

**SCHOOL DISTRICT OF THE
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

**School District
of
Hackensack**

**HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2014**

Comprehensive Annual Financial Report

of the

**HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey**

Year Ended June 30, 2014

Prepared by

**Louise Davis
School Business Administrator/Board Secretary**

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INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601

www.hackensackschools.org

September 19, 2014

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, 2014, 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 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 and recommendations. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey States Office of Management and Budget Circular 04-04, "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:

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 youngsters. This District is also a receiving school District from Maywood, Rochelle Park and South Hackensack.

The District completed the 2013-2014 fiscal year with an average daily enrollment of 5,463 students, which is 57 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eight years:

Fiscal Year	Average Daily Student Enrollment	Number Change	Percent Change
2006-07	4,949	97	1.99%
2007-08	4,922	-27	-0.05%
2008-09	4,902	-20	-0.04%
2009-10	5,033	131	2.67%
2010-11	5,132	99	1.97%
2011-12	5,224	92	1.79%
2012-13	5,406	182	3.49%
2013-14	5,463	57	1.54%

For the 2013-14 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
- Hillers Elementary School Grades Pre-K through 4
- Jackson Avenue Elementary School Grades Pre-K through 4
- 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 2013 by Whitehall Associates, the Hackensack Board of Education determined that the District maybe facing the need to expand in order to meet the projected growth in enrollment. In the spring, the Hackensack Board of Education approved a five year lease for a school located in Hackensack from the Archdiocese of Newark to help alleviate the immediate need for space. This facility will be referred to as the Hackensack Early Childhood Development Center and houses Pre-K3, Pre-K4 and some Kindergarten classes.

2. MAJOR INITIATIVES – 2013-2014:

Educational programs, Grades Pre-K-12

- Full Option Science System (FOSS) K-4 was implemented K-4, to support STEM and student-centered science investigations as part of our science curriculum.
- Continued development of the Readers Workshop program with school-based grade-level meetings designed to ensure alignment to the Common Core.
- An After- School Tutoring Program at the high-school level was expanded to provide for additional support to ESL/Bilingual and SE students in preparation for the High School Proficiency Assessment in grade 11; this was part of the HHS School Improvement Plan approved by RAC, given HHS status as Focus School status.
- Scholastic System 44 was implemented at HHS to support literacy needs of ESL/Bilingual students and technology integration in ESL/English classes.
- Academy of Math was implemented at HHS to provide for support in math classes and the After-School Program, as well as integration of technology.
- Cooperative Discipline and Conflict Resolution programs to support HIB initiatives, including OLWEUS and PBSIS (re-started at HMS).
- The one-to-one initiative expanded into grade 10, for all grade 10 students at HHS.
- A Chromebook initiative to provide for at least 2 classroom sets (via carts), at each elementary school and four sets at HMS.
- Increase student access to state of the art technology across and throughout the curriculum, specifically via the increased use of Google apps.
- Improving current software and infra-structure including expansion of WIFI and applications that support teaching, learning and teacher evaluation.
- Ongoing compliance with building safety initiatives in coordination with safety regulations and law enforcement recommendations.
- Additional opportunities for dual-credit (HS/College) programs with BCC via the Career & Technical Education program.
- Providing diagnostic tools to assess student attainment (Benchmark Testing, Formative Assessment, and Data Driven Instruction).
- Review and expansion of HHS and HMS course offerings and increasing access to electives including Virtual High School.
- Utilization of pre/post assessments and formative assessments K-12 to support the SGO process and data to drive instruction.
- Continued curriculum development and revision, specifically for Art, Music and Fine Arts courses, utilizing the Understanding by Design format.
- Adoption and implementation of IEP Direct as the student data-management program for Special Services.
- Providing instructional materials in preparation for State Mandated Testing.

Professional Development for SY 2013-2014

- Training on Teachscape as our teacher-evaluation system; full implementation of Teachscape began September 2013.
- Danielson Training to support teachers' understanding of the four Domains and all the components within the Domains; this further supports our Teachscape implementation.
- FOSS science training to support implementation of the program with fidelity and efficient use of the kits (to specifically provide students with increased opportunities to participate in hands-

on science investigations.

- Continuation of Readers Workshop and Writers' Workshop training to support school-based needs.
- Continuation of cultural competency workshops supported by Dr. Jason Irizarry, with a review of his research/book, "The Latinization of US Schools."
- Training on Depth & Complexity/Kaplan Model to support the restructured G & T program K-4, as well as differentiation across the curriculum, K-4.
- Training by the Alliance for a Healthy Generation to support collaboration between nurses, physical education teachers and the good-services department.
- Training on Student Growth Objectives, with support from an NJEA presenter, as part of the "opening week PD," September 2013.
- Trainings on Genesis/Grade book and Lesson Planner, to support District-wide use of Genesis for report cards.
- Creation of school level SciP Teams to support the new teacher-evaluation process and plan for 2014/15 needs.
- Continuation of the PLC and Grade-Level Meeting models to support curricular alignment with specific attention paid to the Common Core (ELA and Math) and the NextGen Science standards.
- IEP Direct training for SE teachers, administrators, and all CST/Support Staff to ensure implementation with fidelity.

Hiller School Emergency Repairs to the 1971 Addition

- An emergency situation had been identified by the Board's architects, DMR Architects, that the Hillers School had an existing condition that requires immediate action. There was a need for emergency repairs to the 1971 addition, the East and West interior and exterior walls. On April 9, 2014 District administration made it known to the Board and to the State the nature of the emergency, the time of the occurrence and the need to invoke 18A:18A-7 Emergency Contracts. The purchasing agent being satisfied that an emergency existed secured the services of the District's architects, DMR Architects to perform the architectural services for addressing this matter. The cost estimates was \$1,776,188 for emergency work from the District's Architects of Record, DMR Architects, for removal and reconstruction of the 1971 wing, East and West interior and exterior walls. The Board on May 6, 2014 identified available funds within the Capital Outlay Fund to remediate the emergency at the Hillers School. Approximately 125 students are displaced and are doubled up in other classrooms throughout the school. The cafeteria section of the building could not be used. As of September 16, 2014, the Project was completed.

Other Initiatives

- Continuation of a search and subsequent hiring of a new superintendent.
- High school upgrades including a partial new roof, renovation of the East gym, renovation of the weight room and a new ceiling for the metal shop.
- Partial new roof for the middle school.
- Modifications to the lobbies of the high school and middle school that will allow for tighter security for individuals entering the buildings to a single point of entry.
- Phase II of replacing carpet with tile in various schools.
- The Hackensack Board of Education encourages a relationship between the District and community that incorporates parental, student, and community involvement to promote mutual support for instructional and volunteer endeavors. Within this learning community, the District

- will provide an environment that is physically and emotionally secure.
- The District encourages the entire community to respect and celebrate the diverse strengths and experiences of each individual in the global community through civic service and an appreciation of various perspectives with an emphasis on personal integrity, ethical responsibility, teambuilding, persistence, and accountability.
- District Public Relations Initiative – available on Channel 77 and Facebook.
- Hackensack Honor Roll in recognition of the great contributions made by the members of the community
- Added the Student Activities Committee of the Hackensack Board of Education.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure 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
- (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, MESAC, 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, the Special Revenue Fund, and the 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, 2014.

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, 2014, the District had \$3,545,000 in outstanding bonds payable and \$279,913 in capital leases 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 2013-14 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 New Jersey 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 first year as a member of the New Jersey School Insurance Group/North Jersey Educational Insurance Fund (NJEIF) which self-insures Workers' Compensation and purchases general liability, auto and property insurance on a volume basis.

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 Ferraioli, Wielkotz, Cerullo & Cuva, and P.A. 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 the Single Audit Act Amendments of 1996 and the related Office of Management and Budget Circular A-133 and State Treasury Circular Letter 04-04 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.

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 Office of Business Administration staff.

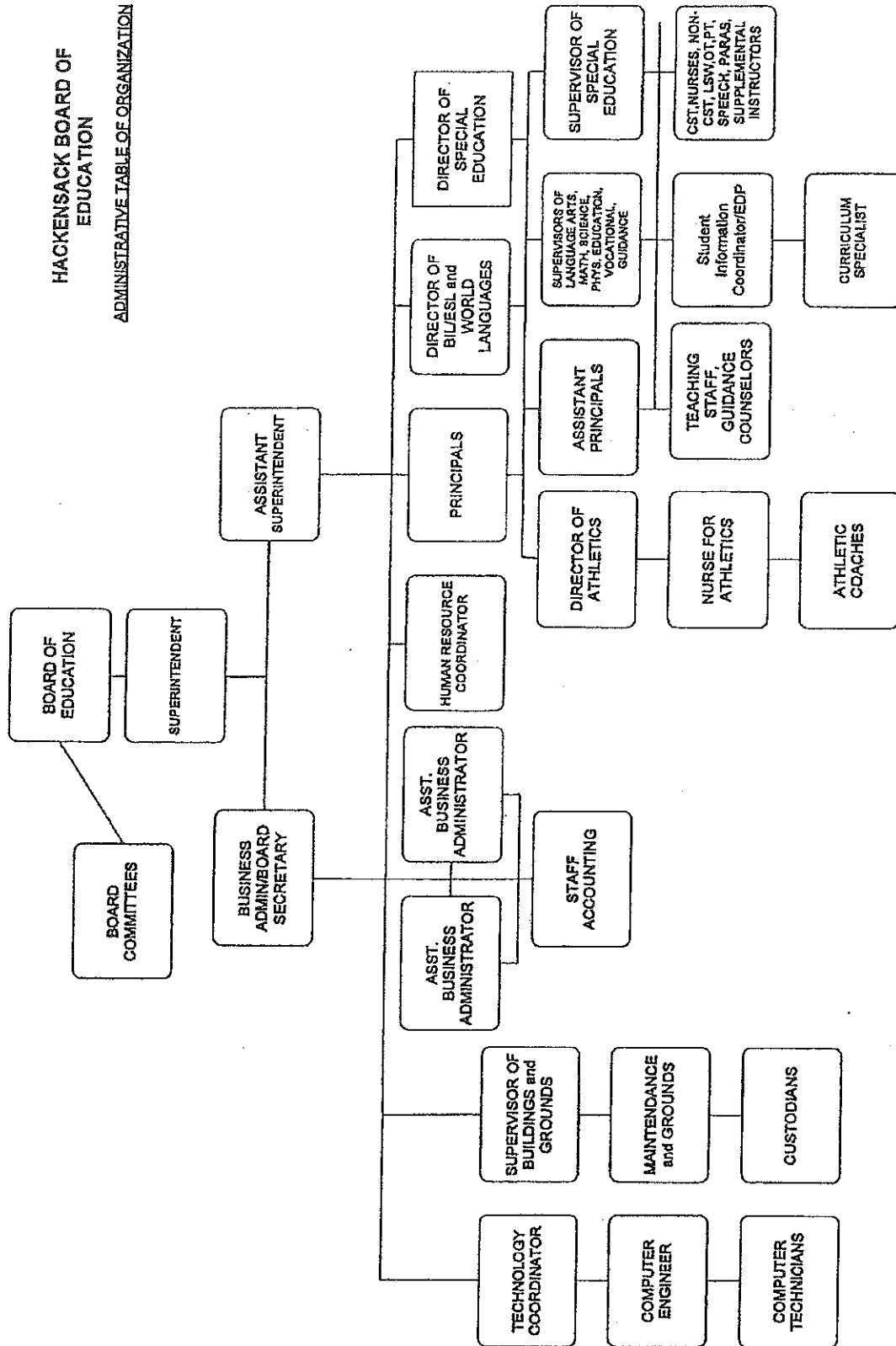
Respectfully submitted,

A handwritten signature in cursive script, reading "Karen A. Lewis", is written over a horizontal line.

Ms. Karen A. Lewis
Superintendent of Schools

HACKENSACK BOARD OF EDUCATION

ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Veronica Bolcik McKenna, President	2017
Jason Nunnermacker, Vice President	2015
Mark Stein	2015
Daniel Carola	2015
Francis Albolino	2016
Lara Rodriguez	2016
Timothy Hoffman	2016
Joseph Barreto	2017
Robin Coles	2017
Sam Conoscenti, Maywood Representative	2015

Other Officials

Karen A. Lewis, Superintendent

Rosemary Marks, Assistant Superintendent

Joseph Cicchelli, Assistant Superintendent

Mark Kramer, School Business Administrator/Board Secretary

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2014

Attorney

RICHARD E. SALKIN
Attorney
50 Main Street
Hackensack, New Jersey 07601

Negotiation Counsel

MACHADO LAW GROUP
136 Central Avenue
Clark, New Jersey 07066

Special Education Counsel

SCHENCK, PRICE, SMITH & KING, LLC
220 Park Avenue
Florham Park, New Jersey 07932

Bond Counsel

DECOTIIS, FITZPATRICK, COLE & WISLER, LLP
500 Frank W. Burr Blvd
Teaneck, New Jersey 07666

Insurance Broker/Risk Manager

OTTERSTEDT INSURANCE AGENCY, INC.
417 Boulevard
Hasbrouck Heights, New Jersey 07604

Architect of Record

DMR ARCHITECTS
777 Terrace Ave - Suite 607
Hasbrouck Heights, New Jersey 07604

District Auditor

STEVEN D. WIELKOTZ, C.P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Official Depository

CAPITAL ONE BANK
710 Route 46E
Fairfield, New Jersey 07004

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen
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 Board of Education of the City of Hackensack School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hackensack Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 City of Hackensack Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates 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 and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2014 on our consideration of the City of 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 to

Honorable President and
Members of the Board of Education
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describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hackensack Board of Education's internal control over financial reporting and compliance.



Steven D. Wielkottz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 19, 2014



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

As management of the City of Hackensack School District (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the City of Hackensack School District for the fiscal year ended June 30, 2014.

The management's discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position increased \$1,300,443. Net position of governmental activities increased \$1,542,073 while net position of business-type activity decreased by \$241,630.
- General revenues accounted for \$103,063,868 in revenue or 94 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,462,941 or 6 percent of total revenues of \$109,526,809.
- The School District had \$105,527,032 in expenses related to governmental activities; only \$4,007,107 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$103,061,998 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the City of Hackensack School District's basic financial statements. The City of Hackensack School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the City of Hackensack School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Hackensack School District's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Hackensack School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the City of Hackensack School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hackensack School District include instruction, support services and special schools. The business-type activities of the City of Hackensack School District include the food service program.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hackensack School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the City of Hackensack School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Hackensack School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund which are all considered to be major funds.

The City of Hackensack School District adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

