

**SCHOOL DISTRICT OF THE
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

**School District
of**

Hackensack

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

**Comprehensive Annual Financial Report
Year Ended June 30, 2017**

Comprehensive Annual Financial Report

of the

HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey

Year Ended June 30, 2017

Prepared by

Office of the

School Business Administrator/Board Secretary

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal.	1
Organizational Chart.	7
Roster of Officials.	8
Consultants and Advisors.	9

FINANCIAL SECTION

Independent Auditor's Report.	10
Required Supplementary Information - Part I Management's Discussion and Analysis.	14

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:	
A-1 Statement of Net Position.	25
A-2 Statement of Activities.	26
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet.	27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance.	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	29
Proprietary Funds:	
B-4 Statement of Net Position.	30
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position.	31
B-6 Statement of Cash Flows.	32
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position.	33
B-8 Statement of Changes in Fiduciary Net Position.	34
Notes to the Financial Statements.	35
Required Supplemental Information - Part II	

OUTLINE OF CAFR, (continued)

C.	Budgetary Comparison Schedules:	
	C-1 Budgetary Comparison Schedule - General Fund.....	69
	C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	75
	Notes to the Required Supplementary Information	
	C-3 Budget to GAAP Reconciliation.....	76
	Required Supplementary Information - Part III	
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS.	77
	L-2 Schedule of District Contributions – PERS.	78
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF.	79
	L-4 Notes to Required Schedules of Supplementary Information - Part III.....	80
	Other Supplementary Information	
D.	School Level Schedules:	
	N/A	
E.	Special Revenue Fund:	
	E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.	81
	E-1a Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.....	82
	E-1b Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.....	83
	E-1c Combining Schedule of Program Revenues and Expenditures - Budgetary Basis.....	84
	E-2 Schedule of Preschool Education Aid - Budgetary Basis.	85
F.	Capital Projects Fund:	
	N/A	
G.	Proprietary Funds:	
	Enterprise Fund:	
	G-1 Combining Statement of Net Position.	86
	G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position.	87
	G-3 Combining Statement of Cash Flows.	88
	Internal Service Fund:	
	N/A	

OUTLINE OF CAFR, (continued)

H.	Fiduciary Fund:	
	H-1	Combining Statement of Fiduciary Net Position. 89
	H-2	Combining Statement of Changes in Fiduciary Net Position. 90
	H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements. 91
	H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.. . . . 92
I.	Long Term Debt:	
	I-1	Schedule of Serial Bonds. 93
	I-2	Schedule of Capital Leases Payable. 94
	I-3	Budgetary Comparison Schedule - Debt Service Fund.. . . . 95
J.	Statistical Section (Unaudited)	

Financial Trends

	Introduction to the Statistical Section.	___
J-1	Net Position by Component.	96
J-2	Changes in Net Position.	97
J-3	Fund Balances - Governmental Funds.	98
J-4	Changes in Fund Balances - Governmental Funds.	100
J-5	General Fund Other Local Revenue by Source.	102

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property.	103
J-7	Direct and Overlapping Property Tax Rates.	104
J-8	Principal Property Taxpayers.	105
J-9	Property Tax Levies and Collections.	106

Debt Capacity

J-10	Ratios of Outstanding Debt by Type.	107
J-11	Ratios of Net General Bonded Debt Outstanding.	108
J-12	Ratios of Overlapping Governmental Activities Debt.	109
J-13	Legal Debt Margin Information.	110

Demographic and Economic Information

J-14	Demographic and Economic Statistics.	111
J-15	Principal Employers.	112

OUTLINE OF CAFR, (continued)

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program.....	113
J-17	Operating Statistics.....	114
J-18	School Building Information.	115
J-19	Schedule of Required Maintenance for School Facilities.....	116
J-20	Insurance Schedule.	117

K. SINGLE AUDIT SECTION

K-1	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	118
K-2	Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular 15-08.	120
K-3	Schedule of Expenditure of Federal Awards.	123
K-4	Schedule of Expenditure of State Awards and Other Local Awards.	125
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.....	127
K-6	Schedule of Findings and Questioned Costs.....	___
K-7	Schedule of Financial, Federal and State Findings.....	___
K-8	Summary Schedule of Prior Audit Findings.....	___

INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601

www.hackensackschools.org

September 6, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 State 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 2016-2017 fiscal year with an Average Daily Enrollment of 5,679 students, which is 11 students below 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>
2016-17	5,679	(11)	-0.20%
2015-16	5,690	78	1.39%
2014-15	5,612	149	2.73%
2013-14	5,463	57	1.05%
2012-13	5,406	182	3.48%
2011-12	5,224	92	1.79%
2010-11	5,132	99	1.97%
2009-10	5,033	131	2.67%
2008-09	4,902	(20)	-0.41%

For the 2016-2017 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 – 2016-2017:

Educational programs, Grades Pre-K-12

Our District serves students in Pre-K - 12, with a Pre-K Program, 4 elementary schools, a middle school and one high school, with a total student population of over 5600 students. Our Program of instruction focuses on meeting students' needs while addressing and closing the achievement gap. Instruction is rooted in the rigorous New Jersey Students Learning Standards (NJSLS) and privileges digital learning skills, to prepare all students to be Future Ready.

Our programs are designed to promote educational excellence for every child. Our schools aim to prepare students for challenges facing them today and in the future. Teaching and learning takes place through standards-based curricula that frame our academic programs. The 16/17 school year saw the expansion of our Pre-K full-day program and one additional teacher to provide for additional half-day sessions. The Pre-K expansion also included curriculum updates with the adoption of the new Creative Curriculum (2016 Ed), and the Rethink Program available to all general education, as well as PSD and ABA program teachers.

At the elementary level, the instructional ELA and Math programs are further supported by Journeys and Go Math, with teachers accessing the related Think Central data base to create and modify assessments and collect relevant student learning data. At the elementary level, school schedules now provide for dedicated time for Science and Social Studies content (apart from the literacy block period). The instructional program includes integration of technology and digital learning skills, across the content areas. Our continued focus on differentiation also provided for additional Depth and Complexity resources and related training for teachers.

