues Over Expenditures	4,396,428	(411,499)	(156,163)	1	3,828,767
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	616,116				616,116
Transfers In	1,877	411,499			413,376
Transfers Out	(411,499)	-	(1,877)	-	(413,376)
Total Other Financing Sources and Uses	206,494	411,499	(1,877)	-	616,116
Net Change in Fund Balances	4,602,922	-	(158,040)	1	4,444,883
Fund Balance, Beginning of Year	14,093,276	-	158,040	-	14,251,316
Fund Balance, End of Year	\$ 18,696,198	\$ -	\$ -	\$ 1	\$ 18,696,199

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

HACKENSACK BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 4,444,883**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 2,288,208	
Depreciation Expense	<u>(1,782,677)</u>	
		505,531

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

Net Decrease in Compensated Absences	504,053	
Net Decrease in Pension Expense	<u>119,863</u>	
		623,916

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Principal Repayments		
Bond Principal	595,000	
Capital Leases	309,645	
Lease Purchase Agreements	<u>653,538</u>	
		1,558,183

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Debt Issued:		
Capital Leases		(616,116)

In the statement of activities, certain amounts related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these amounts either provide or use current resources. These amounts represent the current year amortization of the costs related to the issuance of long term debt.

Deferred Amounts on Refunding of Debt	(8,197)	
Original Issue Premium	<u>42,154</u>	
		33,957

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>4,493</u>
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Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 6,554,847

**HACKENSACK BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 520,771
Intergovernmental Receivable	158,907
Other Accounts Receivable	15,398
Inventory	<u>17,959</u>
Total Current Assets	<u>713,035</u>
Capital Assets	
Building and Building Improvements	392,221
Machinery and Equipment	611,321
Less: Accumulated Depreciation	<u>(431,981)</u>
Total Capital Assets, Net	<u>571,561</u>
Total Assets	<u>1,284,596</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	76,323
Unearned Revenue	<u>23,519</u>
Total Current Liabilities	<u>99,842</u>
NET POSITION	
Investment in Capital Assets	571,561
Unrestricted	<u>613,193</u>
Total Net Position	<u>\$ 1,184,754</u>

**HACKENSACK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 215,233
Non-Reimbursable Programs	<u>88,264</u>
Total Operating Revenues	<u>303,497</u>
OPERATING EXPENSES	
Salaries and Benefits	1,160,952
Cost of Sales - Reimbursable Programs	935,974
Cost of Sales - Non-Reimbursable Programs	3,287
Purchased Management Services	109,210
Other Purchased Services	364
Insurance	135,956
Repairs and Maintenance	64,735
Supplies	22,538
Miscellaneous	8,775
Depreciation	<u>42,761</u>
Total Operating Expenses	<u>2,484,552</u>
Operating Loss	<u>(2,181,055)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	20,819
Federal Sources	
National School Breakfast Program	543,048
National School Lunch Program	1,127,200
National School Snack Program	35,390
Food Distribution Program	<u>169,673</u>
Total Nonoperating Revenues	<u>1,896,130</u>
Change in Net Position	(284,925)
Net Position, Beginning of Year	<u>1,469,679</u>
Net Position, End of Year	<u>\$ 1,184,754</u>

**HACKENSACK BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 316,901
Cash Payment for Salaries and Benefits	(1,160,952)
Cash Payments to Suppliers for Goods and Services	<u>(1,409,956)</u>
Net Cash Used by Operating Activities	<u>(2,254,007)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,764,049</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,764,049</u>
Cash Flows from Capital and Related Financial Activities	
Purchase of Capital Assets	<u>(231,617)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(231,617)</u>
Net Decrease in Cash and Cash Equivalents	(721,575)
Cash and Cash Equivalents, Beginning of Year	<u>1,242,346</u>
Cash and Cash Equivalents, End of Year	<u>\$ 520,771</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating Loss	\$ (2,181,055)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	42,761
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	169,673
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase)/Decrease in Other Accounts Receivable	2,773
(Increase)/Decrease in Inventory	5,699
Increase/(Decrease) in Accounts Payable	(302,726)
Increase (Decrease) in Unearned Revenue	10,631
Increase/(Decrease) in Deferred Commodities Revenue	<u>(1,763)</u>
Total Adjustments	<u>(72,952)</u>
Net Cash Used by Operating Activities	<u>\$ (2,254,007)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 167,910

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

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 48,622	\$ 39,024	\$ 358,211
Other Accounts Receivable	21,603		
Due from General Fund	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,070,225</u>	<u>39,024</u>	<u>\$ 358,211</u>
LIABILITIES			
Intergovernmental Payable - State	74,258		
Payroll Deductions and Withholdings			17,404
Due to Student Groups	<u>-</u>	<u>-</u>	<u>340,807</u>
Total Liabilities	<u>74,258</u>	<u>-</u>	<u>\$ 358,211</u>
NET POSITION			
Held in Trust for Unemployment Claims	995,967		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>39,024</u>	
Total Net Position	<u>\$ 995,967</u>	<u>\$ 39,024</u>	

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 90,935	
District	1,000,000	
Investment Earnings		
Interest	408	\$ 363
Total Additions	1,091,343	363
DEDUCTIONS		
Scholarship Awards		16,000
Unemployment Contributions	185,687	-
Total Deductions	185,687	16,000
Change in Net Position	905,656	(15,637)
Net Position, Beginning of Year	90,311	54,661
Net Position, End of Year	\$ 995,967	\$ 39,024

NOTES TO THE FINANCIAL STATEMENTS

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hackensack Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

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

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

Additionally, the District reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	7-20
Furniture, Equipment and Vehicles	5-20

5. Deferred Outflows/Inflows of Resources

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

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported with the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2D).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2E).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

Excess Surplus - Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that was appropriated in the 2020/2021 original budget certified for taxes.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$3,507,814. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$508,601 in the General Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$508,601 in the General Fund is less than the delayed state aid payments at June 30, 2020.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019		\$	7,753,406	
Increased by				
Interest Earnings	\$	47,652		
Deposits Approved by Board Resolution		<u>3,000,000</u>		
Total Increases			<u>3,047,652</u>	
				10,801,058
Decreased by:				
Withdrawals Approved in District Budget			<u>1,664,000</u>	
Balance, June 30, 2020		\$	<u>9,137,058</u>	

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$2,826,605 of the capital reserve balance at June 30, 2020 was designated and appropriated for use in the 2020/2021 original budget certified for taxes.

D. Maintenance Reserve

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

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$	765,331
Increased by		
Interest Earnings		6,608
Deposits Approved by Board Resolution		<u>1,000,000</u>
		1,006,608
		1,771,939
Decreased by:		
Withdrawals Approved in District Budget		<u>761,306</u>
Balance, June 30, 2020	\$	<u>1,010,633</u>

The June 30, 2020 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$7,510,326. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

E. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$	2,335
Increased by		
Deposits Approved by Board Resolution		<u>300,000</u>
Decreased by:		
Withdrawals Approved in District Budget		<u>2,335</u>
Balance, June 30, 2020	\$	<u>300,000</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$5,433,995. Of this amount, \$1,712,365 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$3,721,630 will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$21,191,750 and bank and brokerage firm balances of the Board's deposits amounted to \$22,366,679. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 22,366,679</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2020, the Board had no outstanding investments.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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

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

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

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2020 for the district's individual major funds, nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 306,220	\$ 157,388	\$ 463,608
State	\$ 184,314	7,141	1,519	192,974
Local	1,492,444			1,492,444
Accounts	-	-	15,398	15,398
Gross Receivables	1,676,758	313,361	174,305	2,164,424
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 1,676,758</u>	<u>\$ 313,361</u>	<u>\$ 174,305</u>	<u>\$ 2,164,424</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	340,073
Grant Draw Downs Reserved for Encumbrances	<u>163,020</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 503,093</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance, July 1, 2019	Increases	Decreases	Balance, June 30, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 68,800	-	-	\$ 68,800
Total Capital Assets, Not Being Depreciated	68,800	-	-	68,800
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	50,354,955	\$ 1,391,111		51,746,066
Machinery and Equipment	6,127,010	897,097	-	7,024,107
Total Capital Assets Being Depreciated	56,481,965	2,288,208	-	58,770,173
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(28,453,551)	(1,358,793)		(29,812,344)
Equipment	(4,465,941)	(423,884)	-	(4,889,825)
Total Accumulated Depreciation	(32,919,492)	(1,782,677)	-	(34,702,169)
Total Capital Assets, Being Depreciated, Net	23,562,473	505,531	-	24,068,004
Governmental Activities Capital Assets, Net	\$ 23,631,273	\$ 505,531	\$ -	\$ 24,136,804
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 188,123	204,098		\$ 392,221
Equipment	583,802	\$ 27,519	-	611,321
Total Capital Assets Being Depreciated	771,925	231,617	-	1,003,542
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(60,369)	(12,074)		(72,443)
Equipment	(328,851)	(30,687)	-	(359,538)
Total Accumulated Depreciation	(389,220)	(42,761)	-	(431,981)
Total Capital Assets, Being Depreciated, Net	382,705	188,856	-	571,561
Business-Type Activities Capital Assets, Net	\$ 382,705	\$ 188,856	\$ -	\$ 571,561

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular Instruction	\$ 82,107
Special Education Instruction	36,018
Other Instruction	4,533
School-Sponsored Activities and Athletics	<u>67,787</u>

Total Instruction	<u>190,445</u>
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Support Services

Student and Instruction Related Services	27,345
General Administrative Services	1,612
School Administrative Services	10,048
Central Services and Info. Technology	113,943
Plant Operations and Maintenance	1,419,760
Pupil Transportation	<u>19,524</u>

Total Support Services	<u>1,592,232</u>
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Total Governmental Funds	<u>1,782,677</u>
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Business-Type Activities:

Food Service Fund	<u>42,761</u>
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Total Depreciation Expense-Business-Type Activities	<u>\$ 42,761</u>
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**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2020:

<u>Project</u>	<u>Remaining Commitment</u>
Various Schools Power Washing	\$ 57,320
Turf Field	547,221
Construction Services of HS Locker/Fieldhouse Storage	63,929
Construction Services HS Rear Café Entrance	20,250
Total	<u>\$ 688,720</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Unemployment Compensation Trust Fund	General Fund	<u>\$ 1,000,000</u>

The above balances are the result of budget appropriations raised in one fund which are due to another fund.

The District expects all interfund balances to be liquidated within one year.

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 411,499	\$ 411,499
General Capital Projects	\$ 1,877	-	1,877
	<u>\$ 1,877</u>	<u>\$ 411,499</u>	<u>\$ 413,376</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases various office and medical equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$660,215. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 666,534
2022	678,159
2023	<u>674,450</u>
Total	<u>\$ 2,019,143</u>

Capital Leases

The District is leasing a phone system, buses and copiers totaling \$1,416,116 under capital leases. The leases are for terms of 4 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 800,000
Machinery and Equipment	<u>616,116</u>
Total	<u>\$ 1,416,116</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2021	\$ 330,843
2022	330,843
2023	<u>330,843</u>
Total minimum lease payments	992,529
Less: amount representing interest	<u>(50,715)</u>
Present value of minimum lease payments	<u>\$ 941,814</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into lease purchase agreements totaling \$2,424,000 for the purchase of chrombooks and various information technology supplies. The leases are for terms of 4 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending June 30,	<u>Governmental Activities</u>
2021	\$ 345,211
Less: amount representing interest	(6,724)
Present value of minimum lease payments	<u>\$ 338,487</u>

G. Long-Term Debt

General Obligation Bonds

The Board issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon. At June 30, 2020 there were no bonds payable.

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 233,145,744
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 233,145,744</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

II. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance, <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 595,000		\$ 595,000	\$ -	
Add: Unamortized Premium	42,154	-	42,154	-	-
Total Bonds Payable	637,154	-	637,154	-	-
Capital Leases	\$ 635,343	\$ 616,116	\$ 309,645	941,814	\$ 305,709
Lease-Purchase Agreements	992,025		653,538	338,487	338,487
Compensated Absences	3,402,465		504,053	2,898,412	289,841
Net Pension Liability	28,847,699	-	2,719,044	26,128,655	-
Governmental Activity Long-Term Liabilities	<u>\$ 34,514,686</u>	<u>\$ 616,116</u>	<u>\$ 4,823,434</u>	<u>\$ 30,307,368</u>	<u>\$ 934,037</u>

For the governmental activities, the liabilities for capital leases, lease-purchase agreements, compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the New Jersey School Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund is on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	1,000,000	\$ 90,935	\$ 185,687	\$ 995,967
2019	None	87,371	215,681	90,311
2018	None	84,289	126,136	217,393

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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:

Tier	Definition
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 $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

Tier	Definition
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 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th 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 tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Fiscal Year Ended June 30,</u>	<u>PERS</u>	<u>On-behalf TPAF</u>	<u>DCRP</u>
2020	\$ 1,410,529	\$ 10,079,089	\$ 85,277
2019	1,457,332	8,944,877	85,576
2018	1,368,986	6,740,148	76,045

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$3,953, \$4,646 and \$15,314, respectively for PERS and the State contributed \$5,112, \$5,564 and \$6,526, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,655,601 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$26,128,655 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .14501 percent, which was a decrease of .00150 percent from its proportionate share measured as of June 30, 2018 of .14651 percent.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,290,666 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 468,975	\$ 115,425
Changes of Assumptions	2,609,042	9,069,173
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	412,451
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>294,893</u>	<u>1,194,046</u>
Total	<u>\$ 3,372,910</u>	<u>\$ 10,791,095</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ (1,543,837)
2022	(1,964,637)
2023	(1,939,827)
2024	(1,663,014)
2025	<u>(306,870)</u>
	<u>\$ (7,418,185)</u>

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>33,004,737</u>	\$ <u>26,128,655</u>	\$ <u>20,334,582</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$16,125,517 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$273,394,132. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District, adjusted for unpaid early retirement incentives, relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .44548 percent, which was a decrease of .00137 percent from its proportionate share measured as of June 30, 2018 of .44685 percent.

**HACKENSACK BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**HACKENSACK BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount Rate (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 322,392,193</u>	<u>\$ 273,394,132</u>	<u>\$ 232,741,214</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>364,943</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan, over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$3,739,158, \$4,057,382 and \$4,353,318, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,002,341. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$146,408,858. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .35086 percent, which was a decrease of .00338 percent from its proportionate share measured as of June 30, 2018 of .35424 percent.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursements, the trend rate is 5.0%.

HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ 163,344,104
Changes Recognized for the Fiscal Year:	
Service Cost	6,060,784
Interest on the Total OPEB Liability	6,472,383
Differences Between Expected and Actual Experience	(27,290,290)
Changes of Assumptions	2,182,968
Gross Benefit Payments	133,224
Contributions from the Member	(4,494,315)
Net Changes	\$ (16,935,246)
Balance, June 30, 2019 Measurement Date	\$ 146,408,858

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 172,966,718	\$ 146,408,858	\$ 125,312,750

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>120,634,373</u>	\$ <u>146,408,858</u>	\$ <u>180,528,983</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Hackensack Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

NOTE 5 SUBSEQUENT EVENTS

Appropriation of Fund Balance

On August 12, 2020 the Board approved the appropriation of an additional \$1,500,000 of General Fund unassigned fund balance to the 2020/2021 budget as a result of a reduction in 2020/2021 state aid anticipated in the adopted budget certified for taxes.