The City of Hackensack School District maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The City of Hackensack School District uses enterprise funds to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the City of Hackensack School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was \$25,575,934 at June 30, 2014 and \$24,275,491 at June 30, 2013. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use these items of net position for day-to-day operations. Our analysis below focuses on the net position for 2014 compared to 2013 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and Other Assets	10,792,174	11,475,956	373,370	750,454	11,165,544	12,226,410
Capital Assets:						
Land and Construction in Progress	68,800	627,481			68,800	627,481
Depreciable Buildings, Improvements and Equipment (Net)	21,895,441	19,769,652	346,164	344,984	22,241,605	20,114,636
Total Assets	<u>32,756,415</u>	<u>31,873,089</u>	<u>719,534</u>	<u>1,095,438</u>	<u>33,475,949</u>	<u>32,968,527</u>
Deferred Outflows:						
Unamortized Bond Issuance Costs	49,201	57,402			49,201	57,402
Total Deferred Outflows	<u>49,201</u>	<u>57,402</u>			<u>49,201</u>	<u>57,402</u>
Liabilities						
Current Liabilities	794,671	660,429	223,666	357,940	1,018,337	1,018,369
Noncurrent Liabilities	6,677,942	7,436,975			6,677,942	7,436,975
Total Liabilities	<u>7,472,613</u>	<u>8,097,404</u>	<u>223,666</u>	<u>357,940</u>	<u>7,696,279</u>	<u>8,455,344</u>
Deferred Inflows:						
Unamortized Bond Issuance Premiums	252,937	295,094			252,937	295,094
Total Deferred Inflows	<u>252,937</u>	<u>295,094</u>			<u>252,937</u>	<u>295,094</u>
Net Position						
Invested in Capital Assets-						
Net of Related Debt	17,935,592	15,447,155	346,164	344,984	18,281,756	15,792,139
Restricted	8,721,596	9,354,947			8,721,596	9,354,947
Unrestricted	(1,577,122)	(1,264,109)	149,704	392,514	(1,427,418)	(871,595)
Total Net Position	<u>25,080,066</u>	<u>23,537,993</u>	<u>495,868</u>	<u>737,498</u>	<u>25,575,934</u>	<u>24,275,491</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2014 compared to 2013.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			478,178	424,644	478,178	424,644
Operating Grants and						
Contributions	4,007,107	4,190,989	1,977,656	1,921,521	5,984,763	6,112,510
Capital Grants and						
Contributions	7,390	125,124			7,390	125,124
General Revenues:						
Taxes:						
Property taxes	71,871,379	69,093,004			71,871,379	69,093,004
Federal and State Aid not						
Restricted	21,970,153	23,271,486			21,970,153	23,271,486
Tuition Received	8,543,020	7,859,900			8,543,020	7,859,900
Miscellaneous Income	669,736	608,385	1,671	33,370	671,407	641,755
Investment Income	<u>320</u>	<u>4,630</u>	<u>199</u>	<u>163</u>	<u>519</u>	<u>4,793</u>
Total Revenues and Transfers	<u>107,069,105</u>	<u>105,153,518</u>	<u>2,457,704</u>	<u>2,379,698</u>	<u>109,526,809</u>	<u>107,533,216</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functions/Program Expenses						
Instruction:						
Regular	33,354,824	33,789,219			33,354,824	33,789,219
Special Education	11,333,736	11,115,653			11,333,736	11,115,653
Other Special Instruction	2,328,603	2,051,464			2,328,603	2,051,464
Other Instruction	1,881,660	2,033,545			1,881,660	2,033,545
Support Services:						
Tuition	5,850,284	5,753,383			5,850,284	5,753,383
Student & Instruction Related Services	13,795,797	13,630,248			13,795,797	13,630,248
School Administrative Services	3,738,373	3,807,103			3,738,373	3,807,103
General Administrative Services	962,018	877,269			962,018	877,269
Central Services and Info. Tech.	1,995,738	1,627,556			1,995,738	1,627,556
Plant Operations and Maintenance	7,620,236	6,741,300			7,620,236	6,741,300
Pupil Transportation	1,978,391	1,833,554			1,978,391	1,833,554
Unallocated Benefits	8,331,799	9,345,453			8,331,799	9,345,453
Allocated Benefits	8,397,609	6,305,195			8,397,609	6,305,195
Charter Schools	2,478,864	1,287,670			2,478,864	1,287,670
Capital Outlay-						
Non-depreciable	243,549	125,489			243,549	125,489
Interest on Long-Term Debt	165,390	186,561			165,390	186,561
Unallocated depreciation	1,104,117	976,090			1,104,117	976,090
Amortization	(33,956)	(33,956)			(33,956)	(33,956)
Food Service			<u>2,699,334</u>	<u>2,519,991</u>	<u>2,699,334</u>	<u>2,519,991</u>
Total Expenses and Transfers	<u>105,527,032</u>	<u>101,452,796</u>	<u>2,699,334</u>	<u>2,519,991</u>	<u>108,226,366</u>	<u>103,972,787</u>
Increase or (Decrease) in						
Net Position	<u>1,542,073</u>	<u>3,700,722</u>	<u>(241,630)</u>	<u>(140,293)</u>	<u>1,300,443</u>	<u>3,560,429</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business-Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$108,226,366. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$71,871,379 because some of the cost was paid by those who benefitted from the programs \$471,298, by other governments and organizations who subsidized certain programs with grants and contributions \$5,984,763, unrestricted federal and state aid \$21,970,153, federal and state aid capital outlay \$7,390, tuition received \$8,543,020, investment income \$519, and by miscellaneous sources \$671,407.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2014, and the amount and percentage of increases/(decreases) relative to the prior year.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Local Source	\$81,085,339	75.8%	\$3,506,450	4.52%
State Source	22,731,077	21.2	(1,356,217)	(5.67)
Federal Source	<u>3,252,689</u>	<u>3.0</u>	<u>(245,422)</u>	(7.02)
Total	<u>\$107,069,105</u>	<u>100.0%</u>	<u>\$1,904,811</u>	1.80%

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2013</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expenditures:				
Instruction	\$45,542,284	42.2%	\$1,126,122	2.54%
Undistributed	58,377,308	54.1	2,712,139	4.87
Debt Service	783,863	0.7	(26,237)	(3.24)
Capital Outlay	<u>3,187,147</u>	<u>3.0</u>	<u>1,676,173</u>	110.93
Total	<u>\$107,890,602</u>	<u>100.0%</u>	<u>\$5,488,197</u>	5.36%

Changes in expenditures were the result of varying factors. Current expense undistributed increased due to significant health insurance cost increases combined with increased student special education enrollment.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund, the special revenue fund and the debt service fund. The capital projects fund is funded by the bond proceeds and state aid. Therefore no budget is presented.

During the fiscal year ended June 30, 2014, the School District amended the general fund by \$734,181 which is the prior year unanticipated extraordinary aid and the special revenue fund by \$1,230,300 for increases in federal and state grants.

General Fund

The general fund actual revenue was \$102,411,782. That amount is \$10,512,340 above the final amended budget of \$91,899,442. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$8,203,459 for TPAF pension and social security reimbursements, \$1,907,475 excess in miscellaneous anticipated revenues, \$427,897 excess in extraordinary aid and \$26,491 decrease in federal aid.

The actual expenditures of the general fund were \$102,661,762 including transfers which is \$1,988,017 above the final amended budget of \$100,673,745. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$8,203,459 for TPAF pension and social security reimbursements, and \$6,215,442 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$102,411,782 and total expenditures including transfers of \$102,661,762 with an ending fund balance of \$11,038,522 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$4,197,935 including transfers. That amount is \$292,454 below the final amended budget of \$4,490,389. The variance between the actual revenues and the final budget was state and federal grant revenue that was anticipated to be spent by fiscal year end. The state and federal grant revenue will be received/realized in the next fiscal year.

The actual expenditures of the special revenue fund were \$4,197,935, which is \$292,454 below the final amended budget of \$4,490,389. The variance between the actual expenditures and the final budget was due to the anticipation of fully expending state and federal grant programs. Expenditures will be incurred in the next fiscal year.

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014 the School District had \$49,463,422 invested in sites, buildings, equipment and construction in progress. Of this amount \$27,153,017 in depreciation has been taken over the years. We currently have a net book value of \$22,310,405. Total additions for the year were \$2,699,428, the majority of which was for various technology and office equipment, transportation equipment, food service equipment and improvements to the District's facilities. Table 3 shows fiscal year 2014 balances compared to 2013.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	68,800	68,800			68,800	68,800
Buildings and Improvements	20,466,936	18,444,797	174,786	184,192	20,641,722	18,628,989
Furniture, Equipment and Vehicles	1,428,505	1,324,855	171,378	160,792	1,599,883	1,485,647
Construction in Progress	<u>21,964,241</u>	<u>558,681</u>	<u>346,164</u>	<u>344,984</u>	<u>22,310,405</u>	<u>558,681</u>
						<u>20,742,117</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

Debt Administration

At June 30, 2014, the District had \$6,677,942 of long-term debt. Of this amount, \$2,853,209 is for compensated absences; \$3,545,000 of serial bonds for school construction; and \$279,913 for obligations under capital leases.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2014</u>	<u>2013</u>
2009 Refunding School Improvement Bonds	<u>3,545,000</u>	<u>4,160,000</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
HACKENSACK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have declined to the point that the legislature and governor have approved a State Aid funding bill for the 2014-2015 school year that is equal to the level of the 2013-2014 school year.

These factors were considered in preparing the City of Hackensack School District's budgets for the 2014-2015 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Hackensack School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

School Business Administrator
City of Hackensack School District
191 Second Street
Hackensack, NJ 07601

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HACKENSACK BOARD OF EDUCATION
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	6,552,419	122,526	6,674,945
Receivables, net	4,234,805	235,907	4,470,712
Inventory		14,937	14,937
Restricted assets:			
Capital reserve account - cash	4,950		4,950
Capital assets:			
Land and Construction in Progress	68,800		68,800
Depreciable Buildings, Improvements and Equipment (net)	21,895,441	346,164	22,241,605
Total Assets	<u>32,756,415</u>	<u>719,534</u>	<u>33,475,949</u>
Deffered Outflows:			
Unamortized bond issuance costs	49,201		49,201
Total Deferred Outflows	<u>49,201</u>	<u>-</u>	<u>49,201</u>
LIABILITIES			
Accounts payable and accrued liabilities	727,956	223,666	951,622
Payable to state government	14,674		14,674
Unearned revenue	52,041		52,041
Noncurrent liabilities:			
Due within one year	889,913		889,913
Due beyond one year	5,788,029		5,788,029
Total liabilities	<u>7,472,613</u>	<u>223,666</u>	<u>7,696,279</u>
Deferred Inflows:			
Unamortized bond issuance premiums	252,937		252,937
Total Deffered Inflows	<u>252,937</u>		<u>252,937</u>
NET POSITION			
Invested in capital assets, net of related debt	17,935,592	346,164	18,281,756
Restricted for:			
Debt service	137		137
Capital projects	1,354,950		1,354,950
Other purposes	7,366,509		7,366,509
Unrestricted (Deficit)	(1,577,122)	149,704	(1,427,418)
Total net position	<u>25,080,066</u>	<u>495,868</u>	<u>25,575,934</u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	31,158,011	2,196,813		2,520,207	(30,834,617)		(30,834,617)
Special education	10,463,045	870,691			(11,333,736)		(11,333,736)
Other special instruction	2,150,846	177,757			(2,328,603)		(2,328,603)
Other instruction	1,770,382	111,278			(1,881,660)		(1,881,660)
Support services:							
Tuition	5,850,284				(5,850,284)		(5,850,284)
Student & instruction related services	12,950,149	845,648		1,486,900	(12,308,897)		(12,308,897)
School administrative services	3,453,363	285,010			(3,738,373)		(3,738,373)
General administrative services	929,071	32,947			(962,018)		(962,018)
Central services and administrative information technology	1,872,608	123,130			(1,995,738)		(1,995,738)
Plant operations and maintenance	7,311,018	309,218			(7,620,236)		(7,620,236)
Pupil transportation	1,974,200	4,191			(1,978,391)		(1,978,391)
Allocated benefits	8,397,609				(8,397,609)		(8,397,609)
Unallocated benefits	8,331,799				(8,331,799)		(8,331,799)
Charter schools	2,478,864				(2,478,864)		(2,478,864)
Capital outlay - non-depreciable	243,549				(243,549)		(243,549)
Interest on long-term debt	165,390				(165,390)		(165,390)
Unallocated depreciation	1,104,117				(1,104,117)		(1,104,117)
Amortization	(33,956)				33,956		33,956
Total governmental activities	100,570,349	4,956,683	-	4,007,107	(101,519,925)	-	(101,519,925)
Business-type activities:							
Food Service	2,699,334		478,178	1,977,656		(243,500)	(243,500)
Total business-type activities	2,699,334		478,178	1,977,656		(243,500)	(243,500)
Total primary government	103,269,683		478,178	5,984,763	(101,519,925)	(243,500)	(101,763,425)
General revenues:							
Taxes:							
Levied for general purposes							
Taxes levied for debt service							
Federal and State aid not restricted							
Federal and State aid - Capital Outlay							
Tuition received							
Investment Earnings							
Miscellaneous Income							
Total general revenues, special items, extraordinary items and transfers							
Change in Net Position							
Net Position—beginning							
Net Position—ending							

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

FUND FINANCIAL STATEMENTS

HACKENSACK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2014

	<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					
Checking	6,552,282		10	127	6,552,419
Accounts Receivable -					
Interfunds	994,107			10	994,117
Intergovernmental - Federal		1,087,571			1,087,571
Intergovernmental - State	1,140,363	30,011			1,170,374
Other receivables	1,969,860	7,000			1,976,860
Restricted cash and cash equivalents					
Capital reserve	4,950				4,950
Total assets	<u>10,661,562</u>	<u>1,124,582</u>	<u>10</u>	<u>137</u>	<u>11,786,291</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	639,525	63,760			703,285
Intergovernmental accounts payable - State		14,674			14,674
Interfund payables		994,107	10		994,117
Unearned revenue		52,041			52,041
Total liabilities	<u>639,525</u>	<u>1,124,582</u>	<u>10</u>	<u>-</u>	<u>1,764,117</u>
Fund Balances:					
Restricted for:					
Excess Surplus - current year	1,174,868				1,174,868
Excess Surplus - prior year - designated for					
subsequent year's expenditures	750,445				750,445
Capital reserve account	1,354,950				1,354,950
Maintenance reserve account	500,000				500,000
Emergency reserve account	650,000				650,000
Assigned to:					
Year-end Encumbrances	1,490,759				1,490,759
Designated by the BOE for					
subsequent year's expenditures	2,800,437				2,800,437
Debt service fund				137	137
Unassigned:					
General fund	1,300,578				1,300,578
Total Fund balances	<u>10,022,037</u>	<u>-</u>	<u>-</u>	<u>137</u>	<u>10,022,174</u>
Total liabilities and fund balances	<u>10,661,562</u>	<u>1,124,582</u>	<u>10</u>	<u>137</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$48,877,048 and the accumulated depreciation is \$26,912,807.	21,964,241
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(24,671)
Bond issuance premium is recorded as revenue in the Governmental Funds in the year of receipt. The original premium is \$421,570 and accumulated amortization is \$168,633	(252,937)
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of the expenditure. The costs are \$82,010 and accumulated amortization is \$32,809	49,201
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(6,677,942)
Net position of governmental activities	<u>25,080,066</u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2014

	<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:					
Municipal tax levy	71,216,667			654,712	71,871,379
Tuition charges	8,543,020				8,543,020
Interest Earned on Capital Reserve Funds	320				320
Miscellaneous	669,718	884	18		670,620
Total - Local Sources	80,429,725	884	18	654,712	81,085,339
State sources	21,883,032	848,045			22,731,077
Federal sources	87,121	3,165,568			3,252,689
Total revenues	102,399,878	4,014,497	18	654,712	107,069,105
EXPENDITURES					
Current:					
Regular instruction	28,475,574	2,682,437			31,158,011
Special education instruction	10,463,045				10,463,045
Other special instruction	2,150,846				2,150,846
School sponsored/other instructional	1,770,382				1,770,382
Support services and undistributed costs:					
Tuition	5,850,284				5,850,284
Attendance and social work services	10,400				10,400
Health services	890,880				890,880
Student & instruction related services	10,561,969	1,486,900			12,048,869
School administrative services	3,453,363				3,453,363
General administrative services	929,071				929,071
Central services & administrative information technology	1,872,608				1,872,608
Plant operations and maintenance	7,311,018				7,311,018
Pupil transportation	1,974,200				1,974,200
Allocated benefits	8,397,609				8,397,609
Unallocated benefits	4,956,683				4,956,683
On-behalf contributions	8,203,459				8,203,459
Transfer to charter school	2,478,864				2,478,864
Debt service:					
Principal				615,000	615,000
Interest and other charges				168,863	168,863
Capital outlay	2,749,277	7,390	430,480		3,187,147
Total expenditures	102,499,532	4,176,727	430,480	783,863	107,890,602
Excess (Deficiency) of revenues	(99,654)	(162,230)	(430,462)	(129,151)	(821,497)
OTHER FINANCING SOURCES (USES)					
Transfers in		162,230		18	162,248
Transfers out	(162,230)		(18)		(162,248)
Total other financing sources and uses	(162,230)	162,230	(18)	18	-
Net change in fund balances	(261,884)	-	(430,480)	(129,133)	(821,497)
Fund balance—July 1	10,283,921	-	430,480	129,270	10,843,671
Fund balance—June 30	10,022,037	-	-	137	10,022,174

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

HACKENSACK BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2) (821,497)

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

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

Depreciation expense	(1,104,117)	
Depreciable Capital outlays	<u>2,671,225</u>	
		1,567,108

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

In the current year, these amounts consist of:

General Bond Obligations - Principal	615,000	
Capital Lease Obligations - Principal	<u>272,373</u>	
		887,373

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

General Bond Obligations - Prior Year	28,144	
General Bond Obligations	<u>(24,671)</u>	
		3,473

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

Increase in compensated absences payable	(128,340)
--	-----------

The governmental funds report the effect of bond premiums when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (+)

42,157

The governmental funds report the effect of issuance costs when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (-)

(8,201)

Change in net assets of governmental activities

1,542,073

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

HACKENSACK BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Business-type Activities - Enterprise Fund</u>	<u>Food Service Program</u>
ASSETS		
Current assets:		
Cash and cash equivalents	122,526	
Accounts receivable:	-	
State	4,723	
Federal	137,016	
Other	94,168	
Inventories	14,937	
Total current assets	<u>373,370</u>	
Noncurrent assets:		
Capital assets:		
Building and building improvements	188,123	
Equipment	398,251	
Less accumulated depreciation	<u>(240,210)</u>	
Total capital assets (net of accumulated depreciation)	<u>346,164</u>	
Total assets	<u>719,534</u>	
Current Liabilities:		
Accounts Payable	<u>223,666</u>	
Total Liabilities	<u>223,666</u>	
NET POSITION		
Invested in capital assets net of related debt	346,164	
Unrestricted	<u>149,704</u>	
Total net position	<u><u>495,868</u></u>	