At the 5-8 level, a greater focus on providing for differentiation resulted in additional Read180 intervention support or increased access to advanced ELA and Math courses. Adoption of the Danielson Teacher Evaluation Framework in 2012 and a move to an in-house evaluation collection system, meant additional training on the Framework by the Danielson Group and Professional Development Programs focused on the NJSLS that have allowed teachers and administrators to participate in reflective conversations to support teacher effectiveness.

At the 9-12 level, student scheduling provides for student choice, while ensuring students are taking all courses needed to meet graduation requirements. Updates to curriculum continued to provide for increased alignment and more rigorous learning outcomes across all courses, with new curriculum being written in CP and PreAP Biology, Chemistry and Physics, Environmental Science, English IV, World History and Pre AP French. Increased integration of technology also included the use of Google Classroom and related Google tools.

Our 1:1 technology initiative now spans K-12 and students will continue to access eBooks via digital licenses and varied online instructional resources. The District's Digital Learning Plan (2016-2019) continues to inform planning and will expand opportunities to use technology not only as an instructional tool, but also as resources for students to integrate and extend learning. Increased technology integration also provides for increased preparation for online assessments and PARCC testing.

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.

Professional Development for SY 2016-2017

Professional development goals for administrative, professional and support staff in our District focused on:

- Differentiation to support struggling students while also challenging students that are “meeting expectations” and “exceeding expectations.”
- Specialized professional development: This included workshops to support programs such as Read 180 and Systems 44 (also used within Bilingual Program), to help teachers deepen understanding of best utilization practices and implementation of the programs, with fidelity.
- Deepening Understanding of the New Jersey Student Learning Standards: this included curriculum review and development time, where teachers worked collaboratively to improve existing curriculum with revisions, and at times, the writing of new curriculum.
- Digital Learning: Workshops on digital learning provided for varied opportunities including the SAMR Model, Google Classroom, Classroom Apps, Journeys & Go Math Digital Resources and other teacher-facilitated professional learning that took place during Grade-level meetings (K-4), or at PLCs in grades 5-12.
- Danielson Framework: This professional development was supported by trainers from the Danielson Group and was aimed at reinforcing understanding of the evaluation rubrics, especially given that the evaluations were moved to an in-house system (no longer via the Teachscape/Frontline system).
- Depth and Complexity: Training focused on understanding how to increase student engagement with the D & C visual prompts (icons) designed to help students go beyond surface level understanding of a concept and enhance their ability to think critically. These critical thinking tools help students dig deeper into a concept (**depth**) and understand that concept with greater **complexity**.

Other Initiatives

- High school upgrades boiler replacement project (including additional generator support)
- Boiler repairs throughout the District;
- Roofing repairs and the Middle School and High School;
- The District focus on culturally relevant resources and professional development focused on encourages respect and celebrating 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;
- Team-building activities to support collaboration and “building relations” among teachers and students; activities persistence,
- 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 a school and/or program 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, 2017.

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, 2017, the District had \$1,923,888.00 in outstanding bonds payable and \$708,237 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 2016-17 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, Wielkotz, Cerullo & Cuva, and P.A. was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of 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,

