

**SCHOOL DISTRICT OF THE
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**School District
of
Hackensack**

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

**Comprehensive Annual Financial Report
Year Ended June 30, 2016**

Comprehensive Annual Financial Report

of the

HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey

Year Ended June 30, 2016

Prepared by

Louise B. Davis
Interim School Business Administrator/Board Secretary

OUTLINE OF CAFR

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INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601

www.hackensackschools.org

September 28, 2016

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, 2016, 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 Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Hackensack School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement No. 14. All funds and account groups of the District are included in this Report. The Hackensack Board of Education and all its schools constitute the District's reporting entity.

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

The District completed the 2015-2016 fiscal year with an Average Daily Enrollment of 5,690 students, which is 78 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last nine years:

| <u>Fiscal Year</u> | <u>Average Daily Student Enrollment</u> | <u>Number Change</u> | <u>Percent Change</u> |
|------------------------|---|--------------------------|---------------------------|
| 2015-16 | 5,690 | 78 | 1.39% |
| 2014-15 | 5,612 | 149 | 2.73% |
| 2013-14 | 5,463 | 57 | 1.05% |
| 2012-13 | 5,406 | 182 | 3.48% |
| 2011-12 | 5,224 | 92 | 1.79% |
| 2010-11 | 5,132 | 99 | 1.97% |
| 2009-10 | 5,033 | 131 | 2.67% |
| 2008-09 | 4,902 | (20) | -0.41% |
| 2007-08 | 4,922 | (27) | -0.55% |
| 2006-07 | 4,949 | 97 | 1.99% |

For the 2015-2016 school year, the District was configured as follows:

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

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

Childhood Development Center and houses Pre-K through Kindergarten.

2. MAJOR INITIATIVES – 2015-2016:

Educational programs, Grades Pre-K-12

1. Our District includes a Pre-K Program, 4 elementary schools, a middle school and high school serving a diverse student population which exceeds 5600 students.

Our Program of instruction focuses on meeting students' needs while addressing and closing the achievement gap and the focus is on preparing students for more rigorous CCCS content and 21st Century skills.

- The Pre-K through 12 Program is designed to assist student in meeting 21st Century Skills through a rigorous academic Program following the Core Curriculum Content Standards; at the elementary level, this means designating time on all elementary school schedules for Science and Social Studies content (apart from the literacy block period).
- Our 1:1 technology initiative for high school students will continue with Chromebooks and will expand opportunities to use technology not only as an instructional tool, but also as resources for students to integrate and extend learning. The use of technology utilizing this model is also being integrated in the elementary and middle school as our school environments to provide students with increased access to technology for learning and to prepare for PARCC assessments.

Adoption of the Teachscape Model of teacher evaluation and the Professional Development Programs have allowed our administrative staff to better assess teacher effectiveness through classroom practice and adherence to the common core. The MPPR or Multi-Dimensional Principal Practice Rubric focuses administrators on specific areas related to educational practice, management and school climate.

Professional Development for SY 2015-2016

2. Administrative, professional and support staff in our District work together to support student learning while providing for individual differences and the focus is on:
 - The expansion of our Pre-K program
 - Use of Differentiated Instruction, including support programs such as Read 180, Bilingual Programs and after school tutorials, all work to assist our children make gains and meet academic improvement goals.
 - Providing students with increased individualized learning opportunities and extended learning via devices (Chromebooks) on programs like Voyager Learning, Raz-Kids and Learning A-Z.

In addition to our rigorous academic programs, we offer students many activities during and after school that support their growth. Our competitive and recreational sports programs, clubs and

activities, such as Robotics, engage students in hands-on, inquiry-based learning and provide students with opportunities to learn life skills in various settings.

Other Initiatives

- High school upgrades including pool pump and pipe replacements, upper gym.
- Boiler repairs throughout the District.
- 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 an emphasis on personal integrity, ethical responsibility, teambuilding, persistence, and accountability.
- District Public Relations Initiative – available on Channel 77.
- Hackensack Honor Roll in recognition of the great contributions made by the members of the community.
- Showcase each school at monthly Board of Education Meetings.

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, MCESC, 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, 2016.

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, 2016, the District had \$2,620,550.00 in outstanding bonds payable and zero 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 2015-16 budget under the State's funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a Cash Management Plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

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

OTHER INFORMATION:

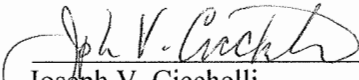
Independent Audit - State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, and P.A. was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic

financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

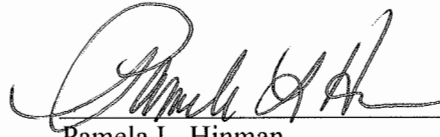
10. ACKNOWLEDGMENTS:

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,



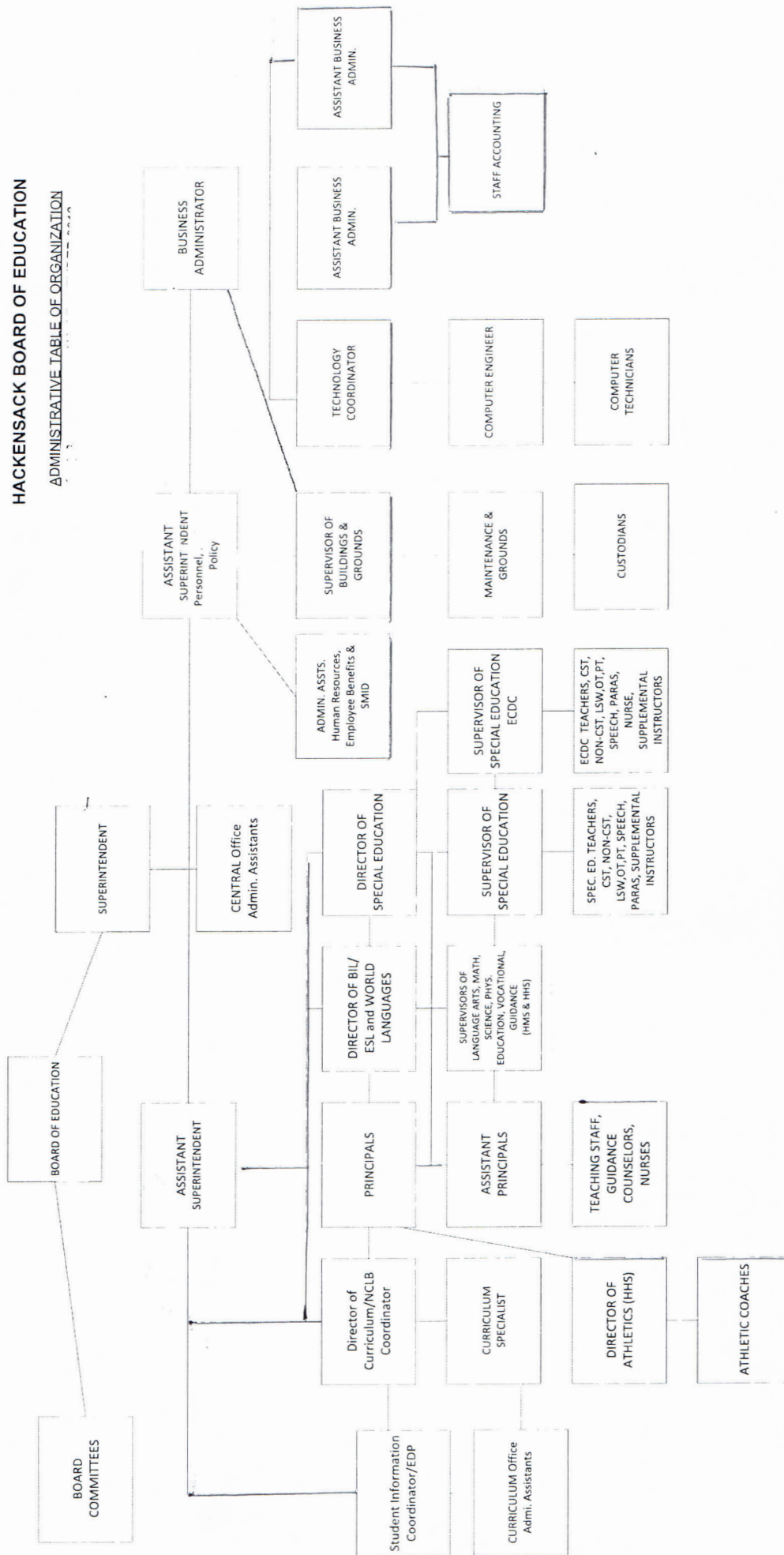
Joseph V. Cicchelli
Superintendent of Schools



Pamela L. Hinman
School Business Administrator/
Board Secretary

HACKENSACK BOARD OF EDUCATION

ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2016

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|---|----------------------------|
| Jason Nunnermacker, President | 2018 |
| Lara Rodriguez, Vice President | 2019 |
| Modesto Romero | 2019 |
| Timothy Hoffman | 2019 |
| Veronica Bolcik McKenna | 2017 |
| Robin Coles | 2017 |
| Joseph A. Barreto (7/1/15-5/31/16) | 2017 |
| Johanna Calle (6/28/16-6/30/16) | 2017 |
| Mark A. Stein | 2018 |
| Daniel F. Carola | 2018 |
| Danyel Cicarelli (Maywood Rep.) | 2017 |

Other Officials

Joseph V. Cicchelli, Interim Superintendent

Rosemary Marks, Assistant Superintendent

Louise B. Davis, Interim School Business Administrator/Board Secretary

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2016

Attorney

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

Special Education Counsel

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

Insurance Broker/Risk Manager

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

Insurance Brokerage Services-Health Benefits/Dental

BROWN & BROWN BENEFIT ADVISORS
24 Arnett Avenue, Suite 200
Lambertville, New Jersey 08530

District Auditor

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442

Official Depository

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

FINANCIAL SECTION

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, NJ 07860
973-579-3212
Fax 973-579-7128

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, 2016, 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.

Opinion

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and schedules related to accounting and reporting for pensions 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 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 28, 2016 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,

Honorable President and
Members of the Board of Education
Page 4.

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

Steven D. Wielkatz

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

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

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

September 28, 2016

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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, 2016.

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 decreased \$(915,127). Net position of governmental activities decreased \$(1,020,577) while net position of business-type activity increased by \$105,450.
- General revenues accounted for \$121,863,954 in revenue or 95 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,891,277 or 5 percent of total revenues of \$128,755,231.
- The School District had \$127,247,496 in expenses related to governmental activities; only \$4,368,622 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$121,858,297 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, 2016
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, 2016
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, 2016
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, 2016
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was \$(678,822) at June 30, 2016 and \$236,305 at June 30, 2015. 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 2016 compared to 2015 (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>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Assets | | | | | | |
| Current and Other Assets | 13,770,447 | 13,726,424 | 749,157 | 621,736 | 14,519,604 | 14,348,160 |
| Capital Assets: | | | | | | |
| Land and Construction in Progress | 68,800 | 68,800 | | | 68,800 | 68,800 |
| Depreciable Buildings, Improvements and Equipment (Net) | <u>20,499,095</u> | <u>20,989,601</u> | <u>291,668</u> | <u>318,696</u> | <u>20,790,763</u> | <u>21,308,297</u> |
| Total Assets | <u>34,338,342</u> | <u>34,784,825</u> | <u>1,040,825</u> | <u>940,432</u> | <u>35,379,167</u> | <u>35,725,257</u> |
| Deferred Outflows: | | | | | | |
| Unamortized Bond Issuance Costs | 32,799 | 41,000 | | | 32,799 | 41,000 |
| Deferred Outflows of Resources | | | | | | |
| Related to PERS | <u>8,499,835</u> | <u>4,265,975</u> | <u>—</u> | <u>—</u> | <u>8,499,835</u> | <u>4,265,975</u> |
| Total Deferred Outflows | <u>8,532,634</u> | <u>4,306,975</u> | <u>—</u> | <u>—</u> | <u>8,532,634</u> | <u>4,306,975</u> |
| Liabilities | | | | | | |
| Current Liabilities | 3,238,370 | 3,507,033 | 174,040 | 179,097 | 3,412,410 | 3,686,130 |
| Noncurrent Liabilities | <u>40,441,912</u> | <u>34,204,632</u> | <u>—</u> | <u>—</u> | <u>40,441,912</u> | <u>34,204,632</u> |
| Total Liabilities | <u>43,680,282</u> | <u>37,711,665</u> | <u>174,040</u> | <u>179,097</u> | <u>43,854,322</u> | <u>37,890,762</u> |
| Deferred Inflows: | | | | | | |
| Unamortized Bond Issuance Premiums | 168,623 | 210,780 | | | 168,623 | 210,780 |
| Deferred Inflows of Resources | | | | | | |
| Related to PERS | <u>567,678</u> | <u>1,694,385</u> | <u>—</u> | <u>—</u> | <u>567,678</u> | <u>1,694,385</u> |
| Total Deferred Inflows | <u>736,301</u> | <u>1,905,165</u> | <u>—</u> | <u>—</u> | <u>736,301</u> | <u>1,905,165</u> |
| Net Position | | | | | | |
| Invested in Capital Assets- | | | | | | |
| Net of Related Debt | 18,092,071 | 17,953,621 | 291,668 | 318,696 | 18,383,739 | 18,272,317 |
| Restricted | 10,816,135 | 8,136,312 | | | 10,816,135 | 8,136,312 |
| Unrestricted | <u>(30,453,813)</u> | <u>(26,614,963)</u> | <u>575,117</u> | <u>442,639</u> | <u>(29,878,696)</u> | <u>(26,172,324)</u> |
| Total Net Position | <u>(1,545,607)</u> | <u>(525,030)</u> | <u>866,785</u> | <u>761,335</u> | <u>(678,822)</u> | <u>236,305</u> |

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2016 compared to 2015.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|------------------------------|--------------------------------|--------------------|---------------------------------|------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services and | | | | | | |
| Sales | | | 335,273 | 438,598 | 335,273 | 438,598 |
| Operating Grants and | | | | | | |
| Contributions | 4,368,622 | 3,778,533 | 2,187,382 | 2,138,555 | 6,556,004 | 5,917,088 |
| Capital Grants and | | | | | | |
| Contributions | 4,254 | 9,112 | | | 4,254 | 9,112 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 75,582,908 | 74,147,498 | | | 75,582,908 | 74,147,498 |
| Federal and State Aid not | | | | | | |
| Restricted | 38,124,112 | 33,950,195 | | | 38,124,112 | 33,950,195 |
| Tuition Received | 7,943,156 | 8,492,535 | | | 7,943,156 | 8,492,535 |
| Miscellaneous Income | 198,585 | 697,352 | | 2,648 | 198,585 | 700,000 |
| Investment Income | 10,786 | 4,241 | 153 | 152 | 10,939 | 4,393 |
| Transfers | <u>(5,504)</u> | <u>(21,554)</u> | <u>5,504</u> | <u>21,554</u> | <u> </u> | <u> </u> |
| Total Revenues and Transfers | <u>126,226,919</u> | <u>121,057,912</u> | <u>2,528,312</u> | <u>2,601,507</u> | <u>128,755,231</u> | <u>123,659,419</u> |

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|--------------------|---------------------------------|------------------|--------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Functions/Program Expenses | | | | | | |
| Instruction: | | | | | | |
| Regular | 45,499,116 | 39,560,046 | | | 45,499,116 | 39,560,046 |
| Special Education | 15,010,597 | 12,925,784 | | | 15,010,597 | 12,925,784 |
| Other Special Instruction | 3,224,878 | 2,753,555 | | | 3,224,878 | 2,753,555 |
| Other Instruction | 1,970,847 | 1,744,437 | | | 1,970,847 | 1,744,437 |
| Support Services: | | | | | | |
| Tuition | 6,044,410 | 5,300,618 | | | 6,044,410 | 5,300,618 |
| Student & Instruction | | | | | | |
| Related Services | 17,791,998 | 15,296,922 | | | 17,791,998 | 15,296,922 |
| School Administrative | | | | | | |
| Services | 5,356,535 | 4,824,863 | | | 5,356,535 | 4,824,863 |
| General Administrative | | | | | | |
| Services | 1,065,390 | 1,231,913 | | | 1,065,390 | 1,231,913 |
| Central Services and | | | | | | |
| Info. Tech. | 2,377,684 | 2,229,429 | | | 2,377,684 | 2,229,429 |
| Plant Operations and | | | | | | |
| Maintenance | 9,758,225 | 9,401,587 | | | 9,758,225 | 9,401,587 |
| Pupil Transportation | 2,794,002 | 2,407,699 | | | 2,794,002 | 2,407,699 |
| Unallocated Benefits | 12,469,212 | 9,993,897 | | | 12,469,212 | 9,993,897 |
| Allocated Benefits | | 8,032,117 | | | 0 | 8,032,117 |
| Charter Schools | 2,637,660 | 2,990,864 | | | 2,637,660 | 2,990,864 |
| Capital Outlay- | | | | | | |
| Non-depreciable | 37,814 | 64,638 | | | 37,814 | 64,638 |
| Interest on Long-Term Debt | 127,381 | 145,108 | | | 127,381 | 145,108 |
| Unallocated depreciation | 1,115,703 | 1,161,461 | | | 1,115,703 | 1,161,461 |
| Capital Lease Obligations | | | | | | |
| and Amortization | (33,956) | (33,956) | | | (33,956) | (33,956) |
| Food Service | | | <u>2,422,862</u> | <u>2,336,040</u> | <u>2,422,862</u> | <u>2,336,040</u> |
| Total Expenses and Transfers | <u>127,247,496</u> | <u>120,030,982</u> | <u>2,422,862</u> | <u>2,336,040</u> | <u>129,670,358</u> | <u>122,367,022</u> |
| Increase or (Decrease) in | | | | | | |
| Net Position | <u>(1,020,577)</u> | <u>1,026,930</u> | <u>105,450</u> | <u>265,467</u> | <u>(915,127)</u> | <u>1,292,397</u> |

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 \$129,670,358. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$75,582,908 because some of the cost was paid by those who benefitted from the programs \$335,273, by other governments and organizations who subsidized certain programs with grants and contributions \$6,556,004, unrestricted federal and state aid \$38,128,366 federal and state aid capital outlay \$4,254, tuition received \$7,943,156, investment income \$10,939, and by miscellaneous sources \$198,585.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2016, 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 2015</u> | <u>Percent of Increase/ (Decrease)</u> | <u>Prior Year</u> |
|----------------|----------------------|-----------------------------|---|--|-----------------------|
| Local Source | \$83,735,435 | 74.0% | \$393,809 | 0.47% | \$83,341,626 |
| State Source | 25,595,547 | 22.6 | 1,619,361 | 6.75 | 23,976,186 |
| Federal Source | <u>3,853,908</u> | <u>3.4</u> | <u>537,631</u> | 16.21 | <u>3,316,277</u> |
| Total | <u>\$113,184,890</u> | <u>100.0%</u> | <u>\$2,550,801</u> | 2.31% | <u>\$110,634,089</u> |

| <u>Expenditures</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase/ (Decrease) from 2015</u> | <u>Percent of Increase/ (Decrease)</u> | <u>Prior Year</u> |
|-----------------------|----------------------|-----------------------------|---|--|-----------------------|
| Current Expenditures: | | | | | |
| Instruction | \$47,922,836 | 42.5% | \$1,496,228 | 3.22% | \$46,426,608 |
| Undistributed | 63,555,656 | 56.3 | 2,299,135 | 3.75 | 61,256,521 |
| Debt Service | 725,525 | 0.6 | (32,500) | (4.29) | 758,025 |
| Capital Outlay | <u>663,011</u> | <u>0.6</u> | <u>62,839</u> | 10.47 | <u>600,172</u> |
| Total | <u>\$112,867,028</u> | <u>100.0%</u> | <u>\$3,825,702</u> | 3.51% | <u>\$109,041,326</u> |

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, 2016
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, 2016, the School District amended the special revenue fund by \$1,513,329 for increases in federal and state grants.

General Fund

The general fund actual revenue was \$108,055,858. That amount is \$10,448,854 above the final amended budget of \$97,607,004. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$10,994,683 for TPAF pension and social security reimbursements, \$(709,042) deficit in miscellaneous anticipated revenues, \$(71,090) deficit in extraordinary aid and \$234,303 increase in federal aid.