Exhibit B-5

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
	Food Service Program
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	275,454
Daily sales - non-reimbursable programs	202,724
Total operating revenues	<u>478,178</u>
Operating expenses:	
Cost of sales	1,046,947
Salaries	818,839
Supplies and materials	100,831
Employee benefits	225,397
Depreciation expense	27,023
Repairs and other expenses	180,921
Purchased services	297,090
CCD Fees	2,286
Total Operating Expenses	<u>2,699,334</u>
Operating income (loss)	<u>(2,221,156)</u>
Nonoperating revenues (expenses):	
State sources:	
School lunch program	25,004
Snack program	52,279
Federal sources:	
National school lunch program	1,159,302
Breakfast program	632,022
U.S.D.A. Commodities	109,049
Miscellaneous Income	1,671
Interest Income	199
Total nonoperating revenues (expenses)	<u>1,979,526</u>
Income (loss) before contributions & transfers	<u>(241,630)</u>
Total net position—beginning	<u>737,498</u>
Total net position—ending	<u><u>495,868</u></u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
	Food Service Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	413,109
Payments to suppliers	(2,695,546)
Net cash provided by (used for) operating activities	(2,282,437)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	77,956
Federal Sources	1,794,580
Miscellaneous Income	1,671
Interest Income	199
Net cash provided by (used for) non-capital financing activities	1,874,406
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(28,203)
Net cash provided by (used for) capital and related financing activities	(28,203)
Net increase (decrease) in cash and cash equivalents	(436,234)
Balances—beginning of year	558,760
Balances—end of year	122,526
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(2,221,156)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	27,023
Food Distribution Program	109,049
(Increase) decrease in accounts receivable, net	(65,069)
(Increase) decrease in inventories	1,989
Increase (decrease) in accounts payable	(134,273)
Total adjustments	(61,281)
Net cash provided by (used for) operating activities	(2,282,437)

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

HACKENSACK BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	289,134	137,678	252,497
Total assets	<u>289,134</u>	<u>137,678</u>	<u>252,497</u>
LIABILITIES			
Deficit in Scholarship Cash			
Payable to student groups			228,479
Due to State of NJ - Unemployment	10,055		
Payroll deductions and withholdings			24,018
Total liabilities	<u>10,055</u>	<u>-</u>	<u>252,497</u>
NET POSITION			
Held in trust for unemployment			
claims and other purposes	<u>279,079</u>		
Reserved for scholarships		<u>137,678</u>	
	<u>289,134</u>	<u>137,678</u>	

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

HACKENSACK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2014

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds
ADDITIONS		
Contributions:		
Donations		31,080
Payroll withholdings	80,642	
Budget contributions	33,337	
Total Contributions	<u>113,979</u>	<u>31,080</u>
Investment earnings:		
Interest	1,186	259
Net investment earnings	1,186	259
Total additions	<u>115,165</u>	<u>31,339</u>
DEDUCTIONS		
Unemployment claims	77,426	
Scholarships awarded		19,026
Total deductions	<u>77,426</u>	<u>19,026</u>
Change in net assets	37,739	12,313
Net position—beginning of the year	241,340	125,365
Net position—end of the year	<u>279,079</u>	<u>137,678</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education ("Board") of the City of Hackensack School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The City of Hackensack School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members and a Borough of Maywood Representative, all elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board of Education of the City of Hackensack School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, the Memorial Funds, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

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

The 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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Cash, Cash Equivalents and Investments:

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Net Position:

Net position represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Recent Accounting Pronouncements:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2014, \$-0- of the District's bank balance of \$8,912,949 was exposed to custodial credit risk.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES:

Receivables at June 30, 2014, consisted of accounts receivable and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Enterprise Fund	District Wide Financial Statements
Interfunds	\$994,117	\$	
State Aid	1,170,374	4,723	\$1,175,097
Federal Aid	1,087,571	137,016	1,224,587
Other	<u>1,976,860</u>	<u>94,168</u>	<u>2,071,028</u>
Gross Receivables	5,228,922	235,907	4,470,712
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$5,228,922</u>	<u>\$235,907</u>	<u>\$4,470,712</u>

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 5. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2014 consist of the following:

\$10	Due to the Debt Service Fund from the Capital Projects Fund for interest earnings.
<u>994,107</u>	Due to the General Fund from the Special Revenue Fund for short term loans.
<u>\$994,117</u>	

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Governmental Activities				
Capital assets that are not being depreciated:				
Land	\$68,800	\$	\$	\$68,800
Construction in progress	<u>558,681</u>	<u>(558,681)</u>	<u> </u>	<u>0</u>
Total capital assets not being depreciated	<u>627,481</u>	<u>(558,681)</u>	<u> </u>	<u>68,800</u>
 Building and building improvements	41,425,838	2,843,454		44,269,292
Machinery and equipment	<u>4,209,504</u>	<u>386,452</u>	<u>(57,000)</u>	<u>4,538,956</u>
Totals at historical cost	<u>45,635,342</u>	<u>3,229,906</u>	<u>(57,000)</u>	<u>48,808,248</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,981,041)	(821,315)		(23,802,356)
Equipment	<u>(2,884,649)</u>	<u>(282,802)</u>	<u>57,000</u>	<u>(3,110,451)</u>
Total accumulated depreciation	<u>(25,865,690)</u>	<u>(1,104,117)</u>	<u>57,000</u>	<u>(26,912,807)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>19,769,652</u>	<u>2,125,789</u>	<u> </u>	<u>21,895,441</u>
Governmental activities capital assets, net	<u>\$20,397,133</u>	<u>\$1,567,108</u>	<u>\$ </u>	<u>\$21,964,241</u>
 Business-type activities:				
Building and Building improvements	188,123			188,123
Equipment	<u>370,048</u>	<u>28,203</u>	<u> </u>	<u>398,251</u>
Totals at historical cost	<u>558,171</u>	<u>28,203</u>	<u> </u>	<u>586,374</u>
Less accumulated depreciation for:				
Building and building improvements	(3,931)	(9,406)		(13,337)
Equipment	<u>(209,256)</u>	<u>(17,617)</u>	<u> </u>	<u>(226,873)</u>
	<u>(213,187)</u>	<u>(27,023)</u>	<u> </u>	<u>(240,210)</u>
Business-type activities capital assets, net	<u>\$344,984</u>	<u>\$1,180</u>	<u>\$ </u>	<u>\$346,164</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated depreciation".

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 7. LONG-TERM OBLIGATION ACTIVITY:

Advance and Current Refundings of Debt

On September 9, 2009, the District issued \$5,550,000 in School District Refunding Bonds having an interest rate of 2.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$5,418,000 and the total interest payments defeased was \$529,800. The net proceeds of \$5,889,561 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance of refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$82,005. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

Changes in long-term obligations for the fiscal year ended June 30, 2014 were as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	<u>\$4,160,000</u>	<u>\$</u>	<u>(\$615,000)</u>	<u>\$3,545,000</u>	<u>\$610,000</u>
Other Liabilities:					
Obligations Under Capital					
Lease	552,286		(272,373)	279,913	279,913
Compensated Absences					
Payable	<u>2,724,689</u>	<u>238,865</u>	<u>(110,525)</u>	<u>2,853,029</u>	
Total	<u>3,276,975</u>	<u>238,865</u>	<u>(382,898)</u>	<u>3,132,942</u>	<u>279,913</u>
	<u>\$7,436,975</u>	<u>\$238,865</u>	<u>(\$997,898)</u>	<u>\$6,677,942</u>	<u>\$889,913</u>

A. Bonds and Loans Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligations bonds.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 7. LONG-TERM OBLIGATION ACTIVITY: (continued)

Outstanding bonds payable at June 30, 2014, consisted of the following:

<u>Issue</u>	<u>Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2014</u>
School Improvement Bonds 2009	\$5,550,000	09/09/2009	2.00%-5.00%	05/01/2020	<u>\$3,545,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$758,025	\$610,000	\$148,025
2016	725,525	595,000	130,525
2017	696,663	585,000	111,663
2018	664,813	580,000	84,813
2019	635,812	580,000	55,812
2020	<u>623,263</u>	<u>595,000</u>	<u>28,263</u>
	<u>\$4,104,101</u>	<u>\$3,545,000</u>	<u>\$559,101</u>

B. Capital Leases Payable:

The District is leasing various equipment including a roof replacement, science lab renovations, lab equipment, furniture, fixtures and flooring, security cameras and digital video recorders and smart boards and computers under capital leases. All capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2014:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>279,913</u>	<u>5,785</u>	<u>285,698</u>
	<u>\$279,913</u>	<u>\$5,785</u>	<u>\$285,698</u>

Total minimum lease payments	\$285,698
Less: Amount representing interest	<u>(5,785)</u>
Present value of lease payments	<u>\$279,913</u>

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 8. OPERATING LEASES:

The District has commitments to lease certain office equipment and a building for classroom use under operating leases that expire in 2019. Total operating lease payments made during the year ended June 30, 2014 were \$968,341. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$923,494
2016	818,264
2017	671,163
2018	683,049
2019	670,235
	<u>\$3,766,205</u>

NOTE 9. PENSION PLANS:

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 9. PENSION PLANS: (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year</u> <u>Ending</u>	
6/30/14	\$1,049,953
6/30/13	1,147,232
6/30/12	1,112,294

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year</u> <u>Ending</u>	<u>Pension</u> <u>Contributions</u>	<u>Post-Retirement</u> <u>Medical</u> <u>Contributions</u>	<u>NCGI</u> <u>Premium</u>
6/30/14	\$1,725,654	\$3,079,166	\$152,318
6/30/13	2,691,050	3,202,996	141,586
6/30/12	1,241,198	2,762,894	133,197

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 9. PENSION PLANS: (continued)

During the year ended June 30, 2014, the State of New Jersey contributed \$4,957,138 to the TPAF for NCGI Premium contributions, pension contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,246,321 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

The Board has employees who do not meet the requirements to join PERS or TPAF but hold a professional license or certificate and qualify for DCRP pursuant to foregoing requirements.

The Board contributed total DCRP for the fiscal years ended June 30, 2014, 2013 and 2012 in the amounts of \$26,201, \$25,133 and \$33,696, respectively.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 10. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members.

NOTE 11. DEFERRED COMPENSATION:

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

Equitable	The Travelers
Plan Compliance Group	Valic
American United Life	Met Life
Phoenix Home Life	Great West
Safeco Life Insurance Co.	TIAA - CREF

NOTE 12. RISK MANAGEMENT:

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

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

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 12. RISK MANAGEMENT: (continued)

New Jersey Unemployment Compensation Insurance - 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 expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$34,523	\$80,642	\$77,426	\$279,079
2012-2013	227,300	78,640	122,336	241,340
2011-2012	319,207	75,131	295,546	57,736

NOTE 13. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the City of Hackensack Board of Education by inclusion of \$1,100,125 on October 12, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. There existed a balance of \$1,354,950 in the capital reserve account at June 30, 2014.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amount 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013	\$74,048
Deposits:	
Interest Earnings	320
Board Resolution - June 17, 2014	1,350,000
Withdrawals:	
Budgeted Capital Outlay	<u>(69,418)</u>
Ending balance, June 30, 2014	<u>\$1,354,950</u>

The balance in the capital reserve amount at June 30, 2014 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP.

NOTE 14. EMERGENCY RESERVE:

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation 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.

The activity of the emergency reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Deposits:	
Board Resolution - June 17, 2014	<u>\$650,000</u>
Ending balance, June 30, 2014	<u>\$650,000</u>

NOTE 15. MAINTENANCE RESERVE:

The maintenance reserve is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCFA as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 15. MAINTENANCE RESERVE: (continued)

The activity of the maintenance reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Deposits:	
Board Resolution - June 17, 2014	<u>\$500,000</u>
Ending balance, June 30, 2014	<u>\$500,000</u>

NOTE 16. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$10,022,037 General Fund fund balance at June 30, 2014, \$1,490,759 is reserved for encumbrances; \$1,925,313 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$750,445 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$1,354,950 has been reserved in the Capital Reserve Account; \$500,000 has been reserved in the Maintenance Reserve; \$650,000 has been reserved in the Emergency Reserve; \$2,800,437 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ending June 30, 2015; and \$1,300,578 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2014 of \$137 is unreserved and undesignated.

NOTE 17. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance — 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 reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$1,925,313 of which \$1,174,868 is the result of current year operations.

NOTE 18. INVENTORY:

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$9,116
Supplies	<u>5,821</u>
	<u>\$14,937</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 19. CONTINGENT LIABILITIES:

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - 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.

NOTE 20. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through September 19, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	71,216,667		71,216,667	71,216,667	
Tuition	7,030,583		7,030,583	8,543,020	1,512,437
Interest Earned on Capital Reserve Funds				320	320
Unrestricted Miscellaneous Revenues	275,000		275,000	669,718	394,718
Total - Local Sources	<u>78,522,250</u>		<u>78,522,250</u>	<u>80,429,725</u>	<u>1,907,475</u>
Revenues from State Sources:					
Categorical Special Education Aid	2,812,756		2,812,756	2,812,756	
Equalization Aid	9,445,263		9,445,263	9,445,263	
Categorical Security Aid	363,386		363,386	363,386	
Categorical Transportation Aid	92,175		92,175	92,175	
Extraordinary Aid	550,000		550,000	977,897	427,897
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				3,079,166	3,079,166
On-behalf TPAF Pension and NCGI Premium				1,877,972	1,877,972
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,246,321	3,246,321
Total - State Sources	<u>13,263,580</u>		<u>13,263,580</u>	<u>21,894,936</u>	<u>8,631,356</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	113,612		113,612	87,121	(26,491)
Total - Federal Sources	<u>113,612</u>		<u>113,612</u>	<u>87,121</u>	<u>(26,491)</u>
TOTAL REVENUES	<u>91,899,442</u>		<u>91,899,442</u>	<u>102,411,782</u>	<u>10,512,340</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	5,040	131,763	136,803	134,869	1,934
Kindergarten - Salaries of Teachers	1,291,820	(54,797)	1,237,023	1,227,921	9,102
Grades 1-5 - Salaries of Teachers	8,959,261	349,534	9,308,795	9,215,003	93,792
Grades 6-8 - Salaries of Teachers	6,517,161	(497,068)	6,020,093	6,010,266	9,827
Grades 9-12 - Salaries of Teachers	9,340,413	(213,576)	9,126,837	9,090,937	35,900
Regular Programs - Home Instruction:					
Salaries of Teachers	127,861	(36,600)	91,261	54,939	36,322
Purchased Professional-Educational Services	7,440	50,225	57,665	26,033	31,632
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	324,000	27,959	351,959	337,291	14,668
Purchased Professional - Educational Services	1,000	9,140	10,140	7,815	2,325
Purchased Technical Services	18,974	71,905	82,879	78,108	4,771
Other Purchased Services (400-500 series)	823,564	(82,633)	740,931	583,803	157,128
General Supplies	2,341,171	(569,408)	1,771,763	1,609,581	162,182
Textbooks	148,819	(25,754)	123,065	95,562	27,503
Other Objects	16,600	(10,259)	6,341	3,446	2,895
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>29,915,124</u>	<u>(849,569)</u>	<u>29,065,555</u>	<u>28,475,574</u>	<u>589,981</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	567,873	158,591	726,464	716,380	10,084
Other Salaries for Instruction	570,131	214,552	784,683	778,393	6,290
General Supplies	14,618	5,774	20,392	12,680	7,712
Textbooks	2,000	(2,000)			
Total Learning and/or Language Disabilities	<u>1,154,622</u>	<u>376,917</u>	<u>1,531,539</u>	<u>1,507,453</u>	<u>24,086</u>
Behavioral Disabilities					
Salaries of Teachers	270,534	29,721	300,255	296,034	4,221
Other Salaries for Instruction	311,708	(112,701)	199,007	196,060	2,947
General Supplies	9,500	2,979	12,479	10,714	1,765
Textbooks	2,000	(2,000)			
Total Behavioral Disabilities	<u>593,742</u>	<u>(82,001)</u>	<u>511,741</u>	<u>502,808</u>	<u>8,933</u>
Multiple Disabilities					
Salaries of Teachers	637,359	(20,773)	616,586	615,296	1,290
Other Salaries for Instruction	345,724	48,991	394,715	381,657	13,058
General Supplies	18,881	4,085	22,966	17,921	5,045
Textbooks	3,000	(3,000)			
Other Objects		300	300		300
Total Multiple Disabilities	<u>1,004,964</u>	<u>29,603</u>	<u>1,034,567</u>	<u>1,014,874</u>	<u>19,693</u>