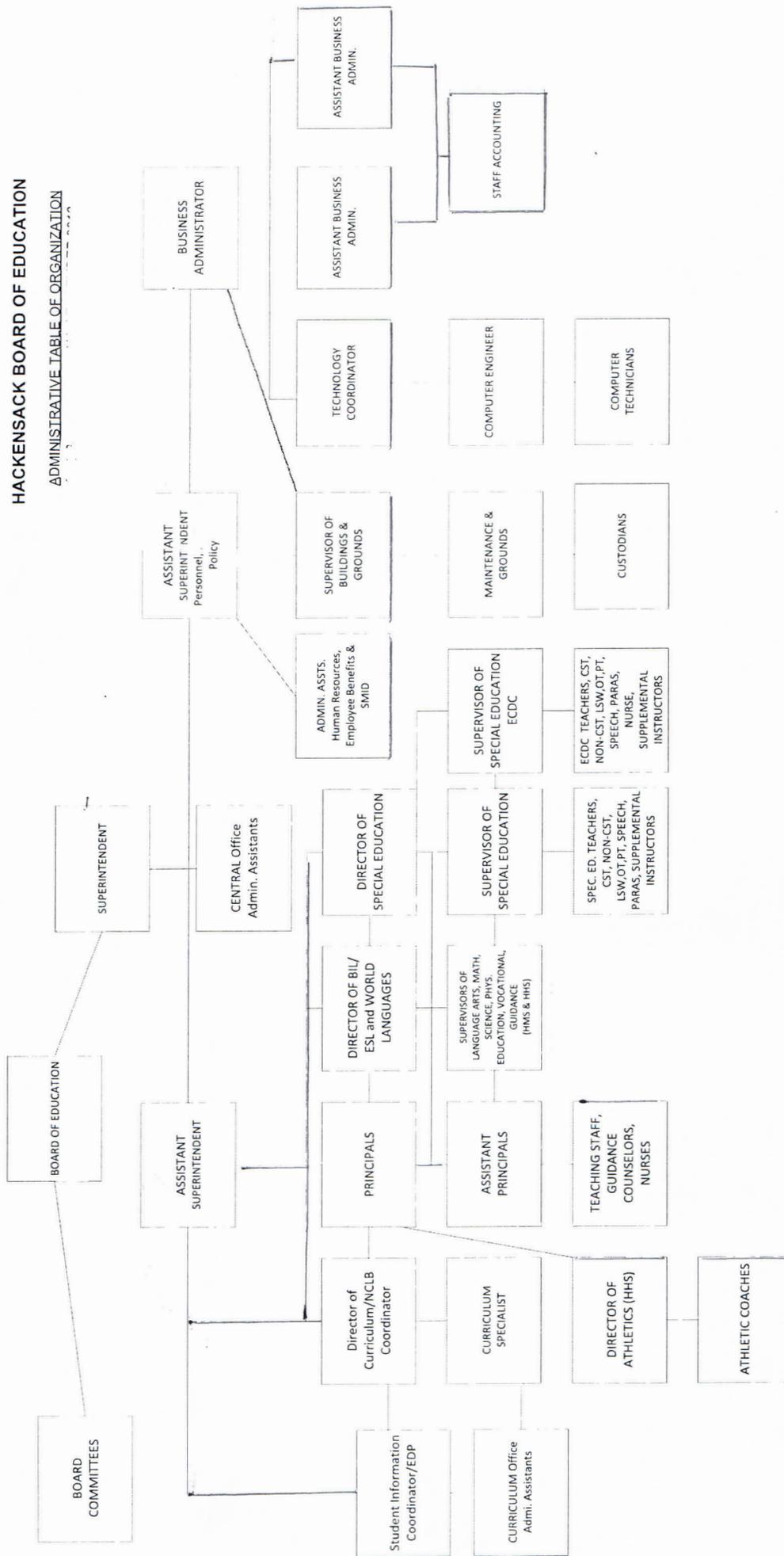


Rosemary Marks
Acting Superintendent
Hackensack Public Schools



Adrian Pollio
School Business Administrator/
Board Secretary

HACKENSACK BOARD OF EDUCATION
ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jason Nunnermacker, President	2018
Lara Rodriguez, Vice President	2019
Leila Amirhamzeh (5/2/17-6/30/17)	2017
Johanna Calle	2020
Daniel F. Carola	2018
Robin Coles	2020
Timothy Hoffman	2019
Modesto Romero	2019
Mark A. Stein	2018
Veronica Bolcik McKenna (7/1/16-5/2/17)	2017
Danyel Cicarelli (Maywood Rep.)	2017

Other Officials

Joseph V. Cicchelli, Interim Superintendent

Rosemary Marks, Assistant Superintendent

Pamela L. Hinman, School Business Administrator/Board Secretary

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2017

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

TD Bank
1000 MacArthur Blvd
Mahwah, New Jersey 07430

FINANCIAL SECTION

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

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

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
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100B Main Street
Newton, NJ 07860
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

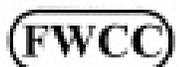
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the City of Hackensack School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2017, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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.



Honorable President and
Members of the Board of Education
Page 2.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and 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.

Honorable President and
Members of the Board of Education
Page 3.

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 6, 2017 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. Wielkocz

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

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

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

September 6, 2017

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017.