The actual expenditures of the general fund were \$107,773,051 including transfers which is \$4,582,609 above the final amended budget of \$103,190,442. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$10,994,683 for TPAF pension and social security reimbursements, and \$6,412,074 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$108,055,858 and total expenditures including transfers of \$107,773,051 with an ending fund balance of \$12,934,248 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$4,762,885 including transfers. That amount is \$420,828 below the final amended budget of \$5,183,713. 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 \$4,762,885, which is \$420,828 below the final amended budget of \$5,183,713. 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, 2016
UNAUDITED (continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the School District had \$50,344,240 invested in sites, buildings, equipment and construction in progress. Of this amount \$29,484,677 in depreciation has been taken over the years. We currently have a net book value of \$20,859,563. Total additions for the year were \$625,197, 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 2016 balances compared to 2015.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|-------------------|---------------------------------|----------------|-------------------|-------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Land | 68,800 | 68,800 | | | 68,800 | 68,800 |
| Buildings and Improvements | 19,255,079 | 19,577,882 | 155,974 | 165,380 | 19,411,053 | 19,743,262 |
| Furniture, Equipment and Vehicles | <u>1,244,016</u> | <u>1,411,719</u> | <u>135,694</u> | <u>153,316</u> | <u>1,379,710</u> | <u>1,565,035</u> |
| | <u>20,567,895</u> | <u>21,058,401</u> | <u>291,668</u> | <u>318,696</u> | <u>20,859,563</u> | <u>21,377,097</u> |

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

Debt Administration

At June 30, 2016, the District had \$40,441,912 of long-term debt. Of this amount, \$2,794,351 is for compensated absences, \$2,340,000 of serial bonds for school construction, and \$35,307,561 is for net pension liability.

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

| | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|
| 2009 Refunding School Improvement Bonds | <u>2,340,000</u> | <u>2,935,000</u> |

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 2016-2017 school year that is equal to the level of the 2015-2016 school year.

These factors were considered in preparing the City of Hackensack School District's budgets for the 2016-2017 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, 2016

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | 7,482,910 | 579,950 | 8,062,860 |
| Receivables, net | 2,554,493 | 171,611 | 2,726,104 |
| Inventory | | 7,538 | 7,538 |
| Internal Balances | 9,942 | (9,942) | |
| Restricted assets: | | | |
| Capital reserve account - cash | 3,218,189 | | 3,218,189 |
| Emergency reserve account - cash | 502,603 | | 502,603 |
| Maintenance reserve account - cash | 2,310 | | |
| Capital assets: | | | |
| Land and Construction in Progress | 68,800 | | 68,800 |
| Depreciable Buildings, Improvements and Equipment (net) | 20,499,095 | 291,668 | 20,790,763 |
| Total Assets | <u>34,338,342</u> | <u>1,040,825</u> | <u>35,376,857</u> |
| Deffered Outflows: | | | |
| Unamortized bond issuance costs | 32,799 | | 32,799 |
| Deferred outflows of resources related to PERS | 8,499,835 | | 8,499,835 |
| Total Deferred Outflows | <u>8,532,634</u> | <u>-</u> | <u>8,532,634</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 3,193,660 | 174,040 | 3,367,700 |
| Payable to state government | 42,186 | | 42,186 |
| Unearned revenue | 2,524 | | 2,524 |
| Noncurrent liabilities: | | | |
| Due within one year | 585,000 | | 585,000 |
| Due beyond one year | 39,856,912 | | 39,856,912 |
| Total liabilities | <u>43,680,282</u> | <u>174,040</u> | <u>43,854,322</u> |
| Deferred Inflows: | | | |
| Unamortized bond issuance premiums | 168,623 | | 168,623 |
| Deferred inflows of resources related to PERS | 567,678 | | 567,678 |
| Total Deffered Inflows | <u>736,301</u> | | <u>736,301</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 18,092,071 | 291,668 | 18,383,739 |
| Restricted for: | | | |
| Debt service | 18 | | 18 |
| Capital projects | 5,718,189 | | 5,718,189 |
| Other purposes | 5,097,928 | | 5,097,928 |
| Unrestricted (Deficit) | <u>(30,453,813)</u> | <u>575,117</u> | <u>(29,878,696)</u> |
| Total net position | <u>(1,545,607)</u> | <u>866,785</u> | <u>(678,822)</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, 2016

| 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 | 33,726,562 | 11,772,554 | | 3,202,106 | (42,297,010) | | (42,297,010) |
| Special education | 10,450,990 | 4,559,607 | | | (15,010,597) | | (15,010,597) |
| Other special instruction | 2,234,337 | 990,541 | | | (3,224,878) | | (3,224,878) |
| Other instruction | 1,510,947 | 459,900 | | | (1,970,847) | | (1,970,847) |
| Support services: | | | | | | | |
| Tuition | 6,044,410 | | | | (6,044,410) | | (6,044,410) |
| Student & instruction related services | 13,203,712 | 4,588,286 | | 1,166,516 | (16,625,482) | | (16,625,482) |
| School administrative services | 3,705,997 | 1,650,538 | | | (5,356,535) | | (5,356,535) |
| General administrative services | 872,452 | 192,938 | | | (1,065,390) | | (1,065,390) |
| Central services and administrative information technology | 1,706,302 | 671,382 | | | (2,377,684) | | (2,377,684) |
| Plant operations and maintenance | 8,065,046 | 1,693,179 | | | (9,758,225) | | (9,758,225) |
| Pupil transportation | 2,768,977 | 25,025 | | | (2,794,002) | | (2,794,002) |
| Unallocated benefits | 12,469,212 | | | | (12,469,212) | | (12,469,212) |
| Charter schools | 2,637,660 | | | | (2,637,660) | | (2,637,660) |
| Capital outlay - non-depreciable | 37,814 | | | | (37,814) | | (37,814) |
| Interest on long-term debt | 127,381 | | | | (127,381) | | (127,381) |
| Unallocated depreciation | 1,115,703 | | | | (1,115,703) | | (1,115,703) |
| Amortization | (33,956) | | | | 33,956 | | 33,956 |
| Total governmental activities | 100,643,546 | 26,603,950 | - | 4,368,622 | (122,878,874) | - | (122,878,874) |
| Business-type activities: | | | | | | | |
| Food Service | 2,422,862 | | 335,273 | 2,187,382 | | 99,793 | 99,793 |
| Total business-type activities | 2,422,862 | | 335,273 | 2,187,382 | | 99,793 | 99,793 |
| Total primary government | 103,066,408 | | 335,273 | 6,556,004 | (122,878,874) | 99,793 | (122,779,081) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Levied for general purposes | | | | | 74,857,383 | | 74,857,383 |
| Taxes levied for debt service | | | | | 725,525 | | 725,525 |
| Federal and State aid not restricted | | | | | 38,124,112 | | 38,124,112 |
| Federal and State aid - Capital Outlay | | | | | 4,254 | | 4,254 |
| Tuition received | | | | | 7,943,156 | | 7,943,156 |
| Investment Earnings | | | | | 10,786 | 153 | 10,939 |
| Miscellaneous Income | | | | | 198,585 | | 198,585 |
| Transfers | | | | | (5,504) | 5,504 | - |
| Total general revenues, special items, extraordinary items and transfers | | | | | 121,858,297 | 5,657 | 121,863,954 |
| Change in Net Position | | | | | (1,020,577) | 105,450 | (915,127) |
| Net Position—beginning | | | | | (525,030) | 761,335 | 236,305 |
| Net Position—ending | | | | | (1,545,607) | 866,785 | (678,822) |

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, 2016

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|----------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | | | | |
| Checking | 7,482,892 | | 18 | 7,482,910 |
| Accounts Receivable - | | | | |
| Interfunds | 366,558 | | | 366,558 |
| Intergovernmental - Federal | 182,674 | 414,884 | | 597,558 |
| Intergovernmental - State | 828,910 | 43,340 | | 872,250 |
| Other receivables | 1,076,605 | 8,080 | | 1,084,685 |
| Restricted cash and cash equivalents | | | | |
| Capital reserve | 3,218,189 | | | 3,218,189 |
| Maintenance reserve | 502,603 | | | 502,603 |
| Emergency reserve | 2,310 | | | 2,310 |
| Total assets | <u>13,660,741</u> | <u>466,304</u> | <u>18</u> | <u>14,127,063</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 1,755,018 | 64,977 | | 1,819,995 |
| Intergovernmental accounts payable - State | | 42,186 | | 42,186 |
| Interfund payables | | 356,617 | | 356,617 |
| Unearned revenue | | 2,524 | | 2,524 |
| Total liabilities | <u>1,755,018</u> | <u>466,304</u> | <u>-</u> | <u>2,221,322</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Excess Surplus - current year | 2,025,321 | | | 2,025,321 |
| Excess Surplus - prior year - designated for subsequent year's expenditures | 1,452,235 | | | 1,452,235 |
| Capital reserve account | 5,718,189 | | | 5,718,189 |
| Maintenance reserve account | 1,002,603 | | | 1,002,603 |
| Emergency reserve account | 2,310 | | | 2,310 |
| Assigned to: | | | | |
| Year-end Encumbrances | 615,459 | | | 615,459 |
| Debt service fund | | | 18 | 18 |
| Unassigned: | | | | |
| General fund | 1,089,606 | | | 1,089,606 |
| Total Fund balances | <u>11,905,723</u> | <u>-</u> | <u>18</u> | <u>11,905,741</u> |
| Total liabilities and fund balances | <u>13,660,741</u> | <u>466,304</u> | <u>18</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 \$49,757,866 and the accumulated depreciation is \$29,189,971. 20,567,895

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 (18,610)

Accounts payable for subsequent Pension payment is not a payable in the funds (1,355,054)

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 \$252,947 (168,623)

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 \$49,211 32,799

Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.
Deferred outflows of resources related to PERS Pension Liability 8,499,835
Deferred inflows of resources related to PERS Pension Liability (567,678)

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) (40,441,912)

Net position of governmental activities (1,545,607)

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, 2016

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|----------------------------------|---|
| REVENUES | | | | |
| Local sources: | | | | |
| Municipal tax levy | 74,857,383 | | 725,525 | 75,582,908 |
| Tuition charges | 7,943,156 | | | 7,943,156 |
| Interest Earned on Capital Reserve Funds | 7,816 | | | 7,816 |
| Interest Earned on Maintenance Reserve Funds | 1,758 | | | 1,758 |
| Interest Earned on Emergency Reserve Funds | 1,212 | | | 1,212 |
| Miscellaneous | 197,505 | 1,080 | | 198,585 |
| Total - Local Sources | 83,008,830 | 1,080 | 725,525 | 83,735,435 |
| State sources | 24,669,304 | 926,243 | | 25,595,547 |
| Federal sources | 407,275 | 3,446,633 | | 3,853,908 |
| Total revenues | 108,085,409 | 4,373,956 | 725,525 | 113,184,890 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular instruction | 30,134,447 | 3,592,115 | | 33,726,562 |
| Special education instruction | 10,450,990 | | | 10,450,990 |
| Other special instruction | 2,234,337 | | | 2,234,337 |
| School sponsored/other instructional | 1,510,947 | | | 1,510,947 |
| Support services and undistributed costs: | | | | |
| Tuition | 6,044,410 | | | 6,044,410 |
| Attendance and social work services | 10,000 | | | 10,000 |
| Health services | 966,533 | | | 966,533 |
| Student & instruction related services | 11,060,663 | 1,166,516 | | 12,227,179 |
| School administrative services | 3,705,997 | | | 3,705,997 |
| General administrative services | 872,452 | | | 872,452 |
| Central services & administrative information technology | 1,706,302 | | | 1,706,302 |
| Plant operations and maintenance | 8,065,046 | | | 8,065,046 |
| Pupil transportation | 2,768,977 | | | 2,768,977 |
| Unallocated benefits | 13,556,417 | | | 13,556,417 |
| On-behalf contributions | 10,994,683 | | | 10,994,683 |
| Transfer to charter school | 2,637,660 | | | 2,637,660 |
| Debt service: | | | | |
| Principal | | | 595,000 | 595,000 |
| Interest and other charges | | | 130,525 | 130,525 |
| Capital outlay | 658,757 | 4,254 | | 663,011 |
| Total expenditures | 107,378,618 | 4,762,885 | 725,525 | 112,867,028 |
| Excess (Deficiency) of revenues | 706,791 | (388,929) | - | 317,862 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 388,929 | | 388,929 |
| Transfers out | (394,433) | | | (394,433) |
| Total other financing sources and uses | (394,433) | 388,929 | - | (5,504) |
| Net change in fund balances | 312,358 | - | - | 312,358 |
| Fund balance—July 1 | 11,593,365 | - | 18 | 11,593,383 |
| Fund balance—June 30 | 11,905,723 | - | 18 | 11,905,741 |

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, 2016

Total net change in fund balances - governmental funds (from B-2) 312,358

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 | (1,115,703) | |
| Depreciable Capital outlays | <u>625,197</u> | (490,506) |

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 | 595,000 |
|--------------------------------------|---------|

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 | 21,754 | |
| General Bond Obligations | <u>(18,610)</u> | 3,144 |

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 (+).

| | |
|--|--------|
| Decrease in compensated absences payable | 43,411 |
|--|--------|

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

| | | |
|--------------------------------|--------------------|-------------|
| District Pension Contributions | 1,352,238 | |
| Less: Pension Expense | <u>(2,870,178)</u> | (1,517,940) |
| Increase in Pension Expense | | |

Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.

| | |
|--|--------------|
| Increase in On-behalf State Aid TPAF Pension | 13,047,533 |
| Increase in On-behalf TPAF Pension Expense | (13,047,533) |

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 | <u><u>(1,020,577)</u></u> |
|--|---------------------------|

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, 2016

**Business-type
Activities -
Enterprise Fund**

**Food Service
Program**

ASSETS

Current assets:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | 579,950 |
| Accounts receivable: | |
| State | 8,216 |
| Federal | 142,562 |
| Other | 20,833 |
| Inventories | 7,538 |
| Total current assets | <u>759,099</u> |

Noncurrent assets:

Capital assets:

| | |
|--|------------------|
| Building and building improvements | 188,123 |
| Equipment | 398,251 |
| Less accumulated depreciation | <u>(294,706)</u> |
| Total capital assets (net of accumulated depreciation) | <u>291,668</u> |
| Total assets | <u>1,050,767</u> |

Current Liabilities:

| | |
|-------------------|----------------|
| Accounts Payable | 174,040 |
| Interfund Payable | 9,942 |
| Total Liabilities | <u>183,982</u> |

NET POSITION

| | |
|--|----------------|
| Invested in capital assets net of related debt | 291,668 |
| Unrestricted | 575,117 |
| Total net position | <u>866,785</u> |

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2016

Food Service Program

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, 2016

| | <u>Business-type Activities - Enterprise Fund</u> |
|---|--|
| | <u>Food Service Program</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | 479,705 |
| Payments to suppliers | <u>(2,279,236)</u> |
| Net cash provided by (used for) operating activities | <u>(1,799,531)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| State Sources | 108,153 |
| Federal Sources | 1,980,828 |
| Interest Income | 153 |
| Transfer In | <u>5,504</u> |
| Net cash provided by (used for) non-capital financing activities | <u>2,094,638</u> |
| Net increase (decrease) in cash and cash equivalents | <u>295,107</u> |
| Balances—beginning of year | <u>284,843</u> |
| Balances—end of year | <u><u>579,950</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | |
| Operating income (loss) | (2,087,589) |
| Adjustments to reconcile operating income (loss) to net cash provided by | |
| Depreciation and net amortization | 27,028 |
| Food Distribution Program | 141,063 |
| (Increase) decrease in accounts receivable, net | 117,729 |
| (Increase) decrease in inventories | 799 |
| Increase (decrease) in accounts payable | <u>1,439</u> |
| Total adjustments | <u>288,058</u> |
| Net cash provided by (used for) operating activities | <u><u>(1,799,531)</u></u> |

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, 2016

| | <u>Unemployment Compensation Trust Fund</u> | <u>Scholarship and Memorial Funds</u> | <u>Agency Fund</u> |
|---|--|--|-------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 286,873 | 99,600 | 928,448 |
| Total assets | <u>286,873</u> | <u>99,600</u> | <u>928,448</u> |
| LIABILITIES | | | |
| Payable to student groups | - | - | 300,171 |
| Due to State of NJ - Unemployment | 15,122 | - | - |
| Payroll deductions and withholdings | - | - | 627,277 |
| Total liabilities | <u>15,122</u> | <u>-</u> | <u>927,448</u> |
| NET POSITION | | | |
| Held in trust for unemployment claims and other purposes | <u>271,751</u> | | |
| Reserved for scholarships | | <u>99,600</u> | |
| | <u>286,873</u> | <u>99,600</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, 2016

| | Unemployment Compensation Trust Fund | Scholarship and Memorial Funds |
|------------------------------------|---|---|
| ADDITIONS | | |
| Contributions: | | |
| Donations | | 4,300 |
| Payroll withholdings | 79,149 | |
| Total Contributions | <u>79,149</u> | <u>4,300</u> |
| Investment earnings: | | |
| Interest | 1,062 | 301 |
| Net investment earnings | <u>1,062</u> | <u>301</u> |
| Total additions | <u>80,211</u> | <u>4,601</u> |
| DEDUCTIONS | | |
| Unemployment claims | 151,780 | |
| Scholarships awarded | | 23,300 |
| Total deductions | <u>151,780</u> | <u>23,300</u> |
| Change in net assets | <u>(71,569)</u> | <u>(18,699)</u> |
| Net position—beginning of the year | <u>343,320</u> | <u>118,299</u> |
| Net position—end of the year | <u><u>271,751</u></u> | <u><u>99,600</u></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, 2016

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, 2016**

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 - *government*, *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, 2016

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, 2016**

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, 2016

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, 2016**

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, 2016**

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, 2016**

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, 2016, 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, 2016

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, 2016

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. Accounting and Financial Reporting for Pensions:

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

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

O. Accounting and Financial Reporting for Pensions: (continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only two items that qualify for reporting in this category, deferred amounts related to pension and deferred amounts related to the issuance of refunding bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pension and deferred amounts related to the issuance of refunding bonds.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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

Q. 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, 2016**

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

R. 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.

S. 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.

T. 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.

U. 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.

V. 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.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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

W. Recent Accounting Pronouncements:

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 and was implemented by the District for the year ended June 30, 2015.

The 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 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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

W. Recent Accounting Pronouncements: (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

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, 2016, \$0- of the District's bank balance of \$14,275,167 was exposed to custodial credit risk.

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.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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

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, 2016, 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 | \$366,558 | \$ | \$ |
| State Aid | 872,250 | 8,216 | 880,466 |
| Federal Aid | 597,558 | 142,562 | 740,120 |
| Other | <u>1,084,685</u> | <u>20,833</u> | <u>1,105,518</u> |
| Gross Receivables | 2,921,051 | 171,611 | 2,726,104 |
| Less: Allowance for Uncollectibles | | | |
| Total Receivables, Net | <u><u>\$2,921,051</u></u> | <u><u>\$171,611</u></u> | <u><u>\$2,726,104</u></u> |

NOTE 5. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2016 consist of the following:

| | |
|-------------------------|--|
| \$356,616 | Due to the General Fund from the Special Revenue Fund to cover deficit. |
| <u>9,942</u> | Due to the General Fund from the Food Service Fund for funds transferred in error. |
| <u><u>\$366,558</u></u> | |

It is anticipated that all interfunds will be liquidated during the fiscal year.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 5. INTERFUND BALANCE AND ACTIVITY: (continued)

Interfund transfers for the year ended June 30, 2016 consisted of the following:

\$388,929 Transfer from the General Fund to the Special Revenue Fund for Preschool Education.

5,504 Transfer from the General Fund to the Enterprise Fund to cover a deficit.