Lease-Purchase Agreement

On September 4, 2020 the District entered into a lease purchase agreement for the acquisition of chrombooks in the amount of \$1,027,407. The lease purchase agreement is for a term of 4 years at an interest rate of 1.06% with the first lease payment due October 1, 2020.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 84,522,752		\$ 84,522,752	\$ 84,522,752	
Tuition from Other LEA's	7,136,332		7,136,332	7,083,222	(53,110)
Interest on Maintenance Reserve				6,608	6,608
Interest on Capital Reserve	10,000		10,000	47,652	37,652
Interest on Investments				154,376	154,376
Unrestricted Miscellaneous	400,000	-	400,000	428,819	28,819
Total Local Sources	92,069,084	-	92,069,084	92,243,429	174,345
State Sources					
Categorical Transportation Aid	682,382		682,382	682,382	
Categorical Special Education Aid	4,787,838	\$ -	4,787,838	4,787,838	-
Equalization Aid	14,505,187	-	14,505,187	14,505,187	
Categorical Security Aid	2,121,557	-	2,121,557	2,121,557	
Extraordinary Aid	731,000	-	731,000	1,507,303	776,303
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				9,901,614	9,901,614
On-behalf TPAF Pension System Contributions-NCGL (Non-Budget)				177,475	177,475
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				3,739,158	3,739,158
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				5,112	5,112
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	3,655,601	3,655,601
Total State Sources	22,827,964	-	22,827,964	41,083,227	18,255,263
Federal Sources					
Medicaid Reimbursement	210,497	-	210,497	216,779	6,282
Total Federal Sources	210,497	-	210,497	216,779	6,282
Total Revenues	115,107,545	-	115,107,545	133,543,435	18,435,890
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	1,125,075	\$ 15,000	1,140,075	1,114,903	25,170
Grades 1-5	10,044,757	(182,676)	9,862,081	9,804,141	57,940
Grades 6-8	6,935,943	128,000	7,063,943	7,042,363	21,580
Grades 9-12	10,629,386	203,500	10,832,886	10,800,566	32,320
Regular Program - Home Instruction					
Salaries of Teachers	26,500	-	26,500	16,012	10,488
Purchased Professional-Educational Services	20,000	(20,000)			-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	482,567	1,700	484,267	458,278	25,989
Purchased Professional-Educational Services	821,500	(14,200)	807,300	688,991	118,309
Purchased Technical Services	130,605	(27,104)	103,501	49,046	54,455
Other Purchased Services	83,600	82,858	166,458	60,155	106,303
General Supplies	1,102,125	3,126	1,105,251	1,045,672	59,579
Textbooks	29,500	157,437	186,937	175,048	11,889
Other Objects	7,050	(402)	6,648	1,940	4,708
Total Regular Programs	31,438,608	347,239	31,785,847	31,257,117	528,730

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 884,556	\$ 2,000	\$ 886,556	\$ 860,622	\$ 25,934
Other Salaries for Instruction	691,389	33,000	724,389	686,254	38,135
		-			-
Total Learning and/or Language Disabilities	1,575,945	35,000	1,610,945	1,546,876	64,069
Behavior Disabilities					
Salaries of Teachers	374,585	-	374,585	299,539	75,046
Other Salaries for Instruction	90,154	-	90,154	90,154	-
		-			-
Total Behavior Disabilities	464,739	-	464,739	389,693	75,046
Multiple Disabilities					
Salaries of Teachers	745,430	60,999	806,429	781,323	25,106
Other Salaries for Instruction	338,816	208,500	547,316	537,427	9,889
		-			-
Total Multiple Disabilities	1,084,246	269,499	1,353,745	1,318,750	34,995
Resource Room/ Resource Center					
Salaries of Teachers	5,283,776	(378,500)	4,905,276	4,735,949	169,327
Other Salaries for Instruction	1,753,129	(126,500)	1,626,629	1,574,659	51,970
Other Objects	701	-	701	600	101
		-			-
Total Resource Room/Resource Center	7,037,606	(505,000)	6,532,606	6,311,208	221,398
Preschool Disabilities - Full Time					
Salaries of Teachers	1,033,180	83,555	1,116,735	1,110,734	6,001
Other Salaries for Instruction	491,108	216,845	707,953	650,743	57,210
General Supplies	-	13,622	13,622	7,279	6,343
		-			-
Total Preschool Disabilities - Full Time	1,524,288	314,022	1,838,310	1,768,756	69,554
Home Instruction					
Salaries of Teachers	126,500	60,500	187,000	116,721	70,279
Purchased Professional-Educational Services	20,000	(18,315)	1,685	1,600	85
		-			-
Total Home Instruction	146,500	42,185	188,685	118,321	70,364
Total Special Education	11,835,324	155,706	11,989,030	11,453,604	535,426
Bilingual Education					
Salaries of Teachers	1,920,252	19,000	1,939,252	1,931,541	7,711
Other Salaries for Instruction	122,031	-	122,031	106,802	15,229
Textbooks	-	170	170	-	170
		-			-
Total Bilingual Education	2,042,283	19,170	2,061,453	2,038,343	23,110
School Sponsored Co/Extra Curricular Activities					
Salaries	195,491	100	195,591	158,690	36,901
Purchased Services	104,150	-	104,150	6,320	97,830
Supplies and Materials	19,500	-	19,500	1,178	18,322
Other Objects	1,000	-	1,000	470	530
		-			-
Total School Sponsored Co/Extra Curricular Activities	320,141	100	320,241	166,658	153,583

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School-Sponsored Athletics - Instruction					
Salaries	\$ 1,209,803	\$ (133,800)	\$ 1,076,003	\$ 877,673	\$ 198,330
Purchased Services	167,475	(54,000)	113,475	109,404	4,071
Supplies and Materials	102,000	16,208	118,208	91,009	27,199
Other Objects	57,100	400	57,500	57,025	475
Total School-Sponsored Athletics - Instruction	1,536,378	(171,192)	1,365,186	1,135,111	230,075
Summer School - Instruction					
Salaries of Teachers	53,556	(15,000)	38,556	20,914	17,642
Total Summer School - Instruction	53,556	(15,000)	38,556	20,914	17,642
Instructional Alternative Education Program - Instruction					
Salaries of Teachers	44,616	43,500	88,116	59,642	28,474
Other Salaries for Instruction	10,400	-	10,400	-	10,400
Total Instructional Alternative Education Program - Instruction	55,016	43,500	98,516	59,642	38,874
Total Instruction	47,279,306	379,523	47,658,829	46,131,389	1,527,440
Instruction					
Tuition to Other LEAs Within the State-Special	2,093,463	(286,780)	1,806,683	1,207,822	598,861
Tuition to County Vocational School District - Regular	453,102	-	453,102	418,121	34,981
Tuition to County Vocational School District - Special	327,764	-	327,764	301,662	26,102
Tuition to CSSD & Regional Day Schools	3,402,747	(29,306)	3,373,441	2,583,617	789,824
Tuition to APSSD Within the State	4,794,211	-	4,794,211	3,814,319	979,892
Tuition - State Facilities	40,747	(22,694)	18,053	18,053	-
Total Undistributed Expenditures - Instruction	11,112,034	(338,780)	10,773,254	8,343,594	2,429,660
Attendance and Social Work Services					
Salaries	5,400	-	5,400	-	5,400
Total Attendance and Social Work Services	5,400	-	5,400	-	5,400
Health Services					
Salaries	870,236	\$ (7,400)	862,836	\$ 836,643	26,193
Purchased Professional and Technical Services	46,000	32,371	78,371	45,373	32,998
Other Purchased Services	34,000	(8,306)	25,694	21,411	4,283
Supplies and Materials	12,500	318	12,818	8,143	4,675
Total Health Services	962,736	16,983	979,719	911,570	68,149
Speech, OT, PT & Related Services					
Salaries	1,624,495	351,907	1,976,402	1,955,135	21,267
Purchased Professional-Educational Services	600,000	293,947	893,947	828,373	65,574
Total Speech, OT, PT & Related Services	2,224,495	645,854	2,870,349	2,783,508	86,841
Other Support Serv. Students- Extra Serv.					
Salaries	834,022	(62,000)	772,022	731,593	40,429
Purchased Professional-Educational Services	1,086,480	79,284	1,165,764	912,222	253,542
Supplies and Materials	-	100	100	100	-
Total Other Support Serv. Students- Extra Serv.	1,920,502	17,384	1,937,886	1,643,915	293,971
Guidance					
Salaries of Other Professional Staff	1,257,632	(37,190)	1,220,442	1,128,584	91,858
Salaries of Secretaries and Clerical Assistants	143,613	900	144,513	144,306	207
Other Purchased Professional and Technical Services	39,600	-	39,600	-	39,600
Other Purchased Services	300	-	300	-	300
Supplies and Materials	4,200	278	4,478	3,881	597
Total Guidance	1,445,345	(36,012)	1,409,333	1,276,771	132,562

HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 3,600,728	\$ (192,000)	\$ 3,408,728	\$ 3,308,327	\$ 100,401
Salaries of Secretaries and Clerical Assistants	332,498	5,100	337,598	336,192	1,406
Purchased Professional-Educational Services	124,850	77,332	202,182	44,668	157,514
Other Purchased Professional and Technical Services	21,000	50,108	71,108	22,503	48,605
Miscellaneous Purchased Services		343	343		343
Supplies and Materials	30,000	10,209	40,209	32,911	7,298
Other Objects	2,600	-	2,600	2,394	6
Total Child Study Teams	4,111,676	(48,908)	4,062,768	3,747,195	315,573
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	1,035,394	(7,576)	1,027,818	1,023,317	4,501
Salaries of Other Professional Staff	489,605	52,974	542,579	542,579	-
Salaries of Secretaries and Clerical Assistants	226,903	(44,298)	182,605	158,763	23,842
Purchased Professional-Educational Services	3,000	(1,750)	1,250	1,250	-
Other Purchased Services	12,500	(8,717)	3,783	3,724	59
Supplies and Materials	7,800	(300)	6,700	6,220	480
Other Objects	1,575	-	1,575	1,074	501
Total Improvement of Instructional Services	1,775,977	(9,667)	1,766,310	1,736,927	29,383
Educational Media Services/School Library					
Salaries	552,181	500	552,681	473,368	79,313
Purch. Professional and Technical Services	10,400	-	10,400		10,400
Other Purchased Services	7,800	-	7,800	7,800	-
Supplies and Materials	32,900	5,528	38,428	33,156	5,272
Total Educational Media Serv./School Library	603,281	6,028	609,309	514,324	94,985
Instructional Staff Training Services					
Purchased Professional-Educational Services	10,080	7,953	17,953	17,461	492
Other Purchased Services	18,475	927	19,402	18,523	879
Supplies and Materials	4,000	(1,245)	2,755	2,552	203
Total Instructional Staff Training Services	32,475	7,635	40,110	38,536	1,574
Support Services General Administration					
Salaries	287,110	(25,449)	261,661	261,348	313
Legal Services	208,500	226,513	435,013	422,736	12,277
Audit Fees	47,000	15,700	62,700	60,045	2,655
Other Purchased Professional Services	93,585	(23,751)	69,834	56,828	33,006
Communications/Telephone	227,000	(146,143)	80,857	38,373	42,484
BOE Other Purchased Services	3,850	1,000	4,850	4,609	241
Misc Purchased Services	31,500	31,033	62,533	44,567	17,966
General Supplies	12,600	975	13,575	13,555	20
Miscellaneous Expenditures	8,384	16,250	24,634	24,483	151
BOE Membership Dues and Fees	33,624	(1,875)	31,749	27,853	3,896
Total Support Services General Administration	953,153	94,253	1,047,406	934,397	113,009
Support Services School Administration					
Salaries of Principal/Asst. Principals	3,403,779	127,429	3,531,208	3,531,208	-
Salaries of Other Professional Staff	79,966	(79,966)	-	-	-
Salaries of Secretarial and Clerical Assistants	1,206,391	(22,014)	1,184,377	1,182,573	1,804
Purchased Professional and Technical Services	12,140	18,850	30,990	13,803	17,187
Other Purchased Services	28,500	(7,891)	20,609	13,976	6,633
Supplies and Materials	9,400	11,151	20,551	3,208	17,343
Other Objects					
Total Support Services School Administration	4,740,176	47,559	4,787,735	4,744,768	42,967

Continued

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 710,657	\$ 34,789	\$ 745,446	\$ 745,446	-
Purchased Professional Services	1,900	(670)	1,230	230	1,000
Purchased Technical Services	18,300	(180)	18,120	16,570	1,550
Miscellaneous Purchased Services	2,700	-	2,700	2,040	660
Supplies and Materials	5,500	2,805	8,305	7,417	888
Interest on Lease Purchase Agreements	320,000	(78,500)	241,500		241,500
Miscellaneous Expenditures	7,480	(1,000)	6,480	2,699	3,781
Total Central Services	1,066,537	(42,756)	1,023,781	774,402	249,379
Admin. Info. Technology					
Salaries	\$ 705,469	\$ (34,790)	\$ 670,679	\$ 664,533	\$ 6,146
Purchased Professional Services	14,400	-	14,400	12,310	2,090
Purchased Technical Services	111,000	(105,000)	6,000		6,000
Other Purchased Services	1,317,869	(2,750)	1,315,119	1,281,075	34,044
Supplies and Material	441,000	(16,932)	424,068	415,459	8,609
Other Objects	2,120	8,500	10,620	8,621	1,999
Total Admin. Info. Technology	2,591,858	(150,972)	2,440,886	2,381,998	58,888
Required Maintenance for School Facilities					
Salaries	344,225	303,500	647,725	635,856	11,869
Cleaning, Repair and Maint. Serv.	1,221,891	322,410	1,544,301	998,863	545,438
General Supplies	189,351	100,000	289,351	197,752	91,599
Total Required Maintenance for School Fac.	1,755,467	725,910	2,481,377	1,832,471	648,906
Custodial Services					
Salaries	3,716,358	(572,095)	3,144,263	3,075,639	68,624
Salaries of Non-Instructional Aides	135,300	(80,000)	55,300	37,605	17,695
Purchased Professional and Technical Services	127,420	2,430	129,850	88,621	41,229
Cleaning, Repair and Maint. Serv.	581,176	(145,959)	435,217	316,606	118,611
Rental of Land and Building Other Than Lease Purchase Agmt.	704,654	59,020	763,674	602,694	160,980
Other Purchased Property Services	145,000	1,424	146,424	105,571	40,853
Other Purchased Property Services - (Non Budget Lease Payments)		-			-
Insurance	528,295	199,406	727,701	727,697	4
Miscellaneous Purchased Services	1,000	-	1,000		1,000
General Supplies	438,200	100,742	538,942	435,064	103,878
Energy (Natural Gas)	497,887	18,497	516,384	411,705	104,679
Energy (Electricity)	803,352	13,534	816,886	659,144	157,742
Other Objects	700	-	700	125	575
Total Custodial Services	7,679,342	(403,001)	7,276,341	6,460,471	815,870
Care and Upkeep of Grounds					
Salaries	120,788	-	120,788	119,166	1,622
Cleaning, Repair and Maint. Serv.	43,000	20,700	63,700	51,277	12,423
General Supplies	42,000	26,674	68,674	50,866	17,808
Total Care and Upkeep of Grounds	205,788	47,374	253,162	221,309	31,853
Security					
Salaries	74,876	2,500	77,376	74,876	2,500
Purch. Professional and Technical Services	350,000	-	350,000	208,004	141,996
Cleaning, Repair, and Maintenance Services	132,000	215,141	347,141	263,865	83,276
General Supplies	6,000	-	6,000	2,110	3,890
Total Security	562,876	217,641	780,517	548,855	231,662