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	4,558,834	(232,600)	4,326,234	4,300,830	25,404
Other Salaries for Instruction	1,726,765	183,000	1,909,765	1,883,608	26,157
Other Purchased Services (400-500 Series)	10,000	(10,000)			
General Supplies	31,400	41,100	72,500	67,580	4,920
Textbooks	5,390	3,475	8,865	2,392	6,473
Total Resource Room/Resource Center	6,332,389	(15,025)	6,317,364	6,254,410	62,954
Autism:					
Salaries of Teachers	40,000		40,000		40,000
Other Objects		300	300		300
Total Preschool Disabilities - Part Time	40,000	300	40,300		40,300
Preschool Disabilities - Part-Time:					
Salaries of Teachers	244,908	20,053	264,961	259,027	5,934
Other Salaries for Instruction	223,073	9,471	232,544	226,236	6,308
General Supplies	35,735	4,656	40,391	38,088	2,303
Total Preschool Disabilities - Part Time	503,716	34,180	537,896	523,351	14,545
Preschool Disabilities- Full-Time:					
Salaries of Teachers	318,946	(81,575)	237,371	226,297	11,074
Other Salaries for Instruction	383,722	(54,858)	328,864	325,933	2,931
Other Purchased Services (400-500 Series)		2,000	2,000	300	1,700
General Supplies	36,646	(7,356)	29,290	24,761	4,529
Total Preschool Disabilities - Full-Time	739,314	(141,789)	597,525	577,291	20,234
Home Instruction					
Salaries of Teachers	127,500	(40,000)	87,500	73,945	13,555
Purchased Professional - Educational Services		24,633	24,633	8,913	15,720
Total Home Instruction	127,500	(15,367)	112,133	82,858	29,275
TOTAL SPECIAL EDUCATION - INSTRUCTION	10,496,247	186,818	10,683,065	10,463,045	220,020
Bilingual Education - Instruction					
Salaries of Teachers	1,761,914	170,661	1,932,575	1,929,892	2,683
Other Salaries for Instruction	161,744	15,000	176,744	168,775	7,969
Purchased Technical Services		1,800	1,800	1,800	
General Supplies	63,878	(5,941)	57,937	49,867	8,070
Textbooks	8,900	(1,337)	7,563	512	7,051
Total Bilingual Education - Instruction	1,996,436	180,183	2,176,619	2,150,846	25,773
School-Sponsored Cocurricular Activities - Instruction					
Salaries	162,150	2,990	165,140	138,528	26,612
Purchased Services (300-500 series)	18,575	(133)	18,442	12,881	5,561
Supplies and Materials	9,800	7,592	17,392	13,681	3,711
Other Objects	1,750	1,250	3,000	2,830	170
Total School-Sponsored Cocurricular Activities - Instruction	192,275	11,699	203,974	167,920	36,054
School-Sponsored Athletics - Instruction					
Salaries	738,573	4,010	742,583	734,669	7,914
Purchased Services (300-500 series)	295,299	48,086	343,385	315,239	28,146
Supplies and Materials	101,699	(15,204)	86,495	80,471	6,024
Other Objects	39,345	358	39,703	31,498	8,205
Total School-Sponsored Athletics - Instruction	1,174,916	37,250	1,212,166	1,161,877	50,289
Before/After School Programs - Instruction					
Salaries of Teachers	204,372		204,372	4,186	200,186
Other Salaries of Instruction	4,405	(4,405)			
Total Before/After School Programs Instruction	208,777	(4,405)	204,372	4,186	200,186
Before/After School Programs - Support Services					
Salaries	22,693	4,405	27,098	4,405	22,693
Total Before/After School Programs - Support Services	22,693	4,405	27,098	4,405	22,693
Summer School - Instruction					
Salaries of Teachers	91,000		91,000	21,722	69,278
Total Summer School Programs Instruction	91,000		91,000	21,722	69,278
Instructional Alternative Ed Programs - Instruction					
Salaries of Teachers	359,948		359,948	269,466	90,482
Other Salaries of Instruction	39,979	1	39,980	14,223	25,757
Total Instructional Alternative Ed Programs - Instruction	399,927	1	399,928	283,689	116,239
Instructional Alternative Ed Programs - Support Services					
Salaries of Teachers	151,970		151,970	126,583	25,387
Other Salaries of Instruction					
Total Instructional Alternative Ed Programs - Support Services	151,970		151,970	126,583	25,387
TOTAL INSTRUCTION	44,649,365	(433,618)	44,215,747	42,859,847	1,355,900

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	40,000		40,000	133	39,867
Tuition to Other LEAs Within the State - Special	569,569	(95,160)	474,409	411,746	62,663
Tuition to County Voc. School Dist. - Regular	410,000	(123,003)	286,997	265,720	21,277
Tuition to County Voc. School Dist. - Special	558,000	(62,170)	495,830	335,329	160,501
Tuition to CSSD & Regional Day Schools	2,668,650	495,250	3,163,900	3,121,476	42,424
Tuition to Private Schools for the Handicapped - Within State	1,626,566	78,883	1,705,449	1,610,947	94,502
Tuition - State Facilities	93,953		93,953	93,953	
Tuition - Other		10,980	10,980	10,980	
Total Undistributed Expenditures - Instruction:	5,966,738	304,780	6,271,518	5,850,284	421,234
Undistributed Expend. - Attend. & Social Work					
Salaries		5,000	5,000	5,000	
Other Purchased Services (400-500 series)	30,000	(5,850)	24,150	5,400	18,750
Total Undistributed Expend. - Attend. & Social Work	30,000	(850)	29,150	10,400	18,750
Undist. Expend. - Health Services					
Salaries	829,244	10,859	840,103	840,092	11
Purchased Professional and Technical Services		37,500	37,500	18,600	18,900
Other Purchased Services (400-500 series)	2,021	1,267	3,288	2,222	1,066
Supplies and Materials	24,847	8,603	33,450	29,966	3,484
Total Undistributed Expenditures - Health Services	856,112	58,229	914,341	890,880	23,461
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	1,443,869	67,776	1,511,645	1,473,157	38,488
Purchased Prof. Services-Educational Services	530,155	(263,378)	266,777	227,200	39,577
Supplies and Materials	14,491	5,257	19,748	15,176	4,572
Other Objects	1,120	900	2,020	1,454	566
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	1,989,635	(189,445)	1,800,190	1,716,987	83,203
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	1,236,467	(147,583)	1,088,884	1,009,666	79,218
Purchased Prof. Services-Educational Services	650,867	145,157	796,024	742,473	53,551
Supplies and Materials	138	2,786	2,924	2,830	94
Other Objects		598	598	598	
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	1,887,472	958	1,888,430	1,755,567	132,863
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,116,792	227,845	1,344,637	1,302,006	42,631
Salaries of Secretarial and Clerical Assistants	161,318	(52,800)	108,518	108,509	9
Other Salaries	208,981	(208,981)			
Other Purchased Professional and Technical Services	6,465	7,000	13,465	12,829	636
Other Purchased Services (400-500 series)	16,571	(11,104)	5,467	2,591	2,876
Supplies and Materials	21,058	(4,400)	16,658	10,748	5,910
Total Undist. Expend. - Guidance	1,531,185	(42,440)	1,488,745	1,436,683	52,062
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	3,081,060	(7,596)	3,073,464	3,002,901	70,563
Salaries of Secretarial and Clerical Assistants	267,280	(16,500)	250,780	250,723	57
Purchased Prof. Services-Educational Services	163,106	53,700	216,806	150,902	65,904
Other Purchased Professional and Technical Services		42,920	42,920	39,419	3,501
Misc. Pur Services (400-500 Series)	22,673	12,306	34,979	26,314	8,665
Supplies and Materials	138,079	(91,172)	46,907	41,563	5,344
Other Objects		1,020	1,020	1,020	
Total Undist. Expend. - Child Study Teams	3,672,198	(5,322)	3,666,876	3,512,842	154,034
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	745,932	160,001	905,933	865,323	40,610
Salaries of Other Professional Staff	317,734	27,788	345,522	318,211	27,311
Salaries of Secretarial and Clerical Assistants	154,513	48,600	203,113	200,534	2,579
Salaries of Facilitators, Math & Literacy Coaches		100,126	100,126	84,287	15,839
Other Purch Services (400-500)	2,800	24,043	26,843	20,923	5,920
Supplies and Materials	45,046	(9,654)	35,392	7,016	28,376
Other Objects	1,210	3,000	4,210	3,257	953
Total Undist. Expend. - Improvement of Inst. Services	1,267,235	353,904	1,621,139	1,499,551	121,588
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	603,592	10,700	614,292	521,812	92,480
Purchased Professional and Technical Services		795	795		795
Other Purch Services (400-500)	2,010	10,501	12,511	12,076	435
Supplies and Materials	58,974	(13,470)	45,504	39,217	6,287
Total Undist. Expend. - Educational Media Serv./Sch. Library	664,576	8,526	673,102	573,105	99,997
Undist. Expend. - Instructional Staff Training Serv.					
Salaries-Other Prof. Staff	1,762	38	1,800	1,800	
Purchased Professional - Educational Services	14,600	9,600	24,200	12,050	12,150
Other Purchased Prof. and Tech. Services		19,905	19,905	17,596	2,309
Other Purchased Services (400-500 series)	50,370	(9,516)	40,854	29,042	11,812
Supplies and Materials	2,500	5,864	8,364	6,746	1,618
Other Objects	550		550		550
Total Undist. Expend. - Instructional Staff Training Serv.	69,782	25,891	95,673	67,234	28,439

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	372,229	22,500	394,729	388,989	5,740
Legal Services	205,171	32,000	237,171	211,724	25,447
Audit Fees	95,000		95,000	45,500	49,500
Architectural/Engineering Services		4,500	4,500	4,500	
Other Purchased Professional Services	87,650	(4,650)	83,000	36,046	46,954
Purchased Technical Services	2,820		2,820	158	2,662
Communications/Telephone	265,218		265,218	182,573	82,645
BOE Other Purchased Services	16,500	(12,000)	4,500	1,364	3,136
Misc. Purch Services (400-500 Series)	22,772	4,244	27,016	20,447	6,569
General Supplies	7,329		7,329	5,128	2,201
BOE In-House Training/Meeting Supplies	14,425	(10,000)	4,425	1,147	3,278
Misc. Expenditures	3,200	(800)	2,400	1,909	491
BOE Membership Dues and Fees	34,929		34,929	29,586	5,343
Total Undist. Expend. - Supp. Serv. - General Administration	1,127,243	35,794	1,163,037	929,071	233,966
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	2,566,250	14,100	2,580,350	2,514,761	65,589
Salaries of Other Professional Staff	831,998	(831,998)			
Salaries of Secretarial and Clerical Assistants	1,200	862,198	863,398	850,170	13,228
Other Purchased Services (400-500 series)	29,930	36,703	66,633	50,465	16,168
Supplies and Materials	85,645	(20,719)	64,926	35,952	28,974
Other Objects	15,395	(3,262)	12,133	2,015	10,118
Total Undist. Expend. - Support Serv. - School Administration	3,530,418	57,022	3,587,440	3,453,363	134,077
Undist. Expend. - Support Serv. - Central Services					
Salaries	907,728	113,319	1,021,047	905,954	115,093
Purchased Professional Services		3,400	3,400	1,756	1,644
Purchased Technical Services	18,600	50,750	69,350	44,846	24,504
Misc. Pur Services (400-500 Series)	41,775	(10,813)	30,962	13,114	17,848
Supplies and Materials	22,600		22,600	9,119	13,481
Interest on Lease Purchase Agreement	13,327		13,327	13,326	1
Interest on Bond Anticipation Notes (BANs)	12,145	(12,145)			
Miscellaneous		12,145	12,145	4,190	7,955
Total Undist. Expend. - Support Serv. - Central Services	1,016,175	156,656	1,172,831	992,305	180,526
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	503,677	44,089	547,766	547,766	
Purchased Professional Services	13,160	14,061	27,221	27,221	
Purchased Technical Services		86,815	86,815	32,025	54,790
Other Purch Services (400-500 Series)	267,296	(37,323)	229,973	222,334	7,639
Supplies and Materials	4,812	46,271	51,083	50,957	126
Total Undist. Expend. - Support Serv. - Administrative	788,945	153,913	942,858	880,303	62,555
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	455,409	(39,575)	415,834	367,082	48,752
Cleaning, Repair and Maintenance Services	583,500	135,744	719,244	487,480	231,764
General Supplies	131,789	(30,000)	101,789	46,631	55,158
Total Undist. Expend. - Required Maint. for School Facilities	1,170,698	66,169	1,236,867	901,193	335,674
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	2,806,851	(13,399)	2,793,452	2,721,955	71,497
Salaries of Non-Instructional Aides	249,326	26,000	275,326	271,778	3,548
Purchased Prof. And Tech. Services	144,777	(11,805)	132,972	105,867	27,105
Cleaning, Repair and Maintenance Services	326,394	(67,086)	259,308	176,586	82,722
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt.	721,500	(60,000)	661,500	612,200	49,300
Other Purchased Property Services	97,987	15,896	113,883	97,788	16,095
Insurance	538,300	(147,632)	390,668	390,668	
Miscellaneous Purchased Services	11,866		11,866	6,182	5,684
General Supplies	266,635	38,650	305,285	292,825	12,460
Energy (Energy and Electricity)	1,494,599	(235,565)	1,259,034	850,924	408,110
Energy (Natural Gas)	401,000	99,669	500,669	422,980	77,689
Other Objects	250	996	1,246	1,223	23
Total Undist. Expend. - Other Oper. & Maint. Of Plant	7,059,485	(354,276)	6,705,209	5,950,976	754,233
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	133,516	7,101	140,617	125,235	15,382
Cleaning, Repair and Maintenance Services	24,680	28,824	53,504	49,545	3,959
General Supplies	25,934	(300)	25,634	19,248	6,386
Other Objects		1,780	1,780		1,780
Total Undist. Expend. - Care & Upkeep of Grounds	184,130	37,405	221,535	194,028	27,507
Undist. Expend. - Security					
Salaries	144,325	25,300	169,625	164,698	4,927
Purchased Professional and Technical Services	13,640	123,276	136,916	80,260	56,656
Cleaning, Repair and Maintenance Services		11,000	11,000	928	10,072
General Supplies	3,700	17,684	21,384	18,935	2,449
Total Undist. Expend. - Security	161,665	177,260	338,925	264,821	74,104

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	63,600		63,600	49,485	14,115
Management fee- ECS&CTSA Trans.	76,000	2,850	78,850	78,083	767
Other Purchased Prof. and Tech. Services		788	788	134	654
Cleaning, Repair and Maintenance Services	9,240	11,712	20,952	14,202	6,750
Contract Services - Aid in lieu Pymts - Charter School	12,376		12,376	10,608	1,768
Contract Services (Between Home & School)-Vendors	70,750	(70,000)	750		750
Contract Services (Other than Between Home & School)-Vendors	173,535	74,252	247,787	165,762	82,025
Contract Services (Between Home & School)-Joint Agreements	3,500	2,013	5,513	4,320	1,193
Contract Services (Sp. Ed. Students)-Vendors	320,210	(35,000)	285,210	199,385	85,825
Contract Services (Sp. Ed. Students)-Joint Agreements		7,000	7,000	2,137	4,863
Contract Services (Spl. Ed. Students)-ECS&CTSAs	1,405,262	158,500	1,563,762	1,446,239	117,523
Miscellaneous Purchased Services - Transportation	750	(150)	600	183	417
General Supplies		5,500	5,500	2,141	3,359
Transportation Supplies	2,500	(1,500)	1,000	862	138
Other Objects		1,650	1,650	659	991
Total Undist. Expend. - Student Transportation Services	2,137,723	157,615	2,295,338	1,974,200	321,138
Regular Programs-Instruction-Employee Benefits					
Health Benefits	7,709,681	920,000	8,629,681	8,397,609	232,072
TOTAL ALLOCATED BENEFITS	7,709,681	920,000	8,629,681	8,397,609	232,072
UNALLOCATED BENEFITS					
Group Insurance		437	437	437	
Social Security Contributions	1,182,427	90,000	1,272,427	1,181,345	91,082
Other Retirement Contributions-PERS	1,306,480		1,306,480	1,137,911	168,569
Other Retirement Contributions-Regular	44,100	(6,600)	37,500	26,201	11,299
Unemployment Compensation	141,964	(107,000)	34,964	34,964	
Workmen's Compensation	585,500	(164,437)	421,063	419,245	1,818
Health Benefits	3,933,563	(1,600,562)	2,333,001	2,139,592	193,409
Tuition Reimbursement	8,000		8,000	1,000	7,000
Other Employee Benefits	92,650	24,950	117,600	15,988	101,612
TOTAL UNALLOCATED BENEFITS	7,294,684	(1,763,212)	5,531,472	4,956,683	574,789
On-behalf TPAF Post-Retirement Medical (non-budgeted)				3,079,166	(3,079,166)
On-behalf TPAF Pension and NCGI Premium (non-budgeted)				1,877,972	(1,877,972)
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,246,321	(3,246,321)
TOTAL ON-BEHALF CONTRIBUTIONS				8,203,459	(8,203,459)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	15,004,365	(843,212)	14,161,153	21,557,751	(7,396,598)
TOTAL UNDISTRIBUTED EXPENDITURES	50,115,780	158,577	50,274,357	54,411,544	(4,137,187)
TOTAL GENERAL CURRENT EXPENSE	94,765,145	(275,041)	94,490,104	97,271,391	(2,781,287)
Equipment					
Regular Programs - Instruction:					
Grades 6-8	26,000	(574)	25,426	25,426	
Grades 9-12	209,990	83,938	293,928	218,157	75,771
Special Education - Instruction:					
Preschool Disabilities - Part-Time		5,423	5,423		5,423
Total Equipment	235,990	88,787	324,777	243,583	81,194
Undist. Expenditures:					
Support Serv.-Related & Extra.	5,000		5,000		5,000
Central Services		28,156	28,156	27,369	787
Required Maint. For School Facilities		6,364	6,364	6,364	
Custodial Services		20,500	20,500		20,500
Care and Upkeep of Grounds		2,698	2,698	2,698	
Security		2,990	2,990	2,990	
School Buses-Reg.	232,927	(20,500)	212,427	82,927	129,500
Special Schools (All Programs)		15,137	15,137	15,137	
Total Undist. Expend.	237,927	55,345	293,272	137,485	155,787
Facilities Acquisition and Construction Services					
Legal Services	14,550		14,550		14,550
Architectural/Engineering Services	61,750	(2,698)	59,052	47,186	11,866
Construction Services	2,092,178	276,003	2,368,181	1,873,003	495,178
Supplies and Materials	143,862	175	144,037	137,835	6,202
Principal- Lease Purchase	272,374		272,374	272,373	1
Other Objects	58,304		58,304		58,304
Assessment for Debt Service on SDA Funding				37,812	(37,812)
Total Facilities Acquisition and Construction Services	2,643,018	273,480	2,916,498	2,368,209	548,289
TOTAL CAPITAL OUTLAY	3,116,935	417,612	3,534,547	2,749,277	785,270
Transfer of Funds to Charter Schools	1,895,254	591,610	2,486,864	2,478,864	8,000
TOTAL EXPENDITURES	99,777,334	734,181	100,511,515	102,499,532	(1,988,017)