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

| | Balance 6/30/2015 | Additions | Deletions | Balance 6/30/2016 |
|---|----------------------|--------------------|-----------|----------------------|
| Governmental Activities | | | | |
| Capital assets that are not being depreciated: | | | | |
| Land | \$68,800 | \$ | \$ | \$ 68,800 |
| Total capital assets not being depreciated | <u>68,800</u> | <u></u> | <u></u> | <u>68,800</u> |
| Building and building improvements | 44,281,700 | 530,249 | | 44,811,949 |
| Machinery and equipment | <u>4,782,169</u> | <u>94,948</u> | | <u>4,877,117</u> |
| Totals at historical cost | <u>49,063,869</u> | <u>625,197</u> | | <u>49,689,066</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (24,703,818) | (853,052) | | (25,556,870) |
| Equipment | <u>(3,370,450)</u> | <u>(262,651)</u> | | <u>(3,633,101)</u> |
| Total accumulated depreciation | <u>(28,074,268)</u> | <u>(1,115,703)</u> | | <u>(29,189,971)</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>20,989,601</u> | <u>(490,506)</u> | | <u>20,499,095</u> |
| Governmental activities capital assets, net | <u>\$21,058,401</u> | <u>(\$490,506)</u> | <u>\$</u> | <u>\$20,567,895</u> |
| Business-type activities: | | | | |
| Building and Building improvements | 188,123 | | | 188,123 |
| Equipment | <u>398,251</u> | | | <u>398,251</u> |
| Totals at historical cost | <u>586,374</u> | | | <u>586,374</u> |
| Less accumulated depreciation for: | | | | |
| Building and building improvements | (22,743) | (9,406) | | (32,149) |
| Equipment | <u>(244,935)</u> | <u>(17,622)</u> | | <u>(262,557)</u> |
| | <u>(267,678)</u> | <u>(27,028)</u> | | <u>(294,706)</u> |
| Business-type activities capital assets, net | <u>\$318,696</u> | <u>(\$27,028)</u> | <u>\$</u> | <u>\$291,668</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, 2016

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, 2016 were as follows:

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2016</u> | <u>Amount Due</u> <u>Within</u> <u>One Year</u> |
|---------------------------------|--|--------------------|--------------------|--|---|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General Obligation Debt | <u>\$2,935,000</u> | <u>\$</u> | <u>(\$595,000)</u> | <u>\$2,340,000</u> | <u>\$585,000</u> |
| Total Bonds Payable | <u>2,935,000</u> | <u> </u> | <u>(595,000)</u> | <u>2,935,000</u> | <u>585,000</u> |
| Other Liabilities: | | | | | |
| Compensated Absences Payable | 2,837,762 | 315,600 | (359,011) | 2,794,351 | |
| Net Pension Liability | <u>28,431,870</u> | <u>6,875,691</u> | <u> </u> | <u>35,307,561</u> | |
| Total | <u>31,269,632</u> | <u>7,191,291</u> | <u>(359,011)</u> | <u>38,101,912</u> | <u> </u> |
| | <u>\$34,204,632</u> | <u>\$7,191,291</u> | <u>(\$954,011)</u> | <u>\$40,441,912</u> | <u>\$585,000</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, 2016

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

Outstanding bonds payable at June 30, 2016, 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, 2016</u> |
|-------------------------------|--------------------------|-------------------|--------------------------|-----------------------------|--|
| School Improvement Bonds 2009 | \$5,550,000 | 09/09/2009 | 2.00%-5.00% | 05/01/2020 | <u>\$2,340,000</u> |

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

| <u>Year</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|--------------------|--------------------|------------------|
| 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>\$2,620,551</u> | <u>\$2,340,000</u> | <u>\$280,551</u> |

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 2022. Total operating lease payments made during the year ended June 30, 2016 were \$837,125. Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|--------------------|
| 2017 | \$672,571 |
| 2018 | 684,585 |
| 2019 | 671,770 |
| 2020 | 1,535 |
| 2021 | 1,535 |
| 2022 | <u>128</u> |
| | <u>\$2,032,124</u> |

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - 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

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

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, 2016 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 AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

| <u>Year</u> <u>Ending</u> | <u>PERS</u> | <u>DCRP</u> |
|------------------------------|-------------|-------------|
| 6/30/16 | \$1,352,238 | \$49,759 |
| 6/30/15 | 1,251,891 | 66,449 |
| 6/30/14 | 1,046,953 | 26,201 |

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, 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> |
|------------------------------|--|--|-------------------------------|
| 6/30/15 | \$3,356,823 | \$4,196,156 | \$167,215 |
| 6/30/14 | 2,165,710 | 3,685,419 | 155,813 |
| 6/30/13 | 1,725,654 | 3,079,166 | 152,318 |

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,274,489 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$35,307,561 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1572860273 percent, which was an increase of 0.0000542857 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,870,178. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference in actual and expected experience | \$842,316 | \$ |
| Changes of assumptions | 3,791,750 | |
| Net difference between projected and actual earnings on pension plan investments | | 567,678 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 2,510,717 | |
| District contributions subsequent to the measurement date | <u>1,355,054</u> | <u> </u> |
| Total | <u>\$7,657,521</u> | <u>\$567,678</u> |

The \$1,355,054 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------|-----------|
| Year ended June 30: | |
| 2017 | \$740,287 |
| 2018 | 740,287 |
| 2019 | 1,179,026 |
| 2020 | 666,499 |

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$3,578,755,666 | \$952,194,675 |
| Collective deferred inflows of resources | 993,410,455 | 1,479,224,662 |
| Collective net pension liability | 22,447,996,119 | 18,722,735,003 |
| District's Proportion | 0.1572860273% | 0.1518574603% |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

| | |
|---------------------------|----------------------------------|
| Inflation | 3.04 Percent |
| Salary Increases: | |
| 2012-2021 | 2.15-4.40 Percent (based on age) |
| Thereafter | 3.15-5.40 Percent (based on age) |
| Investment Rate of Return | 7.90 Percent |

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U.S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Markets | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Returns | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex US | 3.50% | -0.40% |
| Reit | 4.25% | 5.12% |
| | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

| | June 30, 2015 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>3.90%</u> | At Current Discount Rate <u>4.90%</u> | 1% Increase <u>5.90%</u> |
| District's proportionate share of the pension liability | \$43,882,979 | \$35,307,561 | \$28,117,993 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

| | |
|---|-----------------------------|
| Net Pension Liability: | |
| District's proportionate share | \$ -0- |
| State's proportionate share associated with the District | <u>271,402,578</u> |
| | <u><u>\$271,402,578</u></u> |

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was 0.4294054446%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$16,571,571 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---------------------------|----------------------------|
| Inflation rate | 2.50% |
| Salary Increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment Rate of Return | 7.90% |

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 9. PENSION PLANS: (continued)

improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Cash | 5.00% | 0.53% |
| US Government Bonds | 1.75% | 1.39% |
| US Credit Bonds | 13.50% | 2.72% |
| US Mortgages | 2.10% | 2.54% |
| US Inflation-Indexed Bonds | 1.50% | 1.47% |
| US High Yield Bonds | 2.00% | 4.57% |
| US Equity Market | 27.25% | 5.63% |
| Foreign-Developed Equity | 12.00% | 6.22% |
| Emerging Markets Equity | 6.40% | 8.46% |
| Private Real Estate Property | 4.25% | 3.97% |
| Timber | 1.00% | 4.09% |
| Farmland | 1.00% | 4.61% |
| Private Equity | 9.25% | 9.15% |
| Commodities | 1.00% | 3.58% |
| Hedge Funds - MultiStrategy | 4.00% | 4.59% |
| Hedge Funds - Equity Hedge | 4.00% | 5.68% |
| Hedge Funds - Distressed | 4.00% | 4.30% |
| | <u>100.00%</u> | |

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability,

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 employer paid 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. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 10. POST-RETIREMENT BENEFITS: (continued)

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

NOTE 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:

AXA Equitable
MASS Mutual/Duncan Financial Lincoln Investments
AIG Valic
MetLife

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.

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:

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 12. RISK MANAGEMENT: (continued)

| <u>Fiscal Year</u> | <u>Interest Earnings/ District Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--|-----------------------------------|------------------------------|---------------------------|
| 2015-2016 | \$1,062 | \$79,149 | \$151,780 | \$271,751 |
| 2014-2015 | 85,968 | 79,085 | 100,812 | 343,320 |
| 2013-2014 | 34,523 | 80,642 | 77,426 | 279,079 |

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 \$5,718,189 in the capital reserve account at June 30, 2016.

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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|----------------------------------|--------------------|
| Beginning balance, July 1, 2015 | \$3,857,248 |
| Deposits: | |
| Interest Earnings | 7,816 |
| Board Resolution - June 27, 2016 | <u>2,500,000</u> |
| | 6,365,064 |
| Decreased by: | |
| Budget Appropriations | <u>646,875</u> |
| Ending balance, June 30, 2016 | <u>\$5,718,189</u> |

The balance in the capital reserve amount at June 30, 2016 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP.

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

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, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|---------------------------------|-----------------------|
| Beginning balance, July 1, 2015 | \$651,098 |
| Deposits: | |
| Interest Earnings | <u>1,212</u> |
| | 652,310 |
| Decreased by: | |
| Budget Appropriations | <u>650,000</u> |
| Ending balance, June 30, 2016 | <u><u>\$2,310</u></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.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|----------------------------------|---------------------------|
| Beginning balance, July 1, 2015 | \$1,000,845 |
| Deposits: | |
| Interest Earnings | 1,758 |
| Board Resolution - June 27, 2016 | <u>500,000</u> |
| | 1,502,603 |
| Decreased by: | |
| Budget Appropriations | <u>500,000</u> |
| Ending balance, June 30, 2016 | <u><u>\$1,002,603</u></u> |

City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016

NOTE 16. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$11,905,723 General Fund fund balance at June 30, 2016, \$615,459 is reserved for encumbrances; \$3,477,556 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$1,452,235 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$5,718,189 has been reserved in the Capital Reserve Account; \$1,002,603 has been reserved in the Maintenance Reserve; \$2,310 has been reserved in the Emergency Reserve; and \$1,089,606 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2016 of \$18 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, 2016 is \$3,477,556 of which \$2,025,321 is the result of current year operations.

NOTE 18. INVENTORY:

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

| | |
|----------|----------------|
| Food | \$1,035 |
| Supplies | <u>6,503</u> |
| | <u>\$7,538</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.

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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 19. CONTINGENT LIABILITIES: (continued)

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 28, 2016, 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, 2016

| | <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 | 74,857,383 | | 74,857,383 | 74,857,383 | |
| Tuition | 8,456,377 | | 8,456,377 | 7,943,156 | (513,221) |
| Interest Earned on Capital Reserve Funds | 2,112 | | 2,112 | 7,816 | 5,704 |
| Interest Earned on Maintenance Reserve | | | | 1,758 | 1,758 |
| Interest Earned on Emergency Reserve | | | | 1,212 | 1,212 |
| Unrestricted Miscellaneous Revenues | 402,000 | | 402,000 | 197,505 | (204,495) |
| Total - Local Sources | <u>83,717,872</u> | | <u>83,717,872</u> | <u>83,008,830</u> | <u>(709,042)</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 | |
| Other State Aid | 102,580 | | 102,580 | 102,580 | |
| Extraordinary Aid | 900,000 | | 900,000 | 828,910 | (71,090) |
| On-behalf TPAF Pension and Post Retirement | | | | | |
| Medical Contributions (non-budgeted) | | | | 4,196,156 | 4,196,156 |
| On-behalf TPAF Pension (non-budgeted) | | | | 3,356,823 | 3,356,823 |
| On-behalf TPAF NCGI Premium (non-budgeted) | | | | 167,215 | 167,215 |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 3,274,489 | 3,274,489 |
| Total - State Sources | <u>13,716,160</u> | | <u>13,716,160</u> | <u>24,639,753</u> | <u>10,923,593</u> |
| Revenues from Federal Sources: | | | | | |
| Special Education Medicaid Initiative | 152,246 | | 152,246 | 364,321 | 212,075 |
| ARRA - Special Education Medicaid Initiative | | 20,726 | 20,726 | 20,726 | |
| Medicaid Administrative Claiming (MAC) | | | | 22,228 | 22,228 |
| Total - Federal Sources | <u>152,246</u> | <u>20,726</u> | <u>172,972</u> | <u>407,275</u> | <u>234,303</u> |
| TOTAL REVENUES | <u>97,586,278</u> | <u>20,726</u> | <u>97,607,004</u> | <u>108,055,858</u> | <u>10,448,854</u> |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction | | | | | |
| Preschool - Salaries of Teachers | 125,000 | (7,000) | 118,000 | 74,145 | 43,855 |
| Kindergarten - Salaries of Teachers | 1,109,100 | 55,600 | 1,164,700 | 1,162,880 | 1,820 |
| Grades 1-5 - Salaries of Teachers | 9,465,249 | (141,800) | 9,323,449 | 9,301,061 | 22,388 |
| Grades 6-8 - Salaries of Teachers | 6,054,681 | 8,787 | 6,063,468 | 6,063,467 | 1 |
| Grades 9-12 - Salaries of Teachers | 9,248,588 | (29,200) | 9,219,388 | 9,215,614 | 3,774 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 81,580 | 25,213 | 106,793 | 55,875 | 50,918 |
| Purchased Professional-Educational Services | 18,000 | | 18,000 | 12,604 | 5,396 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 274,224 | 42,000 | 316,224 | 303,410 | 12,814 |
| Purchased Professional - Educational Services | 890,750 | 24,579 | 915,329 | 888,929 | 26,400 |
| Purchased Technical Services | 62,894 | | 62,894 | 42,436 | 20,458 |
| Other Purchased Services (400-500 series) | 843,914 | (81,476) | 762,438 | 629,939 | 132,499 |
| General Supplies | 2,269,534 | 219,681 | 2,489,215 | 2,288,517 | 200,698 |
| Textbooks | 156,158 | | 156,158 | 95,349 | 60,809 |
| Other Objects | 6,190 | (1,544) | 4,646 | 221 | 4,425 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | <u>30,605,862</u> | <u>114,840</u> | <u>30,720,702</u> | <u>30,134,447</u> | <u>586,255</u> |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Cognitive - Mild | | | | | |
| Purchased Professional - Educational Services | 25,000 | | 25,000 | 1,300 | 23,700 |
| Purchased Technical Services | | | | | |
| Total Cognitive - Mild | <u>25,000</u> | | <u>25,000</u> | <u>1,300</u> | <u>23,700</u> |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 825,255 | 71,900 | 897,155 | 880,762 | 16,393 |
| Other Salaries for Instruction | 758,290 | (45,000) | 713,290 | 659,295 | 53,995 |
| Purchased Professional - Educational Services | | | | | |
| General Supplies | 66,619 | 39,661 | 106,280 | 103,542 | 2,738 |
| Textbooks | 2,000 | | 2,000 | 1,056 | 944 |
| Other Objects | 280 | 2,400 | 2,680 | 2,174 | 506 |
| Total Learning and/or Language Disabilities | <u>1,652,444</u> | <u>68,961</u> | <u>1,721,405</u> | <u>1,646,829</u> | <u>74,576</u> |

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|----------------------------|--|-------------------------|-------------------|-------------------------------------|
| Behavioral Disabilities | | | | | |
| Salaries of Teachers | 248,945 | 42,000 | 290,945 | 283,048 | 7,897 |
| Other Salaries for Instruction | 163,965 | | 163,965 | 122,768 | 41,197 |
| Purchased Professional - Educational Services | | | | | |
| General Supplies | 13,186 | (1,661) | 11,525 | 2,918 | 8,607 |
| Textbooks | 2,000 | | 2,000 | | 2,000 |
| Total Behavioral Disabilities | 428,096 | 40,339 | 468,435 | 408,734 | 59,701 |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 658,110 | 29,000 | 687,110 | 684,956 | 2,154 |
| Other Salaries for Instruction | 406,523 | 25,600 | 432,123 | 405,907 | 26,216 |
| Purchased Professional - Educational Services | | | | | |
| General Supplies | 23,059 | 1,300 | 24,359 | 22,706 | 1,653 |
| Textbooks | 2,000 | (1,300) | 700 | | 700 |
| Other Objects | | | | | |
| Total Multiple Disabilities | 1,089,692 | 54,600 | 1,144,292 | 1,113,569 | 30,723 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 4,258,453 | (72,000) | 4,186,453 | 4,161,263 | 25,190 |
| Other Salaries for Instruction | 1,766,788 | (101,000) | 1,665,788 | 1,654,343 | 11,445 |
| Purchased Professional - Educational Services | | | | | |
| General Supplies | 164,789 | | 164,789 | 161,077 | 3,712 |
| Textbooks | 2,300 | | 2,300 | | 2,300 |
| Total Resource Room/Resource Center | 6,192,330 | (173,000) | 6,019,330 | 5,976,683 | 42,647 |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 235,555 | 12,300 | 247,855 | 234,713 | 13,142 |
| Other Salaries for Instruction | 194,833 | 21,500 | 216,333 | 213,651 | 2,682 |
| Purchased Professional - Educational Services | | | | | |
| General Supplies | 12,340 | 10,625 | 22,965 | 22,243 | 722 |
| Other Objects | 1,120 | | 1,120 | | 1,120 |
| Total Preschool Disabilities - Part Time | 443,848 | 44,425 | 488,273 | 470,607 | 17,666 |
| Preschool Disabilities- Full-Time: | | | | | |
| Salaries of Teachers | 270,165 | 60,200 | 330,365 | 319,373 | 10,992 |
| Other Salaries for Instruction | 400,578 | 21,500 | 422,078 | 407,212 | 14,866 |
| Purchased Professional - Educational Services | | | | | |
| Other Purchased Services (400-500 Series) | | | | | |
| General Supplies | 16,866 | | 16,866 | 15,172 | 1,694 |
| Other Objects | 1,120 | | 1,120 | | 1,120 |
| Total Preschool Disabilities - Full-Time | 688,729 | 81,700 | 770,429 | 741,757 | 28,672 |
| Home Instruction | | | | | |
| Salaries of Teachers | 80,914 | 1,433 | 82,347 | 82,346 | 1 |
| Purchased Professional - Educational Services | 23,860 | (1,433) | 22,427 | 9,165 | 13,262 |
| Total Home Instruction | 104,774 | | 104,774 | 91,511 | 13,263 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 10,624,913 | 117,025 | 10,741,938 | 10,450,990 | 290,948 |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 2,090,548 | | 2,090,548 | 2,068,691 | 21,857 |
| Other Salaries for Instruction | 142,846 | (6,500) | 136,346 | 127,555 | 8,791 |
| Purchased Professional - Educational Services | 25,000 | | 25,000 | 23,744 | 1,256 |
| Other Purchased Services (400-500 series) | 2,500 | (2,500) | | | |
| General Supplies | 12,821 | 4,000 | 16,821 | 14,347 | 2,474 |
| Textbooks | 5,500 | (2,000) | 3,500 | | 3,500 |
| Total Bilingual Education - Instruction | 2,279,215 | (7,000) | 2,272,215 | 2,234,337 | 37,878 |
| School-Sponsored Cocurricular Activities - Instruction | | | | | |
| Salaries | 177,001 | 5,712 | 182,713 | 155,146 | 27,567 |
| Purchased Services (300-500 series) | 10,800 | (612) | 10,188 | 5,103 | 5,085 |
| Supplies and Materials | 15,800 | | 15,800 | 11,402 | 4,398 |
| Other Objects | 44,070 | | 44,070 | 557 | 43,513 |
| Total School-Sponsored Cocurricular Activities - Instruction | 247,671 | 5,100 | 252,771 | 172,208 | 80,563 |
| School-Sponsored Athletics - Instruction | | | | | |
| Salaries | 862,282 | 2,000 | 864,282 | 756,851 | 107,431 |
| Purchased Services (300-500 series) | 369,628 | 6,800 | 376,428 | 348,981 | 27,447 |
| Supplies and Materials | 91,400 | | 91,400 | 85,216 | 6,184 |
| Other Objects | 34,030 | 10,200 | 44,230 | 39,991 | 4,239 |
| Total School-Sponsored Athletics - Instruction | 1,357,340 | 19,000 | 1,376,340 | 1,231,039 | 145,301 |
| Summer School - Instruction | | | | | |
| Salaries of Teachers | 44,872 | | 44,872 | 18,021 | 26,851 |
| Total Summer School Programs Instruction | 44,872 | | 44,872 | 18,021 | 26,851 |
| Instructional Alternative Ed Programs - Instruction | | | | | |
| Salaries of Teachers | 160,000 | | 160,000 | 64,141 | 95,859 |
| Other Salaries of Instruction | 46,866 | | 46,866 | | 46,866 |
| Total Instructional Alternative Ed Programs - Instruction | 206,866 | | 206,866 | 64,141 | 142,725 |