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries for Pupil Trans (Other Than Between Home & School)	\$ 121,320	\$ 7,500	\$ 128,820	\$ 59,450	\$ 69,370
Management Fee (ESC and CTSA Transportation Program)	125,000	(3,500)	121,500	3,700	117,800
Other Purchased Professional and Technical Services	2,500	(1,500)	1,000		1,000
Cleaning, Repair, and Maintenance Services	22,500	(3,010)	19,490	14,433	5,057
Contract Services-Aid in Lieu Payments - Charter School	20,000	(866)	19,134	17,770	1,364
Contract Services (Between Home and School)-Vendors	3,000	(3,000)			-
Contract Services (Other Than Between Home and School)-Vendors	408,805	40,226	449,031	414,608	34,423
Contract Services (Between Home and School)-Joint Agreements	3,200	(3,000)	200		200
Contract Services (Special Ed Students)-Vendors	11,600	(11,600)			-
Contract Services (Special Ed Students)-Joint Agreements	164,592	(164,592)			-
Contract Services (Special Ed Students)-ESCs and CTSA's	2,740,802	239,180	2,979,982	2,389,316	590,666
Miscellaneous Purchased Services - Transportation	2,000	-	2,000	568	1,432
Other Objects	6,000	3,050	9,050	1,421	7,629
Total Student Transportation Services	3,631,319	98,888	3,730,207	2,901,266	828,941
Unallocated Benefits - Employee Benefits					
Social Security Contributions	1,165,735	60,737	1,226,472	1,073,926	152,546
Other Retirement Contributions-PERS	1,655,925	(30,000)	1,625,925	1,197,806	428,119
Other Retirement Contributions - DCRP	86,400	-	86,400	85,277	1,123
Unemployment Compensation	25,000	1,000,000	1,025,000	1,000,000	25,000
Workmen's Compensation	654,557	(28,782)	625,775	625,775	-
Health Benefits	15,092,483	(1,557,044)	13,535,439	12,504,124	1,031,315
Tuition Reimbursement	8,672	-	8,672	1,890	6,782
Other Employee Benefits	85,989	-	85,989	3,877	82,112
Unused Sick Payment to Terminated/Retired Staff	129,600	104,810	234,410	172,543	61,867
Total Unallocated Benefits - Employee Benefits	18,904,361	(450,279)	18,454,082	16,665,218	1,788,864
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				9,901,614	(9,901,614)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				177,475	(177,475)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				3,739,158	(3,739,158)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				5,112	(5,112)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	3,655,601	(3,655,601)
Total TPAF On-Behalf	-	-	-	17,478,960	(17,478,960)
Total Undistributed Expenditures	66,284,798	445,134	66,729,932	75,940,455	(9,210,523)
Total Expenditures - Current Expenditures	113,564,104	824,637	114,388,741	122,071,844	(7,683,083)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction		126,114	126,114	86,123	39,991
Undistributed Expenditures-Control Services	158,300	(13,000)	145,300	135,673	9,627
Undistributed Expenditures-Care and Upkeep of Grounds		10,963	10,963	10,963	-
Undistributed Expenditures-Security	55,000	(35,005)	19,995	19,995	-
School Buses - Regular	114,700	(2,500)	112,200	110,741	1,459
Undistributed Expenditures-Non-Instructional Services	-	89,264	89,264	74,143	15,121
Total Equipment	328,000	175,836	503,836	437,638	66,198

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		323,000	323,000	195,742	127,258
Other Purchased Prof. and Tech. Services		-	-	-	-
Construction Services	761,306	1,075,717	1,837,023	1,212,744	624,279
Lease Purchase Agreements - Principal	1,334,000	(1,309,501)	24,499	-	24,499
Assessment for Debt Service on SDA Funding	37,812	-	37,812	37,812	-
Total Facilities Acquisition and Construction Services	2,133,118	89,216	2,222,334	1,446,298	776,036
Interest Deposit to Capital Reserve	-	-	-	-	-
Assets Acquired Under Capital Leases (Nonbudgeted)					
Equipment				216,116	(216,116)
Non-Instructional Equipment				400,000	(400,000)
Student Transportation - School Buses	-	-	-	-	-
Total Assets Acquired Under Capital Leases	-	-	-	616,116	(616,116)
Total Capital Outlay	2,461,118	265,052	2,726,170	2,500,052	226,118
TRANSFER OF FUNDS TO CHARTER SCHOOL	\$ 4,039,297	\$ 80,419	\$ 4,119,716	\$ 4,119,716	-
Total Expenditures	120,064,519	1,170,128	121,234,647	128,691,612	\$ (7,456,965)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,956,974)	(1,170,128)	(6,127,102)	4,851,823	10,978,925
Other Financing Sources (Uses)					
Capital Lease Proceeds				616,116	616,116
Transfers In - Capital Projects				1,877	1,877
Transfers Out - Special Revenue Fund	(411,499)	-	(411,499)	(411,499)	-
Total Other Financing Sources (Uses)	(411,499)	-	(411,499)	206,494	617,993
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(5,368,473)	(1,170,128)	(6,538,601)	5,058,317	11,596,918
Fund Balance, Beginning of Year	17,142,946	-	17,142,946	17,142,946	-
Fund Balance, End of Year	\$ 11,774,473	\$ (1,170,128)	\$ 10,604,345	\$ 22,201,263	\$ 11,596,918
Recapitulation of Fund Balance					
Restricted Fund Balance				\$ 6,310,453	
Capital Reserve				2,826,605	
Capital Reserve - Designated for Subsequent Year's Expenditures (2020/21 Budget)				1,010,633	
Maintenance Reserve				300,000	
Emergency Reserve				3,721,630	
Excess Surplus				1,712,365	
Excess Surplus - Designated for Subsequent Year's Expenditures (2020/21 Budget)				-	
Assigned Fund Balance				2,014,533	
Year-End Encumbrances				1,308,580	
Designated in Subsequent Year's Expenditures (2020/21 Budget)				2,996,464	
Unassigned Fund Balance				-	
Reconciliation to Governmental Funds Statements (GAAP):				22,201,263	
Less: Final State Aid Payments Not Recognized on GAAP Basis				(3,505,065)	
Final Balance Per Governmental Fund (GAAP)				\$ 18,696,198	

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 2,835,499	\$ 659,451	\$ 3,494,950	\$ 3,307,523	\$ (187,427)
State	2,163,537	1,678,235	3,841,772	2,345,638	(1,496,134)
Total Revenues	<u>4,999,036</u>	<u>2,337,686</u>	<u>7,336,722</u>	<u>5,653,161</u>	<u>(1,683,561)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,405,991	(887,757)	1,518,234	1,232,956	285,278
Other Salaries for Instruction	456,399	68,864	525,263	456,886	68,377
Purchased Professional - Educational Services		3,000	3,000	176	2,824
Purchased Professional Services & Technical Serv	156,902	112,216	269,118	123,191	145,927
Other Purchased Services	1,285,020	320,802	1,605,822	1,520,780	85,042
General Supplies		918,084	918,084	479,896	438,188
Textbooks		5,535	5,535	5,535	-
Other Objects	-	3,020	3,020	2,482	538
Total Instruction	<u>4,304,312</u>	<u>\$43,764</u>	<u>4,848,076</u>	<u>3,821,902</u>	<u>1,026,174</u>
Support Services					
Salaries of Supervisors of Instruction	118,400	-	118,400	115,242	3,158
Salaries of Other Professional Staff	72,000	61,690	133,690	73,690	60,000
Salaries of Community Involvement Specialist	20,000	-	20,000	19,992	8
Salaries of Master Teachers	72,000	70	72,070	72,070	-
Other Salaries	383,296	284,429	667,725	647,936	19,789
Personal Services-Employee Benefits	419,127	274,578	693,705	684,631	9,074
Purchased Professional and Technical Services	21,400	171,443	192,843	192,749	94
Purchased Professional-Educational Services		46,096	46,096	22,955	23,141
Cleaning, Repair & Maintenance Services		2,287	2,287	2,287	-
Purchased Property Services		200,415	200,415	200,415	-
Other Purchased Services		74,823	74,823	49,258	25,565
Travel		7,392	7,392	669	6,723
Supplies and Materials		653,141	653,141	143,470	509,671
Other Objects	-	4,500	4,500	4,336	164
Total Support Services	<u>1,106,223</u>	<u>1,780,864</u>	<u>2,887,087</u>	<u>2,229,700</u>	<u>657,387</u>

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay					
Instructional Equipment	-	13,058	13,058	13,058	-
Total Capital Outlay	-	13,058	13,058	13,058	-
Total Expenditures	5,410,535	2,337,686	7,748,221	6,064,660	1,683,561
					3,507,814
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(411,499)	-	(411,499)	(411,499)	-
Other Financing Sources					
Transfers In- General Fund	411,499	-	411,499	411,499	-
Excess (Deficiency) of Revenues and Other Financing Sources Over /(Under) Expenditures and Other Financing (Uses)	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to Governmental Fund Statements (GAAP)					
Less State Aid Revenue Not recognized on GAAP Basis				-	
Fund Balance (GAAP)				\$ -	

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 133,543,435	(C-2) \$ 5,653,161
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2018/2019) State Aid and Extraordinary Aid)	3,049,670	
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2019/2020) State Aid and Extraordinary Aid)	(3,505,065)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized but are not recognized for financial reporting purposes until incurred		
Encumbrances, June 30, 2020	<u>-</u>	<u>(163,020)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 133,088,040</u>	(B-2) <u>\$ 5,490,141</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 128,691,612	(C-2) \$ 6,064,660
Difference - Budget to GAAP:		
Encumbrances for supplies and equipment ordered by not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Encumbrances, June 30, 2020	<u>-</u>	<u>(163,020)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 128,691,612</u>	(B-2) <u>\$ 5,901,640</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees Retirement System

Last Six Fiscal Years*

	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Position Liability (Asset)	0.14501%	.14651%	.14778%	0.15253%	0.15729%	0.15186%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 26,128,655	\$ 28,847,699	\$ 34,399,870	\$ 45,174,987	\$ 35,307,561	\$ 28,431,870
District's Covered Payroll	\$ 10,345,276	\$ 10,242,211	\$ 10,236,731	\$ 10,162,144	\$ 10,591,162	\$ 10,591,162
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	252.57%	281.65%	336.04%	444.54%	333.37%	268.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

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

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Six Fiscal Years

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,410,529	\$ 1,457,332	\$ 1,368,986	\$ 1,355,054	\$ 1,352,238	\$ 1,251,891
Contributions in Relation to the Contractually Required Contribution	<u>1,410,529</u>	<u>1,457,332</u>	<u>1,368,986</u>	<u>1,355,054</u>	<u>1,352,238</u>	<u>1,251,891</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,491,446	\$ 10,345,276	\$ 10,242,211	\$ 10,236,731	\$ 10,162,144	\$ 10,591,162
Contributions as a Percentage of Covered Payroll	13.44%	14.09%	13.37%	13.24%	13.31%	11.82%

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

HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ 273,394,132	\$ 284,273,493	\$ 298,074,439	\$ 346,252,662	\$ 271,402,578	\$ 237,261,570
Total	\$ 273,394,132	\$ 284,273,493	\$ 298,074,439	\$ 346,252,662	\$ 271,402,578	\$ 237,261,570
District's Covered Payroll	\$ 49,337,420	\$ 47,951,474	\$ 47,937,259	\$ 47,008,379	\$ 45,628,720	\$ 44,861,914
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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

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

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 4D.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 6,060,784	\$ 6,786,487	\$ 8,179,939
Interest on Total OPEB Liability	6,472,383	6,750,033	5,836,471
Changes of Benefit Terms		-	
Differences Between Expected and Actual Experience	(27,290,290)	(11,082,850)	
Changes of Assumptions	2,182,968	(18,744,553)	(24,707,925)
Gross Benefit Payments	(4,494,315)	(4,367,763)	(4,258,398)
Contribution from the Member	133,224	150,957	156,805
Net Change in Total OPEB Liability	<u>(16,935,246)</u>	<u>(20,507,689)</u>	<u>(14,793,108)</u>
Total OPEB Liability - Beginning	<u>163,344,104</u>	<u>183,851,793</u>	<u>198,644,901</u>
Total OPEB Liability - Ending	<u>\$ 146,408,858</u>	<u>\$ 163,344,104</u>	<u>\$ 183,851,793</u>
 District's Proportionate Share of OPEB Liability	 \$0	 \$0	 \$0
State's Proportionate Share of OPEB Liability	<u>146,408,858</u>	<u>163,344,104</u>	<u>183,851,793</u>
Total OPEB Liability - Ending	<u>\$ 146,408,858</u>	<u>\$ 163,344,104</u>	<u>\$ 183,851,793</u>
 District's Covered Payroll	 \$ 59,682,696	 \$ 58,193,685	 \$ 58,173,990
 District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	 0%	 0%	 0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability
are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ESEA Title I	ESEA Title II-A	ESEA Title III	ESEA Title III Immigrant	ESEA Title IV	ESEA Reallocated Title I	IDEA Basic	IDEA Preschool	Perkins Grant	CARES Act Aid	Preschool Education Aid	School-Based Youth Program	Total to Page 2
REVENUES													
Intergovernmental													
State	\$ 1,256,415	\$ 202,459	\$ 101,927	\$ 3,109	\$ 64,113	\$ 91,174	\$ 1,413,755	\$ 53,035	\$ 44,183	\$ 77,353	\$ 1,948,160	\$ 290,494	\$ 2,238,654
Federal													3,307,523
Total Revenues	\$ 1,256,415	\$ 202,459	\$ 101,927	\$ 3,109	\$ 64,113	\$ 91,174	\$ 1,413,755	\$ 53,035	\$ 44,183	\$ 77,353	\$ 1,948,160	\$ 290,494	\$ 3,546,177
EXPENDITURES													
Instruction													
Salaries	\$ 267,430	\$ 81,354									\$ 855,505		\$ 1,204,289
Other Salaries for Instruction											454,819		454,819
Purchased Professional-Educational Services	45,296				\$ 60,369						176		176
Purchased Professional and Technical Services	53,642								10,904				105,665
Other Purchased Services	313,068		13,437	2,857		26,363	\$ 1,397,019	\$ 53,035	33,279		86,676		1,514,600
General Supplies													475,680
Textbooks	832											1,650	2,482
Other Objects													
Total Instruction	680,268	-	94,791	2,857	60,369	26,363	1,397,019	53,035	44,183	-	1,397,176	1,650	3,757,711
Support Services													
Salaries of Supervisors of Instruction											115,242		115,242
Salaries of Other Professional Staff											73,690		73,690
Salaries of Community Involvement Specialist											19,992		19,992
Salaries of Master Teachers											72,070		72,070
Other Salaries	251,437	130,368			2,135	21,753					434,127	240,755	646,448
Personnel Services - Employee Benefits	185,064	44,557									18,418		682,166
Purchased Professional and Technical Services	103,250	26,850	6,250		1,609	30,000						1,555	169,959
Purchased Professional-Education Services											21,400		22,955
Cleaning, Repair, & Maintenance Services											2,287		2,287
Purchased Property Services	5,424	149	390				16,736				200,415	3,299	200,415
Other Purchased Services	\$	535									23,260	126	49,258
Travel													669
Miscellaneous Purchased Services			496	252						77,353		20,355	137,420
Supplies and Materials	28,964											4,336	4,336
Other Objects													
Total Support Services	516,147	202,459	7,136	252	3,744	51,753	16,736	-	-	77,353	962,483	288,844	2,186,907
Facilities and Acquisitions													
Instructional Equipment													
Total Facilities and Acquisitions	-	-	-	-	-	13,058	-	-	-	-	-	-	13,058
Total Expenditures	\$ 1,256,415	\$ 202,459	\$ 101,927	\$ 3,109	\$ 64,113	\$ 91,174	\$ 1,413,755	\$ 53,035	\$ 44,183	\$ 77,353	\$ 2,359,659	\$ 290,494	\$ 5,957,676
Excess (Deficiency) of Revenues not Other Financing Sources Over (Under) Expenditures											(411,499)		(411,499)
Other Financing Sources													
Transfers In- General Fund													
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,499	\$ -	\$ 411,499

HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Public Ch. 192		Non-Public Ch. 193				Non-Public Textbook	Non-Public Technology	Non-Public Nursing	Non-Public Security	Family Friendly	Total
	Total From Page 1	Comp. Educ.	ESL	Exam & Class	Corr. Speech	Suppl. Instruction						
REVENUES												
Intergovernmental	\$ 2,238,654	\$ 15,166	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 38,903	\$ 2,345,638
State	1,307,523	-	-	-	-	-	-	-	-	-	-	3,307,523
Federal	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 5,546,177	\$ 15,166	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 38,903	\$ 5,653,161
EXPENDITURES												
Instruction	\$ 1,204,289										\$ 28,667	\$ 1,232,956
Salaries	454,819										2,067	456,886
Other Salaries for Instruction	176											176
Purchased Professional-Educational Services	105,665	\$ 15,166	165		\$ 2,195				\$ 6,180			1,520,780
Purchased Professional and Technical Services	1,514,600										4,216	479,896
Other Purchased Services	475,680											5,535
General Supplies							\$ 5,535					2,482
Textbooks	2,482											
Other Objects												
Total Instruction	\$ 3,737,711	\$ 15,166	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 34,950	\$ 3,821,902
Support Services	115,242											115,242
Salaries of Supervisors of Instruction	73,690											73,690
Salaries of Other Professional Staff	19,992											19,992
Salaries of Community Involvement Specialist	72,070											72,070
Salaries of Master Teachers	646,448										1,488	647,936
Other Salaries	682,166										2,465	684,631
Personnel Services - Employee Benefits	169,959											192,749
Purchased Professional and Technical Services	32,955											22,955
Purchased Professional-Educational Services	2,287											2,287
Cleaning, Repair, & Maintenance Services	200,415											200,415
Purchased Property Service	49,258											49,258
Other Purchased Services	669											669
Travel	-											-
Miscellaneous Purchased Services	127,420									\$ 16,050		143,470
Supplies and Materials	4,336											4,336
Other Objects												
Total Support Services	\$ 2,186,907	\$ 8,740	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 3,953	\$ 2,229,700
Facilities and Acquisitions	13,058											13,058
Instructional Equipment												
Total Facilities and Acquisitions	\$ 13,058	\$ 15,166	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 38,903	\$ 6,064,660
Total Expenditures	\$ 5,957,676	\$ 15,166	165	\$ 8,740	\$ 2,195	\$ 10,281	\$ 5,535	\$ 3,769	\$ 6,180	\$ 16,050	\$ 38,903	\$ 6,064,660
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(411,499)	-	-	-	-	-	-	-	-	-	-	(411,499)
Other Financing Sources												
Transfers In- General Fund	\$ 411,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,499

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 1,050,985	-	1,050,985	\$ 855,505	\$ 195,480
Other Salaries for Instruction	456,399	64,000	520,399	454,819	65,580
Purchased Professional-Educational Services		3,000	3,000	176	2,824
General Supplies	-	231,896	231,896	86,676	145,220
Total Instruction	<u>1,507,384</u>	<u>298,896</u>	<u>1,806,280</u>	<u>1,397,176</u>	<u>409,104</u>
Support Services					
Salaries of Supervisors of Instruction	118,400	-	118,400	115,242	3,158
Salaries of Other Professional Staff	72,000	61,690	133,690	73,690	60,000
Salaries of Community Involvement Spec	20,000	-	20,000	19,992	8
Salaries of Master Teachers	72,000	70	72,070	72,070	-
Personal Services - Employee Benefits	419,127	15,000	434,127	434,127	-
Other Purchased Professional - Education Service	21,400	-	21,400	21,400	-
Other Purchased Professional Services		24,900	24,900	23,260	1,640
Cleaning, Repair & Maintenance Services		2,287	2,287	2,287	-
Purchased Property Services - Rentals	-	200,415	200,415	200,415	-
Total Support Services	<u>722,927</u>	<u>304,362</u>	<u>1,027,289</u>	<u>962,483</u>	<u>64,806</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,230,311</u>	<u>\$ 603,258</u>	<u>\$ 2,833,569</u>	<u>\$ 2,359,659</u>	<u>\$ 473,910</u>

Calculation of Budget Carryover

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 1,818,812
Cancelled Prior Year Accounts Payable	-
General Fund Contribution	411,499
Add: Actual ECPA/PEA Carryover (June 30, 2019)	<u>631,348</u>
Total Preschool Ed. Aid Funds Available for 2019-2020 Budget	2,861,659
Less: 2019-2020 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>2,833,569</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	28,090
Add: June 30, 2020 Unexpended Preschool Education Aid	<u>473,910</u>
2019-2020 C/O - Preschool Education Aid Programs	<u>\$ 502,000</u>
2019-19 Preschool Education Aid C/O Budgeted in 2020-2021	<u>\$ 48,127</u>

CAPITAL PROJECTS FUND

HACENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2020</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Acquisition of Chromebooks & Various Information Technology Items	\$ 1,500,916	\$ 1,456,492	\$ 44,424	\$ -
Acquisition of Phone System	<u>800,000</u>	<u>686,198</u>	<u>113,802</u>	<u>-</u>
	<u>\$ 2,300,916</u>	<u>\$ 2,142,690</u>	<u>\$ 158,226</u>	<u>\$ -</u>
Fund Balance, June 30, 2020 - GAAP Basis				<u>\$ -</u>

**HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenues and Other Financing Sources

Interest on Investments	2,063
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Total Revenues and Other Financing Sources	2,063
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Expenditures and Other Financing Uses

Capital Lease/Lease Purchase Agreement - Principal	158,226
--	---------

Transfer to General Fund	1,877
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Total Expenditures and Other Financing Uses	160,103
---	---------

Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(158,040)
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Fund Balance- Beginning	158,040
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Fund Balance- Ending	\$ -
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Reconciliation to GAAP

Fund Balance, End of Year - Budgetary Basis	\$ -
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Fund Balance, June 30, 2020- GAAP	\$ -
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HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION OF CHROMEBOOKS AND VARIOUS INFORMATION TECHNOLOGY ITEMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,500,000	-	\$ 1,500,000	\$ 1,500,000
Interest Earnings	<u>730</u>	<u>186</u>	<u>916</u>	<u>916</u>
Total Revenues and Other Financing Sources	<u>1,500,730</u>	<u>186</u>	<u>1,500,916</u>	<u>1,500,916</u>
Expenditures and Other Financing Uses				
General Supplies/Equipment	1,456,492	-	1,456,492	1,456,492
Lease Purchase Agreement - Principal	<u>-</u>	<u>44,424</u>	<u>44,424</u>	<u>44,424</u>
Total Expenditures and Other Financing Uses	<u>1,456,492</u>	<u>44,424</u>	<u>1,500,916</u>	<u>1,500,916</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 44,238</u>	<u>\$ (44,238)</u>	<u>\$ -</u>	<u>\$ -</u>

HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION OF PHONE SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 800,000	-	\$ 800,000	\$ 800,000
Total Revenues and Other Financing Sources	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
Expenditures and Other Financing Uses				
General Supplies	658,115		658,115	658,115
Equipment	28,083	-	28,083	28,083
Capital Lease - Principal	<u>-</u>	<u>113,802</u>	<u>113,802</u>	<u>113,802</u>
Total Expenditures and Other Financing Uses	<u>686,198</u>	<u>113,802</u>	<u>800,000</u>	<u>800,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 113,802</u>	<u>\$ (113,802)</u>	<u>\$ -</u>	<u>\$ -</u>

12/1

ENTERPRISE FUND

12/1

12/1

12/1

EXHIBIT G-1

**HACKENSACK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 340,807	\$ 17,404	\$ 358,211
Total Assets	<u>\$ 340,807</u>	<u>\$ 17,404</u>	<u>\$ 358,211</u>
LIABILITIES			
Payroll Deductions and Withholdings Due to Student Groups	<u>\$ 340,807</u>	\$ 17,404 <u>-</u>	\$ 17,404 <u>340,807</u>
Total Liabilities	<u>\$ 340,807</u>	<u>\$ 17,404</u>	<u>\$ 358,211</u>

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
ELEMENTARY/MIDDLE SCHOOL				
Fairmount Avenue School	\$ 1,771	\$ 3,374	\$ 3,206	\$ 1,939
Jackson Avenue School	2,658	1,934	590	4,002
Fanny M Hillers School	818	3,644	2,721	1,741
Nellie Parker School	6,685	6,119	2,460	10,344
Nellie Parker School Donation	1,470			1,470
MIDDLE SCHOOL				
Middle School	20,188	25,744	18,946	26,986
HIGH SCHOOL				
High School	196,082	128,538	92,687	231,933
Varsity	8,751	23,701	31,528	924
ATHLETIC				
Athletic Department	43,706	18,985	1,418	61,273
Athletic Scholarship	-	390	195	195
Total - All Schools	<u>\$ 282,129</u>	<u>\$ 212,429</u>	<u>\$ 153,751</u>	<u>\$ 340,807</u>

**HACKENSACK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Balance, June 30, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2020</u>
ASSETS				
Cash	\$ 604,961	\$ 69,667,793	\$ 70,255,350	\$ 17,404
Total Assets	<u>\$ 604,961</u>	<u>\$ 69,667,793</u>	<u>\$ 70,255,350</u>	<u>\$ 17,404</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 5,173	\$ 40,206,654	\$ 40,211,827	\$ -
Payroll Deductions and Withholdings	<u>599,788</u>	<u>29,461,139</u>	<u>30,043,523</u>	<u>17,404</u>
Total Liabilities	<u>\$ 604,961</u>	<u>\$ 69,667,793</u>	<u>\$ 70,255,350</u>	<u>\$ 17,404</u>

LONG-TERM DEBT

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance, June 30, 2019	Issued	Retired	Balance, June 30, 2020
Refunding School Improvement Bond	9/9/2009	\$ 5,550,000	5/1/2020	595,000	4.75 %	\$ 595,000	\$ -	\$ 595,000	\$ -
							\$ -	\$ 595,000	\$ -
					Totals	\$ 595,000	\$ -	\$ 595,000	\$ -
					Paid by Budget Appropriation			\$ 595,000	

HACKENSACK BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
<u>CAPITAL LEASES</u>						
Phone System	\$ 800,000	2.934%	\$ 635,343	-	\$ 152,013	\$ 483,330
School Buses - Capital Exp.	\$ 400,000	2.38%	\$	400,000	102,523	297,477
Copier Lease	\$ 216,116	2.39%		216,116	55,109	161,007
<u>LEASE-PURCHASE AGREEMENTS</u>						
2016 Chromebooks	924,000	1.40%	232,811	-	232,811	-
2017 Chromebooks and Various Information Technology Items	1,500,000	1.756%	759,214	-	420,727	338,487
			<u>\$ 1,627,368</u>	<u>\$ 616,116</u>	<u>\$ 963,183</u>	<u>\$ 1,280,301</u>
			Paid by Budget Appropriation		\$ 804,957	
			Paid with Unexpended Lease Proceeds		158,226	
					<u>\$ 963,183</u>	

HACKENSACK BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 623,263	-	\$ 623,263	\$ 623,263	-
Local Tax Levy					
Total Revenues	623,263	-	623,263	623,263	-
EXPENDITURES					
Regular Debt Service					
Principal	580,000	15,000	595,000	595,000	-
Interest	43,263	(15,000)	28,263	28,262	1
Total Expenditures	623,263	-	623,263	623,262	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	-	\$ -	\$ -	\$ 1	\$ 1

STATISTICAL SECTION

This part of the Hackensack's Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

HACKENSACK BOARD OF EDUCATION
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(Unaudited)
(accreted basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018 (Renalee)	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 13,522,495	\$ 14,383,804	\$ 15,447,155	\$ 17,935,592	\$ 17,953,621	\$ 18,092,071	\$ 17,223,376	\$ 17,704,621	\$ 23,002,316	\$ 23,194,990
Restricted	4,985,228	5,775,148	9,394,947	8,721,596	8,136,312	10,816,135	12,657,948	15,616,934	8,518,737	10,147,692
Unrestricted	(1,501,070)	(1,321,681)	(1,264,109)	(1,371,122)	(26,614,963)	(30,453,813)	(33,999,979)	(35,568,264)	(32,987,323)	(38,254,105)
Total Governmental Activities Net Position	\$ 18,406,653	\$ 19,837,271	\$ 23,537,993	\$ 25,080,066	\$ (523,030)	\$ (1,545,607)	\$ (6,118,635)	\$ (2,246,709)	\$ (1,466,270)	\$ 5,088,577
Business-type Activities										
Net Investment in Capital Assets	\$ 156,752	\$ 190,280	\$ 344,984	\$ 346,184	\$ 318,696	\$ 291,668	\$ 336,094	\$ 326,579	\$ 382,705	\$ 571,561
Unrestricted	632,095	687,511	382,514	149,704	442,639	573,117	731,272	980,188	1,086,974	613,193
Total Business-Type Activities Net Position	\$ 808,847	\$ 877,791	\$ 737,498	\$ 495,868	\$ 761,315	\$ 866,785	\$ 1,059,368	\$ 1,306,767	\$ 1,469,679	\$ 1,184,754
District-wide										
Net Investment in Capital Assets	\$ 14,079,247	\$ 14,574,084	\$ 15,792,139	\$ 18,281,756	\$ 18,272,317	\$ 18,383,739	\$ 17,549,470	\$ 18,031,200	\$ 23,385,021	\$ 23,766,551
Restricted	4,985,328	6,775,148	9,250,947	8,721,596	8,136,312	10,816,135	12,657,948	15,616,934	8,518,737	10,147,692
Unrestricted	151,023	(634,170)	(871,595)	(1,427,419)	(26,172,724)	(29,878,696)	(33,266,707)	(34,588,076)	(31,900,349)	(27,640,913)
Total District Net Position	\$ 19,215,590	\$ 20,715,062	\$ 24,215,491	\$ 25,575,934	\$ 236,305	\$ (678,822)	\$ (3,059,285)	\$ (949,942)	\$ 3,409	\$ 6,273,311

Note 1 - Net Position at June 30, 2015 reflects the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Source: District financial statements