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 \$(2,380,467). Net position of governmental activities decreased \$(2,573,048) while net position of business-type activity increased by \$192,581.
- General revenues accounted for \$135,472,228 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 \$6,446,786 or 5 percent of total revenues of \$141,919,014.
- The School District had \$141,899,274 in expenses related to governmental activities; only \$3,854,009 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$135,472,217 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, 2017
(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, 2017
(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, 2017
(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, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was \$(3,059,289) at June 30, 2017 and \$(678,822) at June 30, 2016. 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 2017 compared to 2016 (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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	15,193,915	13,770,447	883,406	749,157	16,077,321	14,519,604
Capital Assets:						
Land and Construction in Progress	149,160	68,800			149,160	68,800
Depreciable Buildings, Improvements and Equipment (Net)	<u>19,619,893</u>	<u>20,499,095</u>	<u>326,094</u>	<u>291,668</u>	<u>19,945,987</u>	<u>20,790,763</u>
Total Assets	<u>34,962,968</u>	<u>34,338,342</u>	<u>1,209,500</u>	<u>1,040,825</u>	<u>36,172,468</u>	<u>35,379,167</u>
Deferred Outflows:						
Unamortized Bond Issuance Costs	24,598	32,799			24,598	32,799
Deferred Outflows of Resources						
Related to PERS	<u>15,300,093</u>	<u>8,499,835</u>	_____	_____	<u>15,300,093</u>	<u>8,499,835</u>
Total Deferred Outflows	<u>15,324,691</u>	<u>8,532,634</u>	_____	_____	<u>15,324,691</u>	<u>8,532,634</u>
Liabilities						
Current Liabilities	3,045,071	3,238,370	150,134	174,040	3,195,205	3,412,410
Noncurrent Liabilities	<u>50,459,690</u>	<u>40,441,912</u>	_____	_____	<u>50,459,690</u>	<u>40,441,912</u>
Total Liabilities	<u>53,504,761</u>	<u>43,680,282</u>	<u>150,134</u>	<u>174,040</u>	<u>53,654,895</u>	<u>43,854,322</u>
Deferred Inflows:						
Unamortized Bond Issuance Premiums	126,466	168,623			126,466	168,623
Deferred Inflows of Resources						
Related to PERS	<u>775,087</u>	<u>567,678</u>	_____	_____	<u>775,087</u>	<u>567,678</u>
Total Deferred Inflows	<u>901,553</u>	<u>736,301</u>	_____	_____	<u>901,553</u>	<u>736,301</u>
Net Position						
Invested in Capital Assets-						
Net of Related Debt	17,223,376	18,092,071	326,094	291,668	17,549,470	18,383,739
Restricted	12,657,948	10,816,135			12,657,948	10,816,135
Unrestricted	<u>(33,999,979)</u>	<u>(30,453,813)</u>	<u>733,272</u>	<u>575,117</u>	<u>(33,266,707)</u>	<u>(29,878,696)</u>
Total Net Position	<u>(4,118,655)</u>	<u>(1,545,607)</u>	<u>1,059,366</u>	<u>866,785</u>	<u>(3,059,289)</u>	<u>(678,822)</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2017 compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			437,568	335,273	437,568	335,273
Operating Grants and						
Contributions	3,854,009	4,368,622	2,155,209	2,187,382	6,009,218	6,556,004
General Revenues:						
Taxes:						
Property taxes	79,758,684	75,582,908			79,758,684	75,582,908
Federal and State Aid not						
Restricted	47,401,576	38,124,112			47,401,576	38,124,112
Capital Grants and						
Contributions	4,285	4,254			4,285	4,254
Tuition Received	8,129,712	7,943,156			8,129,712	7,943,156
Miscellaneous Income	161,514	198,585			161,514	198,585
Investment Income	16,446	10,786	11	153	16,457	10,939
Transfers		(5,504)		5,504		0
Total Revenues and Transfers	<u>139,326,226</u>	<u>126,226,919</u>	<u>2,592,788</u>	<u>2,528,312</u>	<u>141,919,014</u>	<u>128,755,231</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Functions/Program Expenses						
Instruction:						
Regular	48,403,666	45,499,116			48,403,666	45,499,116
Special Education	17,289,908	15,010,597			17,289,908	15,010,597
Other Special Instruction	3,449,483	3,224,878			3,449,483	3,224,878
Other Instruction	2,227,997	1,970,847			2,227,997	1,970,847
Support Services:						
Tuition	6,678,148	6,044,410			6,678,148	6,044,410
Student & Instruction Related Services	19,302,967	17,791,998			19,302,967	17,791,998
School Administrative Services	6,175,303	5,356,535			6,175,303	5,356,535
General Administrative Services	1,177,771	1,065,390			1,177,771	1,065,390
Central Services and Info. Tech.	2,489,029	2,377,684			2,489,029	2,377,684
Plant Operations and Maintenance	10,227,734	9,758,225			10,227,734	9,758,225
Pupil Transportation	3,087,134	2,794,002			3,087,134	2,794,002
Unallocated Benefits	15,852,579	12,469,212			15,852,579	12,469,212
Charter Schools	3,185,751	2,637,660			3,185,751	2,637,660
Capital Outlay-						
Non-depreciable	1,128,571	37,814			1,128,571	37,814
Interest on Long-Term Debt	114,440	127,381			114,440	127,381
Unallocated depreciation	1,142,749	1,115,703			1,142,749	1,115,703
Capital Lease Obligations and Amortization	(33,956)	(33,956)			(33,956)	(33,956)
Food Service	<u> </u>	<u> </u>	<u>2,400,207</u>	<u>2,422,862</u>	<u>2,400,207</u>	<u>2,422,862</u>
Total Expenses and Transfers	<u>141,899,274</u>	<u>127,247,496</u>	<u>2,400,207</u>	<u>2,422,862</u>	<u>144,299,481</u>	<u>129,670,358</u>
Increase or (Decrease) in Net Position	<u>(2,573,048)</u>	<u>(1,020,577)</u>	<u>192,581</u>	<u>105,450</u>	<u>(2,380,467)</u>	<u>(915,127)</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 \$144,299,481. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$79,758,684 because some of the cost was paid by those who benefitted from the programs \$437,568, by other governments and organizations who subsidized certain programs with grants and contributions \$6,009,218, unrestricted federal and state aid \$47,401,576 federal and state aid capital outlay \$4,285, tuition received \$8,129,712, investment income \$16,457, and by miscellaneous sources \$161,514.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2017, 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 2016</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$88,066,356	74.5%	\$4,330,921	5.17%	\$83,735,435
State Source	27,118,735	22.9%	1,523,188	5.95%	25,595,547
Federal Source	<u>3,097,730</u>	<u>2.6%</u>	<u>(756,178)</u>	(19.62)%	<u>3,853,908</u>
Total	<u>\$118,282,821</u>	<u>100.0%</u>	<u>\$5,097,931</u>	4.50%	<u>\$113,184,890</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2016</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$47,979,460	40.8 %	\$56,624	0.12%	\$47,922,836
Undistributed	67,370,923	57.3%	3,815,267	6.00%	63,555,656
Debt Service	696,663	0.6%	(28,862)	(3.98)%	725,525
Capital Outlay	<u>1,472,478</u>	<u>1.3%</u>	<u>809,467</u>	122.09%	<u>663,011</u>
Total	<u>\$117,519,524</u>	<u>100.0%</u>	<u>\$4,652,496</u>	4.12%	<u>\$112,867,028</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, 2017
(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, 2017, the School District amended the General Fund Budget by \$976,000 for increases in Capital Outlay.

During the fiscal year ended June 30, 2017, the School District amended the Special Revenue Fund by \$1,148,426 for increases in federal and state grants.

General Fund

The general fund actual revenue was \$114,678,088, including capital leases and transfers. That amount is \$12,834,864 above the final amended budget of \$101,843,224. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$12,463,706 for TPAF pension and social security reimbursements, \$(395,436) deficit in miscellaneous anticipated revenues, \$(146,497) deficit in extraordinary aid, \$(10,909) decrease in federal aid and \$924,000 of non-budgeted capital leases.

The actual expenditures of the general fund were \$112,962,884 including transfers which is \$7,402,466 above the final amended budget of \$105,560,418. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$12,463,706 for TPAF pension and social security reimbursements, and \$5,061,240 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$114,678,088 and total expenditures including transfers of \$112,962,884 with an ending fund balance of \$14,649,452 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$4,247,072 including transfers. That amount is \$712,445 below the final amended budget of \$4,959,517. 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 \$4,247,072, which is \$712,445 below the final amended budget of \$4,959,517. 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, 2017
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2017 the School District had \$50,751,628 invested in sites, buildings, equipment and construction in progress. Of this amount \$30,656,481 in depreciation has been taken over the years. We currently have a net book value of \$20,095,147. Total additions for the year were \$407,388, 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 2017 balances compared to 2016.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	149,160	68,800			149,160	68,800
Buildings and Improvements	18,373,756	19,255,079	146,568	155,974	18,520,324	19,411,053
Furniture, Equipment and Vehicles	<u>1,246,137</u>	<u>1,244,016</u>	<u>179,526</u>	<u>135,694</u>	<u>1,425,663</u>	<u>1,379,710</u>
	<u>19,769,053</u>	<u>20,567,895</u>	<u>326,094</u>	<u>291,668</u>	<u>20,095,147</u>	<u>20,859,563</u>

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

Debt Administration

At June 30, 2017, the District had \$50,459,690 of long-term debt. Of this amount, \$2,840,984 is for compensated absences, \$1,755,000 of serial bonds for school construction, \$688,809 is for obligation under capital leases and \$45,174,987 is for net pension liability.