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|----------------------------|--|-------------------------|-------------------|-------------------------------------|
| Instructional Alternative Ed Programs - Support Services | | | | | |
| Salaries of Teachers | 158,087 | | 158,087 | 25,538 | 132,549 |
| Total Instructional Alternative Ed Programs - Support Services | 158,087 | | 158,087 | 25,538 | 132,549 |
| TOTAL INSTRUCTION | 45,524,826 | 248,965 | 45,773,791 | 44,330,721 | 1,443,070 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | 129,400 | | 129,400 | | 129,400 |
| Tuition to Other LEAs Within the State - Special | 437,824 | | 437,824 | 406,799 | 31,025 |
| Tuition to County Voc. School Dist. - Regular | 265,078 | 74,926 | 340,004 | 328,865 | 11,139 |
| Tuition to County Voc. School Dist. - Special | 736,878 | (319,426) | 417,452 | 306,935 | 110,517 |
| Tuition to CSSD & Regional Day Schools | 2,836,700 | 397,886 | 3,234,586 | 3,234,586 | |
| Tuition to Private Schools for the Handicapped - Within State | 2,682,549 | (712,226) | 1,970,323 | 1,689,566 | 280,757 |
| Tuition - State Facilities | 71,164 | | 71,164 | 71,164 | |
| Tuition - Other | 6,495 | | 6,495 | 6,495 | |
| Total Undistributed Expenditures - Instruction: | 7,166,088 | (558,840) | 6,607,248 | 6,044,410 | 562,838 |
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | 10,000 | | 10,000 | 10,000 | |
| Other Purchased Services (400-500 series) | | | | | |
| Total Undistributed Expend. - Attend. & Social Work | 10,000 | | 10,000 | 10,000 | |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 914,022 | | 914,022 | 902,886 | 11,136 |
| Purchased Professional and Technical Services | 76,000 | (12,000) | 64,000 | 46,676 | 17,324 |
| Other Purchased Services (400-500 series) | 2,800 | | 2,800 | 1,416 | 1,384 |
| Supplies and Materials | 23,140 | | 23,140 | 15,555 | 7,585 |
| Total Undistributed Expenditures - Health Services | 1,015,962 | (12,000) | 1,003,962 | 966,533 | 37,429 |
| Undist. Expend. - Speech, OT, PT & Related Svcs. | | | | | |
| Salaries | 1,473,600 | 107,600 | 1,581,200 | 1,568,571 | 12,629 |
| Purchased Prof. Services-Educational Services | 426,440 | 160,965 | 587,405 | 547,936 | 39,469 |
| Supplies and Materials | 5,500 | | 5,500 | 5,039 | 461 |
| Other Objects | 1,000 | | 1,000 | | 1,000 |
| Total Undist. Expend. - Speech, OT, PT, & Related Svcs | 1,906,540 | 268,565 | 2,175,105 | 2,121,546 | 53,559 |
| Undist. Expend. - Other Supp. Serv. Students-Extra Serv. | | | | | |
| Salaries | 1,138,673 | 6,700 | 1,145,373 | 1,129,035 | 16,338 |
| Purchased Prof. Services-Educational Services | 824,300 | 196,000 | 1,020,300 | 843,335 | 176,965 |
| Supplies and Materials | 7,500 | | 7,500 | 5,591 | 1,909 |
| Other Objects | | | | | |
| Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs. | 1,970,473 | 202,700 | 2,173,173 | 1,977,961 | 195,212 |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 1,132,234 | 6,800 | 1,139,034 | 1,127,607 | 11,427 |
| Salaries of Secretarial and Clerical Assistants | 106,629 | 1,000 | 107,629 | 106,172 | 1,457 |
| Other Purchased Professional and Technical Services | 26,200 | | 26,200 | 23,507 | 2,693 |
| Other Purchased Services (400-500 series) | 2,900 | | 2,900 | | 2,900 |
| Supplies and Materials | 9,738 | | 9,738 | 4,922 | 4,816 |
| Total Undist. Expend. - Guidance | 1,277,701 | 7,800 | 1,285,501 | 1,262,208 | 23,293 |
| Undist. Expend. - Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 3,055,950 | (81,800) | 2,974,150 | 2,925,841 | 48,309 |
| Salaries of Secretarial and Clerical Assistants | 272,499 | 15,200 | 287,699 | 284,042 | 3,657 |
| Purchased Prof. Services-Educational Services | 157,650 | 65,000 | 222,650 | 181,164 | 41,486 |
| Other Purchased Professional and Technical Services | 20,000 | | 20,000 | 16,423 | 3,577 |
| Misc. Pur Services (400-500 Series) | 3,500 | | 3,500 | 1,176 | 2,324 |
| Supplies and Materials | 63,663 | (10,625) | 53,038 | 37,912 | 15,126 |
| Other Objects | 2,400 | | 2,400 | | 2,400 |
| Total Undist. Expend. - Child Study Teams | 3,575,662 | (12,225) | 3,563,437 | 3,446,558 | 116,879 |
| Undist. Expend. - Improvement of Instructional Services | | | | | |
| Salaries of Supervisors of Instruction | 1,212,961 | (79,800) | 1,133,161 | 1,107,532 | 25,629 |
| Salaries of Other Professional Staff | 315,523 | 9,900 | 325,423 | 321,964 | 3,459 |
| Salaries of Secretarial and Clerical Assistants | 116,473 | 1,531 | 118,004 | 118,004 | |
| Salaries of Facilitators, Math & Literacy Coaches | | | | | |
| Purchased Professional - Educational Services | | | | | |
| Other Purch Services (400-500) | 14,198 | (31) | 14,167 | 13,134 | 1,033 |
| Supplies and Materials | 9,627 | | 9,627 | 6,514 | 3,113 |
| Other Objects | 3,534 | | 3,534 | 3,222 | 312 |
| Total Undist. Expend. - Improvement of Inst. Services | 1,672,316 | (68,400) | 1,603,916 | 1,570,370 | 33,546 |
| Undist. Expend. - Educational Media Serv./Sch. Library | | | | | |
| Salaries | 561,972 | 10,500 | 572,472 | 571,571 | 901 |
| Purchased Professional and Technical Services | 6,600 | | 6,600 | | 6,600 |
| Other Purch Services (400-500) | 24,849 | (225) | 24,624 | 20,301 | 4,323 |
| Supplies and Materials | 44,558 | 225 | 44,783 | 38,996 | 5,787 |
| Total Undist. Expend. - Educational Media Serv./Sch. Library | 637,979 | 10,500 | 648,479 | 630,868 | 17,611 |

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|--|----------------------------|--|-------------------------|------------------|-------------------------------------|
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Salaries-Other Prof. Staff | 1,500 | | 1,500 | | 1,500 |
| Purchased Professional - Educational Services | 25,000 | | 25,000 | 2,300 | 22,700 |
| Other Purchased Prof. and Tech. Services | | | | | |
| Other Purchased Services (400-500 series) | 75,100 | (19,700) | 55,400 | 48,852 | 6,548 |
| Supplies and Materials | 2,500 | | 2,500 | | 2,500 |
| Total Undist. Expend. - Instructional Staff Training Serv. | 104,100 | (19,700) | 84,400 | 51,152 | 33,248 |
| Undist. Expend. - Supp. Serv. - General Administration | | | | | |
| Salaries | 414,694 | 13,091 | 427,785 | 427,785 | |
| Legal Services | 215,333 | 28,909 | 244,242 | 177,376 | 66,866 |
| Audit Fees | 138,000 | (42,000) | 96,000 | 45,000 | 51,000 |
| Architectural/Engineering Services | 106,321 | (3,142) | 103,179 | 20,640 | 82,539 |
| Other Purchased Professional Services | 130,000 | | 130,000 | 75,953 | 54,047 |
| Purchased Technical Services | | | | | |
| Communications/Telephone | 278,569 | (167,880) | 110,689 | 54,484 | 56,205 |
| BOE Other Purchased Services | 6,000 | | 6,000 | 4,311 | 1,689 |
| Misc. Purch Services (400-500 Series) | 36,020 | | 36,020 | 22,775 | 13,245 |
| General Supplies | 7,500 | 3,142 | 10,642 | 10,537 | 105 |
| BOE In-House Training/Meeting Supplies | 2,500 | | 2,500 | | 2,500 |
| Judgements against the School District | | | | | |
| Misc. Expenditures | 7,500 | | 7,500 | 5,628 | 1,872 |
| BOE Membership Dues and Fees | 29,663 | | 29,663 | 27,963 | 1,700 |
| Total Undist. Expend. - Supp. Serv. - General Administration | 1,372,100 | (167,880) | 1,204,220 | 872,452 | 331,768 |
| Undist. Expend. - Support Serv. - School Administration | | | | | |
| Salaries of Principals/Assistant Principals | 2,781,670 | 36,000 | 2,817,670 | 2,761,026 | 56,644 |
| Salaries of Secretarial and Clerical Assistants | 847,753 | 58,000 | 905,753 | 898,574 | 7,179 |
| Other Purchased Services (400-500 series) | 15,287 | 3,198 | 18,485 | 12,841 | 5,644 |
| Supplies and Materials | 39,012 | (1,054) | 37,958 | 31,138 | 6,820 |
| Other Objects | 6,283 | (128) | 6,155 | 2,418 | 3,737 |
| Total Undist. Expend. - Support Serv. - School Administration | 3,690,005 | 96,016 | 3,786,021 | 3,705,997 | 80,024 |
| Undist. Expend. - Support Serv. - Central Services | | | | | |
| Salaries | 953,842 | (17,784) | 936,058 | 923,967 | 12,091 |
| Purchased Professional Services | 3,000 | | 3,000 | 1,100 | 1,900 |
| Purchased Technical Services | 55,434 | (33,414) | 22,020 | 22,000 | 20 |
| Misc. Pur Services (400-500 Series) | 29,000 | (18,000) | 11,000 | 8,162 | 2,838 |
| Supplies and Materials | 16,200 | (8,000) | 8,200 | 7,237 | 963 |
| Interest on Lease Purchase Agreement | | | | | |
| Other Objects | 10,675 | | 10,675 | 6,486 | 4,189 |
| Total Undist. Expend. - Support Serv. - Central Services | 1,068,151 | (77,198) | 990,953 | 968,952 | 22,001 |
| Undist. Expend. - Admin Info. Technology | | | | | |
| Information Technology | | | | | |
| Salaries | 559,934 | 4,701 | 564,635 | 564,635 | |
| Purchased Professional Services | 9,580 | | 9,580 | 6,800 | 2,780 |
| Purchased Technical Services | | | | | |
| Other Purch Services (400-500 Series) | 195,056 | (3,701) | 191,355 | 161,947 | 29,408 |
| Supplies and Materials | 4,125 | | 4,125 | 3,968 | 157 |
| Total Undist. Expend. - Support Serv. - Administrative Information Technology | 768,695 | 1,000 | 769,695 | 737,350 | 32,345 |
| Undist. Expend. - Required Maint. for School Facilities (261) | | | | | |
| Salaries | 390,359 | (95,000) | 295,359 | 254,579 | 40,780 |
| Cleaning, Repair and Maintenance Services | 683,696 | (66,602) | 617,094 | 416,197 | 200,897 |
| General Supplies | 102,042 | 30,000 | 132,042 | 130,072 | 1,970 |
| Undist. Expend. - Required Maint. for School Facilities | 1,176,097 | (131,602) | 1,044,495 | 800,848 | 243,647 |
| Undist. Expend. - Oth. Oper. & Maint. of Plant (262) | | | | | |
| Salaries | 2,993,272 | 86,864 | 3,080,136 | 3,025,890 | 54,246 |
| Salaries of Non-Instructional Aides | 283,547 | 16,000 | 299,547 | 299,178 | 369 |
| Purchased Prof. And Tech. Services | 124,120 | (10,000) | 114,120 | 94,589 | 19,531 |
| Cleaning, Repair and Maintenance Services | 655,280 | (130,954) | 524,326 | 363,230 | 161,096 |
| Rental of Land & Bldg. Oth. Than Lease Pur Agrmt. | 606,200 | 35,090 | 641,290 | 635,326 | 5,964 |
| Other Purchased Property Services | 135,000 | | 135,000 | 111,323 | 23,677 |
| Insurance | 430,000 | 53,878 | 483,878 | 483,878 | |
| Miscellaneous Purchased Services | 8,500 | | 8,500 | 4,315 | 4,185 |
| General Supplies | 327,996 | 31,000 | 358,996 | 355,410 | 3,586 |
| Energy (Natural Gas) | 400,000 | | 400,000 | 375,069 | 24,931 |
| Energy (Energy and Electricity) | 1,282,744 | | 1,282,744 | 767,744 | 515,000 |
| Other Objects | 600 | | 600 | 176 | 424 |
| Total Undist. Expend. - Other Oper. & Maint. Of Plant | 7,247,259 | 81,878 | 7,329,137 | 6,516,128 | 813,009 |

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|--|----------------------------|--|-------------------------|--------------------|-------------------------------------|
| Undist. Expend. - Care & Upkeep of Grounds (263) | | | | | |
| Salaries | 145,063 | | 145,063 | 111,910 | 33,153 |
| Cleaning, Repair and Maintenance Services | 67,100 | | 67,100 | 25,548 | 41,552 |
| General Supplies | 35,357 | | 35,357 | 17,268 | 18,089 |
| Other Objects | 1,000 | | 1,000 | | 1,000 |
| Total Undist. Expend. - Care & Upkeep of Grounds | 248,520 | | 248,520 | 154,726 | 93,794 |
| Undist. Expend. - Security | | | | | |
| Salaries | 108,887 | (44,590) | 64,297 | 62,587 | 1,710 |
| Purchased Professional and Technical Services | 91,440 | 443,804 | 535,244 | 420,008 | 115,236 |
| Cleaning, Repair and Maintenance Services | 15,000 | | 15,000 | | 15,000 |
| General Supplies | 174,600 | (39,999) | 134,601 | 110,749 | 23,852 |
| Total Undist. Expend. - Security | 389,927 | 359,215 | 749,142 | 593,344 | 155,798 |
| Undist. Expend. - Student Transportation Services (270) | | | | | |
| Salaries for Pupil Trans (Other than Bet. Home & Sch.) | 62,425 | (6,000) | 56,425 | 55,487 | 938 |
| Management fee- ECS&CTSA Trans. | 92,422 | (88,368) | 4,054 | | 4,054 |
| Other Purchased Prof. and Tech. Services | 87,203 | | 87,203 | 85,507 | 1,696 |
| Cleaning, Repair and Maintenance Services | 14,204 | 3,000 | 17,204 | 16,754 | 450 |
| Contract Services - Aid in lieu Pymts - Charter School | 19,709 | (13,079) | 6,630 | 6,630 | |
| Contract Services (Between Home & School)-Vendors | 1,013 | | 1,013 | | 1,013 |
| Contract Services (Other than Between Home & School)-Vendors | 252,711 | 44,379 | 297,090 | 286,214 | 10,876 |
| Contract Services (Between Home & School)-Joint Agreements | 5,644 | (500) | 5,144 | 884 | 4,260 |
| Contract Services (Sp. Ed. Students)-Vendors | 330,193 | (288,500) | 41,693 | 41,228 | 465 |
| Contract Services (Spl. Ed. Students)-ESCs&CTSAs | 1,860,663 | 413,568 | 2,274,231 | 2,274,183 | 48 |
| Miscellaneous Purchased Services - Transportation | 3,732 | (2,000) | 1,732 | 1,050 | 682 |
| Other Objects | 5,928 | (4,000) | 1,928 | 1,040 | 888 |
| Total Undist. Expend. - Student Transportation Services | 2,735,847 | 58,500 | 2,794,347 | 2,768,977 | 25,370 |
| Regular Programs-Instruction-Employee Benefits | | | | | |
| Health Benefits | 9,500,000 | (9,500,000) | | | |
| TOTAL ALLOCATED BENEFITS | 9,500,000 | (9,500,000) | | | |
| UNALLOCATED BENEFITS | | | | | |
| Group Insurance | | | | | |
| Social Security Contributions | 1,304,598 | (12,216) | 1,292,382 | 1,114,140 | 178,242 |
| Other Retirement Contributions-PERS | 1,565,761 | (203,070) | 1,362,691 | 1,248,472 | 114,219 |
| Other Retirement Contributions-Regular | 43,288 | 7,184 | 50,472 | 49,759 | 713 |
| Unemployment Compensation | 85,000 | (32,076) | 52,924 | | 52,924 |
| Workmen's Compensation | 425,000 | 161,441 | 586,441 | 585,417 | 1,024 |
| Health Benefits | 2,597,540 | 9,215,871 | 11,813,411 | 10,415,405 | 1,398,006 |
| Tuition Reimbursement | 4,000 | 2,827 | 6,827 | 6,187 | 640 |
| Other Employee Benefits | 192,407 | | 192,407 | 137,037 | 55,370 |
| TOTAL UNALLOCATED BENEFITS | 6,217,594 | 9,139,961 | 15,357,555 | 13,556,417 | 1,801,138 |
| On-behalf TPAF Pension and Post Retirement | | | | | |
| Medical Contributions (non-budgeted) | | | | 4,196,156 | (4,196,156) |
| On-behalf TPAF Pension (non-budgeted) | | | | 3,356,823 | (3,356,823) |
| On-behalf TPAF NCGI Premium (non-budgeted) | | | | 167,215 | (167,215) |
| Reimbursed TPAF Social Security Contributions (non-budgeted) | | | | 3,274,489 | (3,274,489) |
| TOTAL ON-BEHALF CONTRIBUTIONS | | | | 10,994,683 | (10,994,683) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 15,717,594 | (360,039) | 15,357,555 | 24,551,100 | (9,193,545) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 53,751,016 | (321,710) | 53,429,306 | 59,751,480 | (6,322,174) |
| TOTAL GENERAL CURRENT EXPENSE | 99,275,842 | (72,745) | 99,203,097 | 104,082,201 | (4,879,104) |
| Equipment | | | | | |
| Regular Programs - Instruction: | | | | | |
| Grades 9-12 | 9,225 | 8,762 | 17,987 | 13,226 | 4,761 |
| Special Education - Instruction: | | | | | |
| Resource Room/Resource Center | | 2,600 | 2,600 | | 2,600 |
| Total Equipment | 9,225 | 11,362 | 20,587 | 13,226 | 7,361 |
| Undist. Expenditures: | | | | | |
| Undistributed Expenditures - Instruction | | 77,469 | 77,469 | 77,469 | |
| Undist. Expend. - Required Maint. For School Facilities | | 5,645 | 5,645 | | 5,645 |
| Total Undist. Expend. | | 83,114 | 83,114 | 77,469 | 5,645 |