JACKSONSACK BOARD OF EDUCATION
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(on the basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 34,070,694	\$ 35,666,211	\$ 33,789,319	\$ 33,354,824	\$ 39,360,046	\$ 43,499,216	\$ 48,403,666	\$ 47,378,371	\$ 61,409,161	\$ 58,774,395
Special Education	7,504,628	8,311,935	11,115,053	11,332,236	12,925,784	15,010,597	17,399,006	16,621,484	21,386,226	27,122,449
Other Instruction	2,035,260	2,036,634	2,031,484	2,328,603	2,732,551	3,294,878	3,449,483	3,210,306	3,738,828	3,589,091
School Sponsored Activities and Athletics	1,254,761	1,361,103	2,023,545	1,881,660	1,944,437	1,970,847	2,227,997	2,269,278	2,267,830	1,768,094
Support Services:										
Tuition	6,533,997	5,872,964	5,751,383	5,930,284	5,300,618	6,044,410	6,678,148	7,000,963	21,465,340	20,689,562
Student & Instruction Related Services	12,062,453	13,060,006	13,630,248	13,795,797	13,296,922	17,791,998	19,302,982	17,440,083	1,774,289	1,133,138
General Administrative Services	1,131,061	946,725	877,269	982,018	4,824,863	1,065,290	1,177,771	1,350,245	1,551,630	1,574,095
School Administrative Services	4,354,281	4,232,122	3,907,103	3,734,323	1,231,913	5,356,535	6,175,303	6,182,749	7,251,809	3,190,386
Casual Administrative and Info. Technology	1,518,228	1,565,439	1,627,256	1,995,738	3,239,439	3,377,684	2,489,029	2,495,056	3,663,278	12,301,999
Plant Operations and Maintenance	6,946,843	6,644,379	6,741,300	7,020,236	9,401,587	9,738,225	10,237,754	9,730,333	11,294,782	12,301,999
Food Transportation	1,659,196	1,314,443	1,813,554	1,978,391	2,407,089	3,087,134	3,087,134	2,503,866	3,023,372	2,943,653
Unallocated Benefits	5,511,656	7,866,070	9,345,453	8,231,759	9,593,897	12,469,212	13,852,479	22,666,941	-	-
Allocated Benefits	4,932,945	5,817,476	6,305,195	6,397,609	8,032,117	-	-	-	-	-
Special Schools	665,317	881,334	1,287,670	2,473,364	2,990,364	3,037,660	3,183,751	3,287,397	57,839	26,078
Charter Schools	235,283	206,360	186,566	165,390	145,104	127,381	114,440	82,093	-	-
Interest on Long-Term Debt	686,487	914,767	976,000	1,104,117	1,161,461	1,115,703	1,142,749	1,143,311	-	-
Unassigned Depreciation	1,041,263	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	-	-
Amortization and Capital Lease Obligations	75,830	52,665	133,489	245,349	64,618	37,814	1,128,371	836,338	-	-
Capital Outlay - Nondepreciable	93,719,938	97,526,097	101,452,706	105,577,072	120,010,982	127,241,496	141,899,374	144,247,670	142,833,382	138,938,271
Total Governmental Activities Expenses	2,095,859	2,238,287	2,419,921	2,692,334	2,336,040	2,422,852	2,400,207	2,457,100	2,737,472	2,984,532
Business-Type Activities										
Food Service	2,095,859	2,238,287	2,419,921	2,692,334	2,336,040	2,422,852	2,400,207	2,457,100	2,737,472	2,984,532
Total Business-Type Activities Expenses	2,095,859	2,238,287	2,419,921	2,692,334	2,336,040	2,422,852	2,400,207	2,457,100	2,737,472	2,984,532
Total District Expenses	\$ 95,815,898	\$ 99,774,334	\$ 103,575,187	\$ 108,226,360	\$ 133,367,023	\$ 129,670,158	\$ 144,299,481	\$ 146,674,770	\$ 145,370,857	\$ 143,442,833
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 1,961,723	\$ 4,052,372	\$ 4,190,980	\$ 4,097,107	\$ 3,778,233	\$ 4,368,622	\$ 3,837,009	\$ 4,371,765	\$ 7,089,463	\$ 7,183,378
Operating Grants and Contributions	300,237	232,051	125,124	7,390	9,117	6,254	4,283	2,873	46,793,399	18,377,215
Capital Grants and Contributions	-	-	-	-	-	-	-	-	27,500	13,038
Total Governmental Activities Program Revenues	\$ 4,638,060	\$ 4,284,423	\$ 4,316,103	\$ 4,014,497	\$ 3,787,350	\$ 4,374,876	\$ 3,855,294	\$ 4,340,669	\$ 47,970,162	\$ 45,213,651
Business-Type Activities:										
Charges for services	\$ 420,974	\$ 428,239	\$ 421,644	\$ 438,178	\$ 438,598	\$ 335,273	\$ 437,583	\$ 407,223	\$ 471,145	\$ 300,497
Food Service	1,725,197	1,878,839	1,921,521	1,977,656	2,138,555	2,187,382	2,151,208	2,241,332	2,429,239	1,896,130
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 2,146,171	\$ 2,307,118	\$ 2,343,165	\$ 2,415,834	\$ 2,577,153	\$ 2,522,655	\$ 2,588,791	\$ 2,648,555	\$ 2,900,384	\$ 2,196,627
Total District Program Revenues	\$ 6,784,231	\$ 6,591,541	\$ 6,659,268	\$ 6,430,331	\$ 6,364,798	\$ 6,897,531	\$ 6,443,871	\$ 7,029,215	\$ 50,871,146	\$ 47,410,278
Net (Expense)/Revenue	\$ (89,651,998)	\$ (93,251,664)	\$ (97,136,683)	\$ (101,512,535)	\$ (116,243,337)	\$ (122,874,620)	\$ (138,049,940)	\$ (119,707,010)	\$ (94,922,623)	\$ (95,384,200)
Governmental Activities	\$ 50,261	\$ 68,821	\$ (175,820)	\$ (343,500)	\$ 291,113	\$ 99,793	\$ 192,570	\$ 201,435	\$ 162,912	\$ (284,225)
Business-Type Activities	\$ (89,651,998)	\$ (93,251,664)	\$ (97,136,683)	\$ (101,512,535)	\$ (116,002,224)	\$ (122,774,827)	\$ (137,850,410)	\$ (119,465,555)	\$ (95,084,735)	\$ (94,669,541)
Total District-Wide Net Expense	\$ (89,651,998)	\$ (93,251,664)	\$ (97,136,683)	\$ (101,512,535)	\$ (116,002,224)	\$ (122,774,827)	\$ (137,850,410)	\$ (119,465,555)	\$ (95,084,735)	\$ (94,669,541)

HACKENSACK BOARD OF EDUCATION

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Unaudited)

(In actual form of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenue and Other Changes in Net Position										
Commercial Activities:										
Property taxes levied for general purposes, net	\$ 60,715,174	\$ 66,302,510	\$ 68,520,823	\$ 71,216,667	\$ 75,149,592	\$ 74,857,383	\$ 79,052,019	\$ 81,246,568	\$ 82,865,544	\$ 84,522,752
Property taxes levied for debt service	1,660,132	804,445	572,182	654,712	757,906	725,525	686,645	684,813	603,813	623,963
Unreimbursed grants and contributions	17,246,250	20,398,040	23,271,485	21,970,155	33,050,195	38,124,112	42,601,576	51,519,112	11,552,967	14,204,090
Tuition Received	6,840,514	6,800,528	7,859,400	8,543,020	8,492,535	7,043,136	8,120,712	7,651,640	210,477	210,699
Investment earnings	33,647	966	4,630	320	4,241	10,786	16,446	33,530	457,861	328,663
Miscellaneous income	154,399	275,782	608,383	669,736	697,152	198,585	161,514	975,876	95,203,652	99,939,467
Transfers	89,183,016	94,632,282	100,837,403	101,054,628	117,270,257	121,554,043	135,067,012	141,899,075		
Total Governmental Activities	189,183,016	194,632,282	200,837,403	202,054,628	221,254,152	221,554,043	235,067,012	241,899,075	241,899,075	241,899,075
Business-Type Activities:										
Investment earnings	78	123	163	199	152	153	11	5,946		
Miscellaneous income			33,570	1,671	2,648	5,504				
Transfers	78	123	163	199	152	153	11	5,946		
Total Business-Type Activities	156	246	326	378	310	310	22	11,892	11,892	11,892
Total District-Wide	189,339,032	194,878,528	201,163,729	202,433,206	221,565,262	221,864,353	235,089,034	241,910,967	241,910,967	241,910,967
Change in Net Position	(468,842)	\$ 1,430,618	\$ 3,700,723	\$ 1,542,073	\$ 1,036,930	\$ (1,036,377)	\$ (2,575,045)	\$ 2,192,025	\$ 780,439	\$ 6,554,347
Governmental Activities	50,319	85,944	1,40,293	121,630	265,467	103,450	192,581	247,001	162,912	128,425
Business-Type Activities	(418,241)	1,444,562	3,259,430	1,420,443	1,392,397	(933,127)	(2,767,626)	2,445,024	943,527	6,269,322
Total District	(367,922)	\$ 1,530,506	\$ 4,658,723	\$ 2,562,073	\$ 1,658,864	\$ (829,677)	\$ (2,575,045)	\$ 2,445,024	\$ 1,106,441	\$ 6,897,767

Source: District financial statements

HACKENSACK BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 2,628,645	\$ 3,768,021	\$ 1,911,097	\$ 4,430,263	\$ 8,136,294	\$ 10,200,658	\$ 11,020,439	\$ 13,418,230	\$ 13,184,269	\$ 13,881,686
Committed	510,533	262,350				615,459	1,637,489	2,198,684	1,170,127	688,720
Assigned	889,496	1,855,896	6,884,100	4,291,196	2,613,807					2,634,393
Unassigned	1,598,726	1,306,634	1,438,724	1,300,578	843,264	1,089,606	935,090	793,394	(261,120)	(508,601)
Total General Fund	\$ 5,627,400	\$ 7,192,901	\$ 10,233,921	\$ 10,022,037	\$ 11,593,365	\$ 11,905,723	\$ 13,593,038	\$ 16,410,328	\$ 14,093,276	\$ 18,696,198
All Other Governmental Funds										
Restricted			\$ 418,023						\$ 158,040	\$ 1
Committed	956,554	888,881	141,727	137	18	18				
Assigned										
Unassigned										
Total All Other Governmental Funds	\$ 956,554	\$ 888,881	\$ 559,750	\$ 137	\$ 18	\$ 18	\$ -	\$ -	\$ 158,040	\$ 1

Source: District financial statements

**HACKENSACK BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Tax levy	\$ 64,779,306	\$ 67,106,955	\$ 69,093,004	\$ 71,871,379	\$ 74,147,498	\$ 75,382,098	\$ 79,758,684	\$ 81,921,377	\$ 83,501,257	\$ 85,146,015
Tuition	6,944,414	6,990,539	7,859,900	8,543,020	8,492,535	7,943,156	8,129,712	7,651,040	6,989,382	7,083,222
Interest Earnings	58,647	966	4,630	370	4,241	10,786	16,446	33,630	210,977	210,699
Miscellaneous	162,610	279,599	621,355	670,620	697,352	198,585	161,514	973,876	538,342	428,819
State Sources	18,424,074	21,158,521	24,087,204	22,731,077	23,976,186	25,595,547	27,118,735	31,428,514	37,373,225	42,912,755
Federal Sources	2,882,025	3,520,135	3,498,111	3,252,689	3,316,277	3,853,908	3,097,730	3,456,224	3,445,154	3,421,997
Total Revenues	93,251,076	98,966,715	105,164,294	107,069,105	110,634,089	113,184,890	118,282,821	125,464,661	132,058,337	139,203,507
Expenditures										
Instruction										
Regular Instruction	30,903,308	32,198,345	30,756,018	31,158,011	32,526,740	33,726,562	33,224,664	34,641,548	54,798,763	55,407,509
Special Education Instruction	7,077,148	7,380,750	9,957,533	10,463,045	10,245,356	10,450,990	10,962,493	11,313,451	25,412,915	26,255,293
Other Instruction	1,823,109	1,813,458	1,838,113	2,150,846	2,178,302	2,234,337	2,193,068	2,176,804	3,290,741	3,375,253
School Sponsored Activities and Athletics	1,131,868	1,253,065	1,861,498	1,770,582	1,476,210	1,510,947	1,599,235	1,725,248	2,110,886	1,713,625
Support Services:										
Instruction - Tuition	6,533,987	5,872,964	5,753,383	5,850,284	5,300,618	6,044,410	6,678,148	7,800,963	7,800,963	7,800,963
Attendance and Social Work Services	180,928	170,564	9,045	10,400	10,000	10,000	10,025	12,500	12,500	12,500
Health Services	913,268	855,438	861,884	890,880	941,811	966,533	967,420	927,182	11,999,909	19,630,380
Student & Inst. Related Services	1,065,655	899,140	11,639,734	12,048,869	11,632,786	12,227,179	12,395,976	1,091,233	1,727,546	1,102,718
General Administrative Services	4,082,427	3,702,230	3,409,905	3,453,363	3,822,606	872,432	929,077	4,195,262	6,707,158	7,140,247
School Administrative Services	1,381,949	1,414,568	1,483,117	1,877,608	1,844,386	1,706,302	1,682,347	1,794,776	2,327,566	2,379,091
Central Services and Info. Technology	6,529,339	6,200,809	6,321,376	7,311,018	8,396,380	8,065,046	7,958,977	7,981,821	10,091,133	10,832,833
Plant Operations and Maintenance	1,608,981	1,914,443	1,826,799	1,974,200	2,394,399	2,768,977	3,063,355	2,483,988	3,003,297	2,974,892
Pupil Transportation	5,932,855	5,817,476	6,305,195	8,397,609	8,032,117	13,536,417	14,129,465	15,227,477	-	-
Allocated Employee Benefits	6,379,972	6,914,814	6,714,485	4,956,683	5,321,619	10,994,683	12,463,706	14,511,019	-	-
Unallocated Employee Benefits	5,976,421	7,334,294	9,217,396	8,203,459	9,438,672	10,994,683	12,463,706	14,511,019	-	-
TPAF Pension/Social Security	663,317	881,134	1,287,670	2,478,864	2,990,864	2,637,600	3,185,751	3,287,937	4,864,802	2,288,208
Charter Schools	1,982,112	764,785	1,510,974	3,187,147	600,172	663,011	1,472,478	2,391,640	-	-
Capital Outlay										
Debt service:										
Principal	630,000	630,000	620,000	615,000	610,000	595,000	585,000	580,000	1,344,034	1,538,183
Interest and other charges	237,988	209,637	190,100	168,863	148,025	130,525	111,663	84,813	87,007	66,528
Total Expenditures	94,996,980	97,468,887	102,402,405	107,890,602	109,041,326	112,867,028	117,519,524	123,447,371	135,026,293	135,374,740
Excess (Deficiency) of Revenues over (under) Expenditures	(1,745,904)	1,497,828	2,761,889	(821,497)	1,592,763	517,862	763,297	2,017,290	(2,967,956)	3,828,767
Other Financing sources (uses)										
Transfers in	768		219,312	162,248	461,344	388,929	377,450	441,499	411,499	413,376
Transfers out	(768)		(219,312)	(162,248)	(461,344)	(388,929)	(377,450)	(441,499)	(411,499)	(413,376)
Capital Leases (Non-Budgeted)	1,338,250	-	-	-	-	(3,504)	924,000	800,000	-	616,116
Total Other Financing Sources (Uses)	1,338,250	-	-	-	(21,554)	(3,504)	924,000	800,000	-	616,116
Net Change in Fund Balances	\$ (407,654)	\$ 1,497,828	\$ 2,761,889	\$ (821,497)	\$ 1,571,209	\$ 312,358	\$ 1,637,297	\$ 2,817,290	\$ (2,967,956)	\$ 4,444,883
Debt service as a percentage of noncapital expenditures	0.93%	0.87%	0.80%	0.75%	0.70%	0.65%	0.60%	0.55%	1.10%	1.22%

* Noncapital expenditures are total expenditures less capital outlay and debt service.

Source: District financial statements

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Refunds	Miscellaneous	Total
2011	\$ 58,647	\$ 6,944,414	\$ 52,489	\$ 1,484	\$ 99,658	\$ 7,156,692
2012	966	6,900,539	66,928	143,976	64,878	7,177,287
2013	4,630	7,859,900	54,388	110,847	443,031	8,472,796
2014	320	8,543,020	40,104	119,359	510,255	9,213,058
2015	4,241	8,492,535	30,450	14,087	652,815	9,194,128
2016	56,293	4,943,156	141,642		10,356	5,151,447
2017	52,652	8,129,712	122,978	647		8,305,989
2018	126,613	7,651,040	62,300	11,535	807,058	8,658,546
2019	210,247	6,989,382	100,481		437,861	7,737,971
2020	208,636	7,083,222	100,156	121,652	207,011	7,720,677

Source: District financial statements

HACKENSACK BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Prop.	Other	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Voluation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2011	\$ 38,988,200	\$ 2,000,415,500			\$ 1,784,497,900	\$ 285,636,910	\$ 913,359,000	\$ 5,044,892,510	\$ 26,094,585	\$ 5,070,987,095	\$ 5,781,824,970	\$ 1.300
2012	47,731,400	1,998,602,800			1,740,230,370	295,561,200	891,042,000	4,975,227,970	21,534,684	4,994,762,654	5,746,741,785	1.360
2013	48,369,100	1,995,196,200			1,718,956,070	288,435,400	879,727,000	4,930,683,790	21,534,684	4,952,218,474	5,607,198,120	1.524
2014	47,035,600	1,974,545,090			1,752,931,970	283,867,900	882,157,400	4,940,557,960		4,940,557,960	5,312,764,739	1.478
2015	48,420,800	1,964,113,450			1,721,451,400	277,317,000	862,744,500	4,874,047,550		4,874,047,550	5,508,010,175	1.551
2016	42,559,300	1,883,668,300			1,926,523,800	315,236,600	954,241,400	5,162,209,100		5,162,209,100	5,162,209,100	1.491
2017	57,910,900	1,841,114,800			1,913,353,700	322,284,000	1,005,760,400	5,260,523,800		5,260,523,800	5,260,523,800	1.537
2018	67,181,700	1,972,019,200			1,933,872,500	326,749,500	1,068,670,400	5,388,472,700		5,388,472,700	5,556,091,429	1.536
2019	61,899,700	2,014,583,100			1,974,594,400	323,042,200	1,169,973,000	5,544,002,400	-	5,544,002,400	5,741,485,756	1.521
2020	68,938,300	2,056,633,000			1,961,591,500	313,360,200	1,225,238,500	5,645,801,500	-	5,645,801,500	5,794,104,130	1.510

Source: County Abstract of Taxables

^a Tax rates are per \$100.