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

	<u>2017</u>	<u>2016</u>
2009 Refunding School Improvement Bonds	<u>1,755,000</u>	<u>2,340,000</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 2017-2018 school year that is greater than the level of the 2016-2017 school year.

These factors were considered in preparing the City of Hackensack School District's budgets for the 2017-2018 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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	5,229,547	698,344	5,927,891
Receivables, net	2,883,320	177,839	3,061,159
Inventory		7,223	7,223
Restricted assets:			
Capital reserve account - cash	6,073,678		6,073,678
Emergency reserve account - cash	1,005,060		1,005,060
Maintenance reserve account - cash	2,310		
Capital assets:			
Land and Construction in Progress	149,160		149,160
Depreciable Buildings, Improvements and Equipment (net)	19,619,893	326,094	19,945,987
Total Assets	<u>34,962,968</u>	<u>1,209,500</u>	<u>36,170,158</u>
Deffered Outflows:			
Unamortized bond issuance costs	24,598		24,598
Deferred outflows of resources related to PERS	15,300,093		15,300,093
Total Deffered Outflows	<u>15,324,691</u>	<u>-</u>	<u>15,324,691</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,008,112	150,134	3,158,246
Payable to state government	34,418		34,418
Unearned revenue	2,541		2,541
Noncurrent liabilities:			
Due within one year	806,410		806,410
Due beyond one year	49,653,280		49,653,280
Total liabilities	<u>53,504,761</u>	<u>150,134</u>	<u>53,654,895</u>
Deffered Inflows:			
Unamortized bond issuance premiums	126,466		126,466
Deferred inflows of resources related to PERS	775,087		775,087
Total Deffered Inflows	<u>901,553</u>		<u>901,553</u>
NET POSITION			
Invested in capital assets	17,223,376	326,094	17,549,470
Restricted for:			
Capital projects	6,073,678		6,073,678
Other purposes	6,584,270		6,584,270
Unrestricted (Deficit)	(33,999,979)	733,272	(33,266,707)
Total net position	<u>(4,118,655)</u>	<u>1,059,366</u>	<u>(3,059,289)</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, 2017

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	32,989,473	15,414,193		2,631,545	(45,772,121)		(45,772,121)
Special education	10,962,493	6,327,415			(17,289,908)		(17,289,908)
Other special instruction	2,193,068	1,256,415			(3,449,483)		(3,449,483)
Other instruction	1,599,235	628,762			(2,227,997)		(2,227,997)
Support services:							
Tuition	6,678,148				(6,678,148)		(6,678,148)
Student & instruction related services	13,373,421	5,929,546		1,222,464	(18,080,503)		(18,080,503)
School administrative services	3,906,676	2,268,627			(6,175,303)		(6,175,303)
General administrative services	929,077	248,694			(1,177,771)		(1,177,771)
Central services and administrative information technology	1,682,347	806,682			(2,489,029)		(2,489,029)
Plant operations and maintenance	7,958,977	2,268,757			(10,227,734)		(10,227,734)
Pupil transportation	3,063,355	23,779			(3,087,134)		(3,087,134)
Unallocated benefits	15,852,579				(15,852,579)		(15,852,579)
Charter schools	3,185,751				(3,185,751)		(3,185,751)
Capital outlay - non-depreciable	1,128,571				(1,128,571)		(1,128,571)
Interest on long-term debt	114,440				(114,440)		(114,440)
Unallocated depreciation	1,142,749				(1,142,749)		(1,142,749)
Amortization	(33,956)				33,956		33,956
Total governmental activities	106,726,404	35,172,870	-	3,854,009	(138,045,265)	-	(138,045,265)
Business-type activities:							
Food Service	2,400,207		437,568	2,155,209		192,570	192,570
Total business-type activities	2,400,207		437,568	2,155,209		192,570	192,570
Total primary government	109,126,611		437,568	6,009,218	(138,045,265)	192,570	(137,852,695)
General revenues:							
Taxes:							
Levied for general purposes					79,062,039		79,062,039
Taxes levied for debt service					696,645		696,645
Federal and State aid not restricted					47,401,576		47,401,576
Federal and State aid - Capital Outlay					4,285		4,285
Tuition received					8,129,712		8,129,712
Investment Earnings					16,446	11	16,457
Miscellaneous Income					161,514		161,514
Total general revenues, special items, extraordinary items and transfers					135,472,217	11	135,472,228
Change in Net Position					(2,573,048)	192,581	(2,380,467)
Net Position—beginning					(1,545,607)	866,785	(678,822)
Net Position—ending					(4,118,655)	1,059,366	(3,059,289)