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Budget Transfers/ Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|--|-------------------------|--------------------|-------------------------------------|
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 87,327 | (9,811) | 77,516 | 10,823 | 66,693 |
| Construction Services | 559,548 | (3,194) | 556,354 | 519,427 | 36,927 |
| Assessment for Debt Service on SDA Funding | 37,812 | | 37,812 | 37,812 | |
| Total Facilities Acquisition and Construction Services | <u>684,687</u> | <u>(13,005)</u> | <u>671,682</u> | <u>568,062</u> | <u>103,620</u> |
| TOTAL CAPITAL OUTLAY | <u>693,912</u> | <u>81,471</u> | <u>775,383</u> | <u>658,757</u> | <u>116,626</u> |
| Transfer of Funds to Charter Schools | <u>2,811,033</u> | | <u>2,811,033</u> | <u>2,637,660</u> | <u>173,373</u> |
| TOTAL EXPENDITURES | <u>102,780,787</u> | <u>8,726</u> | <u>102,789,513</u> | <u>107,378,618</u> | <u>(4,589,105)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(5,194,509)</u> | <u>12,000</u> | <u>(5,182,509)</u> | <u>677,240</u> | <u>5,859,749</u> |
| Other Financing Sources/(Uses): | | | | | |
| Operating Transfers Out: | | | | | |
| Transfers to Cover Deficit (Enterprise Fund) | | (12,000) | (12,000) | (5,504) | (6,496) |
| Special Revenue Fund - Preschool Education Aid | <u>(388,929)</u> | | <u>(388,929)</u> | <u>(388,929)</u> | |
| Total Other Financing Sources/(Uses): | <u>(388,929)</u> | <u>(12,000)</u> | <u>(400,929)</u> | <u>(394,433)</u> | <u>(6,496)</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | <u>(5,583,438)</u> | | <u>(5,583,438)</u> | <u>282,807</u> | <u>5,853,253</u> |
| Fund Balance, July 1 | <u>5,996,881</u> | | <u>5,996,881</u> | <u>12,651,441</u> | <u>(6,654,560)</u> |
| Fund Balance, June 30 | <u>413,443</u> | | <u>413,443</u> | <u>12,934,248</u> | <u>(801,307)</u> |
| Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| Adjustment for Prior Year Encumbrances | (296,744) | | (296,744) | (296,744) | |
| Increase in Capital Reserve: | | | | | |
| Principal | | | | 2,500,000 | (2,500,000) |
| Interest Deposit to Capital Reserve | 2,112 | | 2,112 | 7,816 | (5,704) |
| Increase in Emergency Reserve: | | | | | |
| Interest Deposit to Emergency Reserve | | | | 1,212 | (1,212) |
| Increase in Maintenance Reserve: | | | | | |
| Principal | | | | 500,000 | (500,000) |
| Interest Deposit to Maintenance Reserve | | | | 1,758 | (1,758) |
| Withdrawal from Capital Reserve - for Local Share | (646,875) | | (646,875) | (646,875) | |
| Withdrawal from Current Expense Emergency Reserve | (650,000) | | (650,000) | (650,000) | |
| Withdrawal from Maintenance Reserve | (500,000) | | (500,000) | (500,000) | |
| Budgeted Fund Balance | <u>(3,491,931)</u> | | <u>(3,491,931)</u> | <u>(634,360)</u> | <u>8,861,927</u> |
| | <u>(5,583,438)</u> | | <u>(5,583,438)</u> | <u>282,807</u> | <u>5,853,253</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus - Current Year | | | | 2,025,321 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 1,452,235 | |
| Capital Reserve | | | | 5,718,189 | |
| Maintenance Reserve | | | | 1,002,603 | |
| Emergency Reserve | | | | 2,310 | |
| Assigned Fund Balance: | | | | | |
| Year-end Encumbrances | | | | 615,459 | |
| Unassigned Fund Balance | | | | <u>2,118,131</u> | |
| Total Fund Balance per Governmental Funds (Budgetary) | | | | <u>12,934,248</u> | |
| Recapitulation to Governmental Fund Statement (GAAP): | | | | | |
| Less: Last State Aid Payment not Recognized GAAP Basis | | | | <u>1,028,525</u> | |
| Total Fund Balance per Governmental Funds (GAAP) | | | | <u>11,905,723</u> | |

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers/ Adjustments | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|-------------------------------------|------------------|------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources | | 3,665 | 3,665 | 1,080 | (2,585) |
| State Sources | 680,399 | 296,833 | 977,232 | 926,243 | (50,989) |
| Federal Sources | 2,601,056 | 1,212,831 | 3,813,887 | 3,446,633 | (367,254) |
| Total Revenues | 3,281,455 | 1,513,329 | 4,794,784 | 4,373,956 | (420,828) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 1,870,125 | (723,020) | 1,147,105 | 959,764 | 187,341 |
| Other Salaries for Instruction | 170,835 | 16,896 | 187,731 | 186,585 | 1,146 |
| Purchased Professional and Technical Services | 102,674 | 36,860 | 139,534 | 105,907 | 33,627 |
| Other Purchased Services (400-500 series) | 1,196,367 | 409,613 | 1,605,980 | 1,564,123 | 41,857 |
| General Supplies | | 807,858 | 807,858 | 765,654 | 42,204 |
| Textbooks | | 6,338 | 6,338 | 6,213 | 125 |
| Other Objects | | 3,869 | 3,869 | 3,869 | - |
| Total instruction | 3,340,001 | 558,414 | 3,898,415 | 3,592,115 | 306,300 |
| Support services: | | | | | |
| Salaries of Program Directors | | 535,865 | 535,865 | 507,813 | 28,052 |
| Personal Services - Employee Benefits | 272,277 | 202,604 | 474,881 | 438,609 | 36,272 |
| Other Purchased Professional Services | 58,106 | 52,987 | 111,093 | 96,393 | 14,700 |
| Travel | | 3,882 | 3,882 | 2,394 | 1,488 |
| Other Purchased Services (400-500 series) | | 62,636 | 62,636 | 53,808 | 8,828 |
| Supplies & Materials | | 67,713 | 67,713 | 49,082 | 18,631 |
| Other Objects | | 24,908 | 24,908 | 18,417 | 6,491 |
| Total support services | 330,383 | 950,595 | 1,280,978 | 1,166,516 | 114,462 |
| Facilities acquisition and const. serv.: | | | | | |
| Instructional Equipment | | 4,320 | 4,320 | 4,254 | 66 |
| Total facilities acquisition and const. serv. | - | 4,320 | 4,320 | 4,254 | 66 |
| Total Expenditures | 3,670,384 | 1,513,329 | 5,183,713 | 4,762,885 | 420,828 |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfer In: | | | | | |
| General Fund - Preschool Education Aid | 388,929 | | 388,929 | 388,929 | - |
| Total Other Financing Sources (Uses) | 388,929 | - | 388,929 | 388,929 | - |
| 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 - Part II
Fiscal Year Ended June 30, 2016

**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] | 108,055,858 | 4,373,956 |
| 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 | | | |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 1,058,076 | |
| 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). | | (1,028,525) | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | <u>108,085,409</u> | <u>4,373,956</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1]&[C-2] | 107,378,618 | 4,762,885 |
| 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. | | | |
| Prior Year | | | |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | [B-2] | <u>107,378,618</u> | <u>4,762,885</u> |

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

HACKENSACK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

| Fiscal Year Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's | | District's Covered Payroll - PERS Employee's | District's | | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|--|---|---|--|--|--|--|
| | | Proportionate Share of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll | | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of the Total Pension Liability | |
| 2015 | 0.1518574603% | \$ 28,431,870 | \$ 268.45% | 10,591,162 | 268.45% | 52.08% | |
| 2016 | 0.1572860273% | \$ 35,307,561 | \$ 347.44% | 10,162,144 | 347.44% | 94.63% | |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

HACKENSACK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

| Fiscal Year Ending June 30, | Contractually Required Contribution | Contributions in Relations to the | | Contribution Deficiency (Excess) | District's PERS Covered- Employee Payroll | Contributions as a Percentage of PERS Covered- Employee Payroll |
|--------------------------------|---|--|---------------------------|--|--|---|
| | | Contractually Required Contributions | Contractually Required | | | |
| 2015 | \$ 1,251,891 | \$ | (1,251,891) | \$ - | \$ 10,591,162 | 11.82% |
| 2016 | 1,352,238 | | (1,352,238) | - | \$ 10,162,144 | 13.31% |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

HACKENSACK BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

| Fiscal Year Ending June 30, | District's Proportion of the Net Pension Liability (Asset) | District's | | State's | | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|--|---|---|--|--|--|--|
| | | Proportionate Share Pension Liability (Asset) | Share of the Net Pension Liability Associated with the District (Asset) | District's Covered Payroll - TPAF Employee's | Proportionate Share of the Net Pension Liability Associated with the District (Asset) | | |
| 2015 | 0.4439214560% | \$ | \$ | \$ | 237,261,570 | 44,861,914 | 33.64% |
| 2016 | 0.4294054446% | - | - | - | 271,402,578 | 45,628,720 | 28.71% |

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

HACKENSACK BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2016

| | Total Brought Forward (Ex. E-1a) | BCSS Drop-in Center | IDEA Part - B | IDEA Part - B Preschool | NCLB Title I | Title II, Part A Training & Recruiting | Totals 2016 |
|---|---|------------------------------------|--------------------------|--|-------------------------|---|------------------------|
| REVENUES | | | | | | | |
| Local Sources | - | 1,080 | | | | | 1,080 |
| State Sources | 926,243 | | | | | | 926,243 |
| Federal Sources | 307,819 | | 1,523,708 | 60,401 | 1,352,553 | 202,152 | 3,446,633 |
| Total Revenues | 1,234,062 | 1,080 | 1,523,708 | 60,401 | 1,352,553 | 202,152 | 4,373,956 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | 555,032 | 1,080 | | | 403,652 | | 959,764 |
| Other Salaries for Instruction | 186,585 | | | | | | 186,585 |
| Purchased Professional and Technical Services | 56,124 | | | | 37,902 | 11,881 | 105,907 |
| Other Purchased Services (400-500 series) | - | | 1,498,222 | 60,401 | 5,500 | | 1,564,123 |
| General Supplies | 94,996 | | 1,774 | | 668,884 | | 765,654 |
| Textbooks | 6,213 | | | | | | 6,213 |
| Other Objects | 3,869 | | | | | | 3,869 |
| Total instruction | 902,819 | 1,080 | 1,499,996 | 60,401 | 1,115,938 | 11,881 | 3,592,115 |
| Support services: | | | | | | | |
| Salaries of Program Directors | 326,090 | | | | 74,732 | 106,991 | 507,813 |
| Personal Services - Employee Benefits | 305,801 | | | | 100,471 | 32,337 | 438,609 |
| Other Purchased Professional Services | 26,563 | | | | 34,800 | 35,030 | 96,393 |
| Travel | 885 | | | | 701 | 808 | 2,394 |
| Other Purchased Services (400-500 series) | 16,273 | | 23,712 | | 3,236 | 10,587 | 53,808 |
| Supplies & Materials | 32,775 | | | | 11,789 | 4,518 | 49,082 |
| Other Objects | 7,531 | | | | 10,886 | | 18,417 |
| Total support services | 715,918 | - | 23,712 | - | 236,615 | 190,271 | 1,166,516 |
| Facilities acquisition and const. serv.: | | | | | | | |
| Instructional Equipment | 4,254 | | | | | | 4,254 |
| Total facilities acquisition and const. serv. | 4,254 | - | - | - | - | - | 4,254 |
| Total Expenditures | 1,622,991 | 1,080 | 1,523,708 | 60,401 | 1,352,553 | 202,152 | 4,762,885 |
| Other Financing Sources (Uses) | | | | | | | |
| Operating Transfer In: | | | | | | | |
| General Fund - Preschool Education Aid | 388,929 | | | | | | 388,929 |
| Total Other Financing Sources (Uses) | 388,929 | - | - | - | - | - | 388,929 |
| 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, 2016

| | Total Brought Forward (Ex. E-1b) | NCLB Title III | NCLB Title III Immigrant | Perkins - Vocational Education | Project Aces | Total Carried Forward |
|---|---|-------------------|--------------------------------|--------------------------------------|-----------------|-----------------------------|
| REVENUES | | | | | | |
| Local Sources | - | | | | | - |
| State Sources | 926,243 | 101,330 | 49,073 | 38,861 | 118,555 | 926,243 |
| Federal Sources | - | | | | | 307,819 |
| Total Revenues | 926,243 | 101,330 | 49,073 | 38,861 | 118,555 | 1,234,062 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | 475,120 | 72,537 | | 7,375 | | 555,032 |
| Other Salaries for Instruction | 186,585 | | | | | 186,585 |
| Purchased Professional and Technical Services | 51,700 | 2,000 | 900 | 1,524 | | 56,124 |
| Other Purchased Services (400-500 series) | - | | | | | - |
| General Supplies | 12,427 | 18,516 | 46,764 | 17,289 | | 94,996 |
| Textbooks | 6,213 | | | | | 6,213 |
| Other Objects | - | | | 3,869 | | 3,869 |
| Total instruction | 732,045 | 93,053 | 47,664 | 30,057 | - | 902,819 |
| Support services: | | | | | | |
| Salaries of Program Directors | 221,999 | 1,131 | | | 102,960 | 326,090 |
| Personal Services - Employee Benefits | 291,502 | 5,520 | | | 8,779 | 305,801 |
| Other Purchased Professional Services | 23,748 | 1,406 | 1,409 | | | 26,563 |
| Travel | - | | | 885 | | 885 |
| Other Purchased Services (400-500 series) | 12,646 | | | 3,627 | | 16,273 |
| Supplies & Materials | 25,701 | 220 | | 38 | 6,816 | 32,775 |
| Other Objects | 7,531 | | | | | 7,531 |
| Total support services | 583,127 | 8,277 | 1,409 | 4,550 | 118,555 | 715,918 |
| Facilities acquisition and const. serv.: | | | | | | |
| Instructional Equipment | - | | | 4,254 | | 4,254 |
| Total facilities acquisition and const. serv. | - | - | - | 4,254 | - | 4,254 |
| Total Expenditures | 1,315,172 | 101,330 | 49,073 | 38,861 | 118,555 | 1,622,991 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfer In: | | | | | | |
| General Fund - Preschool Education Aid | 388,929 | | | | | 388,929 |
| Total Other Financing Sources (Uses) | 388,929 | - | - | - | - | 388,929 |
| 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, 2016

| | 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 | 551,564 | 10,170 | 2,860 | 280,056 | 44,923 | 6,213 | 30,457 | 926,243 |
| Federal Sources | - | | | | | | | - |
| Total Revenues | 551,564 | 10,170 | 2,860 | 280,056 | 44,923 | 6,213 | 30,457 | 926,243 |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | 457,874 | | | | 17,246 | | | 475,120 |
| Other Salaries for Instruction | 170,786 | | | | 15,799 | | | 186,585 |
| Purchased Professional and Technical Services | 11,163 | 10,080 | | | | | 30,457 | 51,700 |
| Other Purchased Services (400-500 series) | - | | | | | | | - |
| General Supplies | 6,525 | | | | 5,902 | | | 12,427 |
| Textbooks | - | | | | | 6,213 | | 6,213 |
| Other Objects | - | | | | | | | - |
| Total instruction | 646,348 | 10,080 | - | - | 38,947 | 6,213 | 30,457 | 732,045 |
| Support services: | | | | | | | | |
| Salaries of Program Directors | - | | | 219,260 | 2,739 | | | 221,999 |
| Personal Services - Employee Benefits | 272,277 | | | 16,488 | 2,737 | | | 291,502 |
| Other Purchased Professional Services | 19,068 | 90 | 2,860 | 1,230 | 500 | | | 23,748 |
| Travel | - | | | | | | | - |
| Other Purchased Services (400-500 series) | - | | | 12,646 | | | | 12,646 |
| Supplies & Materials | 2,800 | | | 22,901 | | | | 25,701 |
| Other Objects | - | | | 7,531 | | | | 7,531 |
| Total support services | 294,145 | 90 | 2,860 | 280,056 | 5,976 | - | - | 583,127 |
| Facilities acquisition and const. serv.: | | | | | | | | |
| Instructional Equipment | - | | | | | | | - |
| Total facilities acquisition and const. serv. | - | - | - | - | - | - | - | - |
| Total Expenditures | 940,493 | 10,170 | 2,860 | 280,056 | 44,923 | 6,213 | 30,457 | 1,315,172 |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating Transfer In: | 388,929 | | | | | | | 388,929 |
| General Fund - Preschool Education Aid | - | | | | | | | - |
| Total Other Financing Sources (Uses) | 388,929 | - | - | - | - | - | - | 388,929 |
| 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, 2016

| | Nonpublic Security | Chapter 193 Supplemental Instruction | Chapter 193 Exam & Classification | Chapter 193 Corrective Speech | Preschool Education Aid | Total Carried Forward |
|---|-----------------------|--|---|-------------------------------------|-------------------------------|-----------------------------|
| REVENUES | | | | | | |
| Local Sources | 2,800 | 9,356 | 9,712 | 11,163 | 518,533 | - |
| State Sources | | | | | | 551,564 |
| Federal Sources | | | | | | - |
| Total Revenues | 2,800 | 9,356 | 9,712 | 11,163 | 518,533 | 551,564 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | | | | | 457,874 | 457,874 |
| Other Salaries for Instruction | | | | | 170,786 | 170,786 |
| Purchased Professional and Technical Services | | | | 11,163 | | 11,163 |
| Other Purchased Services (400-500 series) | | | | | 6,525 | - |
| General Supplies | | | | | | 6,525 |
| Textbooks | | | | | | - |
| Other Objects | | | | | | - |
| Total Instruction | - | - | - | 11,163 | 635,185 | 646,348 |
| Support services: | | | | | | |
| Salaries of Program Directors | | | | | | - |
| Personal Services - Employee Benefits | | | | | 272,277 | 272,277 |
| Other Purchased Professional Services | | 9,356 | 9,712 | | | 19,068 |
| Travel | | | | | | - |
| Other Purchased Services (400-500 series) | 2,800 | | | | | - |
| Supplies & Materials | | | | | | 2,800 |
| Total support services | 2,800 | 9,356 | 9,712 | - | 272,277 | 294,145 |
| Facilities acquisition and const. serv.: | | | | | | |
| Instructional Equipment | | | | | | - |
| Total facilities acquisition and const. serv. | - | - | - | - | - | - |
| Total Expenditures | 2,800 | 9,356 | 9,712 | 11,163 | 907,462 | 940,493 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfer In: | | | | | | |
| General Fund - Preschool Education Aid | | | | | 388,929 | 388,929 |
| Total Other Financing Sources (Uses) | - | - | - | - | 388,929 | 388,929 |
| 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, 2016

| | <u>District Wide Total</u> | | |
|---------------------------------------|----------------------------|-----------------------|---------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Expenditures: | | | |
| Instruction: | | | |
| Salaries of teachers | 464,660 | 457,874 | 6,786 |
| Other salaries for instruction | 171,611 | 170,786 | 825 |
| General supplies | 7,536 | 6,525 | 1,011 |
| Total instruction | <u>643,807</u> | <u>635,185</u> | <u>8,622</u> |
| Support services: | | | |
| Personal Services - Employee Benefits | <u>272,277</u> | <u>272,277</u> | |
| Total support services | <u>272,277</u> | <u>272,277</u> | |
| Total expenditures | <u><u>916,084</u></u> | <u><u>907,462</u></u> | <u><u>8,622</u></u> |

Summary of Location Totals

| | |
|--|---------------------|
| Total revised 2015-16 Preschool Education Aid | 519,619 |
| Add: Actual Carryover (June 30, 2015) | 7,536 |
| Add: Budgeted Transfer from the General Fund 2015-16 | <u>388,929</u> |
| Total Preschool Education Aid Funds Available for 2015-16 Budget | 916,084 |
| Less: 2014-15 Budgeted Preschool Education Aid prior year budgeted carryover) | <u>916,084</u> |
| Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016 | |
| Add: June 30, 2015 Unexpended Preschool Education Aid | <u>8,622</u> |
| 2015-16 Carryover - Preschool Education Aid/Preschool | <u><u>8,622</u></u> |
| 2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17 | <u><u></u></u> |

| |
|--------------------------|
| PROPRIETARY FUNDS |
|--------------------------|

HACKENSACK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2016

| | Food Service Program | Totals |
|--|-------------------------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 579,950 | 579,950 |
| Accounts receivable: | | |
| State | 8,216 | 8,216 |
| Federal | 142,562 | 142,562 |
| Other | 20,833 | 20,833 |
| Inventories | 7,538 | 7,538 |
| Total current assets | <u>759,099</u> | <u>759,099</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Building and building improvements | 188,123 | 188,123 |
| Equipment | 398,251 | 398,251 |
| Less accumulated depreciation | <u>(294,706)</u> | <u>(294,706)</u> |
| Total capital assets (net of accumulated depreciation) | <u>291,668</u> | <u>291,668</u> |
| Total assets | <u>1,050,767</u> | <u>1,050,767</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 174,040 | 174,040 |
| Interfunds Payable | <u>9,942</u> | <u>9,942</u> |
| Total Liabilities | <u>183,982</u> | <u>183,982</u> |
| NET POSITION | | |
| Invested in capital assets net of related debt | 291,668 | 291,668 |
| Unrestricted | <u>575,117</u> | <u>575,117</u> |
| Total net assets | <u>866,785</u> | <u>866,785</u> |