HACKENSACK BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>City of Hackensack</u>	<u>Bergen County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2011	\$ 1.300	\$ 1.430	\$ 0.220	\$ 2.950
2012	1.360	1.490	0.250	3.100
2013	1.420	1.540	0.260	3.220
2014	1.480	1.610	0.240	3.330
2015	1.550	1.690	0.260	3.500
2016	1.490	1.640	0.250	3.380
2017	1.540	1.640	0.240	3.420
2018	1.536	1.629	0.248	3.413
2019	1.521	1.585	0.251	3.357
2020	1.510	1.552	0.247	3.309

Source: Municipal Tax Collector

Note: Bergen County Board of Taxation certifies only the total tax rate of each taxing entity and total tax rate of the respective municipality

HACKENSACK BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Taxpayer	2020			2011		
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value	
Riverside Square LTD	\$ 136,000,000	2.41%		\$ 176,084,800	3.47%	
20 Prospect Avenue (HUMC)	145,000,000	2.57%		126,774,000	2.50%	
GSG Residential Prosp Tower	75,000,000	1.33%		71,639,700	1.41%	
Hackensack VF, LLC (Vornado)	75,000,000	1.33%		105,637,800	2.08%	
JD CP Investors, LLC	111,000,000	1.97%		35,917,300	0.71%	
Bloomfield's Inc	70,000,000	1.24%		51,455,400	1.01%	
MSNW Continental 401&411				48,000,000	0.95%	
Court Plaza Associates						
DASA Company 414 Hackensack	52,953,800	0.94%		37,000,000	0.73%	
Pierre Tower	51,952,300	0.92%				
Sebring Assoc - Excelsior I	50,052,300	0.89%		42,883,900	0.85%	
Sebring Assoc - Excelsior II	48,637,200	0.86%		41,125,000	0.81%	
Bart VII, LLC						
Quail Heights						
	\$ 815,595,600	14.45%		\$ 736,517,900	14.52%	

Source: Municipal Tax Assessor

**HACKENSACK BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 64,779,306	\$ 64,779,306	100.00%	
2012	67,106,955	67,106,955	100.00%	
2013	69,093,004	69,093,004	100.00%	
2014	71,871,379	71,871,379	100.00%	
2015	74,147,498	74,147,498	100.00%	
2016	75,582,908	75,582,908	100.00%	
2017	79,758,684	79,758,684	100.00%	
2018	81,921,377	81,921,377	100.00%	
2019	83,501,257	83,501,257	100.00%	
2020	85,146,015	85,146,015	100.00%	

Source: District financial records

HACKENSACK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements					
	\$	\$	\$	\$			
2011	5,410,000	\$ 1,075,219	\$	6,485,219	43,068	\$	151
2012	4,780,000	817,322		5,597,322	43,303		129
2013	4,160,000	552,286		4,712,286	43,407		109
2014	3,545,000	279,913		3,824,913	43,512		88
2015	2,935,000	-		2,935,000	44,181		66
2016	2,340,000	-		2,340,000	44,281		53
2017	1,755,000	688,809		2,443,809	44,257		55
2018	1,175,000	1,262,399		2,437,399	44,518		55
2019	595,000	1,627,368		2,222,368	44,354		50
2020	-	1,280,301		1,280,301	44,188		29

Source: District records

HACKENSACK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2011	\$ 5,410,000		\$ 5,410,000	0.11%	\$ 126
2012	4,780,000		4,780,000	0.10%	110
2013	4,160,000		4,160,000	0.08% *	96
2014	3,545,000		3,545,000	0.07%	81
2015	2,935,000		2,935,000	0.06%	66
2016	2,340,000		2,340,000	0.05%	53
2017	1,755,000		1,755,000	0.03%	40
2018	1,175,000		1,175,000	0.02%	26
2019	595,000		595,000	0.01%	13
2020	-		-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* The Borough underwent a revaluation effective calendar year 2013

**HACKENSACK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Hackensack Board of Education (As of June 30, 2020)	\$ -
City of Hackensack	<u>101,906,185</u>
	<u>101,906,185</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	44,854,210
Bergen County Utilities Authority - Water Pollution (B)	<u>12,534,195</u>
	<u>57,388,405</u>
Total Direct and Overlapping Debt	<u>\$ 159,294,590</u>

Source:

(1) City of Hackensack's 2019 Annual Debt Statement

(A) The debt for this entity was apportioned to the City of Hackensack by dividing the municipality's 2019 equalized value by the total 2019 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

HACKENSACK BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized valuation basis	
2019	\$ 5,951,151,158
2018	5,857,546,967
2017	5,677,232,679
<u>[A] \$ 17,485,930,784</u>	

Average equalized valuation of taxable property

[A/3]	\$ 5,828,643,595
[B]	233,145,744
[C]	-
<u>[B-C]</u>	<u>\$ 233,145,744</u>

Debt limit (4 % of average equalization value)

Total Net Debt Applicable to Limit

Legal debt margin

Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 247,963,206	\$ 239,997,688	\$ 229,860,092	\$ 221,207,837	\$ 218,298,105	\$ 223,661,645	\$ 227,501,240	\$ 229,364,335	\$ 228,279,753	\$ 233,145,744
Total net debt applicable to limit	5,410,000	4,780,000	4,160,000	3,545,000	2,955,000	2,340,000	1,735,000	1,175,000	595,000	-
Legal debt margin	\$ 242,553,206	\$ 235,217,688	\$ 225,700,092	\$ 217,662,837	\$ 215,363,105	\$ 220,721,645	\$ 225,746,240	\$ 228,189,335	\$ 227,684,753	\$ 233,145,744
Total net debt applicable to the limit as a percentage of debt limit	2.18%	1.99%	1.81%	1.60%	1.34%	1.05%	0.77%	0.51%	0.26%	0.00%

Source: Annual Debt Statements

**HACKENSACK BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	43,068	\$ 64,229	9.20%
2012	43,303	66,064	8.80%
2013	43,407	69,053	7.70%
2014	43,512	72,152	6.50%
2015	44,181	71,679	5.50%
2016	44,281	74,452	5.00%
2017	44,257	77,666	4.70%
2018	44,518	79,145	4.30%
2019	44,354	81,483	3.70%
2020	44,188	85,951	3.70% E

N/A - Not Available

Source: New Jersey State Department of Education

HACKENSACK BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

	<u>2020</u>		<u>2011</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

HACKENSACK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
 (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 *
Instruction										
Regular	375	304	310	284	280	526	427	438	444	327
Special Education	135	216	220	184	193	105	128	163	101	110
Other Special Education									70	60
Vocational										
Other Instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	17	85	87	87	89	60	86	40	86	133
Student & instruction related services	6	6	6	6	4	3	4	5	18	6
General administrative services	42	52	60	63	37	36	38	39	49	41
School administrative services	15	16	14	14	17	14	14	18	12	15
Business Administrative Services	51	62	81	68	65	51	62	56	76	58
Plant operations and maintenance									1	1
Pupil transportation										
Total	641	741	778	706	685	795	759	759	857	751

Source: District Personnel Records

* Count Discrepancy due to FTE's not properly recorded in prior years

**HACKENSACK BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Teacher/Pupil Ratio			Percentage Change	Teaching Staff	Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c			Elementary	Middle School	High School				
2011	5,114	\$ 92,146,990	\$ 18,019	-1.58%	510	1:23	1:25	1:25	5,132	4,893	1.97%	95.34%
2012	5,238	95,864,463	18,232	1.19%	520	1:11	1:10	1:10	5,234	4,994	1.79%	95.60%
2013	5,384	100,081,131	18,589	1.96%	531	1:10	1:10	1:12	5,406	5,261	2.48%	97.32%
2014	5,506	103,919,592	18,874	1.53%	467	1:12	1:12	1:12	5,463	5,232	1.05%	95.77%
2015	5,673	107,704,683	18,985	0.59%	475	1:12	1:11	1:13	5,631	5,391	3.08%	95.74%
2016	5,690	111,482,986	19,593	3.20%	631	1:8	1:9	1:11	5,662	5,444	0.55%	96.15%
2017	5,657	115,330,383	20,391	4.07%	553	1:10	1:10	1:11	5,645	5,451	-0.30%	96.50%
2018	5,678	120,390,918	21,203	3.98%	601	1:8	1:10	1:12	5,673	5,403	0.50%	95.24%
2019	5,770	128,730,140	22,310	5.22%	545	1:11	1:10	1:10	5,739	5,451	0.99%	95.15%
2020	5,626	131,461,821	23,367	4.74%	437	Not Provided	Not Provided	Not Provided	5,617	5,448	-1.94%	96.99%

Source: District records

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

**HACKENSACK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
<u>Elementary</u>										
Nellie K. Parker School										
Square Feet	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280
Capacity (students)	539	539	539	539	539	539	539	539	539	539
Enrollment	499	531	508	541	581	585	575	542	495	533
Fairmount School										
Square Feet	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000
Capacity (students)	611	611	611	611	611	611	611	611	611	611
Enrollment	599	665	670	601	579	581	557	560	603	617
Penny M. Hillers School										
Square Feet	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	564	568	562	504	569	583	575	532	519	571
Jackson Avenue School										
Square Feet	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Capacity (students)	414	434	434	434	434	434	434	434	434	434
Enrollment	479	468	454	399	433	430	424	413	424	443
ECDC										
Square Feet				40,309	40,309	40,309	40,309	40,309	40,309	40,309
Capacity (students)				490	490	490	490	490	490	490
Enrollment				280	275	309	276	265	277	290
<u>Middle School</u>										
Middle School										
Square Feet	103,293	103,293	103,293	141,932	141,932	141,932	141,932	141,932	141,932	141,932
Capacity (students)	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
Enrollment	633	630	1,327	1,406	1,395	1,401	1,415	1,465	1,509	1,571
<u>High School</u>										
Hackensack High School										
Square Feet	158,243	158,243	158,243	267,349	267,349	267,349	267,349	267,349	267,349	267,349
Capacity (students)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Enrollment	1,715	1,729	1,803	1,775	1,816	1,813	1,835	1,901	1,943	1,909

**HACKENSACK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other										
Administration Building										
Square Feet	10,000	10,000	10,000	7,516	7,516	7,516	7,516	7,516	7,516	7,516
5/6 School										
Square Feet	29,977									
Capacity (students)	525									
Enrollment	625									

Number of Schools at June 30, 2020

Elementary = 5
Middle School = 1
High School = 2
Other School = 2

Source: District Records

HACKENSACK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

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

	Project # (a)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
School Facilities											
Hackensack High School	N/A	\$ 206,518	\$ 218,177	\$ 277,050	\$ 325,944	\$ 406,956	\$ 289,651	\$ 311,184	\$ 345,441	\$ 455,351	\$ 632,489
Middle School	N/A	347,638	130,216	158,843	173,039	216,047	153,772	165,203	183,389	241,740	578,160
Nellie K. Parker School	N/A	64,689	52,481	66,681	97,875	122,201	86,977	93,443	103,730	136,734	144,363
Fairmount School	N/A	70,851	35,413	66,083	74,369	92,854	66,088	71,002	78,818	103,896	111,491
Fanny M. Hillers School	N/A	89,141	109,118	145,988	97,534	121,775	86,673	93,117	103,368	136,257	146,529
Jackson Avenue School	N/A	75,812	57,598	113,845	74,125	92,549	65,872	70,769	78,559	103,555	111,492
ECDC	N/A				49,144	61,358	43,672	46,918	52,083	68,655	91,984
Administration Building	N/A	37,797	63,035	3,966	9,163	11,441	8,143	8,748	9,712	12,801	15,963
Total School Facilities		<u>892,446</u>	<u>666,038</u>	<u>832,456</u>	<u>901,193</u>	<u>1,125,181</u>	<u>800,848</u>	<u>860,384</u>	<u>955,100</u>	<u>1,258,989</u>	<u>1,832,471</u>
Other Facilities											
		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 892,446</u>	<u>\$ 666,038</u>	<u>\$ 832,456</u>	<u>\$ 901,193</u>	<u>\$ 1,125,181</u>	<u>\$ 800,848</u>	<u>\$ 860,384</u>	<u>\$ 955,100</u>	<u>\$ 1,258,989</u>	<u>\$ 1,832,471</u>

Source: District Records

Source: School District's financial statements

HACKENSACK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2020
(Unaudited)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>		<u>Deductible</u>
NJ School Board Association Insurance Group/North Jersey Educational Insurance Fund	Property -			
	Real and Personal Property	\$ 500,000,000	\$	5,000
	Total Building and Content Insured Value	\$ 184,803,442		
	Extra Expense	\$ 50,000,000	\$	5,000
	Valuable Papers and Records	\$ 10,000,000	\$	5,000
	Demolition and Increased Cost of Construction	\$ 25,000,000		N/A
	Loss of Rents	Not Covered		N/A
	Loss of Business Income/Tuition	\$ 435,000		N/A
	Limited Builders Risk	\$ 10,000,000		N/A
	Fire Department Service Charge	\$ 10,000		N/A
	Arson Reward	\$ 10,000		N/A
	Pollutant Cleanup and Removal	\$ 250,000		N/A
	Sublimits: Special Flood Hazard Area Flood Zones	\$ 25,000,000	\$	1,000,000
	Accounts Receivable	\$ 250,000		N/A
	All Flood Zones	75,000,000	\$	10,000
	Earthquake	\$ 50,000,000		N/A
	Terrorism	\$ 1,000,000		N/A
	Electronic Data Processing -			
	Data Processing Equipment	\$ 2,500,000	\$	1,000
	Equipment -			
	Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000	\$	5,000
	Crime -			
	Public Employee Dishonesty with Faithful Performance	\$ 500,000	\$	1,000
	Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$ 50,000	\$	500
	Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$ 50,000	\$	500
	Forgery or Alteration	\$ 50,000	\$	500
	Computer Fraud	\$ 50,000	\$	500
	Comprehensive General Liability -			
	Bodily Injury and Property Damage	\$ 31,000,000		N/A
	Products and Completed Operations	\$ 31,000,000		N/A
	Sexual Abuse	\$ 17,000,000		N/A
	Personal Injury and Advertising Injury	\$ 31,000,000		N/A
	Employee Benefits Liability	\$ 31,000,000	\$	1,000
	Terrorism	\$ 1,000,000		N/A
	Automobile -			
	Bodily Injury and Property Damage	\$ 31,000,000		N/A

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETMAR J. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SAGO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hackensack Board of Education
Hackensack, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackensack Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Hackensack Board of Education's basic financial statements and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hackensack Board of Education'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 Hackensack Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hackensack Board of Education'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hackensack Board of Education'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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hackensack Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 17, 2020.


Hackensack Board of Education's Responses to Findings

The Hackensack Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Hackensack Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hackensack Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 17, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hackensack Board of Education
Hackensack, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Hackensack Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Hackensack Board of Education's major federal and state programs for the fiscal year ended June 30, 2020. The Hackensack Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hackensack Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hackensack Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Hackensack Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2020-002 through 2020-005. Our opinion on each major federal and state program is not modified with respect to these matters.

The Hackensack Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Hackensack Board of Education 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 Hackensack Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hackensack Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-005 that we consider to be significant deficiencies.