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, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents			
Checking	6,547,047		6,547,047
Accounts Receivable -			
Interfunds	663,703		663,703
Intergovernmental - Federal		751,747	751,747
Intergovernmental - State	920,102	27,294	947,396
Other receivables	1,177,177	7,000	1,184,177
Restricted cash and cash equivalents			
Capital reserve	4,756,178		4,756,178
Maintenance reserve	1,005,060		1,005,060
Emergency reserve	2,310		2,310
Total assets	<u>15,071,577</u>	<u>786,041</u>	<u>15,857,618</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,478,539	85,379	1,563,918
Intergovernmental accounts payable - State		34,418	34,418
Interfund payables		663,703	663,703
Unearned revenue		2,541	2,541
Total liabilities	<u>1,478,539</u>	<u>786,041</u>	<u>2,264,580</u>
Fund Balances:			
Restricted for:			
Excess Surplus - current year	1,914,090		1,914,090
Excess Surplus - prior year - designated for subsequent year's expenditures	2,025,321		2,025,321
Capital reserve account	6,073,678		6,073,678
Maintenance reserve account	1,005,060		1,005,060
Emergency reserve account	2,310		2,310
Assigned to:			
Year-end Encumbrances	1,598,917		1,598,917
Designated by the BOE for subsequent year's expenditures	38,572		38,572
Unassigned:			
General fund	935,090		935,090
Total Fund balances	<u>13,593,038</u>	<u>-</u>	<u>13,593,038</u>
Total liabilities and fund balances	<u>15,071,577</u>	<u>786,041</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 \$50,101,773 and the accumulated depreciation is \$30,332,720.	19,769,053
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	(21,387)
Accounts payable for subsequent Pension payment is not a payable in the funds	(1,422,807)
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 \$295,104	(126,466)
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 \$57,412	24,598
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	15,300,093
Deferred inflows of resources related to PERS Pension Liability	(775,087)
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)	<u>(50,459,690)</u>
Net position of governmental activities	<u>(4,118,655)</u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balance:
Governmental Funds
Fiscal Year Ended June 30, 2017

	<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	79,062,039		696,645	79,758,684
Tuition charges	8,129,712			8,129,712
Interest Earned on Capital Reserve Funds	13,989			13,989
Interest Earned on Maintenance Reserve Funds	2,457			2,457
Miscellaneous	159,831	1,683		161,514
Total - Local Sources	87,368,028	1,683	696,645	88,066,356
State sources	26,152,994	965,741		27,118,735
Federal sources	205,177	2,892,553		3,097,730
Total revenues	113,726,199	3,859,977	696,645	118,282,821
EXPENDITURES				
Current:				
Regular instruction	30,213,986	3,010,678		33,224,664
Special education instruction	10,962,493			10,962,493
Other special instruction	2,193,068			2,193,068
School sponsored/other instructional	1,599,235			1,599,235
Support services and undistributed costs:				
Tuition	6,678,148			6,678,148
Attendance and social work services	10,025			10,025
Health services	967,420			967,420
Student & instruction related services	11,173,512	1,222,464		12,395,976
School administrative services	3,906,676			3,906,676
General administrative services	929,077			929,077
Central services & administrative information technology	1,682,347			1,682,347
Plant operations and maintenance	7,958,977			7,958,977
Pupil transportation	3,063,355			3,063,355
Unallocated benefits	14,129,465			14,129,465
On-behalf contributions	12,463,706			12,463,706
Transfer to charter school	3,185,751			3,185,751
Debt service:				
Principal			585,000	585,000
Interest and other charges			111,663	111,663
Capital outlay	1,468,193	4,285		1,472,478
Total expenditures	112,585,434	4,237,427	696,663	117,519,524
Excess (Deficiency) of revenues	1,140,765	(377,450)	(18)	763,297
OTHER FINANCING SOURCES (USES)				
Transfers in		377,450		377,450
Transfers out	(377,450)			(377,450)
Capital Leases (non-budgeted)	924,000			924,000
Total other financing sources and uses	546,550	377,450	-	924,000
Net change in fund balances	1,687,315	-	(18)	1,687,297
Fund balance—July 1	11,905,723	-	18	11,905,741
Fund balance—June 30	13,593,038	-	-	13,593,038

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, 2017

Total net change in fund balances - governmental funds (from B-2) 1,687,297

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	(1,142,749)	
Depreciable Capital outlays	<u>343,907</u>	(798,842)

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	585,000	
Capital Lease Obligations - Principal	<u>235,191</u>	820,191

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. Capital lease proceeds

(924,000)

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	18,610	
General Bond Obligations	(14,135)	
Capital Lease Obligations	<u>(7,252)</u>	(2,777)

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

Increase in compensated absences payable (46,543)

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 changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District Pension Contributions	1,355,054	
Less: Pension Expense	<u>(4,697,384)</u>	(3,342,330)

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	21,043,405
Increase in On-behalf TPAF Pension Expense	(21,043,405)

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

(2,573,048)

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, 2017

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
ASSETS	
Current assets:	
Cash and cash equivalents	698,344
Accounts receivable:	
State	1,940
Federal	158,462
Other	17,437
Inventories	7,223
Total current assets	<u>883,406</u>
Noncurrent assets:	
Capital assets:	
Building and building improvements	188,123
Equipment	461,732
Less accumulated depreciation	<u>(323,761)</u>
Total capital assets (net of accumulated depreciation)	<u>326,094</u>
Total assets	<u>1,209,500</u>
Current Liabilities:	
Accounts Payable	<u>150,134</u>
Total Liabilities	<u>150,134</u>
NET POSITION	
Invested in capital assets net of related debt	326,094
Unrestricted	733,272
Total net position	<u><u>1,059,366</u></u>

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2017

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	256,120
Daily sales - non-reimbursable programs	181,448
Total operating revenues	<u>437,568</u>
Operating expenses:	
Cost of food - reimbursable programs	1,004,367
Cost of food - non-reimbursable programs	137,269
Salaries	664,650
Supplies and materials	45,816
Employee benefits	200,951
Depreciation expense	29,055
Repairs and other expenses	96,647
Purchased services	218,696
Miscellaneous	2,756
Total Operating Expenses	<u>2,400,207</u>
Operating income (loss)	<u>(1,962,639)</u>
Nonoperating revenues (expenses):	
State sources:	
School lunch program	26,892
Federal sources:	
National school lunch program	1,347,693
Breakfast program	621,038
Snack program	69,238
U.S.D.A. Commodities	90,348
Interest Income	11
Total nonoperating revenues (expenses)	<u>2,155,220</u>
Income (loss) before contributions & transfers	192,581
Total net position—beginning	<u>866,785</u>
Total net position—ending	<u>1,059,366</u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2017