HACKENSACK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2016

| | Food Service Program | Totals |
|--|-------------------------------------|-----------------------|
| Operating revenues: | | |
| Charges for services: | | |
| Daily sales - reimbursable programs | 292,117 | 292,117 |
| Daily sales - non-reimbursable programs | 43,156 | 43,156 |
| Total operating revenues | <u>335,273</u> | <u>335,273</u> |
| Operating expenses: | | |
| Cost of food | 1,121,590 | 1,121,590 |
| Salaries | 664,406 | 664,406 |
| Supplies and materials | 76,475 | 76,475 |
| Employee benefits | 209,489 | 209,489 |
| Depreciation | 27,028 | 27,028 |
| Repairs and other expenses | 106,416 | 106,416 |
| Purchased services | 206,298 | 206,298 |
| Miscellaneous | 7,322 | 7,322 |
| CCD Fees | 3,838 | 3,838 |
| Total Operating Expenses | <u>2,422,862</u> | <u>2,422,862</u> |
| Operating income (loss) | <u>(2,087,589)</u> | <u>(2,087,589)</u> |
| Nonoperating revenues (expenses): | | |
| State sources: | | |
| School lunch program | 29,216 | 29,216 |
| School snack program | 75,331 | 75,331 |
| Federal sources: | | |
| School lunch program | 1,326,868 | 1,326,868 |
| School breakfast program | 614,904 | 614,904 |
| U.S.D.A. Commodities | 141,063 | 141,063 |
| Interest Income | 153 | 153 |
| Total nonoperating revenues (expenses) | <u>2,187,535</u> | <u>2,187,535</u> |
| Income (loss) before contributions & transfers | <u>99,946</u> | <u>99,946</u> |
| Other financing sources/(uses): | | |
| Transfer In | 5,504 | 5,504 |
| Change in net assets | 105,450 | 105,450 |
| Total net position—beginning | 761,335 | 761,335 |
| Total net position—ending | <u><u>866,785</u></u> | <u><u>866,785</u></u> |

HACKENSACK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2016

| | Food Service Program | Totals |
|---|-------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 479,705 | 479,705 |
| Payments to suppliers | <u>(2,279,236)</u> | <u>(2,279,236)</u> |
| Net cash provided by (used for) operating activities | <u>(1,799,531)</u> | <u>(1,799,531)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State Sources | 108,153 | 108,153 |
| Federal Sources | 1,980,828 | 1,980,828 |
| Interest Income | 153 | 153 |
| Transfer In | <u>5,504</u> | <u>5,504</u> |
| Net cash provided by (used for) non-capital financing activities | <u>2,094,638</u> | <u>2,088,981</u> |
| Net increase (decrease) in cash and cash equivalents | <u>295,107</u> | <u>295,107</u> |
| Balances—beginning of year | <u>284,843</u> | <u>284,843</u> |
| Balances—end of year | <u><u>579,950</u></u> | <u><u>579,950</u></u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | (2,087,589) | (2,087,589) |
| Adjustments to reconcile operating income (loss) to net cash provided by | | |
| Depreciation and net amortization | 27,028 | 27,028 |
| Food distribution program | 141,063 | 141,063 |
| (Increase) decrease in accounts receivable | 117,729 | 117,729 |
| (Increase) decrease in inventories | 799 | 799 |
| Increase (decrease) in accounts payable | <u>1,439</u> | <u>1,439</u> |
| Total adjustments | <u>288,058</u> | <u>288,058</u> |
| Net cash provided by (used for) operating activities | <u><u>(1,799,531)</u></u> | <u><u>(1,799,531)</u></u> |

FIDUCIARY FUND

HACKENSACK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

| | <u>Unemployment Compensation Trust Fund</u> | <u>Scholarship and Memorial Funds</u> | <u>Agency Funds</u> |
|---|---|---|-------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 286,873 | 99,600 | 928,448 |
| Total assets | <u>286,873</u> | <u>99,600</u> | <u>928,448</u> |
| LIABILITIES | | | |
| Payable to student groups | | | 300,171 |
| Due to State of NJ - Unemployment | 15,122 | | |
| Payroll deductions and withholdings | | | 627,277 |
| Total liabilities | <u>15,122</u> | <u>-</u> | <u>927,448</u> |
| NET POSITION | | | |
| Held in trust for unemployment claims and other purposes | <u>271,751</u> | | |
| Reserved for scholarships | | <u>99,600</u> | |
| | <u>286,873</u> | <u>99,600</u> | |

HACKENSACK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2016

| | Unemployment Compensation Trust Fund | Scholarship and Memorial Funds |
|------------------------------------|---|---|
| ADDITIONS | | |
| Contributions: | | |
| Donations | | 4,300 |
| Payroll withholdings | 79,149 | |
| Total Contributions | <u>79,149</u> | <u>4,300</u> |
| Investment earnings: | | |
| Interest | 1,062 | 301 |
| Net investment earnings | <u>1,062</u> | <u>301</u> |
| Total additions | <u>80,211</u> | <u>4,601</u> |
| DEDUCTIONS | | |
| Quarterly contribution reports | 151,780 | |
| Scholarships awarded | | 23,300 |
| Total deductions | <u>151,780</u> | <u>23,300</u> |
| Change in net assets | (71,569) | (18,699) |
| Net position—beginning of the year | <u>343,320</u> | <u>118,299</u> |
| Net position—end of the year | <u><u>271,751</u></u> | <u><u>99,600</u></u> |

HACKENSACK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2016

| | <u>Balance July 1, 2015</u> | <u>Cash Receipts</u> | <u>Cash Disbursed</u> | <u>Balance June 30, 2016</u> |
|-------------------------------|---------------------------------|--------------------------|---------------------------|----------------------------------|
| Elementary Schools: | | | | |
| Fairmount Avenue School | 2,453 | 4,970 | 5,849 | 1,574 |
| Jackson Avenue School | 2,567 | 3,721 | 3,914 | 2,374 |
| Fanny M. Hillers School | 1,679 | 2,999 | 3,506 | 1,172 |
| Nellie Parker School | 2,778 | 8,857 | 9,090 | 2,545 |
| Nellie Parker School Donation | 1,470 | | | 1,470 |
| | <u>12,610</u> | <u>20,547</u> | <u>22,359</u> | <u>9,135</u> |
| Total Elementary Schools | | | | |
| Middle School: | | | | |
| Middle School | 19,844 | 44,990 | 34,368 | 30,466 |
| | <u>19,844</u> | <u>44,990</u> | <u>34,368</u> | <u>30,466</u> |
| Total Middle Schools | | | | |
| High School: | | | | |
| High School | 182,691 | 215,258 | 186,153 | 211,796 |
| Varsity H | 10,542 | 32,639 | 33,346 | 9,835 |
| | <u>182,691</u> | <u>215,258</u> | <u>186,153</u> | <u>211,796</u> |
| Total High Schools | | | | |
| | <u>174,703</u> | <u>247,897</u> | <u>219,499</u> | <u>221,631</u> |
| Athletic Departments: | | | | |
| Athletic Department | 34,722 | 16,191 | 11,974 | 38,939 |
| | <u>34,722</u> | <u>16,191</u> | <u>11,974</u> | <u>38,939</u> |
| Total Athletic Department | | | | |
| | <u>20,321</u> | <u>16,191</u> | <u>11,974</u> | <u>38,939</u> |
| Total All Schools | | | | |
| | <u>228,479</u> | <u>329,625</u> | <u>288,200</u> | <u>300,171</u> |

HACKENSACK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursed</u> | <u>Balance</u> <u>June 30, 2016</u> |
|--|---|--|---|--|
| Net Payroll | 5,046 | 35,329,975 | 35,330,176 | 4,845 |
| Payroll Deductions and Withholdings | 526,224 | 28,473,700 | 28,377,492 | 622,432 |
| | <u>531,270</u> | <u>63,803,675</u> | <u>63,707,668</u> | <u>627,277</u> |

| |
|-----------------------|
| LONG-TERM DEBT |
|-----------------------|

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2016

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2015</u> | <u>Retired</u> | <u>Balance, June 30, 2016</u> |
|------------------------------------|--------------------------|----------------------------|--------------------------|---------------|--------------------------|--------------------------------------|----------------|---------------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Refunding School Improvement bonds | Sept. 9, 2009 | 5,550,000 | 5/1/2017 | 585,000 | 5.000 | 2,935,000 | 595,000 | 2,340,000 |
| | | | 5/1/2018 | 580,000 | 5.000 | | | |
| | | | 5/1/2019 | 580,000 | 4.750 | | | |
| | | | 5/1/2020 | 595,000 | 4.750 | | | |
| | | | | | | <u>\$ 2,935,000</u> | <u>595,000</u> | <u>2,340,000</u> |

_____ \$ _____ \$

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 725,525 | - | 725,525 | 725,525 | |
| Total Revenues | 725,525 | - | 725,525 | 725,525 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 130,525 | - | 130,525 | 130,525 | - |
| Redemption of Principal | 595,000 | - | 595,000 | 595,000 | - |
| Total Regular Debt Service | 725,525 | - | 725,525 | 725,525 | - |
| Total expenditures | 725,525 | - | 725,525 | 725,525 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - |
| Fund Balance, July 1 | 18 | - | 18 | 18 | - |
| Fund Balance, June 30 | 18 | - | 18 | 18 | - |

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
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- 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
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

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- 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

| <u>Contents</u> | <u>Page</u> |
|--|---------------------|
| 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, 2004; 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)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 8,813,583 | \$ 9,408,979 | \$ 11,554,919 | \$ 13,384,709 | \$ 13,922,495 | \$ 14,383,804 | \$ 15,447,155 | \$ 17,935,592 | \$ 17,953,621 | \$ 18,092,071 |
| Restricted | 11,069,478 | 11,798,879 | 10,520,528 | 5,742,198 | 4,985,228 | 6,775,148 | 9,354,947 | 8,721,596 | 8,136,312 | 10,816,135 |
| Unrestricted | (168,906) | (465,466) | (1,411,880) | (1,319,876) | (501,070) | (1,321,681) | (1,264,109) | (1,577,122) | (26,614,963) | (30,453,813) |
| Total governmental activities net position | \$ 19,714,155 | \$ 20,742,392 | \$ 20,663,567 | \$ 17,807,031 | \$ 18,406,653 | \$ 19,837,271 | \$ 23,537,993 | \$ 25,080,066 | \$ (525,030) | \$ (1,545,607) |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 123,386 | \$ 119,071 | \$ 113,064 | \$ 143,633 | \$ 156,752 | \$ 190,280 | \$ 344,984 | \$ 346,164 | \$ 318,696 | \$ 291,668 |
| Restricted | 269,586 | 338,693 | 421,609 | 614,875 | 652,095 | 687,511 | 392,514 | 149,704 | 442,639 | 575,117 |
| Total business-type activities net position | \$ 392,972 | \$ 457,764 | \$ 534,673 | \$ 758,508 | \$ 808,847 | \$ 877,791 | \$ 737,498 | \$ 495,868 | \$ 761,335 | \$ 866,785 |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 8,936,969 | \$ 9,528,050 | \$ 11,667,983 | \$ 13,528,342 | \$ 14,079,247 | \$ 14,574,084 | \$ 15,792,139 | \$ 18,281,756 | \$ 18,272,317 | \$ 18,383,739 |
| Restricted | 11,069,478 | 11,798,879 | 10,520,528 | 5,742,198 | 4,985,228 | 6,775,148 | 9,354,947 | 8,721,596 | 8,136,312 | 10,816,135 |
| Unrestricted | 100,680 | (126,773) | (990,271) | (705,001) | 151,025 | (634,170) | (871,595) | (1,427,418) | (26,172,324) | (29,878,696) |
| Total district net position | \$ 20,107,127 | \$ 21,200,156 | \$ 21,198,240 | \$ 18,565,539 | \$ 19,215,500 | \$ 20,715,062 | \$ 24,275,491 | \$ 25,575,934 | \$ 236,305 | \$ (678,822) |

Source: CAFR Schedule A-1

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 33,040,016 | \$ 33,572,639 | \$ 33,248,841 | \$ 37,187,411 | \$ 34,070,608 | \$ 35,664,211 | \$ 33,789,219 | \$ 33,354,824 | \$ 39,560,046 | \$ 45,499,116 |
| Special education | 6,252,530 | 7,044,607 | 6,523,168 | 7,028,221 | 7,904,628 | 8,511,975 | 11,115,653 | 11,333,736 | 12,925,784 | 15,010,597 |
| Other special education | 1,936,358 | 1,901,500 | 2,084,806 | 2,127,599 | 2,035,260 | 2,036,424 | 2,051,464 | 2,328,603 | 2,753,555 | 3,224,878 |
| Other instruction | 1,223,418 | 1,213,520 | 1,146,402 | 1,434,801 | 1,224,741 | 1,361,102 | 2,033,545 | 1,881,660 | 1,744,437 | 1,970,847 |
| Support Services: | | | | | | | | | | |
| Tuition | 7,400,345 | 7,739,692 | 8,326,732 | 6,469,010 | 6,533,987 | 5,872,964 | 5,753,383 | 5,850,284 | 5,300,618 | 6,044,410 |
| Student & instruction related services | 10,654,734 | 11,692,928 | 10,083,677 | 10,646,432 | 12,042,453 | 13,060,606 | 13,630,248 | 13,795,797 | 15,296,922 | 17,791,998 |
| General administrative services | 1,336,685 | 1,173,600 | 1,224,772 | 1,189,885 | 1,131,062 | 946,725 | 877,269 | 962,018 | 4,824,863 | 1,065,390 |
| School administrative services | 4,089,255 | 4,064,188 | 3,826,379 | 4,169,690 | 4,554,281 | 4,253,322 | 3,807,103 | 3,738,373 | 1,231,913 | 5,356,535 |
| Central Administration | 1,048,764 | 1,004,006 | 1,165,427 | 1,374,370 | 1,518,228 | 1,565,419 | 1,627,556 | 1,995,738 | 2,229,429 | 2,377,684 |
| Plant operations and maintenance | 7,359,751 | 7,256,598 | 7,950,463 | 6,802,338 | 6,949,843 | 6,644,370 | 6,741,300 | 7,620,236 | 9,401,587 | 9,758,225 |
| Pupil transportation | 1,867,390 | 2,063,235 | 1,961,481 | 1,819,573 | 1,609,196 | 1,914,443 | 1,833,554 | 1,978,391 | 2,407,699 | 2,794,002 |
| Unallocated Benefits | 7,969,874 | 8,196,847 | 4,478,053 | 6,543,098 | 5,511,656 | 7,866,070 | 9,345,453 | 8,331,799 | 9,993,897 | 12,469,212 |
| Allocated Benefits | | | 5,477,494 | 5,785,254 | 5,932,855 | 5,817,476 | 6,305,195 | 8,397,609 | 8,032,117 | |
| Special Schools | | | | | | | | | | |
| Charter Schools | | 405,936 | 565,787 | 691,043 | 663,317 | 881,134 | 1,287,670 | 2,478,864 | 2,990,864 | 2,637,660 |
| Interest on long-term debt | 402,196 | 372,506 | 343,314 | 174,538 | 233,263 | 206,380 | 186,561 | 165,390 | 145,108 | 127,381 |
| Unallocated depreciation | 460,613 | 326,819 | 595,148 | 644,696 | 686,487 | 914,767 | 976,090 | 1,104,117 | 1,161,461 | 1,115,703 |
| Amortization & Capital Lease Obligations | | | | 471,560 | 1,041,263 | (33,956) | (33,956) | (33,956) | (33,956) | (33,956) |
| Capital Outlay - nondepreciable | 646,188 | 608,561 | 391,229 | 258,309 | 76,830 | 52,665 | 125,489 | 243,549 | 64,638 | 37,814 |
| Total governmental activities expenses | 85,688,117 | 88,637,182 | 89,393,173 | 94,817,828 | 93,719,958 | 97,536,097 | 101,452,796 | 105,527,032 | 120,030,982 | 127,247,496 |
| Business-type activities: | | | | | | | | | | |
| Food service | 1,626,161 | 1,720,905 | 1,815,586 | 1,928,573 | 2,095,850 | 2,238,297 | 2,519,991 | 2,699,334 | 2,336,040 | 2,422,862 |
| Academy School | | | | | | | | | | |
| Total business-type activities expense | 1,626,161 | 1,720,905 | 1,815,586 | 1,928,573 | 2,095,850 | 2,238,297 | 2,519,991 | 2,699,334 | 2,336,040 | 2,422,862 |
| Total district expenses | \$ 87,314,278 | \$ 90,358,087 | \$ 91,208,759 | \$ 96,746,401 | \$ 95,815,808 | \$ 99,774,394 | \$ 103,972,787 | \$ 108,226,366 | \$ 122,367,022 | \$ 129,670,358 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Operating grants and contributions | 10,461,583 | 11,109,185 | 4,823,073 | 5,716,280 | 3,961,723 | 4,052,372 | 4,190,989 | 4,007,107 | 3,778,533 | 4,368,622 |
| Capital grants and contributions | - | - | - | 305,552 | 106,337 | 232,061 | 125,124 | 7,390 | 9,112 | 4,254 |
| Total governmental activities program revenues | 10,461,583 | 11,109,185 | 4,823,073 | 6,021,832 | 4,068,060 | 4,284,433 | 4,316,113 | 4,014,497 | 3,787,645 | 4,372,876 |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | 501,936 | 523,087 | 464,452 | 447,814 | 420,974 | 428,259 | 424,644 | 478,178 | 438,598 | 335,273 |
| Operating grants and contributions | 1,202,162 | 1,262,610 | 1,428,043 | 1,710,133 | 1,725,137 | 1,878,859 | 1,921,521 | 1,977,656 | 2,138,555 | 2,187,382 |
| Capital grants and contributions | | | | | | | | | | |
| Total business-type activities program revenues | 1,704,098 | 1,785,697 | 1,892,495 | 2,157,947 | 2,146,111 | 2,307,118 | 2,346,165 | 2,455,834 | 2,577,153 | 2,522,655 |
| Total district program revenues | \$ 12,165,681 | \$ 12,894,882 | \$ 6,715,568 | \$ 8,179,779 | \$ 6,214,171 | \$ 6,591,551 | \$ 6,662,278 | \$ 6,470,331 | \$ 6,364,798 | \$ 6,895,531 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (75,226,534) | \$ (77,527,997) | \$ (84,570,100) | \$ (88,795,996) | \$ (89,651,898) | \$ (93,251,664) | \$ (97,136,683) | \$ (101,512,535) | \$ (116,243,337) | \$ (122,874,620) |
| Business-type activities | 77,937 | 64,792 | 76,909 | 229,374 | 50,261 | 68,821 | (173,826) | (243,500) | 241,113 | 99,793 |
| Total district-wide net expense | \$ (75,148,597) | \$ (77,463,205) | \$ (84,493,191) | \$ (88,566,622) | \$ (89,601,637) | \$ (93,182,843) | \$ (97,310,509) | \$ (101,756,035) | \$ (116,002,224) | \$ (122,774,827) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 53,452,727 | \$ 56,693,791 | \$ 58,796,582 | \$ 61,239,258 | \$ 63,715,174 | \$ 66,302,510 | \$ 68,520,822 | \$ 71,216,667 | \$ 73,389,592 | \$ 74,857,383 |
| Taxes levied for debt service | 1,053,774 | 820,098 | 994,912 | 792,436 | 1,064,132 | 804,445 | 572,182 | 654,712 | 757,906 | 725,525 |
| Unrestricted grants and contributions | 14,673,639 | 15,183,297 | 18,505,940 | 17,217,310 | 17,246,250 | 20,398,040 | 23,271,486 | 21,970,153 | 33,950,195 | 38,124,112 |
| Tuition Received | 5,273,917 | 5,170,100 | 5,712,114 | 6,281,947 | 6,944,414 | 6,900,539 | 7,859,900 | 8,543,020 | 8,492,535 | 7,943,156 |
| Investment earnings | 763,868 | 387,639 | 100,057 | 95,646 | 58,647 | 966 | 4,630 | 320 | 4,241 | 10,786 |
| Miscellaneous income | 318,740 | 301,309 | 381,670 | 312,863 | 154,399 | 275,782 | 608,385 | 669,736 | 697,352 | 198,585 |
| Local Aid - Port Authority Grant | | | | | | | | | | |
| Transfers | | | | | | | | | (21,554) | (5,504) |
| Total governmental activities | 75,536,665 | 78,556,234 | 84,491,275 | 85,939,460 | 89,183,016 | 94,682,282 | 100,837,405 | 103,054,608 | 117,270,267 | 121,854,043 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | | | | | 78 | 123 | 163 | 199 | 152 | 153 |
| Miscellaneous Income | | | | | | | 33,370 | 1,671 | 2,648 | |
| Transfers | | | | | | | | | 21,554 | 5,504 |
| Total business-type activities | | | | | 78 | 123 | 33,533 | 1,870 | 24,354 | 5,657 |
| Total district-wide | \$ 75,536,665 | \$ 78,556,234 | \$ 84,491,275 | \$ 85,939,460 | \$ 89,183,094 | \$ 94,682,405 | \$ 100,870,938 | \$ 103,056,478 | \$ 117,294,621 | \$ 121,859,700 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 310,131 | \$ 1,028,237 | \$ (78,825) | \$ (2,856,536) | \$ (468,882) | \$ 1,430,618 | \$ 3,700,722 | \$ 1,542,073 | \$ 1,026,930 | \$ (1,020,577) |
| Business-type activities | 77,937 | 64,792 | 76,909 | 229,374 | 50,339 | 68,944 | (140,293) | (241,630) | 265,467 | 105,450 |
| Total district | \$ 388,068 | \$ 1,093,029 | \$ (1,916) | \$ (2,627,162) | \$ (418,543) | \$ 1,499,562 | \$ 3,560,429 | \$ 1,300,443 | \$ 1,292,397 | \$ (915,127) |