The Hackensack Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackensack Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
December 17, 2020

**BACKSACK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal CFDA Number	Federal Program Title	FNS Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2019				Balance, June 30, 2020				Non- FAP Responsible							
						Unencumbered Revenue	Accounts Receivable	Due to Grantor	Committed Deferred Revenue	Unencumbered Revenue	Accounts Receivable	Due to Grantor	Committed Deferred Revenue								
16.555	U.S. Department of Agriculture Passed-through State Department of Education	201NS04N1099	N/A	7/1/19-6/30/20	\$	167,910				\$	167,910	\$		\$	(96,642)						
						134,166															
						1,134,131															
						1,482,760															
						35,230															
						65,966															
						543,048									(60,745)						
						721,922															
10.553	U.S. Department of Agriculture Passed-through State Department of Education	191NS04N1099	N/A	7/1/19-6/30/20	\$	1,763					1,763				(157,338)						
84.010	U.S. Department of Education Passed-through State Department of Education	805TA180100	IDEA-1860-20	7/1/19-6/30/20	\$	1,464,974					1,464,974				(130,257)						
						1,437,197															
						1,418,239															
						51,033															
						51,972															
84.010	U.S. Department of Education Passed-through State Department of Education	805TA180100	IDEA-1860-19	7/1/19-6/30/20	\$	1,299,075					1,299,075				(67,375)						
						1,292,169															
						1,293,431															
						91,174															
						145,856															
84.365	U.S. Department of Education Passed-through State Department of Education	836TA180029	IDEA-1860-18	7/1/19-6/30/20	\$	177,941					177,941				(1,957)						
						181,147															
						197,125															
84.365	U.S. Department of Education Passed-through State Department of Education	836TA180029	IDEA-1860-17	7/1/19-6/30/20	\$	307,506					307,506				(9,411)						
						310,288															
						29,481															
84.424	U.S. Department of Education Passed-through State Department of Education	804TA180031	IDEA-1860-16	7/1/19-6/30/20	\$	71,426					71,426				(2,133)						
						77,721															
84.048A	U.S. Department of Education Passed-through State Department of Education	8048A180030	IDEA-1860-15	7/1/19-6/30/20	\$	47,694					47,694				(1,600)						
						48,191															
						50,146															

HACKENSACK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance									
Total U.S. Department of Education									
Total Special Revenue Fund									
Total U.S. Department of Health and Human Services									
Total General Fund									
Total Federal Awards									
Total General Fund									
Total Federal Awards									
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See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

U.S. Department of Health and Human Services

Medicaid Center

General Fund

Medicaid Assistance Program (SEAM)

Total General Fund

Total Federal Awards

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

HACKENSACK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

State Grant/Program Title	Order or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year's Balance	Transfers / Adjustments	Unearned Revenue	(Increase/Decrease) Receivable	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund			\$			\$	\$				\$			\$
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	14,505,187			13,191,789	14,505,187				(1,313,398)			14,505,187
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	11,629,205	(1,060,301)		1,060,301								2,121,537
Security Aid	20-495-034-5120-041	7/1/19-6/30/20	2,121,537			1,929,730	2,121,537				(191,807)			4,767,834
Security Aid	19-495-034-5120-041	7/1/18-6/30/19	2,121,537	(191,429)		193,429					(432,463)			21,414,382
Special Education Aid	20-495-034-5120-085	7/1/19-6/30/20	4,787,838			4,334,955	4,787,838							682,382
Special Education Aid	19-495-034-5120-085	7/1/18-6/30/19	4,787,838	(436,529)		429,529								1,507,303
Total State Aid Public Charter				(1,600,234)		21,168,768	21,414,582				(1,936,069)			3,739,138
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	682,382			620,688	682,382				(61,694)			9,901,614
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	682,382	(62,215)		62,215								3,739,138
Total Transportation Aid Cluster				(62,215)		682,903	682,382				(61,694)			5,112
Extraordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	1,507,303			1,297,201	1,507,303				(1,507,203)			3,655,601
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	1,507,303	(1,297,201)										41,083,227
On-Behalf TPAF Pension System	20-495-034-5094-004	7/1/19-6/30/20	177,475			177,475	177,475							2,339,619
Contributions NICG	20-495-034-5094-002	7/1/19-6/30/20	9,901,614			9,901,614	9,901,614							15,166
On-Behalf TPAF Pension System Contributions	20-495-034-5094-001	7/1/19-6/30/20	3,739,138			3,739,138	3,739,138							(2,681)
Normal Costs and Accrual Liability	20-495-034-5094-004	7/1/19-6/30/20	5,112			5,112	5,112							(186)
On-Behalf TPAF Contributions	20-495-034-5094-003	7/1/19-6/30/20	3,655,601			3,471,287	3,655,601				(184,314)			1,359
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	3,495,016	(174,729)		174,729								12,762
Reimbursed TPAF Social Security Contributions				(3,226,240)		40,518,098	41,083,227				(3,682,379)			
Total General Fund														
Special Revenue:														
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	1,818,812			1,654,373	2,339,619				(164,427)			2,339,619
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	2,230,608	426,153	(631,348)	205,195								
New Jersey Nonpublic Aid:														
Auxiliary Services	20-100-034-5120-087	7/1/19-6/30/20	26,789			24,068	15,166				(2,681)			15,166
Compensatory Education	19-100-034-5120-087	7/1/18-6/30/19	69,374	41,615										
Compensatory Education	20-100-034-5120-087	7/1/19-6/30/20	1,324			1,134	165				(186)			165
English as a Second Language														
Total Auxiliary Services (Chapter 193) Cluster				41,615		25,226	15,331				(3,867)			15,331

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

HACKENSACK BOARD OF EDUCATION SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

State Grants/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 1, 2019	Carryover Amount	Cash Received	Budgetary Transfers	Payment of Prior Years' Expenses	Transfers / Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	MEMO	
													GAAP Recordable	Cumulative Total Expenditures
Handicapped Services:														
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	\$ 19,276	\$ 16,843	\$ 8,740	\$ 4,914	\$ 4,914	\$ 4,914	\$ -	\$ -	\$ (2,483)	\$ 10,386	\$ (2,483)	\$ 8,740
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	16,072	4,914	-	-	-	-	-	-	-	-	-	-
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	8,628	7,200	2,199	-	-	-	-	-	-	6,463	-	2,195
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	3,357	2,651	-	-	-	2,651	-	-	-	-	-	-
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	10,281	9,048	10,281	-	-	-	-	-	-	-	633	10,281
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	23,152	13,639	-	-	-	13,639	-	-	-	-	-	-
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	-	-	-	-	-	-	-	-	-	-	-	-
Total Handicapped Services (Chapter 193) Cluster														
				21,208	-	33,991	21,216	21,208	-	-	(4,274)	17,049	(4,274)	21,216
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	3,553	-	-	3,553	3,553	-	-	-	-	-	-	3,553
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	5,500	183	-	-	-	183	-	-	-	-	-	-
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	10,379	10,379	6,180	-	-	-	-	-	-	4,199	-	6,180
Nonpublic Technology	20-100-034-5120-373	7/1/19-6/30/20	3,788	3,788	3,788	-	-	-	-	-	-	11	-	3,788
Nonpublic Technology	19-100-034-5120-373	7/1/18-6/30/19	3,708	20	-	-	-	39	-	-	-	-	-	-
Nonpublic Security	20-100-034-5120-599	7/1/19-6/30/20	16,090	16,090	-	-	16,090	-	-	-	-	-	-	16,090
Nonpublic Security	19-100-034-5120-599	7/1/18-6/30/19	15,759	7,875	-	-	-	7,875	-	-	-	-	-	-
Friendly Family	FF09013	7/1/19-6/30/20	45,463	45,463	-	-	45,463	38,903	-	-	-	6,560	-	38,903
Friendly Family	FF07013	7/1/18-6/30/19	45,463	2,163	-	-	-	-	-	-	-	2,163	-	-
Friendly Family	FF09015	7/1/19-6/30/20	45,963	1,689	-	-	-	-	-	-	-	1,689	-	-
School Based Youth Services Program	100-034-5100-068	7/1/19-6/30/20	209,980	209,980	356	209,940	200,494	200,494	-	-	-	9,446	-	200,494
School Based Youth Services Program	100-034-5100-068	7/1/18-6/30/19	303,580	5,727	-	-	-	-	-	-	-	356	-	-
School Based Youth Services Program	100-034-5100-068	7/1/19-6/30/20	-	-	-	-	-	-	-	-	-	3,727	-	-
Total Special Revenue Fund														
				507,028	-	2,299,834	2,797,137	70,940	431,699	502,010	(171,578)	59,962	(7,141)	3,757,137
State Department of Agriculture														
Enterprise Fund	20-100-010-3350-003	7/1/19-6/30/20	20,687	19,168	-	19,168	20,687	-	-	-	-	-	(1,519)	20,687
State School Lunch Program	19-100-010-3350-003	7/1/18-6/30/19	29,648	12,430	-	12,430	122	-	\$ -	-	-	-	-	122
Total Enterprise Fund														
				12,430	-	21,730	20,819	-	-	-	-	-	(1,519)	20,819
Total State Financial Assistance Subject to Single Audit Determination				12,719,663	-	42,999,772	43,361,143	70,940	411,499	502,010	(3,862,476)	59,962	(192,974)	43,861,183
State Financial Assistance														
Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAT Pension System Contributions-NCGJ	20-495-034-5094-004	7/1/19-6/30/20	177,475	(177,475)	-	-	(177,475)	-	-	-	-	-	-	(177,475)
On-Behalf TPAT Normal Costs	20-495-034-5094-002	7/1/19-6/30/20	9,301,854	(9,301,854)	-	-	(9,301,854)	-	-	-	-	-	-	(9,301,854)
On-Behalf TPAT Post-Retirement Medical Contributions	20-495-034-5094-001	7/1/19-6/30/20	3,728,153	(3,728,153)	-	-	(3,728,153)	-	-	-	-	-	-	(3,728,153)
On-Behalf TPAT Long-Term Disability Ins. Contributions	20-495-034-5094-004	7/1/19-6/30/20	5,112	(5,112)	-	-	(5,112)	-	-	-	-	-	-	(5,112)
Total State Financial Assistance Subject to Major Program Determination				\$ 12,719,663	\$ -	\$ 29,116,413	\$ 30,057,824	\$ 70,940	\$ 411,499	\$ 502,010	\$ (3,862,476)	\$ 59,962	\$ (192,974)	\$ 30,057,824

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$455,395 for the general fund and a decrease of \$163,020 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 216,779	\$ 40,627,832	\$ 40,844,611
Special Revenue Fund	3,205,218	2,284,923	5,490,141
Food Service Fund	<u>1,875,311</u>	<u>20,819</u>	<u>1,896,130</u>
Total Awards and Financial Assistance	<u>\$ 5,297,308</u>	<u>\$ 42,933,574</u>	<u>\$ 48,230,882</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,655,601 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$10,079,089, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,739,158 and TPAF Long-Term Disability Insurance in the amount of \$5,112 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

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

Federal Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 Part 200 of U.S. Uniform Guidance? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>S010A190030</u>	<u>Title I</u>
<u>93.778</u>	<u>2005NJ5MAP</u>	<u>Medicaid Assistance Program (SEMI)</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

State Awards Section

 yes X no

X yes _____ none reported

Unmodified

X yes _____ no

Name of State Program or Cluster

Equalization Aid

Security Aid

Special Education Categorical Aid

Extraordinary Aid

Reimbursed TPAF Social Security

\$901,135

X yes no

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2020-001

Our audit of year end open purchase orders in the General Fund revealed certain purchase orders were not reviewed at year end for validity. We noted numerous encumbrances which we deemed invalid at year end.

Criteria or specific requirement:

Internal controls over year end closing procedures of open purchase orders.

Condition

Certain open purchase orders classified as encumbrances at June 30, 2020 were determined not to be valid and should have been cancelled prior to the financial statement close-out at year end.

Context

Encumbrances recorded in the General Fund at June 30, 2020 totaling \$701,623 were determined to be invalid.

Effect

Financial statements do not properly reflect fund balances at year end.

Cause

Unknown.

Recommendation

Procedures be revised to ensure open purchase orders are reviewed at year end for validity and invalid orders be cancelled accordingly.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Finding 2020-002

Our audit of the ESEA Title I grant program revealed certain time and effort reports were not provided for audit for certain employees charged to the grant program.

Information on the Federal Program:

Title I 84.010

Criteria or Specific Requirement:

Uniform Guidance; Federal Grant Compliance Supplement

Condition:

Certain time and effort reports were not on file to support certain salary charges to the Title I grant program during 2019/2020.

Questioned Costs:

Unknown.

Context:

Three (3) time and effort reports for January 2020 and one (1) time and effort report for June 2020 were not provided for audit for three (3) employees sampled in the audit of salary charges.

Effect:

Grant expenditures may not be for eligible program charges.

Cause:

Unknown.

Recommendation:

Time and effort reports be completed and retained on file for all employees charges of the ESEA Title I grant program.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated that corrective action will be taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-003

Our audit revealed certain expenditures that were not classified and charged to the proper budget account lines in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

State Program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition:

Capital lease and lease-purchase payments, travel expense reimbursements and the Athletic Director's salary were not charged to the proper budget program, function and/or object codes.

Questioned Costs:

Unknown.

Context:

Lease payments totaling \$843,223, 3 out of 5 travel expense reimbursement tested and the Athletic Director's salary of \$167,320 were not charged to the proper budget line accounts.

Effect:

The District is not in compliance with the State of New Jersey Grant Compliance Supplement and Uniform Minimum Chart of Accounts.

Cause:

Unknown.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-003 (Continued)

Recommendation:

Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-004

A review of students' Individual Education Plans (IEP) revealed certain students reported on the application for State Extraordinary Aid did not have an intensive related service specifically included in their IEP. A minimum of one intensive related service is required to be included in a student's IEP to be eligible for inclusion on the Extraordinary Aid application.

State Program Information:

Extraordinary Special Education Aid	495-034-5120-044
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Criteria or Specific Requirement

State Grant Compliance Supplement – Extraordinary Aid – Eligibility

Condition:

Certain students IEP's included on the Extraordinary Aid application did not indicate they were required to receive intensive related services.

Questioned Costs:

Unknown.

Context:

Eight (8) students tested out of twenty (20) sampled did not have an intensive related service included in their IEP.

Effect:

Certain students included on the Extraordinary Aid application may not have met eligibility requirements of the program.

Cause:

Unknown.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-004 (Continued)

Recommendation:

Procedures be revised to ensure student IEP's specifically identify the intensive related service provided to the respective student reported on the application of State Extraordinary Aid.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-005

Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:

- We noted several instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- Our audit indicated several vendors paid in excess of the bid threshold were based on the use of state contracts or cooperative purchasing agreements which were not all approved by the Board and included in the official minutes. Furthermore, the applicable state contract and cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
- We noted purchases in excess of the bid threshold made through a National Purchasing Cooperative agreement vendor that was not approved in the minutes and not publicly advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law and State procurement guidelines.

Questioned Costs:

Unknown.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2020-005 (Continued)

Context:

- Purchases and contracts in excess of the bid threshold for school supplies, custodian supplies, copiers and boiler repairs were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.
- Five (5) vendors were noted, which were paid in excess of the bid threshold for which the District utilized state contracts or cooperative pricing agreements. Such contracts were not all approved by the board in the official minutes, furthermore, documentation to support the specific state contract and/or cooperative purchasing agreement contract utilized was not maintained by the District.
- Purchases in excess of the bid threshold made under a National Cooperative purchasing agreement for computer laptops were not supported by a cost-savings analysis, verification of bid process followed, advertisement of intent to purchase under a National Cooperative and was not approved by Board resolution.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Contract awards and purchases made in excess of the bid threshold through the use of State contracts, cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to State contract and cooperative purchasing agreements.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-001

Condition

Certain open purchase orders at June 30, 2019 were determined to not have been classified properly between accounts payable and encumbrances. In addition, certain liabilities were not recorded at year end.

Current Status

Corrective action has been taken.

Finding 2019-002

Condition

The transactions relating to two (2) lease-purchase agreement bank accounts maintained by a Fiscal Agents were not reported in the District's accounting records. Also, payments made by the Fiscal Agent as directed by the District Administration were not approved by the Board in the minutes.

Current Status

Corrective action has been taken.

Finding 2019-003

Condition

The Board is not in compliance with their previous bond undertaking to provide certain secondary market disclosure.

Current Status

Corrective action has been taken.