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,877,892)</u>	<u>(734,181)</u>	<u>(8,612,073)</u>	<u>(87,750)</u>	<u>8,524,323</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Special Revenue Fund - Preschool Education Aid	<u>(162,230)</u>		<u>(162,230)</u>	<u>(162,230)</u>	
Total Other Financing Sources/(Uses):	<u>(162,230)</u>		<u>(162,230)</u>	<u>(162,230)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(8,040,122)</u>	<u>(734,181)</u>	<u>(8,774,303)</u>	<u>(249,980)</u>	<u>8,524,323</u>
Fund Balance, July 1	<u>11,288,502</u>		<u>11,288,502</u>	<u>11,288,502</u>	
Fund Balance, June 30	<u><u>3,248,380</u></u>	<u><u>(734,181)</u></u>	<u><u>2,514,199</u></u>	<u><u>11,038,522</u></u>	<u><u>8,524,323</u></u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	<u>(2,385,810)</u>		<u>(2,385,810)</u>	<u>(2,385,810)</u>	
Increase in Capital Reserve:					
Principal				<u>1,350,000</u>	<u>(1,350,000)</u>
Interest Deposit to Capital Reserve				<u>320</u>	<u>(320)</u>
Increase in Emergency Reserve				<u>650,000</u>	<u>(650,000)</u>
Increase in Maintenance Reserve				<u>500,000</u>	<u>(500,000)</u>
Additional State Aid					
Withdrawal from Capital Reserve	<u>(69,418)</u>		<u>(69,418)</u>	<u>(69,418)</u>	
Budgeted Fund Balance	<u>(5,584,894)</u>	<u>(734,181)</u>	<u>(6,319,075)</u>	<u>(295,072)</u>	<u>11,024,643</u>
	<u><u>(8,040,122)</u></u>	<u><u>(734,181)</u></u>	<u><u>(8,774,303)</u></u>	<u><u>(249,980)</u></u>	<u><u>8,524,323</u></u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				<u>1,174,868</u>	
Excess Surplus - Designated for Subsequent Year's Expenditures				<u>750,445</u>	
Capital Reserve				<u>1,354,950</u>	
Maintenance Reserve				<u>500,000</u>	
Emergency Reserve				<u>650,000</u>	
Assigned Fund Balance:					
Year-end Encumbrances				<u>1,490,759</u>	
Designated for Subsequent Year's Expenditures				<u>2,800,437</u>	
Unassigned Fund Balance				<u>2,317,063</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>11,038,522</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>1,016,485</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u><u>10,022,037</u></u>	

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	7,500	(4,116)	3,384	884	(2,500)
State Sources	1,022,723	(108,176)	914,547	872,592	(41,955)
Federal Sources	2,067,636	1,342,592	3,410,228	3,162,229	(247,999)
Total Revenues	3,097,859	1,230,300	4,328,159	4,035,705	(292,454)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	866,041	90,273	956,314	912,570	43,744
Other Salaries for Instruction	138,639	8,077	146,716	146,429	287
Purchased Professional and Technical Services	97,000	(24,041)	72,959	49,965	22,994
Other Purchased Services (400-500 series)	1,100,000	226,651	1,326,651	1,273,769	52,882
General Supplies	68,495	265,141	333,636	313,817	19,819
Textbooks	12,000	(4,650)	7,350	6,833	517
Other Objects		100	100	-	100
Total Instruction	2,282,175	561,551	2,843,726	2,703,383	140,343
Support services:					
Salaries of Program Directors	577,763	282,157	859,920	825,696	34,224
Personal Services - Employee Benefits	205,307	216,841	422,148	415,618	6,530
Other Purchased Professional Services	120,600	27,649	148,249	98,395	49,854
Travel		4,910	4,910	3,946	964
Other Purchased Services (400-500 series)	8,244	96,240	104,484	76,058	28,426
Supplies & Materials	66,000	31,616	97,616	66,707	30,909
Other Objects		1,000	1,000	742	258
Total support services	977,914	660,413	1,638,327	1,487,162	151,165
Facilities acquisition and const. serv.:					
Instructional Equipment		8,336	8,336	7,390	946
Total facilities acquisition and const. serv.	-	8,336	8,336	7,390	946
Total Expenditures	3,260,089	1,230,300	4,490,389	4,197,935	292,454
Other Financing Sources (Uses)					
Operating Transfer In:					
General Fund - Preschool Education Aid	162,230		162,230	162,230	-
Total Other Financing Sources (Uses)	162,230	-	162,230	162,230	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
Fiscal Year Ended June 30, 2014

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	102,411,782	4,035,705
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			10,776
Current Year			(31,984)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,004,581	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(1,016,485)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>102,399,878</u>	<u>4,014,497</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	102,661,762	4,197,935
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Current Year			(31,984)
Prior Year			10,776
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>102,661,762</u>	<u>4,176,727</u>

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	Total Brought Forward (Ex. E-1a)	MSG Grant	IDEA Part - B	IDEA Part - B Preschool	NCLB Title I	Title II, Part A Training & Recruiting	Totals 2014
REVENUES							
Local Sources	-	884					884
State Sources	872,592						872,592
Federal Sources	295,790		1,304,164	7,320	1,369,756	185,199	3,162,229
Total Revenues	1,168,382	884	1,304,164	7,320	1,369,756	185,199	4,035,705
EXPENDITURES:							
Instruction:							
Salaries of Teachers	435,071				477,384	115	912,570
Other Salaries for Instruction	146,429						146,429
Purchased Professional and Technical Services	27,790				22,175		49,965
Other Purchased Services (400-500 series)	2,376		1,264,983	6,410			1,273,769
General Supplies	96,773	884	1,944		214,216		313,817
Textbooks	6,734			99			6,833
Total Instruction	715,173	884	1,266,927	6,509	713,775	115	2,703,383
Support services:							
Salaries of Program Directors	348,086				377,820	99,790	825,696
Personal Services - Employee Benefits	184,861				200,400	30,357	415,618
Other Purchased Professional Services	33,549		1,408	811	32,083	30,544	98,395
Travel	1,654					2,292	3,946
Other Purchased Services (400-500 series)	20,036		33,825		9,199	12,998	76,058
Supplies & Materials	21,125				36,479	9,103	66,707
Other Objects	742						742
Total support services	610,053	-	35,233	811	655,981	185,084	1,487,162
Facilities acquisition and const. serv.:							
Instructional Equipment	5,386		2,004				7,390
Total facilities acquisition and const. serv.	5,386	-	2,004	-	-	-	7,390
Total Expenditures	1,330,612	884	1,304,164	7,320	1,369,756	185,199	4,197,935
Other Financing Sources (Uses)							
Operating Transfer In:							
General Fund - Preschool Education Aid	162,230						162,230
Total Other Financing Sources (Uses)	162,230	-	-	-	-	-	162,230
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	Total Brought Forward (Ex. E-1b)	NCLB Title III	NCLB Title III Immigrant	Workforce Year Round Youth Program - Drop-in	Perkins - Vocational Education	Project Aces	Total Carried Forward
REVENUES							
Local Sources	-						-
State Sources	872,592	120,861	18,087	(11)	48,872	107,981	872,592
Federal Sources	-						295,790
Total Revenues	872,592	120,861	18,087	(11)	48,872	107,981	1,168,382
EXPENDITURES:							
Instruction:							
Salaries of Teachers	360,543	73,498			1,030		435,071
Other Salaries for Instruction	146,429						146,429
Purchased Professional and Technical Services	27,790						27,790
Other Purchased Services (400-500 series)	-	41,370	2,670		2,376		2,376
General Supplies	18,549				34,184		96,773
Textbooks	6,734						6,734
Total Instruction	560,045	114,868	2,670	-	37,590	-	715,173
Support services:							
Salaries of Program Directors	252,947			(11)		95,150	348,086
Personal Services - Employee Benefits	170,320	5,368				9,173	184,861
Other Purchased Professional Services	33,549						33,549
Travel	-				1,654		1,654
Other Purchased Services (400-500 series)	12,566	625	4,905		1,100	840	20,036
Supplies & Materials	4,653		10,512		3,142	2,818	21,125
Other Objects	742						742
Total support services	474,777	5,993	15,417	(11)	5,896	107,981	610,053
Facilities acquisition and const. serv.:							
Instructional Equipment	-				5,386		5,386
Total facilities acquisition and const. serv.	-	-	-	-	5,386	-	5,386
Total Expenditures	1,034,822	120,861	18,087	(11)	48,872	107,981	1,330,612
Other Financing Sources (Uses)							
Operating Transfer In:							
General Fund - Preschool Education Aid	162,230						162,230
Total Other Financing Sources (Uses)	162,230	-	-	-	-	-	162,230
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	Total Brought Forward (Ex. E-1c)	Nonpublic Nursing	Nonpublic Technology	School Based Youth Service Program	Family Friendly	Chapter 194 Nonpublic Textbook	Chapter 192 Compensatory Education	Total Carried Forward
REVENUES								
Local Sources	-							-
State Sources	504,428	10,422	2,460	296,342	47,070	6,734	5,136	872,592
Federal Sources	-							-
Total Revenues	504,428	10,422	2,460	296,342	47,070	6,734	5,136	872,592
EXPENDITURES:								
Instruction:								
Salaries of Teachers	336,761				23,782			360,543
Other Salaries for Instruction	142,460				3,969			146,429
Purchased Professional and Technical Services	13,081	9,573					5,136	27,790
Other Purchased Services (400-500 series)	-				13,314			-
General Supplies	5,235							18,549
Textbooks	-					6,734		6,734
Total Instruction	497,537	9,573	-	-	41,065	6,734	5,136	560,045
Support services:								
Salaries of Program Directors	-			249,943	3,004			252,947
Personal Services - Employee Benefits	148,594			19,350	2,376			170,320
Other Purchased Professional Services	20,527	849	2,460	9,088	625			33,549
Travel	-							-
Other Purchased Services (400-500 series)	-			12,566				12,566
Supplies & Materials	-			4,653				4,653
Other Objects	-			742				742
Total support services	169,121	849	2,460	296,342	6,005	-	-	474,777
Facilities acquisition and const. serv.:								
Instructional Equipment	-							-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-	-
Total Expenditures	666,658	10,422	2,460	296,342	47,070	6,734	5,136	1,034,822
Other Financing Sources (Uses)								
Operating Transfer In:	162,230							162,230
General Fund - Preschool Education Aid								
Total Other Financing Sources (Uses)	162,230	-	-	-	-	-	-	162,230
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	Chapter 12 ESL	Chapter 13 Supplemental Instruction	Chapter 13 Exam & Classification	Chapter 13 Corrective Speech	Preschool Education Aid	Total Carried Forward
REVENUES						
Local Sources						-
State Sources	6,285	8,742	11,785	6,796	470,820	504,428
Federal Sources						-
Total Revenues	6,285	8,742	11,785	6,796	470,820	504,428
EXPENDITURES:						
Instruction:						
Salaries of Teachers					336,761	336,761
Other Salaries for Instruction					142,460	142,460
Purchased Professional and Technical Services	6,285			6,796		13,081
Other Purchased Services (400-500 series)					5,235	-
General Supplies						5,235
Textbooks						-
Total instruction	6,285	-	-	6,796	484,456	497,537
Support services:						
Salaries of Program Directors						-
Personal Services - Employee Benefits					148,594	148,594
Other Purchased Professional Services		8,742	11,785			20,527
Travel						-
Other Purchased Services (400-500 series)						-
Supplies & Materials						-
Total support services	-	8,742	11,785	-	148,594	169,121
Facilities acquisition and const. serv.:						
Instructional Equipment						-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	6,285	8,742	11,785	6,796	633,050	666,658
Other Financing Sources (Uses)						
Operating Transfer In:						
General Fund - Preschool Education Aid					162,230	162,230
Total Other Financing Sources (Uses)	-	-	-	-	162,230	162,230
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
Fiscal Year Ended June 30, 2014

	<u>District Wide Total</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	336,761	336,761	
Other salaries for instruction	142,460	142,460	
General supplies	<u>5,262</u>	<u>5,235</u>	<u>27</u>
Total instruction	<u>484,483</u>	<u>484,456</u>	<u>27</u>
Support services:			
Personal Services - Employee Benefits	148,594	148,594	
Other purchased professional services	<u>11,451</u>		<u>11,451</u>
Total support services	<u>160,045</u>	<u>148,594</u>	<u>11,451</u>
Facility Acquisition and Construction Services:			
Instructional equipment	<u>831</u>		<u>831</u>
Total expenditures	<u>645,359</u>	<u>633,050</u>	<u>12,309</u>

<u>Summary of Location Totals</u>	
Total revised 2013-14 Preschool Education Aid	423,180
Add: Actual Carryover (June 30, 2013)	59,949
Add: Budgeted Transfer from the General Fund 2013-14	<u>162,230</u>
Total Preschool Education Aid Funds Available for 2013-14 Budget	645,359
Less: 2012-13 Budgeted Preschool Education Aid prior year budgeted carryover)	<u>645,359</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014	
Add: June 30, 2015 Unexpended Preschool Education Aid	<u>12,309</u>
2013-14 Carryover - Preschool Education Aid/Preschool	<u>12,309</u>
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs 2014-15	<u> </u>

CAPITAL PROJECTS FUND

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2014

Revenues and Other Financing Sources

Interest on Investments	18
	<u>18</u>

Expenditures and Other Financing Uses

Construction services	12,457
	<u>12,457</u>

Excess (deficiency) of revenues over (under) expenditures	(12,439)
---	----------

Other Finance Sources (Uses)

Transfers out:	
Debt Service Fund	(18)
	<u>(18)</u>
Total other financing sources (uses)	<u>(18)</u>

Net change in fund balance	(12,457)
----------------------------	----------

Fund balance - beginning	<u>12,457</u>
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Fund balance - ending	<u><u>-</u></u>
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HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Other Improvements
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond proceeds and transfers	<u>1,945,000</u>	<u></u>	<u>1,945,000</u>	<u>1,945,000</u>
	<u>1,945,000</u>	<u>-</u>	<u>1,945,000</u>	<u>1,945,000</u>
Expenditures and Other Financing Uses				
Construction services	<u>1,845,221</u>	<u>12,457</u>	<u>1,857,678</u>	<u>1,857,678</u>
Equipment purchases	<u>87,322</u>	<u></u>	<u>87,322</u>	<u>87,322</u>
	<u>1,932,543</u>	<u>12,457</u>	<u>1,945,000</u>	<u>1,945,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,457</u>	<u>(12,457)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number	1860-050-03-0816			
Grant Date	2/9/1999			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorization cost	1,945,000			
Additional authorized cost				
Revised authorized cost	1,945,000			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

HACKENSACK BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2014

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2014
			Prior Years	Current Year	
Various School Improvements					
Other Improvements	February 9, 1999	1,945,000	1,932,543	12,457	-
Other Improvements					
		1,945,000	1,932,543	12,457	-

PROPRIETARY FUNDS

HACKENSACK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2014

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	122,526	122,526
Accounts receivable:		
State	4,723	4,723
Federal	137,016	137,016
Other	94,168	94,168
Inventories	14,937	14,937
Total current assets	<u>373,370</u>	<u>373,370</u>
Noncurrent assets:		
Capital assets:		
Building and building improvements	188,123	188,123
Equipment	398,251	398,251
Less accumulated depreciation	<u>(240,210)</u>	<u>(240,210)</u>
Total capital assets (net of accumulated depreciation)	<u>346,164</u>	<u>346,164</u>
Total assets	<u>719,534</u>	<u>719,534</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>223,666</u>	<u>223,666</u>
Total Liabilities	<u>223,666</u>	<u>223,666</u>
NET POSITION		
Invested in capital assets net of related debt	346,164	346,164
Unrestricted	<u>149,704</u>	<u>149,704</u>
Total net assets	<u>495,868</u>	<u>495,868</u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2014

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	275,454	275,454
Daily sales - non-reimbursable programs	202,724	202,724
Total operating revenues	<u>478,178</u>	<u>478,178</u>
Operating expenses:		
Cost of food	1,046,947	1,046,947
Salaries	818,839	818,839
Supplies and materials	100,831	100,831
Employee benefits	225,397	225,397
Depreciation	27,023	27,023
Repairs and other expenses	180,921	180,921
Purchased services	297,090	297,090
CCD Fees	2,286	2,286
Total Operating Expenses	<u>2,699,334</u>	<u>2,699,334</u>
Operating income (loss)	<u>(2,221,156)</u>	<u>(2,221,156)</u>
Nonoperating revenues (expenses):		
State sources:		
School lunch program	25,004	25,004
School snack program	52,279	52,279
Federal sources:		
School lunch program	1,159,302	1,159,302
School breakfast program	632,022	632,022
U.S.D.A. Commodities	109,049	109,049
Miscellaneous Income	1,671	1,671
Interest Income	199	199
Total nonoperating revenues (expenses)	<u>1,979,526</u>	<u>1,979,526</u>
Income (loss) before contributions & transfers	<u>(241,630)</u>	<u>(241,630)</u>
Total net position—beginning	<u>737,498</u>	<u>737,498</u>
Total net position—ending	<u><u>495,868</u></u>	<u><u>495,868</u></u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2014