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	420,713
Payments to suppliers	<u>(2,294,086)</u>
Net cash provided by (used for) operating activities	<u>(1,873,373)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	28,934
Federal Sources	2,026,303
Interest Income	11
Net cash provided by (used for) non-capital financing activities	<u>2,055,248</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(63,481)</u>
Net cash provided by (used for) capital and related financing activities	<u>(63,481)</u>
Net increase (decrease) in cash and cash equivalents	<u>118,394</u>
Balances—beginning of year	<u>579,950</u>
Balances—end of year	<u>698,344</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(1,962,639)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	29,055
Food Distribution Program	90,348
(Increase) decrease in accounts receivable, net	3,396
(Increase) decrease in inventories	315
Increase (decrease) in accounts payable	<u>(33,848)</u>
Total adjustments	<u>89,266</u>
Net cash provided by (used for) operating activities	<u>(1,873,373)</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, 2017

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds	Agency Fund
ASSETS			
Cash and cash equivalents	277,562	87,665	936,907
Total assets	277,562	87,665	936,907
LIABILITIES			
Payable to student groups	-	-	285,846
Due to State of NJ - Unemployment	19,718	-	-
Payroll deductions and withholdings	-	-	651,061
Total liabilities	19,718	-	936,907
NET POSITION			
Held in trust for unemployment claims and other purposes	257,844		
Reserved for scholarships		87,665	
	277,562	87,665	

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, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>
ADDITIONS		
Contributions:		
Donations		3,200
Payroll withholdings	81,338	
Total Contributions	<u>81,338</u>	<u>3,200</u>
Investment earnings:		
Interest	740	328
Net investment earnings	<u>740</u>	<u>328</u>
Total additions	<u>82,078</u>	<u>3,528</u>
DEDUCTIONS		
Unemployment claims	95,985	
Scholarships awarded		15,463
Total deductions	<u>95,985</u>	<u>15,463</u>
Change in net assets	(13,907)	(11,935)
Net position—beginning of the year	<u>271,751</u>	<u>99,600</u>
Net position—end of the year	<u><u>257,844</u></u>	<u><u>87,665</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, 2017**

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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle school and a high school, located in the City of Hackensack. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District 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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017, 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, 2017**

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, 2017**

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.

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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

W. Recent Accounting Pronouncements:

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 had no transactions of this type for the year ended June 30, 2017.

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.

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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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

W. Recent Accounting Pronouncements: (continued)

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.

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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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. 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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods 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, 2017**

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, 2017, \$-0- of the District's bank balance of \$15,244,533 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.

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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 4. RECEIVABLES:

Receivables at June 30, 2017, 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	\$663,703	\$	\$
State Aid	947,396	1,940	949,336
Federal Aid	751,747	158,462	910,209
Other	<u>1,184,177</u>	<u>17,437</u>	<u>1,201,614</u>
Gross Receivables	3,547,023	177,839	3,061,159
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$3,547,023</u>	<u>\$177,839</u>	<u>\$3,061,159</u>

NOTE 5. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2017 consist of the following:

\$663,703 Due to the General Fund from the Special Revenue Fund for short-term loans.

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

Interfund transfers for the year ended June 30, 2017 consisted of the following:

\$377,450 Transfer from the General Fund to the Special Revenue Fund for Preschool Education.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 6. CAPITAL ASSETS:

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

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
Governmental Activities				
Capital assets that are not being depreciated:				
Land	\$68,800	\$	\$	\$ 68,800
Construction in progress	<u>80,360</u>	<u>80,360</u>	<u> </u>	<u>80,360</u>
Total capital assets not being depreciated	<u>68,800</u>	<u>80,360</u>	<u> </u>	<u>149,160</u>
Building and building improvements	44,811,949	9,780	<u> </u>	44,821,729
Machinery and equipment	<u>4,877,117</u>	<u>253,767</u>	<u> </u>	<u>5,130,884</u>
Totals at historical cost	<u>49,689,066</u>	<u>263,547</u>	<u> </u>	<u>49,952,613</u>
Less accumulated depreciation for:				
Buildings and improvements	(25,556,870)	(891,103)	<u> </u>	(26,447,973)
Equipment	<u>(3,633,101)</u>	<u>(251,646)</u>	<u> </u>	<u>(3,884,747)</u>
Total accumulated depreciation	<u>(29,189,971)</u>	<u>(1,142,749)</u>	<u> </u>	<u>(30,332,720)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>20,499,095</u>	<u>(879,202)</u>	<u> </u>	<u>19,619,893</u>
Governmental activities capital assets, net	<u><u>\$20,567,895</u></u>	<u><u>(\$798,842)</u></u>	<u><u>\$</u></u>	<u><u>\$19,769,053</u></u>
Business-type activities:				
Building and Building improvements	188,123	<u> </u>	<u> </u>	188,123
Equipment	<u>398,251</u>	<u>63,481</u>	<u> </u>	<u>461,732</u>
Totals at historical cost	<u>586,374</u>	<u>63,481</u>	<u> </u>	<u>649,855</u>
Less accumulated depreciation for:				
Building and building improvements	(32,149)	(9,406)	<u> </u>	(41,555)
Equipment	<u>(262,557)</u>	<u>(19,649)</u>	<u> </u>	<u>(282,206)</u>
	<u>(294,706)</u>	<u>(29,055)</u>	<u> </u>	<u>(323,761)</u>
Business-type activities capital assets, net	<u><u>\$291,668</u></u>	<u><u>\$34,426</u></u>	<u><u>\$</u></u>	<u><u>\$326,094</u></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, 2017**

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, 2017 were as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$2,340,000	\$	(\$585,000)	\$1,755,000	\$580,000
Total Bonds Payable	<u>2,340,000</u>	<u> </u>	<u>(585,000)</u>	<u>2,935,000</u>	<u>580,000</u>
Other Liabilities:					
Obligations under Capital Leases		924,000	(235,191)	688,809	226,410
Compensated Absences Payable	2,794,351	307,757	(261,214)	2,840,894	
Net Pension Liability	<u>35,307,561</u>	<u>9,867,426</u>	<u> </u>	<u>45,174,987</u>	<u> </u>
Total	<u>38,101,912</u>	<u>11,099,183</u>	<u>(496,405)</u>	<u>48,704,690</u>	<u>226,410</u>
	<u>\$40,441,912</u>	<u>\$11,099,183</u>	<u>(\$1,081,405)</u>	<u>\$50,459,690</u>	<u>\$806,410</u>

A. Bonds and Loans Payable:

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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, 2017**

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

Outstanding bonds payable at June 30, 2017, 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, 2017</u>
School Improvement Bonds 2009	\$5,550,000	09/09/2009	2.00%-5.00%	05/01/2020	<u>\$1,755,000</u>

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

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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>\$1,923,888</u>	<u>\$1,755,000</u>	<u>\$168,888</u>

B. Bonds Authorized But Not Issued

As of June 30, 2017, the Board has no authorized but not issued bonds.