**HACKENSACK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-004

Condition

Purchase of security cameras, lease payments for a phone system and student accident insurance were charges to regular instruction and school sponsored athletics rather than to the proper budget function codes of security and general administration.

Current Status

See Finding 2020-003

Finding 2019-005

Condition

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law and State procurement guidelines.

Current Status

See Finding 2020-005

Finding 2019-006

Condition

Transportation contracts were awarded or renewed through a coordinated transportation services agency (CTSA) however, the Board did not formally approve the contracts or renewals by resolution nor was the approval of the Executive County Superintendent provided for audit.

Current Status

Corrective action has been taken.

**HACKENSACK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2019-007

Condition

Transportation contracts awarded through a coordinated transportation services agency in excess of the bid threshold in which no contract documentation was provided to the District.

Current Status

Corrective action has been taken.

**HACKENSACK BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2020**

**HACKENSACK BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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LERCH, VINCI & HIGGINS, LLP

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AUDITOR'S MANAGEMENT REPORT

Honorable President and Members
of the Board of Education
Hackensack Board of Education
Hackensack, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Hackensack Board of Education, State of New Jersey as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated December 17, 2020.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of management, the Board of Education, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Lerch, Vinci & Higgins, LLP

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

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
December 17, 2020

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance contained in the district's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Dennis Frohnafel (7/1/19-2/21/20)	Business Administrator/Board Secretary	\$500,000
Dora E. Zeno (2/21/20-6/30/20)	Business Administrator/Board Secretary	\$500,000

There is an Employee Dishonesty Faithful Performance Crime Coverage policy with N.J. Schools Insurance Group covering all other employees with multiple coverage of \$500,000 per employee.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certifications or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld and due to the governmental funds.

The District maintains a personnel tracking and accounting (Position Control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30 for goods not yet received or services not yet rendered with exception. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30.

- **Finding – (CAFR Finding 2020-001)** – Our audit of year end open purchase orders in the General Fund revealed certain purchase orders were not reviewed at year end for validity. We noted numerous encumbrances which we deemed invalid at year end.

Recommendation – Procedures be revised to ensure open purchase orders are reviewed at year end for validity and invalid orders be cancelled accordingly.

Travel

The District had an approved Board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, no material exceptions were noted, therefore, no additional procedures were deemed necessary to test the propriety of expenditure classification.

- **Finding (CAFR Finding 2020-003)** – Our audit revealed certain expenditures were not classified and charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Recommendation – Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed with exceptions as previously noted.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21)

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Fiduciary Funds.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Acts (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, II, III and IV of the Elementary and Secondary Education Act, as amended and reauthorized.

The study of compliance for E.S.E.A. disclosed the following area of noncompliance.

- **Finding (CAFR Finding 2020-002)** – Our audit of the ESEA Title I grant program revealed certain time and effort reports were not provided for audit for certain employees charged to the grant program.

Recommendation – Time and effort reports be completed and retained on file for all employees charged to the ESEA Title I grant program.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

- **Finding (CAFR Finding 2020-004)** – A review of students' Individualized Education Plans (IEP) revealed certain students reported on the Application for State Extraordinary Aid did not have an intensive related service specifically included in their IEP. A minimum of one intensive related service is required to be included in a student's IEP to be eligible for inclusion on the Extraordinary Aid Application.

Recommendation – Procedures be revised to ensure student IEP's specifically identify the intensive related service provided to the respective student reported on the Application for State Extraordinary Aid.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F Reimbursement to the State for Federal Salary Expenditures

The amount of expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulates bidding for public school student transportation contracts under NJSA 18A:39-3 is \$19,000 for the 2019/2020 school year.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the board of education may establish that the bid threshold may be up to \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Board has designated the Assistant School Business Administrator as the qualified purchasing agent and established the bid threshold at \$40,000 effective April 29, 2019.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board attorney's opinion should be sought before a commitment is made.

Based on the results of our examination, we noted instances where individual payments, contracts or agreements were made for the performance of work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" per N.J.S.A. 18A:18A-5 and 19:44A in certain instances.

- **Finding (CAFR Findings 2019-005)** – Our audit of purchases and contract awards in excess of the bid threshold revealed the following as it relates to compliance with the Public School Contracts Law and State procurement guidelines:
- We noted several instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
 - Our audit indicated several vendors paid in excess of the bid threshold were based on the use of state contracts or cooperative purchasing agreements which were not approved by the Board and included in the official minutes. Furthermore, the applicable state contract and cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
 - We noted purchases in excess of the bid threshold made through a National Purchasing Cooperative agreement vendor that was not approved in the minutes and was not publicly advertised for intent to purchase. In addition, documentation was not provided to support verification of bid process or proof of cost savings.

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Recommendation –

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Contract awards and purchases made in excess of the bid threshold through the use of State contracts, cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

We also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific cost applicable to the emergency operations.

The school food service program was not selected as a major Federal or State program. However, the program expenditures exceeded \$100,000 in Federal support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

School Food Service (Continued)

The financial transactions of the school food service fund were maintained in good condition. The financial accounts were reviewed on a test-check basis.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1 with exception. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating result provision which was not met by the FSMC for the current fiscal year. A credit was provided by the FSMC to the District for the shortfall in the operating results provision.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services with exceptions noted. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did exceed three months average expenditures.

Applications for free and reduced price meals were reviewed for completeness and accuracy as part of the audit of the Application for State School Aid (ASSA).

USDA Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Exhibits B-4 through B-6 of the CAFR.

- **Finding** – Our audit of the food sale revenues and expenses reported on the food service management company's operating statement revealed differences with the amounts reported in the District's revenue and expenditure reports. We noted the food sales reported in the District's records was less than the food sales reported by the food service management company (FSMC). We also noted expenses listed on the FSMC monthly invoices were higher than expenses listed on the monthly operating statements.

Recommendation – The revenue reported on the food service management company's operating statement be compared to the amounts reported in the District's revenue reports and any differences be reconciled on a monthly basis. In addition expenses reflected on the monthly invoices be reviewed and reconciled to the monthly operating statements prior to payment.

Student Body Activities

During our review of the student activity funds, the following matters were noted:

- **Finding** – Pre-numbered receipt tickets were not utilized for monies collected in the Elementary, Middle School or High School Student Activity accounts.

Recommendation – Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.

- **Finding** – Deposits for gate receipts from sporting events in the High School Athletic account as well as deposits in the Varsity Club account are not deposited in a timely manner.

Recommendation – Deposits be made in a timely manner in the High School Athletic and Varsity Club accounts.

**HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Student Body Activities (Continued)

- **Finding** – Vouchers or checks request forms were not utilized for disbursements made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

Recommendation – Vouchers or check request forms be utilized for payments made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services, bilingual students and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with minor exceptions noted. The information that was included on the workpapers was verified with immaterial exceptions noted. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

The district has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2019-20 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Facilities and Capital Assets

The District had no SDA grant projects during the current year.

Testing for Lead of all Drinking Water in Educational Facilities

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions

- Payments made from the Scholarship and Unemployment trust accounts should be approved in the Board minutes.
- The District should perform a review of all bank accounts utilizing the District's employer identification number (EIN) and any accounts not under the control and approval of the Board should discontinue the use of the District's EIN.
- The District should implement procedures to have a supervisory district employee verify on-line with federal and state agencies the timely payment of payroll deductions due.

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations.

**HACKENSACK BOARD OF EDUCATION
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOT APPLICABLE

**HACKENSACK BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
ENTERPRISE FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 520,771
B-4		Due from Other Gov'ts	158,907
B-4		Due from Other Fund	
B-4		Accounts Receivable	15,398
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(76,323)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	<u>(23,519)</u>
		Net Cash Resources	\$ <u>595,234</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	2,484,552	
B-5	Less Depreciation	<u>42,761</u>	
	Adj. Tot. Oper. Exp.	\$ <u>2,441,791</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>244,179</u>	(C)
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Three times monthly Average:

3 X C	<u>732,537</u>	(D)
-------	----------------	------------

TOTAL IN BOX A	<u>595,234</u>
LESS TOTAL IN BOX D	<u>732,537</u>
NET	<u>(137,303)</u>

From above:

Net Cash Resources Did Not Exceed Three Months of Average Expenditures

HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	2020-2021 Application for State School Aid				Sample for Verification				Private Schools for Disabled Sample			
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Selected from Sample Workpapers		Verified per Register On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	8				8							
Half Day Preschool 4 Years Old												
Full Day Preschool 3 Years Old	138		145		(8)		32		32			
Full Day Preschool 4 Years Old												
Half Day Kindergarten												
Full Day Kindergarten	303		303				84		84			
Grade 1	316		316				83		83			
Grade 2	302		302				60		60			
Grade 3	279		279				65		65			
Grade 4	317		318		(1)		85		85			
Grade 5	310		310				310		310			
Grade 6	318		319		(1)		319		319			
Grade 7	325		325				325		325			
Grade 8	276		276				276		276			
Grade 9	383	4	383	4			383	4	383	4		
Grade 10	425	4	425	4			425	1	425	1		
Grade 11	373	9	373	9			373	4	373	4		
Grade 12	416	4	416	4			416	1	416	1		
Post-Graduate												
Adult High School (15+ Credits)												
Adult High School (1-14 Credits)												
Subtotal	4,489	21	4,491	21	(2)		3,236	10	3,236	10		
Sp Ed - Elementary	599		598		1		31		31			
Sp Ed - Middle School	244		243		1		12		12			
Sp Ed - High School	299	5	299	5			16	1	16	1		
Subtotal	1,142	5	1,140	5	2		59	1	59	1		
County Vocational - Regular												
County Vocational - E.T. Post-Second												
Subtotal												
Totals	5,631	26	5,631	26			3,295	11	3,295	11		
Percentage Error					0.00%						0.00%	
												7.89%

HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income		Sample for Verification	
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected	Verified to Application Workpapers
Half Day Preschool 3 Years Old	-	-	-	-
Half Day Preschool 4 Years Old	-	-	-	-
Full Day Preschool 3 Years Old	-	-	-	-
Full Day Preschool 4 Years Old	-	-	-	-
Half Day Kindergarten	-	-	-	-
Grade 1	184.0	184.0	4	3
Grade 2	213.0	213.0	5	5
Grade 3	204.0	204.0	4	4
Grade 4	190.0	190.0	4	4
Grade 5	224.0	224.0	5	5
Grade 6	221.0	221.0	5	5
Grade 7	210.0	210.0	4	4
Grade 8	205.0	205.0	4	4
Grade 9	196.0	196.0	4	4
Grade 10	185.0	185.0	4	4
Grade 11	208.5	208.5	4	4
Grade 12	166.0	166.0	3	3
Post-Graduate	196.5	196.5	4	4
Adult High School (15+ Credits)	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-
Subtotal	2,603.0	2,603.0	54	51
Sp Ed - Elementary	405.0	405.0	9	8
Sp Ed - Middle School	197.0	197.0	4	4
Sp Ed - High School	175.0	175.0	4	3
Subtotal	777.0	777.0	17	15
County Vocational - Regular	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-
Subtotal	-	-	-	-
Totals	3,380.0	3,380.0	71.0	66.0
Percentage Error	0.00%		7.04%	

	Transportation		Sample for Verification	
	Reported on DRTS by DOE	Reported on DRTS by District	Sample Selected	Verified to Application Workpapers
Reg - Public Schools	265	265	28	28
Regular - Special Ed	200	200	21	21
Transported - Non Public	-	-	-	-
Special Needs	146	146	16	15
Subtotal	611	611	65	62

Percentage Error

0.0%

4.6%

HACKENSACK BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2019
SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income		Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application Errors
Half Day Preschool 3 Years Old			-		-
Half Day Preschool 4 Years Old			-		-
Full Day Preschool 3 Years Old			-		-
Full Day Preschool 4 Years Old			-		-
Half Day Kindergarten					
Full Day Kindergarten	10	9	1	4	4
Grade 1	9	9	-	3	3
Grade 2	15	15	-	6	6
Grade 3	6	7	(1)	2	2
Grade 4	6	5	1	2	2
Grade 5	4	4	-	2	2
Grade 6	3	3	-	1	1
Grade 7	14	14	-	5	5
Grade 8	4	4	-	2	2
Grade 9	5	7	(2)	2	2
Grade 10	9	9	-	3	3
Grade 11	12	15	(3)	5	5
Grade 12	11	11	-	4	4
Post- Graduate			-		-
Adult High School (15+ Credits)			-		-
Adult High School (1-14 Credits)			-		-
Subtotal	108	112	(4)	41	41
Sp Ed - Elementary	7	7	-	3	3
Sp Ed - Middle School	1	1	-	1	1
Sp Ed - High School	-	-	-	-	-
Subtotal	8	8	-	4	4
County Vocational - Regular					
County Vocational - E.T. Post-Second					
Subtotal					
Totals	116	120	(4)	45	45
Percentage Error			-3.45%		0.00%

**HACKENSACK BOARD OF EDUCATION
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

SECTION 1A - Two Percent (2%) - Calculation of Excess surplus

2019-20 Total General Fund Expenditures per the CAFR	\$ 128,691,612
Increased by:	
Transfer Out - Special Revenue Fund - Preschool Program	411,499
	129,103,111
Decreased by:	
On-Behalf TPAF Pension & Social Security	17,478,960
Assets Acquired Under Capital Leases	616,116
Adjusted 19-20 General Fund Expenditures	<u>\$ 111,008,035</u>
2% of Adjusted 2019-20 General Fund Expenditures	\$ 2,220,161
Allowable Adjustment - Unbudgeted Extraordinary Aid	<u>776,303</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 2,996,464</u>

SECTION 2

Total General Fund - Fund Balance at June 30, 2020	\$ 22,201,263
Decreased by:	
Reserved for Encumbrances	2,014,533
Other Reserved Fund Balances - Capital Reserve	9,137,058
Other Reserved Fund Balance - Maintenance Reserve	1,010,633
Other Reserved Fund Balance - Emergency Reserve	300,000
Excess Surplus - Designated for Subsequent Year's Expenditures	1,712,365
Assigned - Designated for Subsequent Year's Expenditures	<u>1,308,580</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 6,718,094</u>

SECTION 3

Reserved Fund Balance - Excess Surplus	<u>\$ 3,721,630</u>
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Recapitulation of Excess Surplus as of June 30, 2020

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 1,712,365
Reserved Excess Surplus	<u>3,721,630</u>
Total	<u>\$ 5,433,995</u>

HACKENSACK BOARD OF EDUCATION RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Procedures be revised to ensure open purchase orders are reviewed at year end for validity and invalid orders be cancelled accordingly.
- * 2. Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.
3. Time and effort reports be completed and retained on file for all employees charged to the ESEA Title I grant program.
4. Procedures be revised to ensure student IEP's specifically identify the intensive related service provided to the respective student reported on the Application for State Extraordinary Aid.

III. School Purchasing Program

It is recommended that:

- * 1. Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- * 2. Contract awards and purchases made in excess of the bid threshold through the use of State contracts, cooperative purchasing agreements and National Purchasing Cooperatives be approved by the Board in the official minutes and made in accordance with State procurement guidelines. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to state contracts and cooperative purchasing agreements.

IV. School Food Service

It is recommended that the revenue reported on the food service management company's operating statement be compared to the amounts reported in the District's revenue reports and any differences be reconciled on a monthly basis. In addition, expenses reflected on the monthly invoices be reviewed and reconciled to the monthly operating statement prior to payment.

**HACKENSACK BOARD OF EDUCATION
RECOMMENDATIONS**

V. Student Body Activities

It is recommended that:

- * 1. Pre-numbered receipt tickets be utilized for monies collected in all District student activity accounts.
- * 2. Deposits be made in a timely manner in the High School Athletic and Varsity Club accounts.
- * 3. Vouchers or checks request forms be utilized for payments made from the Fanny Hillers, Middle School, High School Varsity Club and High School Athletic accounts.

VI. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except those recommendations denoted with an asterisk (*).

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,
LERCH, VINCI & HIGGINS, LLP



Jeffrey C. Bliss
Public School Accountant
Certified Public Accountant