Source: CAFR Schedule A-2

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 7,095,676 | \$ 8,121,428 | \$ 8,232,971 | \$ 4,909,752 | | | | | | |
| Unreserved | 2,089,495 | 1,673,252 | 769,443 | 1,249,410 | | | | | | |
| Restricted | | | | | 2,628,645 | 3,768,021 | 1,911,097 | 4,430,263 | 8,136,294 | 10,200,658 |
| Committed | | | | | 510,533 | 262,350 | | | | |
| Assigned | | | | | 889,496 | 1,855,896 | 6,884,100 | 4,291,196 | 2,613,807 | 615,459 |
| Unassigned | | | | | 1,598,726 | 1,306,634 | 1,488,724 | 1,300,578 | 843,264 | 1,089,606 |
| Total general fund | \$ 9,185,171 | \$ 9,794,680 | \$ 9,002,414 | \$ 6,159,162 | \$ 5,627,400 | \$ 7,192,901 | \$ 10,283,921 | \$ 10,022,037 | \$ 11,593,365 | \$ 11,905,723 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | (67,009) | (98,186) | - | - | | | | | | |
| Capital projects fund | 3,704,594 | 3,451,675 | 1,925,343 | 756,247 | | | | | | |
| Debt service fund | 367,020 | 225,776 | 168,970 | 76,199 | | | | | | |
| Committed, reported in: | | | | | | | 418,023 | | | |
| Capital projects fund | | | | | | | | | | |
| Assigned, reported in: | | | | | | | | | | |
| Capital projects fund | | | | | 683,443 | 521,812 | 12,457 | | | |
| Debt service fund | | | | | 273,111 | 367,069 | 129,270 | 137 | 18 | 18 |
| Total all other governmental funds | \$ 4,004,605 | \$ 3,579,265 | \$ 2,094,313 | \$ 832,446 | \$ 956,554 | \$ 888,881 | \$ 559,750 | \$ 137 | \$ 18 | \$ 18 |

Source: CAFR Schedule B-1

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenues | | | | | | | | | | |
| Tax levy | \$ 54,506,501 | \$ 57,513,889 | \$ 59,791,494 | \$ 62,031,694 | \$ 64,779,306 | \$ 67,106,955 | \$ 69,093,004 | \$ 71,871,379 | \$ 74,147,498 | \$ 75,582,908 |
| Tuition | 5,273,917 | 5,170,100 | 5,712,114 | 6,281,947 | 6,944,414 | 6,900,539 | 7,859,900 | 8,543,020 | 8,492,535 | 7,943,156 |
| Interest earnings | 763,868 | 387,639 | 100,057 | 95,646 | 58,647 | 966 | 4,630 | 320 | 4,241 | 10,786 |
| Miscellaneous | 352,267 | 312,741 | 393,411 | 321,074 | 162,610 | 279,599 | 621,355 | 670,620 | 697,352 | 198,585 |
| State sources | 19,792,837 | 21,246,188 | 19,976,596 | 16,665,590 | 18,424,074 | 21,158,521 | 24,087,294 | 22,731,077 | 23,976,186 | 25,595,547 |
| Federal sources | 5,308,858 | 5,034,862 | 3,340,676 | 6,565,341 | 2,882,025 | 3,202,135 | 3,498,111 | 3,252,689 | 3,316,277 | 3,853,908 |
| Total revenue | 85,998,248 | 89,665,419 | 89,314,348 | 91,961,292 | 93,251,076 | 98,966,715 | 105,164,294 | 107,069,105 | 110,634,089 | 113,184,890 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 28,946,580 | 29,735,325 | 30,817,940 | 34,449,221 | 30,903,308 | 32,198,345 | 30,756,018 | 31,158,011 | 32,526,740 | 33,726,562 |
| Special education instruction | 5,247,901 | 5,982,963 | 5,985,526 | 6,421,294 | 7,077,148 | 7,580,750 | 9,957,533 | 10,463,045 | 10,245,356 | 10,450,990 |
| Other special instruction | 1,622,204 | 1,621,041 | 1,912,361 | 1,945,035 | 1,823,109 | 1,813,458 | 1,838,113 | 2,150,846 | 2,178,302 | 2,234,337 |
| Other instruction | 1,067,762 | 1,085,131 | 1,084,857 | 1,345,485 | 1,131,868 | 1,253,065 | 1,864,498 | 1,770,382 | 1,476,210 | 1,510,947 |
| Support Services: | | | | | | | | | | |
| Instruction | 7,400,345 | 7,739,692 | 8,326,732 | 6,469,010 | 6,533,987 | 5,872,964 | 5,753,383 | 5,850,284 | 5,300,618 | 6,044,410 |
| Attendance and social work services | 22,035 | 22,759 | 548,261 | 426,066 | 180,928 | 170,564 | 9,045 | 10,400 | 10,000 | 10,000 |
| Health Services | 604,129 | 668,384 | 743,941 | 903,832 | 913,268 | 855,428 | 861,884 | 890,880 | 941,811 | 966,533 |
| Student & instruction related services | 9,162,112 | 10,136,858 | 8,274,784 | 8,667,093 | 9,962,348 | 10,950,983 | 11,639,734 | 12,048,869 | 11,652,786 | 12,227,179 |
| General administrative services | 1,229,298 | 1,070,555 | 1,165,577 | 1,135,434 | 1,065,655 | 899,140 | 835,180 | 3,453,363 | 3,822,606 | 872,452 |
| School Administrative services | 3,435,137 | 3,463,251 | 3,522,021 | 3,815,545 | 4,082,427 | 3,792,230 | 3,409,905 | 929,071 | 1,120,063 | 3,705,997 |
| Business and other support services | | | | | | | | | | |
| Central administrative services | 1,048,764 | 872,791 | 1,091,236 | 1,269,576 | 1,381,949 | 1,414,568 | 1,483,117 | 1,872,608 | 1,844,386 | 1,706,302 |
| Plant operations and maintenance | 6,874,013 | 6,799,696 | 7,639,165 | 6,486,289 | 6,529,339 | 6,200,809 | 6,321,376 | 7,311,018 | 8,396,580 | 8,065,046 |
| Pupil transportation | 1,866,036 | 2,062,025 | 1,960,860 | 1,819,573 | 1,608,981 | 1,914,443 | 1,826,799 | 1,974,200 | 2,394,399 | 2,768,977 |
| Allocated employee benefits | | | 4,478,053 | 5,785,254 | 5,932,855 | 5,817,476 | 6,305,195 | 8,397,609 | 8,032,117 | |
| Unallocated employee benefits | 7,812,424 | 7,600,842 | 4,468,887 | 5,095,877 | 6,379,972 | 6,914,814 | 6,714,485 | 4,956,683 | 5,321,619 | 13,556,417 |
| TPAF Pension / Social Security | 8,133,399 | 8,423,780 | 5,522,866 | 5,948,156 | 5,976,421 | 7,334,294 | 9,217,396 | 8,203,459 | 9,428,672 | 10,994,683 |
| Charter Schools | | 405,936 | 565,787 | 691,043 | 663,317 | 881,134 | 1,287,670 | 2,478,864 | 2,990,864 | 2,637,660 |
| Capital outlay | 1,456,226 | 700,916 | 2,389,989 | 2,494,355 | 1,982,112 | 764,785 | 1,510,974 | 3,187,147 | 600,172 | 663,011 |
| Debt service: | | | | | | | | | | |
| Principal | 672,835 | 707,485 | 742,328 | 710,000 | 630,000 | 630,000 | 620,000 | 615,000 | 610,000 | 595,000 |
| Interest and other charges | 410,960 | 381,820 | 350,395 | 188,273 | 237,988 | 209,637 | 190,100 | 168,863 | 148,025 | 130,525 |
| Total expenditures | 87,012,160 | 89,481,250 | 91,591,566 | 96,066,411 | 94,996,980 | 97,468,887 | 102,402,405 | 107,890,602 | 109,041,326 | 112,867,028 |
| Excess (Deficiency) of revenues over (under) expenditures | (1,013,912) | 184,169 | (2,277,218) | (4,105,119) | (1,745,904) | 1,497,828 | 2,761,889 | (821,497) | 1,592,763 | 317,862 |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------|------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|------------|
| Other Financing sources (uses) | | | | | | | | | | |
| Transfers in | 2,214,710 | 127,963 | 41,005 | 3,065 | 768 | | 219,312 | 162,248 | 461,344 | 388,929 |
| Transfers out | (2,214,710) | (127,963) | (41,005) | (3,065) | (768) | | (219,312) | (162,248) | (482,898) | (394,433) |
| Capital leases (non-budgeted) | | | | | 1,338,250 | | - | - | (21,554) | (5,504) |
| Total other financing sources (uses) | - | - | - | - | 1,338,250 | - | - | - | (21,554) | (5,504) |
| Net change in fund balances | \$ (1,013,912) | \$ 184,169 | \$ (2,277,218) | \$ (4,105,119) | \$ (407,654) | \$ 1,497,828 | \$ 2,761,889 | \$ (821,497) | \$ 1,571,209 | \$ 312,358 |
| Debt service as a percentage of noncapital expenditures | 1.3% | 1.2% | 1.2% | 1.0% | 0.9% | 0.9% | 0.8% | 0.7% | 0.7% | 0.6% |

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 Revenue | Rentals | Refunds | Misc. | Total |
|-------------------------------|----------------------------|--------------------|---------|---------|---------|-----------|
| 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 |
| 2015 | 4,241 | 8,492,535 | 30,450 | 14,087 | 652,815 | 9,194,128 |
| 2016 | 56,293 | 7,943,156 | 141,642 | | 10,356 | 8,151,447 |

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 |
|---------------------------|---------------|------------------|-----------|-------|------------------|----------------|------------------|-------------------------|----------------------------------|-------------------------------|--------------------------|---|---|---|
| | | | | | | | | | | | | | | |
| 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 | | | \$ 1,987,365,400 | \$ 337,615,700 | \$ 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 | | | \$ 1,929,082,100 | \$ 323,600,400 | \$ 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% |
| 2014 | \$ 47,055,600 | \$ 1,974,545,090 | | | \$ 1,752,931,970 | \$ 283,867,900 | \$ 882,157,400 | \$ 4,940,557,960 | \$ - | | \$ 4,940,557,960 | 1.478 | \$ 5,312,764,739 | 92.99% |
| 2015 | \$ 48,420,800 | \$ 1,964,113,450 | | | \$ 1,721,451,400 | \$ 277,317,000 | \$ 862,744,900 | \$ 4,874,047,550 | \$ - | | \$ 4,874,047,550 | 1.551 | \$ 5,508,010,175 | 88.49% |

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 | Total Direct | | | |
| | | Debt Service ^b | | | | |
| 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 |
| 2014 | 1.47 | 0.01 | 1.48 | 1.61 | 0.24 | 3.322 |
| 2015 | 1.54 | 0.01 | 1.55 | 1.69 | 0.26 | 3.500 |

Source: District Records and Municipal Tax Collector

Note:

NISA 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 | 2016 | | | | 2008 | | | |
|--|------------------------------|--------------------|---------------|-------|------------------------------|--------------------|---------------|-------|
| | Taxable Assessed Value | Rank [Optional] | % of Total | | Taxable Assessed Value | Rank [Optional] | % of Total | |
| | | | District | Net | | | District | Net |
| | | | Assessed | Value | | | Assessed | Value |
| Riverside Square Ltd | \$ 146,048,800 | 1 | 2.83% | | \$ 197,020,000 | 1 | 3.18% | |
| 20 Prospect Ave (HUMC) | \$ 135,422,800 | 2 | 2.62% | | \$ 134,097,400 | 2 | 2.17% | |
| Hackensack VF, LLC | \$ 76,590,500 | 3 | 1.48% | | \$ 71,639,700 | 5 | 1.16% | |
| Stellar Capital Mgmt | \$ 50,000,000 | 4 | 0.97% | | | | | |
| DASA Company, LLC | \$ 46,172,300 | 5 | 0.89% | | | | | |
| GSG Res Prospect Towers | \$ 45,035,100 | 6 | 0.87% | | | | | |
| Pierre Towers LLC | \$ 42,023,300 | 7 | 0.81% | | \$ 45,243,200 | 10 | 0.73% | |
| Equity One Riverfront | \$ 41,328,800 | 8 | 0.80% | | | | | |
| Bloomington's Inc | \$ 41,221,500 | 9 | 0.80% | | | | | |
| 10 Hackensack Ave LLC | \$ 25,000,000 | 10 | 0.48% | | | | | |
| Hackensack University Medical Excelsior I | | | | | | | 0.00% | |
| Three University Plaza | | | | | \$ 46,882,400 | 9 | 0.76% | |
| Riverside II, LLC | | | | | \$ 47,488,000 | 8 | | |
| Quail Heights | | | | | \$ 82,928,000 | 3 | 1.34% | |
| Court Plaza Assoc. | | | | | \$ 65,915,800 | 6 | 1.06% | |
| Stellar Continental | | | | | \$ 55,115,200 | 7 | 0.89% | |
| ERP Operating | | | | | \$ 75,509,900 | 4 | 1.22% | |
| Total | <u>\$ 648,843,100</u> | | <u>12.57%</u> | | <u>\$ 821,839,600</u> | | <u>12.51%</u> | |

Net Assessed Valuation: \$ 5,162,209,100

\$ 6,190,776,200

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 | |
| 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% | \$ - |
| 2015 | \$74,147,498 | \$74,147,498 | 100.00% | \$ - |
| 2016 | \$75,582,908 | \$75,582,908 | 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 | | Percentage of Personal Income ^a | Per Capita ^a |
|-------------------------------------|---|-------------------------------------|--|-----------------------------|-----------|--|-------------------------|
| | General Obligation Bonds/Loans ^b | Certificates of Participation | Bond Anticipatio n Notes (BANs) | Capital Leases | | | |
| | | | | Total District | | | |
| 2006 | 8,067,814 | - | - | - | 8,190,192 | 0.00% | \$ - |
| 2007 | 7,360,328 | - | - | - | 7,360,328 | 0.93% | \$ 68,147 |
| 2008 | 6,618,000 | - | - | - | 6,618,000 | 1.04% | \$ 68,548 |
| 2009 | 6,040,000 | - | - | - | 6,040,000 | 1.07% | \$ 64,571 |
| 2010 | 5,410,000 | - | - | - | 6,485,219 | 1.01% | \$ 65,275 |
| 2011 | 4,780,000 | - | - | - | 5,597,322 | 1.22% | \$ 68,244 |
| 2012 | 4,160,000 | - | - | - | 4,712,286 | 1.51% | \$ 71,380 |
| 2013 | 3,545,000 | - | - | - | 3,824,913 | 1.84% | \$ 70,498 |
| 2014 | 2,935,000 | - | - | - | 2,935,000 | 2.51% | \$ 73,536 |
| 2015 | 2,340,000 | - | - | - | 2,340,000 | 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 | | |
| 2007 | \$ 8,067,814 | - | 8,067,814 | 0.13% | \$ 118 |
| 2008 | \$ 7,360,328 | - | 7,360,328 | 0.12% | \$ 107 |
| 2009 | \$ 6,618,000 | - | 6,618,000 | 0.11% | \$ 102 |
| 2010 | \$ 6,040,000 | - | 6,040,000 | 0.10% | \$ 93 |
| 2011 | \$ 5,410,000 | - | 5,410,000 | 0.11% | \$ 79 |
| 2012 | \$ 4,780,000 | - | 4,780,000 | 0.10% | \$ 67 |
| 2013 | \$ 4,160,000 | - | 4,160,000 | 0.08% | \$ 59 |
| 2014 | \$ 3,545,000 | - | 3,545,000 | 0.07% | \$ 48 |
| 2015 | \$ 2,935,000 | | 2,935,000 | 0.06% | Not Available |
| 2016 | \$ 2,340,000 | | 2,340,000 | 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, 2016

| <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, 2016 | | | \$ 2,340,000 |
| Net overlapping debt of School District: | | | |
| City of Hackensack | 100.000% | \$ 58,271,799 | |
| County of Bergen - City's Share | 3.187% | \$ 27,592,993 | |
| Bergen County Utility Authority-City's Share | 9.010% | \$ 18,167,893 | |
| Subtotal, overlapping debt | | | <u>\$ 104,032,685</u> |
| Total direct and overlapping debt | | | <u><u>\$ 106,372,685</u></u> |

Sources: City of Hackensack 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
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Year | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita | | Unemployment Rate ^d |
|------|-------------------------|---|---------------------------------|--|-----------------------------------|
| | | | Personal Income ^c | | |
| 2007 | 42,634 | \$ 2,905,379,198 | 68,147 | | 4.60% |
| 2008 | 42,637 | \$ 2,922,681,076 | 68,548 | | 4.60% |
| 2009 | 42,839 | \$ 2,766,157,069 | 64,571 | | 9.70% |
| 2010 | 43,082 | \$ 2,812,177,550 | 65,275 | | 9.60% |
| 2011 | 43,383 | \$ 2,960,629,452 | 68,244 | | 9.20% |
| 2012 | 43,566 | \$ 3,109,741,080 | 71,380 | | 8.80% |
| 2013 | 43,791 | \$ 3,087,177,918 | 70,498 | | 7.70% |
| 2014 | 44,609 | \$ 3,280,367,424 | 73,536 | | 6.50% |
| 2015 | 44,834 | Not Available | Not Available | | 5.50% |
| 2016 | Not Available | Not Available | Not Available | | Not Available |

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 ****

| Employer | 2015 | | 2006 | |
|-----------------|------------------|----------------------------|---|---|
| | Employees | Rank (Optional) | Percentage of Total Employment | Employees |
| | | | Rank (Optional) | Percentage of Total Employment |