	<u>Food Service Program</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	413,109	413,109
Payments to suppliers	(2,695,546)	(2,695,546)
Net cash provided by (used for) operating activities	(2,282,437)	(2,282,437)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	77,956	77,956
Federal Sources	1,794,580	1,794,580
Miscellaneous Income	1,671	1,671
Interest Income	199	199
Net cash provided by (used for) non-capital financing activities	1,874,406	1,872,536
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(28,203)	(28,203)
Net cash used for capital and related financing activities	(28,203)	(28,203)
Net increase (decrease) in cash and cash equivalents	(436,234)	(436,234)
Balances—beginning of year	558,760	558,760
Balances—end of year	122,526	122,526
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(2,221,156)	(2,221,156)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	27,023	27,023
Food distribution program	109,049	109,049
(Increase) decrease in accounts receivable	(65,069)	(65,069)
(Increase) decrease in inventories	1,989	1,989
Increase (decrease) in accounts payable	(134,273)	(134,273)
Total adjustments	(61,281)	(61,281)
Net cash provided by (used for) operating activities	(2,282,437)	(2,282,437)

FIDUCIARY FUND

HACKENSACK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds	Agency Funds
ASSETS			
Cash and cash equivalents	289,134	137,678	252,497
Total assets	<u>289,134</u>	<u>137,678</u>	<u>252,497</u>
LIABILITIES			
Payable to student groups			228,479
Due to State of NJ - Unemployment	10,055		
Payroll deductions and withholdings			24,018
Total liabilities	<u>10,055</u>	<u>-</u>	<u>252,497</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>279,079</u>		
Reserved for scholarships		137,678	
	<u>289,134</u>	<u>137,678</u>	

HACKENSACK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>
ADDITIONS		
Contributions:		
Donations		31,080
Payroll withholdings	80,642	
Budget Contributions	33,337	
Total Contributions	<u>113,979</u>	<u>31,080</u>
Investment earnings:		
Interest	1,186	259
Net investment earnings	<u>1,186</u>	<u>259</u>
Total additions	<u>115,165</u>	<u>31,339</u>
DEDUCTIONS		
Quarterly contribution reports	77,426	
Scholarships awarded		19,026
Total deductions	<u>77,426</u>	<u>19,026</u>
Change in net assets	37,739	12,313
Net position—beginning of the year	<u>241,340</u>	<u>125,365</u>
Net position—end of the year	<u><u>279,079</u></u>	<u><u>137,678</u></u>

HACKENSACK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2014</u>
Elementary Schools:				
Fairmount Avenue School	6,532	2,679	4,956	4,255
Jackson Avenue School	3,715	4,107	5,672	2,150
Fanny M. Hillers School	3,173	2,060	3,926	1,307
Nellie Parker School	4,861	3,064	4,497	3,428
Nellie Parker School Donation	1,470			1,470
Total Elementary Schools	<u>19,751</u>	<u>11,910</u>	<u>19,051</u>	<u>12,610</u>
Middle School:				
Middle School	<u>9,764</u>	<u>60,323</u>	<u>49,242</u>	<u>20,845</u>
Total Middle Schools	<u>9,764</u>	<u>60,323</u>	<u>49,242</u>	<u>20,845</u>
High School:				
High School	148,348	206,196	188,349	166,195
Varsity H	8,621	22,673	22,786	8,508
Total High Schools	<u>156,969</u>	<u>228,869</u>	<u>211,135</u>	<u>174,703</u>
Athletic Departments:				
Athletic Department	<u>28,124</u>	<u>6,218</u>	<u>14,021</u>	<u>20,321</u>
Total Athletic Department	<u>28,124</u>	<u>6,218</u>	<u>14,021</u>	<u>20,321</u>
Total All Schools	<u>214,608</u>	<u>307,320</u>	<u>293,449</u>	<u>228,479</u>

HACKENSACK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2014</u>
Net Payroll	5,543	36,691,465	36,689,458	7,550
Payroll Deductions and Withholdings	15,917	27,214,182	27,213,631	16,468
	<u>21,460</u>	<u>63,905,647</u>	<u>63,903,089</u>	<u>24,018</u>

LONG-TERM DEBT

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2013	Retired	Balance, June 30, 2014
			Date	Amount				
Refunding School Improvement bonds	Sept. 9, 2009	5,550,000	5/1/2015	610,000	3.250	4,160,000	615,000	3,545,000
			5/1/2016	595,000	3.375			
			5/1/2017	585,000	5.000			
			5/1/2018	580,000	5.000			
			5/1/2019	580,000	4.750			
			5/1/2020	595,000	4.750			
						\$ 4,160,000	615,000	3,545,000

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
Fiscal Year Ended June 30, 2014

<u>Issue</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Principal Payment</u>		<u>Interest Rate</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2014</u>
			<u>Date</u>	<u>Amount</u>				
Various Equipment	Nov. 2010	1,338,250	1/1/15	139,001	2.75%	552,286	272,373	279,913
			7/1/15	140,912	2.75%			
						<u>\$ 552,286</u>	<u>272,373</u>	<u>279,913</u>

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	654,712	-	654,712	654,712	
Total Revenues	654,712	-	654,712	654,712	-
EXPENDITURES:					
Regular Debt Service:					
Interest	168,863	-	168,863	168,863	-
Redemption of Principal	615,000	-	615,000	615,000	-
Total Regular Debt Service	783,863	-	783,863	783,863	-
Total expenditures	783,863	-	783,863	783,863	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,151)	-	(129,151)	(129,151)	-
Other Financing Sources:					
Operating Transfers In:					
Interest earned in Capital Projects Fund				18	18
Total Operating Transfers In	-	-	-	18	18
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(129,151)	-	(129,151)	(129,133)	18
Fund Balance, July 1	129,270	-	129,270	129,270	-
Fund Balance, June 30	119	-	119	137	18
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	(129,151)		(129,151)	(129,151)	
Operating Transfers In				18	
Total	(129,151)	-	(129,151)	(129,133)	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
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- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
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Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
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- J-12 Direct and Overlapping Governmental Activities Debt
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Demographic and Economic Information

- J-14 Demographic and Economic Statistics
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Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district'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 district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district 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 (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Hackensack Board of Education
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ (383,406)	\$ 6,001,034	\$ 8,813,583	\$ 9,408,979	\$ 11,554,919	\$ 13,384,709	\$ 13,922,495	\$ 14,383,804	\$ 15,447,155	\$ 17,935,592
Restricted	11,111,514	12,270,231	11,069,478	11,798,879	10,520,528	5,742,198	4,985,228	6,775,148	9,354,947	8,721,596
Unrestricted	(794,984)	(540,537)	(168,906)	(463,466)	(1,411,880)	(1,319,876)	(501,970)	(1,321,681)	(1,264,109)	(1,577,122)
Total governmental activities net position	\$ 9,933,124	\$ 17,730,728	\$ 19,714,155	\$ 20,742,392	\$ 20,663,567	\$ 17,807,031	\$ 18,406,653	\$ 19,837,271	\$ 23,537,993	\$ 25,080,066
Business-type activities										
Invested in capital assets, net of related debt	\$ 42,143	\$ 76,284	\$ 123,386	\$ 119,071	\$ 113,064	\$ 143,633	\$ 156,752	\$ 190,280	\$ 344,984	\$ 346,164
Restricted	248,499	238,751	269,586	338,693	421,609	614,875	652,095	687,511	392,514	149,704
Total business-type activities net position	\$ 290,642	\$ 315,035	\$ 392,972	\$ 457,764	\$ 534,673	\$ 758,508	\$ 808,847	\$ 877,791	\$ 737,498	\$ 495,868
District-wide										
Invested in capital assets, net of related debt	\$ (341,263)	\$ 6,077,318	\$ 8,936,969	\$ 9,528,050	\$ 11,667,983	\$ 13,528,342	\$ 14,079,247	\$ 14,574,084	\$ 15,792,139	\$ 18,281,756
Restricted	11,111,514	12,270,231	11,069,478	11,798,879	10,520,528	5,742,198	4,985,228	6,775,148	9,354,947	8,721,596
Unrestricted	(546,485)	(301,786)	100,680	(126,773)	(990,271)	(705,001)	151,025	(634,170)	(871,595)	(1,427,418)
Total district net position	\$ 10,223,766	\$ 18,045,763	\$ 20,107,127	\$ 21,200,156	\$ 21,198,240	\$ 18,565,539	\$ 19,215,500	\$ 20,715,062	\$ 24,275,491	\$ 25,575,934

Source: CAFR Schedule A-1

Hackensack Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 29,722,525	\$ 30,941,044	\$ 33,040,016	\$ 33,572,639	\$ 33,248,841	\$ 37,187,411	\$ 34,070,608	\$ 35,664,211	\$ 33,789,219	\$ 33,354,824
Special education	5,625,742	5,821,140	6,252,550	7,044,607	6,523,168	7,028,221	7,904,628	8,511,975	11,115,653	11,333,736
Other special education	1,719,429	1,756,818	1,936,358	1,901,500	2,084,806	2,127,599	2,035,260	2,036,424	2,051,404	2,328,603
Other instruction	1,123,570	1,125,674	1,223,418	1,213,520	1,146,402	1,434,801	1,224,741	1,361,102	2,033,545	1,881,660
Support Services:										
Tuition	7,206,461	7,563,097	7,400,345	7,739,692	8,326,732	6,469,010	6,533,987	5,872,964	5,753,383	5,850,284
Student & instruction related services	9,893,130	9,739,489	10,654,734	11,692,928	10,083,677	10,646,432	12,042,453	13,060,606	13,630,248	13,795,797
General administrative services	1,061,435	1,123,149	1,336,685	1,173,600	1,224,772	1,189,885	1,131,062	946,725	877,269	962,018
School administrative services	3,462,532	3,830,389	4,089,255	4,064,188	3,826,379	4,169,690	4,554,281	4,253,322	3,807,103	3,738,373
Central Administration	975,257	942,653	1,048,764	1,004,906	1,165,427	1,374,370	1,518,228	1,565,419	1,627,556	1,995,738
Business administrative services										
Plant operations and maintenance	6,277,415	6,999,156	7,359,751	7,256,598	7,950,463	6,802,338	6,949,843	6,644,370	6,741,300	7,620,236
Pupil transportation	1,661,685	1,888,254	1,867,390	2,063,235	1,961,481	1,819,573	1,609,196	1,914,443	1,833,554	1,978,391
Unallocated Benefits	4,846,463	5,616,007	7,969,874	8,196,847	4,478,053	6,543,098	5,511,656	7,866,070	9,345,453	8,331,799
Allocated Benefits					5,477,494	5,785,254	5,932,855	5,817,476	6,305,195	8,397,609
Special Schools	45,995	51,551								
Charter Schools				405,936	565,787	691,043	663,317	881,134	1,287,670	2,478,864
Interest on long-term debt	451,157	430,364	402,196	372,506	343,314	174,538	233,263	206,380	186,561	165,390
Unallocated depreciation	1,505,836	1,565,246	460,613	326,819	595,148	644,696	686,487	914,767	976,090	1,104,117
Amortization & Capital Lease Obligations						471,560	1,041,263	(33,956)	(33,956)	(33,956)
Capital Outlay - nondepreciable	1,052,006	492,516	646,188	608,561	391,229	258,309	76,830	52,665	125,489	243,549
Total governmental activities expenses	76,630,638	79,906,547	85,688,117	88,637,182	89,393,173	94,817,828	93,719,958	97,536,097	101,452,796	105,527,032
Business-type activities:										
Food service	1,589,991	1,677,666	1,626,161	1,720,905	1,815,586	1,928,573	2,095,850	2,238,297	2,519,991	2,699,334
Academy School										
Total business-type activities expense	1,589,991	1,677,666	1,626,161	1,720,905	1,815,586	1,928,573	2,095,850	2,238,297	2,519,991	2,699,334
Total district expenses	\$ 78,220,629	\$ 81,584,213	\$ 87,314,278	\$ 90,358,087	\$ 91,208,759	\$ 96,746,401	\$ 95,815,808	\$ 99,774,394	\$ 103,972,787	\$ 108,226,366
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	10,438,431	10,724,264	10,461,583	11,109,185	4,823,073	5,716,280	3,961,723	4,052,372	4,190,989	4,007,107
Capital grants and contributions	-	-	-	-	-	305,552	106,337	232,061	125,124	7,390
Total governmental activities program revenues	10,438,431	10,724,264	10,461,583	11,109,185	4,823,073	6,021,832	4,068,060	4,284,433	4,316,113	4,014,497

Hackensack Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services										
Food service	585,142	569,155	501,936	523,087	464,452	447,814	420,974	428,259	424,644	478,178
Operating grants and contributions	1,089,100	1,132,924	1,202,162	1,262,610	1,428,043	1,710,133	1,725,137	1,878,859	1,921,521	1,977,656
Capital grants and contributions										
Total business-type activities program revenues	1,674,242	1,702,079	1,704,098	1,785,697	1,892,495	2,157,947	2,146,111	2,307,118	2,346,165	2,455,834
Total district program revenues	\$ 12,112,673	\$ 12,426,343	\$ 12,165,681	\$ 12,894,882	\$ 6,715,568	\$ 8,179,779	\$ 6,214,171	\$ 6,591,551	\$ 6,662,278	\$ 6,470,331
Net (Expense)/Revenue										
Governmental activities	\$ (66,192,207)	\$ (69,182,283)	\$ (75,226,534)	\$ (77,527,997)	\$ (84,570,100)	\$ (88,795,996)	\$ (89,651,898)	\$ (93,251,664)	\$ (97,136,683)	\$ (101,512,535)
Business-type activities	84,251	24,413	77,937	64,792	76,909	229,374	50,261	68,821	(173,826)	(243,500)
Total district-wide net expense	\$ (66,107,956)	\$ (69,157,870)	\$ (75,148,597)	\$ (77,463,205)	\$ (84,493,191)	\$ (88,566,622)	\$ (89,601,637)	\$ (93,182,843)	\$ (97,310,509)	\$ (101,756,035)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 49,879,303	\$ 50,953,742	\$ 53,452,727	\$ 56,693,791	\$ 58,796,582	\$ 61,239,258	\$ 63,715,174	\$ 66,302,510	\$ 68,520,822	\$ 71,216,667
Taxes levied for debt service	1,084,591	1,082,034	1,053,774	820,098	994,912	792,436	1,064,132	804,445	572,182	654,712
Unrestricted grants and contributions	11,019,986	12,071,563	14,673,639	15,183,297	18,505,940	17,217,310	17,246,250	20,398,040	23,271,486	21,970,153
Tuition Received	4,745,492	4,909,035	5,273,917	5,170,100	5,712,114	6,281,947	6,944,414	6,900,539	7,859,900	8,543,020
Investment earnings	318,333	606,367	763,868	387,639	100,057	95,646	58,647	966	4,630	320
Miscellaneous income	743,123	930,780	318,740	301,309	381,670	312,863	154,399	275,782	608,385	669,736
Excess Refinanced Loan Proceeds	23,800									
Local Aid - Port Authority Grant		6,426,366								
Total governmental activities	67,814,628	76,979,887	75,536,665	78,556,234	84,491,275	85,939,460	89,183,016	94,682,282	100,837,405	103,054,608
Business-type activities:										
Investment earnings							78	123	163	199
Miscellaneous income									33,370	1,671
Total business-type activities							78	123	33,533	1,870
Total district-wide	\$ 67,814,628	\$ 76,979,887	\$ 75,536,665	\$ 78,556,234	\$ 84,491,275	\$ 85,939,460	\$ 89,183,094	\$ 94,682,405	\$ 100,870,938	\$ 103,056,478
Change in Net Position										
Governmental activities	\$ 1,622,421	\$ 7,797,604	\$ 310,131	\$ 1,028,237	\$ (78,825)	\$ (2,856,536)	\$ (468,882)	\$ 1,430,618	\$ 3,700,722	\$ 1,542,073
Business-type activities	84,251	24,413	77,937	64,792	76,909	229,374	50,339	68,944	(140,293)	(241,630)
Total district	\$ 1,706,672	\$ 7,822,017	\$ 388,068	\$ 1,093,029	\$ (1,916)	\$ (2,627,162)	\$ (418,543)	\$ 1,499,562	\$ 3,560,429	\$ 1,300,443

Source: CAFR Schedule A-2

Hackensack Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 8,653,573	\$ 9,589,036	\$ 7,095,676	\$ 8,121,428	\$ 8,232,971	\$ 4,909,752				
Unreserved	1,688,135	1,933,457	2,089,495	1,673,252	769,443	1,249,410				
Restricted							2,628,645	3,768,021	1,911,097	4,430,263
Committed							510,533	262,350		
Assigned							889,496	1,855,896	6,884,100	4,291,196
Unassigned							1,598,726	1,306,634	1,488,724	1,300,578
Total general fund	\$ 10,341,708	\$ 11,522,493	\$ 9,185,171	\$ 9,794,680	\$ 9,002,414	\$ 6,159,162	\$ 5,627,400	\$ 7,192,901	\$ 10,283,921	\$ 10,022,037
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(43,950)	(72,318)	(67,009)	(98,186)	-	-				
Capital projects fund	2,427,919	2,454,283	3,704,594	3,451,675	1,925,343	756,247				
Debt service fund	30,022	299,230	367,020	225,776	168,970	76,199				
Committed, reported in:										
Capital projects fund									418,023	
Assigned, reported in:										
Capital projects fund							683,443	521,812	12,457	
Debt service fund							273,111	367,069	129,270	137
Total all other governmental funds	\$ 2,413,991	\$ 2,681,195	\$ 4,004,605	\$ 3,579,265	\$ 2,094,313	\$ 832,446	\$ 956,554	\$ 888,881	\$ 559,750	\$ 137

Source: CAFR Schedule B-1

Hackensack Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax levy	\$ 50,963,894	\$ 52,035,776	\$ 54,506,501	\$ 57,513,889	\$ 59,791,494	\$ 62,031,694	\$ 64,779,306	\$ 67,106,955	\$ 69,093,004	\$ 71,871,379
Tuition	4,745,492	4,909,035	5,273,917	5,170,100	5,712,114	6,281,947	6,944,414	6,900,339	7,859,900	8,543,020
Interest earnings	265,266	606,367	763,868	387,639	100,057	95,646	58,647	966	4,630	320
Miscellaneous	846,631	7,357,146	352,267	312,741	393,411	321,074	162,610	279,599	621,355	670,620
State sources	15,879,405	17,390,538	19,792,837	21,246,188	19,976,596	16,665,590	18,424,074	21,158,521	24,087,294	22,731,077
Federal sources	5,528,571	5,405,289	5,308,858	5,034,862	3,340,676	6,565,341	2,882,025	3,520,135	3,498,111	3,522,689
Total revenue	78,229,259	87,704,151	85,998,248	89,665,419	89,314,348	91,961,292	93,251,076	98,966,715	105,164,294	107,069,105
Expenditures										
Instruction										
Regular instruction	26,487,509	27,651,202	28,946,580	29,735,325	30,817,940	34,449,221	30,903,308	32,198,345	30,756,018	31,158,011
Special education instruction	4,829,682	5,013,079	5,247,901	5,982,963	5,985,526	6,421,294	7,077,148	7,580,750	9,957,533	10,463,045
Other special instruction	1,475,842	1,509,043	1,622,204	1,621,041	1,912,361	1,945,035	1,823,109	1,813,458	1,838,113	2,150,846
Other instruction	1,004,203	1,000,555	1,067,762	1,085,131	1,084,857	1,345,485	1,131,868	1,253,065	1,864,498	1,770,382
Support Services:										
Instruction	7,206,461	7,563,097	7,400,345	7,739,692	8,326,732	6,469,010	6,533,987	5,872,964	5,753,383	5,850,284
Attendance and social work services	22,438	21,756	22,035	22,759	548,261	426,066	180,928	170,564	9,045	10,400
Health Services	549,478	597,869	604,129	668,384	743,941	903,832	913,268	855,428	861,884	890,880
Student & instruction related services	8,561,976	8,426,190	9,162,112	10,136,858	8,274,784	8,667,093	9,962,348	10,950,983	11,639,734	12,048,869
General administrative services	983,500	1,037,811	1,229,298	1,070,555	1,165,577	1,135,434	1,065,655	899,140	835,180	3,453,363
School Administrative services	2,979,368	3,315,909	3,435,137	3,463,251	3,522,021	3,813,545	4,082,427	3,792,230	3,409,905	929,071
Business and other support services	981,632									
Central administrative services	879,960	942,653	1,048,764	872,791	1,091,236	1,269,576	1,381,949	1,414,568	1,483,117	1,872,608
Plant operations and maintenance	5,910,196	6,504,115	6,874,013	6,799,696	7,639,165	6,486,289	6,529,339	6,200,809	6,321,376	7,311,018
Pupil transportation	1,655,893	1,882,435	1,866,036	2,062,025	1,960,860	1,819,573	1,608,981	1,914,443	1,826,799	1,974,200
Allocated employee benefits					4,478,053	5,785,254	5,932,855	5,817,476	6,305,195	8,397,609
Unallocated employee benefits	5,321,091	6,298,732	7,812,424	7,600,842	4,468,887	5,095,877	6,379,972	6,914,814	6,714,485	4,956,683
TPAF Pension / Social Security	4,758,500	5,559,226	8,133,399	8,423,780	5,522,866	5,948,156	5,976,421	7,334,294	9,217,396	8,203,459
Charter Schools	45,995	51,551		405,936	565,787	691,043	663,317	881,134	1,287,670	2,478,864
Capital outlay	1,237,617	7,798,904	1,456,226	700,916	2,389,989	2,494,355	1,982,112	764,785	1,510,974	3,187,147
Debt service:										
Principal	595,380	643,298	672,835	707,485	742,328	710,000	630,000	630,000	620,000	615,000
Interest and other charges	459,191	438,735	410,960	381,820	350,395	188,273	237,988	209,637	190,100	168,863
Total expenditures	75,945,912	86,256,160	87,012,160	89,481,250	91,591,566	96,066,411	94,996,980	97,468,857	102,402,405	107,890,602
Excess (Deficiency) of revenues over (under) expenditures	2,283,347	1,447,991	(1,013,912)	184,169	(2,277,218)	(4,105,119)	(1,745,904)	1,497,828	2,761,889	(821,497)

Hackensack Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing sources (uses)										
Transfers in		269,209	2,214,710	127,963	41,005	3,065	768		219,312	162,248
Transfers out	(410,000)	(269,209)	(2,214,710)	(127,963)	(41,005)	(3,065)	(768)		(219,312)	(162,248)
Capital leases (non-budgeted)							1,338,250			
Total other financing sources (uses)	(410,000)	-	-	-	-	-	1,338,250	-	-	-
Net change in fund balances	\$ 1,873,347	\$ 1,447,991	\$ (1,013,912)	\$ 184,169	\$ (2,277,218)	\$ (4,105,119)	\$ (407,654)	\$ 1,497,828	\$ 2,761,889	\$ (821,497)
Debt service as a percentage of noncapital expenditures	1.4%	1.4%	1.3%	1.2%	1.2%	1.0%	0.9%	0.9%	0.8%	0.7%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: CAFR Schedule B-2 and C-2

Exhibit J-5

Hackensack Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition		Rentals	Refunds	Misc.	Total
		Revenue					
2005	265,266	4,745,492		250,984	157,999	12,404	5,432,145
2006	510,077	4,909,035		250,377	619,925	93,409	6,382,823
2007	763,868	5,273,917		51,097	267,643		6,356,525
2008	387,639	5,170,100		25,911	134,978	12,457	5,731,085
2009	100,057	5,712,114		-	54,667	285,998	6,152,836
2010	95,646	6,281,947		-	57,486	242,311	6,677,390
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

Source: District Records

Hackensack Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2004	\$ 23,818,600	\$ 926,098,000			\$ 773,313,800	\$ 150,708,400	\$ 386,132,400	\$ 2,262,071,200	\$ -		\$ 2,262,071,200	2.210		
2005	\$ 24,754,500	\$ 928,798,000			\$ 773,001,000	\$ 150,088,200	\$ 386,106,300	\$ 2,262,748,000	\$ -		\$ 2,262,748,000	2.260		
2006	\$ 24,413,900	\$ 954,256,400			\$ 766,726,700	\$ 140,085,800	\$ 374,163,800	\$ 2,259,646,600	\$ -		\$ 2,259,646,600	2.350		
2007	\$ 52,587,500	\$ 2,749,255,400			\$ 2,007,826,000	\$ 342,569,200	\$ 1,121,889,200	\$ 6,274,127,300	\$ -		\$ 6,274,127,300	0.890		
2008	\$ 57,457,000	\$ 2,728,447,600			\$ 1,987,365,400	\$ 337,615,700	\$ 1,079,890,500	\$ 6,190,776,200	\$ -		\$ 6,190,776,200	1.015	\$ 5,943,910,052	104.15%
2009	\$ 57,457,000	\$ 2,728,447,600			\$ 1,929,082,100	\$ 323,600,400	\$ 1,079,890,500	\$ 6,190,776,200	\$ -		\$ 6,190,776,200	1.015	\$ 6,096,246,072	101.55%
2010	\$ 57,531,800	\$ 2,704,803,000			\$ 1,987,365,400	\$ 296,636,910	\$ 969,174,000	\$ 5,984,191,300	\$ -	\$ 28,273,057	\$ 6,012,464,357	1.038	\$ 6,130,487,593	98.07%
2011	\$ 39,988,200	\$ 2,000,415,500			\$ 1,794,497,900	\$ 296,636,910	\$ 913,359,000	\$ 5,044,897,510	\$ -	\$ 26,094,565	\$ 5,070,992,075	1.300	\$ 5,781,824,970	87.71%
2012	\$ 47,731,400	\$ 1,998,662,800			\$ 1,740,230,570	\$ 295,561,200	\$ 891,042,000	\$ 4,973,227,970	\$ -	\$ 21,534,684	\$ 4,994,762,654	1.363	\$ 5,746,741,785	86.91%
2013	\$ 48,369,100	\$ 1,995,196,200			\$ 1,718,956,070	\$ 288,435,400	\$ 879,727,000	\$ 4,930,683,770	\$ -	\$ 21,534,684	\$ 4,952,218,454	1.424	\$ 5,607,198,120	88.32%

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies^b Tax rates are per \$100

Exhibit J-7

Hackensack Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Hackensack Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General		Town of Hackensack	Bergen County		
	Basic Rate ^a	Obligation Debt Service ^b			Total Direct	
2004	2.16	0.05	2.21	1.93	0.34	4.48
2005	2.21	0.05	2.26	2.04	0.39	4.69
2006	2.30	0.05	2.35	2.27	0.40	5.02
2007	0.76	0.13	0.89	0.93	0.17	1.99
2008	0.93	0.01	0.94	0.98	0.18	2.097
2009	1.00	0.02	1.02	1.00	0.20	2.215
2010	1.02	0.02	1.04	1.09	0.20	2.328
2011	1.28	0.02	1.30	1.43	0.22	2.951
2012	1.35	0.01	1.36	1.49	0.25	3.095
2013	1.41	0.01	1.42	1.54	0.26	3.217

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy .

The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, which ever is greater, plus any pending growth adjustments.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

**Hackensack Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2014			2005		
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
		Rank [Optional]				
Riverside Square Ltd	\$ 156,048,800	1	3.15%	\$ 60,750,000	1	2.68%
20 Prospect Ave (HUMC)	\$ 126,774,000	2	2.56%	\$ 44,500,000	2	1.97%
Hackensack VF, LLC	\$ 66,000,000	3	1.33%	\$ 25,796,800	7	1.14%
Stellar Capital Mgmt	\$ 54,455,400	4	1.10%	\$ 35,707,000	3	1.58%
Hackensack University Medical	\$ 50,000,000	5	1.01%			
Equity One Riverfront	\$ 40,050,300	6	0.81%			
GSG Res Prospect Towers	\$ 38,902,800	7	0.79%			
Pierre Towers LLC	\$ 37,000,000	8	0.75%			
Bloomingtondale's Inc	\$ 35,917,300	9	0.73%	\$ 22,377,500	8	0.99%
10 Hackensack Ave LLC	\$ 35,631,700	10	0.72%			
Excelsior I				\$ 18,500,000	9	0.82%
Three University Plaza				\$ 17,559,000	10	0.78%
Quail Heights				\$ 30,770,500	4	1.36%
Court Plaza Assoc.				\$ 28,771,400	5	1.27%
Stellar Continental				\$ 26,151,500	6	1.16%
Total	<u>\$ 640,780,300</u>		<u>12.94%</u>	<u>\$ 310,883,700</u>		<u>13.74%</u>

Net Assessed Valuation: \$ 2,262,748,000

Net Assessed Valuation: \$ 4,952,218,454

Source: Municipal Tax Assessor.

Exhibit J-9

Hackensack Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$50,963,894	\$50,963,894	100.00%	\$ -
2006	\$52,035,776	\$52,035,776	100.00%	\$ -
2007	\$54,506,501	\$54,506,501	100.00%	\$ -
2008	\$57,513,889	\$56,010,195	97.39%	\$ 1,503,694
2009	\$59,791,494	\$59,791,494	100.00%	\$ -
2010	\$62,031,694	\$62,031,694	100.00%	\$ -
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%	\$ -

Source: Municipal Tax Collector

Hackensack Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds/Loans ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	9,383,946	-	223,100	-	-	9,607,046	0.58%	\$ 55,322
2005	8,740,648	-	168,700	-	-	8,909,348	0.65%	\$ 57,745
2006	8,067,814	-	122,378	-	-	8,190,192	0.77%	\$ 63,166
2007	7,360,328	-	-	-	-	7,360,328	0.92%	\$ 67,606
2008	6,618,000	-	-	-	-	6,618,000	1.02%	\$ 67,375
2009	6,040,000	-	-	-	-	6,040,000	1.06%	\$ 63,862
2010	5,410,000	-	1,075,219	-	-	6,485,219	0.99%	\$ 63,950
2011	4,780,000	-	817,322	-	-	5,597,322	1.20%	\$ 67,240
2012	4,160,000	-	552,286	-	-	4,712,286	1.48%	\$ 69,919
2013	3,545,000	-	279,913	-	-	3,824,913	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

**Hackensack Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value a of Property	Per Capita b
	General Obligation Bonds/Loans	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 9,383,946	-	9,383,946	0.41%	\$ 163
2006	\$ 8,740,648	-	8,740,648	0.39%	\$ 138
2007	\$ 8,067,814	-	8,067,814	0.13%	\$ 119
2008	\$ 7,360,328	-	7,360,328	0.12%	\$ 109
2009	\$ 6,618,000	-	6,618,000	0.11%	\$ 104
2010	\$ 6,040,000	-	6,040,000	0.10%	\$ 94
2011	\$ 5,410,000	-	5,410,000	0.11%	\$ 80
2012	\$ 4,780,000	-	4,780,000	0.10%	\$ 68
2013	\$ 4,160,000	-	4,160,000	0.08%	Not Available
2014	\$ 3,545,000	-	3,545,000	Not Available	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Hackensack Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2014			\$ 3,545,000
Net overlapping debt of School District:			
City of Hackensack	100.000%	\$ 28,090,799	
County of Bergen - City's Share	3.211%	\$ 27,270,958	
Bergen County Utility Authority-City's Share	9.235%	\$ 20,366,445	
Subtotal, overlapping debt			<u>\$ 75,728,202</u>
Total direct and overlapping debt			<u>\$ 79,273,202</u>

Sources: Town of Hackensack Town Administrator / Bergen County Treasurer's Office

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Hackensack. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Hackensack Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2014

[illegible]

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through I2 district; other % limits would be applicable for other districts

**Hackensack Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2004	43,101	\$ 2,384,433,522	55,322	5.30%
2005	43,041	\$ 2,485,402,545	57,745	4.60%
2006	42,788	\$ 2,702,746,808	63,166	4.60%
2007	42,634	\$ 2,882,314,204	67,606	4.60%
2008	42,637	\$ 2,872,667,875	67,375	4.60%
2009	42,839	\$ 2,735,784,218	63,862	9.70%
2010	43,060	\$ 2,753,687,000	63,950	9.80%
2011	43,285	\$ 2,910,483,400	67,240	9.50%
2012	43,845	\$ 3,065,598,555	69,919	9.40%
2013	44,113	Not Available	Not Available	8.20%

Source:^a Population information provided by the NJ Dept of Labor and Workforce Development^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Hackensack Board of Education
Principal Employers
Current Year and Ten Years Ago **

	2013		2004	
	Employer	Employees	Rank (Optional)	Percentage of Total Employment

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED
TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO
PRIVACY CONCERNS

Source: Town of Hackensack

** Data was only provided for years noted

Hackensack Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	543	530	533	533	536	413	375	304	310	284
Special education	23	24	26	27	30	143	135	216	220	184
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	16	17	17	17	18	74	17	85	87	87
General administrative services	5	5	6	6	6	6	6	6	6	6
School administrative services	39	40	40	40	37	39	42	52	60	63
Business administrative services	12	13	13	13	15	16	15	16	14	14
Plant operations and maintenance	57	56	57	57	55	56	51	62	81	68
Pupil transportation	-	1								
Total	695	686	692	693	697	747	641	741	778	706