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED
TO RELEASE INFORMATION NEED 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> | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 533 | 533 | 536 | 413 | 375 | 304 | 310 | 284 | 280 | 526 |
| Special education | 26 | 27 | 30 | 143 | 135 | 216 | 220 | 184 | 193 | 105 |
| Other special education | - | - | - | - | - | - | - | - | - | - |
| Vocational | - | - | - | - | - | - | - | - | - | - |
| Other instruction | - | - | - | - | - | - | - | - | - | - |
| Nonpublic school programs | - | - | - | - | - | - | - | - | - | - |
| Adult/continuing education programs | - | - | - | - | - | - | - | - | - | - |
| Support Services: | | | | | | | | | | |
| Tuition | - | - | - | - | - | - | - | - | - | - |
| Student & instruction related services | 17 | 17 | 18 | 74 | 17 | 85 | 87 | 87 | 89 | 60 |
| General administrative services | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 4 | 3 |
| School administrative services | 40 | 40 | 37 | 39 | 42 | 52 | 60 | 63 | 37 | 36 |
| Business administrative services | 13 | 13 | 15 | 16 | 15 | 16 | 14 | 14 | 17 | 14 |
| Plant operations and maintenance | 57 | 57 | 55 | 56 | 51 | 62 | 81 | 68 | 65 | 51 |
| Pupil transportation | | | | | | | | | | |
| Total | 692 | 693 | 697 | 747 | 641 | 741 | 778 | 706 | 685 | 795 |

Source: District Personnel Records

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

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------|------------|--|-------------------|----------------------|--------------------------------|---------------------|---------------|-------------|--|--|--|-------------------------------------|
| | | | | | | Elementary | Middle School | High School | | | | |
| 2007 | 4,992.0 | 85,061,777 | 17,040 | 10.16% | 485 | 1:23 | 1:25 | 1:25 | 4,949 | 4,632 | 0.37% | 93.59% |
| 2008 | 4,902.0 | 87,691,029 | 17,889 | 4.98% | 485 | 1:23 | 1:25 | 1:25 | 4,922 | 4,586 | 1.44% | 93.17% |
| 2009 | 4,970.0 | 88,108,854 | 17,728 | -0.90% | 536 | 1:23 | 1:25 | 1:25 | 4,902 | 4,633 | -0.41% | 94.51% |
| 2010 | 5,063.0 | 92,673,783 | 18,304 | 3.25% | 556 | 1:23 | 1:25 | 1:25 | 5,033 | 4,759 | 2.67% | 94.56% |
| 2011 | 5,114.0 | 92,146,880 | 18,019 | -1.56% | 510 | 1:23 | 1:25 | 1:25 | 5,132 | 4,893 | 1.97% | 95.34% |
| 2012 | 5,258.0 | 95,864,465 | 18,232 | 1.19% | 520 | 1:11 | 1:10 | 1:10 | 5,224 | 4,994 | 1.79% | 95.60% |
| 2013 | 5,384.0 | 100,081,331 | 18,589 | 1.96% | 531 | 1:10 | 1:10 | 1:12 | 5,406 | 5,261 | 3.48% | 97.32% |
| 2014 | 5,506.0 | 103,919,592 | 18,874 | 1.53% | 467 | 1:12 | 1:12 | 1:12 | 5,463 | 5,232 | 1.05% | 95.77% |
| 2015 | 5,673.0 | 107,704,683 | 18,985 | 0.59% | 473 | 1:12 | 1:11 | 1:13 | 5,631 | 5,391 | 3.08% | 95.74% |
| 2016 | 5,690.0 | 111,483,996 | 19,593 | 3.20% | 631 | 1:8 | 1:09 | 1:11 | 5,662 | 5,444 | 0.55% | 96.15% |

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**

| District Buildings | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Elementary</u> | | | | | | | | | | |
| Nellie K. Parker School | | | | | | | | | | |
| Square Feet | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 | 80,280 |
| Capacity (students) | 539 | 539 | 539 | 539 | 539 | 539 | 539 | 539 | 539 | 539 |
| Enrollment | 415 | 415 | 440 | 440 | 499 | 531 | 568 | 541 | 581 | 585 |
| 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 | 539 | 539 | 559 | 559 | 599 | 665 | 670 | 601 | 579 | 581 |
| 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 | 494 | 494 | 516 | 516 | 564 | 568 | 562 | 504 | 569 | 583 |
| 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 | 398 | 398 | 430 | 430 | 479 | 468 | 454 | 399 | 433 | 430 |
| ECDC | | | | | | | | | | |
| Square Feet | | | | | | | | | | |
| Capacity (students) | | | | | | | | | | |
| Enrollment a | | | | | | | | | | |
| <u>Middle School</u> | | | | | | | | | | |
| Middle School | | | | | | | | | | |
| Square Feet | 103,293 | 103,293 | 103,293 | 103,293 | 103,293 | 103,293 | 103,293 | 141,932 | 141,932 | 141,932 |
| Capacity (students) | 1,445 | 1,445 | 1,445 | 1,161 | 1,161 | 1,161 | 1,161 | 1,161 | 1,161 | 1,161 |
| Enrollment | 654 | 654 | 673 | 673 | 633 | 630 | 1,327 | 1,406 | 1,395 | 1,401 |
| <u>High School</u> | | | | | | | | | | |
| Hackensack High School | | | | | | | | | | |
| Square Feet | 158,243 | 158,243 | 158,243 | 158,243 | 158,243 | 158,243 | 158,243 | 267,349 | 267,349 | 267,349 |
| Capacity (students) | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 | 2,064 |
| Enrollment | 1,748 | 1,783 | 1,712 | 1,712 | 1,715 | 1,729 | 1,803 | 1,775 | 1,816 | 18,013 |
| <u>Other</u> | | | | | | | | | | |
| Administration Building | | | | | | | | | | |
| Square Feet | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 7,516 | 7,516 | 7,516 |
| 5/6 School | | | | | | | | | | |
| Square Feet | 29,977 | 29,977 | 29,977 | 29,977 | 29,977 | 29,977 | 29,977 | | | |
| Capacity (students) | 525 | 525 | 525 | 525 | 525 | 525 | 525 | | | |
| Enrollment a | 654 | 619 | 589 | 589 | 625 | 625 | | | | |
| Number of Schools at June 30, 2016 | | | | | | | | | | |
| 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) | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|-------------------------|---------------|------------|--------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| Hackensack High School | N/A | 289,651 | 406,956 | 325,944 | 277,050 | 218,177 | 206,518 | 235,489 | 499,850 | 398,937 | 323,981 |
| Middle School | N/A | 153,772 | 216,047 | 173,039 | 158,843 | 130,216 | 347,638 | 323,929 | 242,878 | 430,508 | 468,897 |
| Nellie K. Parker School | N/A | 86,977 | 122,201 | 97,875 | 66,681 | 52,481 | 64,689 | 88,767 | 153,104 | 65,913 | 99,440 |
| Fairmount School | N/A | 66,088 | 92,854 | 74,369 | 66,083 | 35,413 | 70,851 | 97,089 | 136,496 | 66,577 | 138,421 |
| Fanny M. Hillers School | N/A | 86,673 | 121,775 | 97,534 | 145,988 | 109,118 | 89,141 | 173,251 | 208,755 | 51,664 | 60,088 |
| Jackson Avenue School | N/A | 65,872 | 92,549 | 74,125 | 113,845 | 57,598 | 75,812 | 45,469 | 95,343 | 26,608 | 61,580 |
| ECDC | N/A | 43,672 | 61,358 | 49,144 | | | | | | | |
| Administration Building | N/A | 8,143 | 11,441 | 9,163 | 3,966 | 63,035 | 37,797 | 54,389 | 44,683 | 39,258 | 47,454 |
| Total School Facilities | | 800,848 | 1,125,181 | 901,193 | 832,456 | 666,038 | 892,446 | 1,018,383 | 1,381,109 | 1,079,465 | 1,199,861 |
| Other Facilities | | | | | | | | | | | |
| Grand Total | | \$ 800,848 | \$ 1,125,181 | \$ 901,193 | \$ 832,456 | \$ 666,038 | \$ 892,446 | \$ 1,018,383 | \$ 1,381,109 | \$ 1,079,465 | \$ 1,199,861 |

**Hackensack Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
Unaudited**

| <u>Company</u> | <u>Type of Coverage</u> | <u>Coverage</u> | <u>Deductible</u> |
|-----------------------|--|-----------------|-------------------|
| NJ School Board | School package policy - | | |
| Association Insurance | Property - Blanket Building and Contents | \$ 400,000,000 | \$ 5,000 |
| Group/North Jersey | Comprehensive General Liability | 31,000,000 | 5,000 |
| Educational | Comprehensive Automobile Liability | 31,000,000 | 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 | 16,000,000 | 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, Wielkott, 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, 2016, 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 28, 2016.

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 28, 2016.

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. Wielkotz

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

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

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

September 28, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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 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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types

of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the 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 the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questions costs as item 2016-001 that we consider to be a significant deficiency.

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 the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkotz

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Certified Public Accountants
Pompton Lakes, New Jersey

September 28, 2016

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

| Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2015 | Carryover/ (Walkover) Amount | Cash Received | Total Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2016 | |
|---|---------------------------|-------------------------------------|------------------|-----------------|--------------------------------|------------------------------------|------------------|------------------------------------|-------------|---|--------------------------|---|
| | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue/ Interfund Payable Due to Grantor |
| U.S. Department of Agriculture | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | |
| USDA Commodities | | | | | | | | | | | | |
| 10.551 | 16161N1304N1096 | N/A | 7/1/15-6/30/16 | \$ 141,063 | | | 141,063 | 141,063 | | | | |
| 10.555 | 16161N1304N1099 | N/A | 7/1/15-6/30/16 | 1,326,868 | | | 1,231,987 | 1,326,868 | | | (94,881) | |
| 10.555 | 16161N1304N1099 | N/A | 7/1/14-6/30/15 | 1,324,877 | (117,691) | | 117,691 | | | | | |
| 10.553 | 16161N1304N1099 | N/A | 7/1/15-6/30/16 | 614,904 | | | 567,223 | 614,904 | | | (47,681) | |
| 10.553 | 16161N1304N1099 | N/A | 7/1/14-6/30/15 | 588,433 | (63,927) | | 63,927 | | | | | |
| Total Enterprise Fund | | | | | (181,618) | | 2,121,891 | 2,082,835 | | | (142,562) | |
| U.S. Department of Education | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | |
| 93.778 | 1605N15MAP | N/A | 7/1/15-6/30/16 | 22,228 | | | 22,228 | 22,228 | | | | |
| 93.778 | 1605N15MAP | N/A | 7/1/15-6/30/16 | 181,647 | | | 181,647 | 181,647 | | | | |
| 93.778 | 1605N15MAP | N/A | 7/1/14-6/30/15 | 181,137 | (78,669) | | 78,669 | | | | | |
| 93.778 | 1605N15MAP | N/A | 7/1/13-6/30/14 | 182,674 | | | 20,726 | 182,674 | | | (182,674) | |
| 93.778 | 1605N15MAP | N/A | 10/1/08-12/31/10 | 20,726 | | | | 20,726 | | | | |
| Total General Fund | | | | | (78,669) | | 303,270 | 407,275 | | | (182,674) | |
| U.S. Department of Education | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | |
| 84.010 | S010A150030 | NCLB-xxxx-15 | 7/1/15-6/30/16 | 1,316,569 | (158,554) | (158,554) | 1,402,224 | 1,352,553 | | | (108,883) | |
| 84.010 | S010A150030 | NCLB-xxxx-14 | 7/1/14-6/30/15 | 1,191,524 | (158,554) | | 1,402,224 | 1,352,553 | | | (108,883) | |
| IDEA, Part B | | | | | | | | | | | | |
| 84.027 | H027A150100 | IDEA-xxxx-15 | 7/1/15-6/30/16 | 1,502,741 | (82,917) | (82,917) | 1,509,181 | 1,523,708 | | | (97,444) | |
| 84.027 | H027A150100 | IDEA-xxxx-14 | 7/1/14-6/30/15 | 1,384,273 | (82,917) | | 82,917 | | | | | |
| 84.173 | H027A150100 | IDEA-xxxx-15 | 7/1/15-6/30/16 | 50,189 | (55,483) | (55,483) | 68,892 | 60,401 | | | (46,992) | |
| 84.173 | H027A150100 | IDEA-xxxx-14 | 7/1/14-6/30/15 | 47,814 | (55,483) | | 55,483 | | | | | |
| | | | | | (138,400) | | 1,578,073 | 1,584,109 | | | (144,436) | |
| Title II Part A | | | | | | | | | | | | |
| 84.367A | S367A150029 | NCLB-xxxx-15 | 7/1/15-6/30/16 | 185,427 | (41,171) | (41,171) | 203,851 | 202,152 | | | (39,472) | |
| 84.367A | S367A150029 | NCLB-xxxx-14 | 7/1/14-6/30/15 | 188,428 | (41,171) | | 203,851 | 202,152 | | | (39,472) | |
| Title III | | | | | | | | | | | | |
| 84.365A | S365A150030 | NCLB-xxxx-15 | 7/1/15-6/30/16 | 101,100 | (12,939) | (12,939) | 95,593 | 101,330 | | | (18,676) | |
| 84.365A | S365A150030 | NCLB-xxxx-14 | 7/1/14-6/30/15 | 100,768 | (12,939) | | 12,939 | | | | | |
| 84.365A | S365A150030 | NCLB-xxxx-15 | 7/1/15-6/30/16 | 76,060 | (57,316) | (57,316) | 105,012 | 49,073 | | | (1,377) | |
| 84.365A | S365A150030 | NCLB-xxxx-14 | 7/1/14-6/30/15 | 72,511 | (57,316) | | 57,316 | | | | | |
| | | | | | (70,255) | | 200,605 | 150,403 | | | (20,053) | |

HACKENSACK
BOARD OF EDUCATION

Schedule of Expenditures of Federal Awards

Year ended June 30, 2016

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2015 | Carryover/ (Walkover) Amount | Cash Received | Total Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2016 | | |
|--|---------------------------|---------------------------|-------------------------------------|-----------------|-----------------|--------------------------------|------------------------------------|------------------|------------------------------------|-------------|---|--------------------------|--|-------------------|
| | | | | | | | | | | | | (Accounts Receivable) | Deferred Revenue/ Interfund Payable | Due to Grantor |
| (continue from prior page) | | | | | | | | | | | | | | |
| Vocational Education - Perkins | 84,048 | S048A150030 | N/A | 7/1/15-6/30/16 | 45,358 | (10,395) | (10,395) | 40,886 | 38,861 | | | (8,370) | | |
| Vocational Education - Perkins | 84,048 | S048A150030 | N/A | 7/1/14-6/30/15 | 51,530 | (10,395) | (10,395) | 40,886 | 38,861 | | | (8,370) | | |
| Project ACES | 17,259 | AA-26795-15-55-A-34 | N/A | 7/1/15-6/30/16 | 119,000 | | | 31,240 | 118,555 | | | (87,315) | | |
| Project ACES | 17,259 | AA-26795-15-55-A-34 | N/A | 7/1/14-6/30/15 | 107,475 | (58,279) | | 57,300 | | (774) | | (979) | | |
| Project ACES | 17,259 | AA-26795-15-55-A-34 | N/A | 7/1/13-6/30/14 | 108,000 | (1,803) | | | | (774) | | (2,577) | | |
| Project ACES | 17,259 | AA-26795-15-55-A-34 | N/A | 7/1/12-6/30/13 | 57,600 | (2,795) | | | | (4) | | (2,799) | | |
| | | | | | | (62,877) | | 88,540 | 118,555 | (778) | | (93,670) | | |
| Total Special Revenue Fund | | | | | | (481,652) | | 3,514,179 | 3,446,633 | (778) | | (414,884) | | |
| Total Federal Financial Assistance | | | | | | \$ (741,939) | | 5,939,340 | 5,936,743 | (778) | | (740,120) | | |

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

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**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of State Awards and Other Local Awards
Year ended June 30, 2016

| State/Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at June 30, 2015 | | | | Balance at June 30, 2016 | | | | | MEMO | | | |
|-------------------------------|-------------------------------|----------------|--------------|--------------------------------------|----------------|------------------------------|---------------|---|-------------------------------|-------------|------------------------------------|---|-------------------------------------|----------------|----------------------|-------------------------------|
| | | | | Deferred Revenue (Assets Receivable) | Due to Grantor | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures Pass through Funds | Budgetary Expenditures Direct | Adjustments | Repayment of Prior Years' Balances | Intergovernmental (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 | | | | | | | | | | | | |
| MSG Grant | | 7/1/12-6/30/13 | 2,000 | 2,000 | | | | | | | | | 10 | | | 5,211 |
| Santo V. Sorce | | 7/1/11-6/30/12 | 500 | 500 | | | | | | | | | 2,000 | | | * |
| Environmental Challenge Grant | | 7/1/12-6/30/13 | 7,000 | (7,000) | | | | 1,080 | | | | (7,000) | 500 | | | * |
| BCSS Drop-In-Center | | 7/1/15-6/30/16 | 1,165 | | | | | | | | | (1,080) | | | | 4,764 |
| | | | | | | | | | | | | | | | | 1,080 |
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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 *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 \$29,551 for the general fund and \$-0- 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 | \$407,275 | \$24,669,304 | \$ | \$25,076,579 |
| Special Revenue Fund | 3,446,633 | 926,243 | 1,080 | 4,373,956 |
| Food Service Fund | <u>2,082,835</u> | <u>104,547</u> | <u> </u> | <u>2,187,382</u> |
| Total Financial Awards | <u>\$5,936,743</u> | <u>\$25,700,094</u> | <u>\$1,080</u> | <u>\$31,637,917</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 Food Distribution Program represent current year value received and current year distributions, respectively. 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, 2016. 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, 2016.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$7,720,194 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

The City of Hackensack School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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? X yes 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 2 CFR 200 section .516(a) of the Uniform Guidance? 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>I.D.E.A. Part B/I.D.E.A. Part B-Preschool</u> |
| <u>10.553/10.555</u> | (A) | <u>National School Breakfast Program/National School Lunch Program</u> |
| <u>84.367A</u> | (B) | <u>Title II, Part A</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: \$750,000

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, 2016**

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

State Awards

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

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 15-08 as applicable? yes X no

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | | <u>Name of State Program</u> |
|--|-----|---|
| <u>495-034-5094-003</u> | (A) | <u>Reimbursed TPAF Social Security</u> |
| 495-034-5120-089/ 495-034-5120-078 495-034-5120-084/ 495-034-5120-098 | | Special Education Categorical Aid/ Equalization Aid/Security Aid/PARCC |
| <u>495-034-5120-097</u> | (A) | <u>Readlines Aid/Per Pupil Growth Aid</u> |
| <u>495-034-5120-086</u> | (B) | <u>Preschool Education Aid</u> |

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, 2016**

Section II – Financial Statement Findings

NONE

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

FEDERAL AWARDS

Finding 2016-001:

Information on the federal program:

School Breakfast Program, CFDA #10.553, FAIN #16161NJ304N1099, Grant Period 7/1/15-6/30/16.
National School Lunch Program, CFDA #15.555, FAIN #16161NJ304N1099, Grant Period 7/1/15-6/30/16.

Criteria or specific requirement:

The number of meals claimed on a reimbursement claim must agree to the Edit Check Worksheet(s) completed for every breakfast and lunch reimbursement claim submitted.

Condition:

There were instances in which the number of meals claimed did not agree with meal count records resulting in an over/under claim.

Questioned Costs:

None

Context:

The number of meals claimed did not agree with meal county records.

Effect:

The District received unsupported reimbursements which is an instance of noncompliance with the program requirements.

Cause:

The food service provider discovered an error in the Point of Sale system which meals served did not have adequate supporting documentation as required by USDA procedures. Also, there was an instance in which the incorrect number of meals served was entered into the SNEARS system.

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs (Cont..)

Finding 2016-001, continued

Recommendation:

Prior to submitting reimbursement claims to the NJ Department of Agriculture, the meals claimed should be verified to the meal count activity records and Edit Check Worksheets.

Management's response:

The district will be updating the Point of Sale System to improve accountability and ensure greater accuracy going forward. The reimbursement claims for the months with errors have been adjusted and recertified. More care will be taken to ensure the meals claimed agree to the meal count activity records and Edit Check Worksheets.

**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, 2016**

Status of Prior Year Findings
Finding #2015-001

Condition:

The Board Secretary did not prepare and submit Annual Reports to the board and county superintendent by August 1.

Current Status:

Corrective action was taken for the current year report.