Source: District Personnel Records

**Hackensack Board of Education
Operating Statistics
Last Ten Fiscal Years**

Fiscal Year	Pupil/Teacher Ratio						High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School				
2005	4,931.0	74,226,493	15,053	3.52%	485	1:23	1:25	1:25	4,931	4,639	0.76%
2006	4,984.0	77,095,012	15,469	2.76%	485	1:23	1:25	1:25	4,852	4,596	-1.60%
2007	4,992.0	85,061,777	17,040	10.16%	485	1:23	1:25	1:25	4,949	4,632	0.37%
2008	4,902.0	87,691,029	17,889	4.98%	485	1:23	1:25	1:25	4,922	4,586	1.44%
2009	4,970.0	88,108,854	17,728	-0.90%	536	1:23	1:25	1:25	4,902	4,633	-0.41%
2010	5,063.0	92,673,783	18,304	3.25%	556	1:23	1:25	1:25	5,033	4,759	2.67%
2011	5,114.0	92,146,880	18,019	-1.56%	510	1:23	1:25	1:25	5,132	4,893	1.97%
2012	5,258.0	95,864,465	18,232	1.19%	520	1:11	1:10	1:10	5,224	4,994	1.79%
2013	5,384.0	100,081,331	18,589	1.96%	531	1:10	1:10	1:12	5,406	5,261	3.48%
2014	5,506.0	103,919,592	18,874	1.53%	467	1:12	1:12	1:12	5,463	5,232	1.05%

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay. Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Hackensack Board of Education
School Building Information
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
District Buildings										
Elementary										
Nellie K. Priker 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	442	426	415	415	440	440	499	531	568	541
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 a	532	544	539	539	559	559	599	665	670	601
Fanny 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 a	434	454	494	494	516	516	564	568	562	504
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)	434	434	434	434	434	434	434	434	434	434
Enrollment a	407	417	398	398	430	430	479	468	454	399
ECDC										
Square Feet										40,309
Capacity (students)										490
Enrollment a										280
Middle School										
Middle School										
Square Feet	103,293	103,293	103,293	103,293	103,293	103,293	103,293	103,293	103,293	141,932
Capacity (students)	1,445	1,445	1,445	1,445	1,445	1,161	1,161	1,161	1,161	1,161
Enrollment	715	684	654	654	673	673	633	630	1,327	1,406
High School										
Hackensack High School										
Square Feet	158,243	158,243	158,243	158,243	158,243	158,243	158,243	158,243	158,243	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	1,848	1,812	1,748	1,783	1,712	1,712	1,715	1,729	1,803	1,775
Other										
Administration Building										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	7,516
5/6 School										
Square Feet	29,977	29,977	29,977	29,977	29,977	29,977	29,977	29,977	29,977	
Capacity (students)	525	525	525	525	525	525	525	525	525	
Enrollment a	646	645	654	619	589	589	625			

Number of Schools at June 30, 2014

Elementary = 5

Middle School = 1

High School = 1

Other School = 2

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Hackensack Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

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

School Facilities	Project # (s)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Hackensack High School	N/A	325,944	277,050	218,177	206,518	235,489	499,850	398,937	323,981	384,195	279,830
Middle School	N/A	173,039	158,843	130,216	347,638	323,929	242,878	430,508	468,897	80,812	246,242
Neillie K. Parker School	N/A	97,875	66,681	52,481	64,689	88,767	153,104	65,913	99,440	52,727	118,104
Fairmount School	N/A	74,369	66,083	35,413	70,851	97,089	136,496	66,577	138,421	68,837	53,768
Fanny M. Hillers School	N/A	97,534	145,988	109,118	89,141	173,251	208,755	51,664	60,088	62,998	84,768
Jackson Avenue School	N/A	74,125	113,845	57,598	75,812	45,469	95,343	26,608	61,580	297,344	48,256
ECDC	N/A	49,144									
Administration Building	N/A	9,163	3,966	63,035	37,797	54,389	44,683	39,258	47,454	44,596	61,167
Total School Facilities		901,193	832,456	666,038	892,446	1,018,383	1,381,109	1,079,465	1,195,861	991,509	892,135
Other Facilities											
Grand Total		\$ 901,193	\$ 832,456	\$ 666,038	\$ 892,446	\$ 1,018,383	\$ 1,381,109	\$ 1,079,465	\$ 1,195,861	\$ 991,509	\$ 892,135

**Hackensack Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2014
Unaudited**

Company	Type of Coverage	Coverage	Deductible
NJ School Board	School package policy -		
Association Insurance	Property - Blanket Building and Contents	\$ 166,128,820	\$ 5,000
Group/North Jersey	Comprehensive General Liability	31,000,000	5,000
Educational	Comprehensive Automobile Liability	1,000,000	5,000
Insurance Fund	Comprehensive Crime Coverage	500,000	1,000
	Computers and schedule equipment -		
	Data Processing Equipment	2,500,000	5,000
	Musical instruments	250,000	250
	Other	5,000,000	5,000
	Boiler and machinery -		
	Umbrella policy	5,900,000	10,000
	School Board legal liability -		
	Directors and officers policy	1,000,000	10,000
	Public Employees' Faithful Performance Blanket		
	Position Bond - Board Secretary	405,000	
	Pollution	1,000,000	15,000

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen
Hackensack, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the City of Hackensack School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the City of 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 City of Hackensack Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters


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

We noted certain matters that were required to be reported to the Board of Education of the City of Hackensack School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated September 19, 2014.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkatz, C.P.A.
Licensed Public School Accountant
No. 816


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 19, 2014



Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the City of Hackensack School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the City of Hackensack Board of Education's major federal and state programs for the year ended June 30, 2014. The City of 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 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 and state program occurred. An audit includes examining, on a test basis, evidence about the City of 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 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 City of Hackensack Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of 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 year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of 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 City of Hackensack Board of Education's internal control over compliance with the type 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 OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of 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 and 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 and 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Hackensack Board of Education as of and for the year ended June 30, 2014, and have issued our report there dated September 19, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the 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 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 financial statements or to the 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 expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.


Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

September 19, 2014



**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014		
										(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor
U.S. Department of Agriculture Passed-through State Department of Education: Enterprise Fund:												
USDA Commodities	10.550	7/1/13-6/30/14	\$ 109,049			109,049	109,049					
National School Lunch Program	10.555	7/1/13-6/30/14	1,159,302			1,077,687	1,159,302			(81,615)		
National School Lunch Program	10.555	7/1/12-6/30/13	1,130,399	(88,896)		88,896						
National Breakfast Program	10.553	7/1/13-6/30/14	632,022			576,621	632,022			(55,401)		
National Breakfast Program	10.553	7/1/12-6/30/13	635,570	(51,376)		51,376						
Total Enterprise Fund				(140,272)		1,903,629	1,900,373			(137,016)		
U.S. Department of Education General Fund:	84.410A	7/1/12-6/30/13	1,210	(1,210)		1,210						
Education Jobs Fund	93.778	7/1/13-6/30/14	87,121			87,121	87,121					
Medical Assistance Program (SEMT)												
Total General Fund				(1,210)		88,331	87,121					
U.S. Department of Education Passed-through State Department of Education: Special Revenue Fund:												
Title I Part A, Improving Basic Programs	84.010	7/1/13-6/30/14	1,018,027		(521,717)	1,650,776	1,369,756	(777)		(241,474)		
Title I Part A, Improving Basic Programs	84.010	9/1/12-8/31/13	1,179,661	(521,717)	521,717		1,369,756	(777)		(241,474)		
I D E A, Part B	84.027	7/1/13-6/30/14	1,264,916		(402,759)	1,127,485	1,304,164			(579,438)		
I D E A, Part B	84.027	9/1/12-8/31/13	1,220,676	(402,759)	402,759							
I D E A, Part B Preschool	84.173	7/1/13-6/30/14	47,197		(64,028)	78,823	7,320			7,475		
I D E A, Part B Preschool	84.173	9/1/12-8/31/13	48,833	(64,028)	64,028							
				(466,787)		1,206,308	1,311,484			(579,438)	7,475	
Title II Part A	84.367A	7/1/13-6/30/14	182,493		(62,114)	200,735	185,199	(24,618)		(71,196)		
Title II Part A	84.367A	9/1/12-8/31/13	182,499	(62,114)	62,114		185,199	(24,618)		(71,196)		
Title III												
Title III, Immigrant	84.365A	7/1/13-6/30/14	97,340		(34,651)	96,701	120,861	(14,015)		(72,826)		
Title III, Immigrant	84.365A	9/1/12-8/31/13	102,614	(34,651)	34,651							
Title III, Immigrant	84.365A	7/1/13-6/30/14	40,037			5,575	18,087			(12,512)		
Title III, Immigrant	84.365A	9/1/12-8/31/13	135,381	(34,651)		102,276	138,948	(14,015)		(85,338)		

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2014			
										(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	
(continue from prior page)													
Vocational Education - Perkins	84.048	7/1/13-6/30/14	46,188	(50,231)	(50,231)	53,682	48,872	(309)		(45,730)			
Vocational Education - Perkins	84.048	9/1/12-8/31/13	53,682	(50,231)	50,231	53,682	48,872	(309)		(45,730)			
Workforce Year Round Youth Program - Drop-in	17.259	7/1/12-6/30/13	15,000	(7,502)		7,499	(11)	(8)		(61,600)			
Project ACES	17.259	7/1/13-6/30/14	108,000	(34,183)		45,626	107,226			(2,795)			
Project ACES	17.259	7/1/12-6/30/13	57,600	(41,685)		32,143	755			(64,395)			
						85,268	107,970	(8)					
Total Special Revenue Fund				(1,177,185)		3,299,045	3,162,229	(39,727)		(1,087,571)	7,475		
Total Federal Financial Assistance			\$	(1,318,667)		5,291,005	5,149,723	(39,727)		(1,224,587)	7,475		

See accompanying notes to schedules of expenditures of federal and state awards.

**HACKENSACK
BOARD OF EDUCATION**

Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2014

Balance at June 30, 2013										Balance at June 30, 2014				MEMO	
State Grants/Program Title	Grant or State Project Number	Grant Period	Award Amount	Deferred Revenue (Acctg Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Reservable	Cumulative Total Expenditures
State Department of Education:															
General Fund:															
Equalization Aid	495-034-5120-078	7/1/13-6/30/14	9,445,263				8,690,868	9,445,263							9,445,263
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	92,175				84,783	92,175							92,175
Special Education aid	495-034-5120-089	7/1/13-6/30/14	2,812,756				2,587,198	2,812,756							2,812,756
Security Aid	495-034-5120-084	7/1/13-6/30/14	363,386				334,246	363,386							363,386
Extraordinary Aid	495-034-5120-044	7/1/13-6/30/14	977,897					977,897			(977,897)				977,897
Reimbursed TPAF Social Security	495-034-5120-044	7/1/12-6/30/13	1,284,171	(1,284,171)			1,284,171	3,246,321			(162,466)				1,284,171
Reimbursed TPAF Social Security	495-034-5095-051	7/1/13-6/30/14	3,246,321				3,083,855								3,246,321
On Behalf TPAF Pension & NCGH Premium	495-034-5095-051	7/1/12-6/30/13	3,181,764	(161,722)			161,722								3,181,764
On Behalf TPAF - Post Retirement Medical	495-034-5095-001	7/1/13-6/30/14	1,877,972				1,877,972								1,877,972
			3,079,166				3,079,166	3,079,166							3,079,166
				(1,445,893)			21,183,981	21,894,936			(1,140,363)				26,360,871
Special Revenue Fund:															
Preschool Education Aid	495-034-5120-086	7/1/13-6/30/14	423,180			59,947	380,862	470,820							470,820
Preschool Education Aid	495-034-5120-086	7/1/12-6/30/13	416,760	18,273		(59,947)	41,676		(2)		(30,011)				406,916
Nonpublic Text Chapter 194	100-034-5120-064	7/1/13-6/30/14	13,369		7,473		7,350	6,734		7,473			616		6,733
Nonpublic Text Chapter 194	100-034-5120-064	7/1/12-6/30/13	75,749		1,254		6,420	5,136		1,254			1,284		5,896
Chapter 192 - Compensatory Education	100-034-5120-067	7/1/13-6/30/14	6,420				8,642	6,285		1,254			2,357		5,136
Chapter 192 - ESL	100-034-5120-067	7/1/13-6/30/14	8,642				15,403	8,742					6,661		70,495
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/13-6/30/14	15,403		487		12,743	11,785		487			958		8,642
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/12-6/30/13	12,743		3,186		9,374	6,796		3,186			2,578		15,403
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/13-6/30/14	26,280		1,879		10,422	10,422		1,879					23,094
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/12-6/30/13	9,374				2,680	2,460							9,401
Chapter 193 - Corrective Speech	100-034-5120-066	7/1/13-6/30/14	18,046		2,574		45,462	45,341		2,574		121			16,167
Chapter 193 - Corrective Speech	100-034-5120-079	7/1/13-6/30/14	10,422				299,940	296,920	(12)			3,020			10,422
Nonpublic Nursing	100-034-5120-373	7/1/13-6/30/14	2,680				2,300	(578)							2,460
Non Public Technology Grant	100-034-5120-373	7/1/12-6/30/13	4,934												2,360
Friendly Family	FF07015	7/1/13-6/30/14	45,462	1,741											45,341
Friendly Family	FF07015	7/1/12-6/30/13	45,462												45,450
School Based Youth Service Program	13 AMBP	7/1/13-6/30/14	299,940				2,300	(578)							296,920
School Based Youth Service Program	12 AMBP	7/1/12-6/30/13	304,740	(2,300)			6,931					6,931			304,162
Anti-Bullying Bill of Rights		7/1/13-6/30/14	6,931												
				17,714	16,853		850,205	872,592	(592)	16,853	(30,011)	10,072	14,674	(42,318)	1,775,011
Enterprise Fund:															
National School Lunch Program (State Share)	100-010-3350-023	7/1/13-6/30/14	25,004				23,253	25,004			(1,751)				25,004
National School Lunch Program (State Share)	100-010-3350-023	7/1/12-6/30/13	25,020	(1,921)			49,307	52,279			(2,972)				25,020
National School Snack Program (State Share)	100-010-3350-022	7/1/13-6/30/14	52,279				3,475								52,279
National School Snack Program (State Share)	100-010-3350-022	7/1/12-6/30/13	37,690	(3,475)											37,690
				(5,396)			77,956	77,283			(4,723)				139,993
				(1,433,575)	16,853		22,112,142	22,844,811	(592)	16,853	(1,175,097)	10,072	14,674	(1,058,803)	28,275,875
Total State Financial Assistance															(Continue to next page) *

HACKENSACK
BOARD OF EDUCATION

Schedule of Expenditures of State Awards and Other Local Awards

Year ended June 30, 2014

State Grantee/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013					Balance at June 30, 2014					MEMO	
				Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Local Sources:															
Special Revenue Fund:															
Reading is Fundamental		7/1/10-6/30/11	5,221	10								10			5,211
Laura Bush Foundation		7/1/10-6/30/11	5,000	18					(18)						4,982
MSG Grant		7/1/12-6/30/13	2,000	2,000								2,000			
MSG Grant		7/1/11-6/30/12	884	884				884	(9)						4,116
Fairmount PTA		7/1/11-6/30/12	2,863	9											2,854
Santo V. Soria		7/1/11-6/30/12	500	500							(7,000)	500			
Environmental Challenge Grant		7/1/12-6/30/13	7,000	(7,000)											4,764
				(3,579)				884	(27)		(7,000)	2,510			21,927
Total Local Sources				(3,579)				884	(27)		(7,000)	2,510			31,927
Total State and Local Financial Assistance				\$ (1,437,154)	16,853		22,112,142	22,845,695	(619)	16,853	(1,182,097)	12,582	14,674	(1,058,803)	28,307,802

See accompanying notes to schedules of expenditures of federal and state awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Board of Education, City of Hackensack School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(11,904) for the general fund and \$(21,208) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$87,121	\$21,883,032		\$21,970,153
Special Revenue Fund	3,165,568	848,045	884	4,014,497
Food Service Fund	<u>1,900,373</u>	<u>77,283</u>	<u> </u>	<u>1,977,656</u>
Total Financial Awards	<u>\$5,153,062</u>	<u>\$22,808,360</u>	<u>\$884</u>	<u>\$27,962,306</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014.

NOTE 6. ADJUSTMENTS

Adjustments were made to the client's subsidiary ledger reports to agree balances to the State of New Jersey Department of Education Electronic Web-Enabled Grant (EWEG) System. These adjustments are shown on the Schedule of Expenditures of Federal Awards.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
2. Material weakness(es) identified? yes X no

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
2. Material weakness(es) identified? yes X no

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

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

Identification of major programs:

<u>CFDA Number(s)</u>		<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	(A)	<u>IDEA, Part B-Basic/IDEA, Part B-Preschool</u>
<u>17.259</u>	(B)	<u>Project ACES</u>

Note: (A) - Tested as Major Type A Program.
(B) - Tested as Major Type B Program.

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

Auditee qualified as low-risk auditee? X yes no

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 536,630

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ X none reported
2. Material weakness(es) identified? _____ yes _____ X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? _____ yes _____ X no

Identification of major programs:

GMIS Number(s)

Name of State Program

<u>495-034-5120-086</u>	(A)	<u>Preschool Education Aid</u>
495-034-5120-089/ 495-034-5120-078/ <u>495-034-5120-084/</u>	(A)	Special Education Categorical Aid/Equalization Aid/ Security Aid

Note: (A) - Tested as Major Type A Program.
(B) - Tested as Major Type B Program

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section II - Schedule of Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

NONE

**CITY OF HACKENSACK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Status of Prior Year Findings

There were no prior year audit findings.