C. Capital Leases

The District is leasing Chromebooks under a 48 month lease purchase agreement. The following is a schedule of future minimum lease payments for this capital lease, and the present value of the net minimum lease payments at June 30, 2017:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2018	\$236,079	\$226,410	\$9,669
2019	236,079	229,588	6,491
2020	<u>236,079</u>	<u>232,811</u>	<u>3,268</u>
	<u>\$708,237</u>	<u>\$688,809</u>	<u>\$19,428</u>

Total minimum lease payments	\$708,237
Less: Amount representing interest	<u>(19,428)</u>
Present value of lease payments	<u>\$688,809</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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, 2017 were \$668,073. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$706,122
2019	695,040
2020	24,805
2021	24,805
2022	3,100
	<u>\$1,453,872</u>

NOTE 9. PENSION PLANS:

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

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60^a of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contributions Requirements Fund Based Statements

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:

Year	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/17	\$1,361,585	\$67,381
6/30/16	1,352,238	49,759
6/30/15	1,251,891	66,449

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:

Year	Pension	Post-Retirement Medical	NCGI	Long-Term Disability Insurance
<u>Ending</u> 6/30/17	<u>Contributions</u> \$4,798,794	<u>Contributions</u> \$4,143,361	<u>Premium</u> \$173,871	<u>Contributions</u> \$7,864
6/30/16	3,356,823	4,196,156	167,215	
6/30/15	2,165,710	3,685,419	155,813	

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 \$3,339,816 during the year ended June 30, 2017 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, 2017**

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, 2017, the District had a liability of \$45,174,987 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 governmental entities, actuarially determined. At June 30, 2016, the District's proportion was 0.1525299174 percent, which was a decrease of (0.000047561099) percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,697,384. At June 30, 2017, 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	\$840,118	
Actual investment earnings on pension plan investments		
Changes of assumptions	9,357,844	
Net difference between projected and actual earnings on pension plan investments	1,722,563	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,956,761	775,087
District contributions subsequent to the measurement date	<u>1,422,807</u>	<u> </u>
Total	<u>\$15,300,093</u>	<u>\$775,087</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

The \$1,422,807 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$2,683,798
2018	2,683,798
2019	3,109,270
2020	2,612,242
2021	831,417

Changes in Proportion

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

Additional Information

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
District s Proportion	0.1525299174%	0.1572860273%

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

Actuarial Assumptions

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

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

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

Mortality Rates

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

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, 2016, 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, 2016		
	1% Decrease <u>2.98%</u>	At Current Discount Rate <u>3.98%</u>	1% Increase <u>4.98%</u>
District's proportionate share of the pension liability	\$55,356,673	\$45,174,987	\$36,769,121

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). The financial report may be accessed at www.state.nj.us/treasury/pensions.

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>346,252,662</u>
	<u>\$346,252,662</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. 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, 2016, the proportion of the TPAF net pension liability associated with the District was 0.4401533654%.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue of \$26,016,070 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

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

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

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 3.22% and 4.13% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 9. PENSION PLANS, (continued)

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

NOTE 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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$740	\$81,338	\$95,985	\$257,844
2015-2016	1,062	79,149	151,780	271,751
2014-2015	85,968	79,085	100,812	343,320

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 \$6,073,678 in the capital reserve account at June 30, 2017.

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$5,718,189
Deposits:	
Interest Earnings	13,989
Board Resolution - June 6, 2017	<u>1,500,000</u>
	7,232,178
Decreased by:	
Budget Appropriations	<u>1,158,500</u>
Ending balance, June 30, 2017	<u>\$6,073,678</u>

The balance in the capital reserve amount at June 30, 2017 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP.

NOTE 14. EMERGENCY RESERVE:

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

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

Beginning balance, July 1, 2016	<u>\$2,310</u>
Ending balance, June 30, 2017	<u>\$2,310</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$1,002,603
Deposits:	
Interest Earnings	2,457
Board Resolution - June 6, 2017	<u>500,000</u>
	1,505,060
Decreased by:	
Budget Appropriations	<u>500,000</u>
Ending balance, June 30, 2017	<u>\$1,005,060</u>

NOTE 16. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$13,593,038 General Fund fund balance at June 30, 2017, \$1,598,917 is reserved for encumbrances; \$3,939,411 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$2,025,321 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$6,073,678 has been reserved in the Capital Reserve Account; \$1,005,060 has been reserved in the Maintenance Reserve; \$2,310 has been reserved in the Emergency Reserve; \$38,572 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2018; and \$935,090 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2017 of \$-0- 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, 2017 is \$3,939,411 of which \$1,914,090 is the result of current year operations.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2017**

NOTE 18. INVENTORY:

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$6,331
Supplies	<u>892</u>
	<u>\$7,223</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.

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.

IRS Penalty - The District was notified on August 7, 2017 that they did not file certain information returns correctly as required by Internal Revenue Code Section 6721 for the 2015 tax period. A penalty in the amount of \$255,580 has been proposed against the District. On August 10, 2017, the District responded to the Internal Revenue Service regarding the proposed penalty disagreeing with the claim and requesting a waiver of the penalty for reasonable cause under Section 301.6724-1 Reasonable Cause, paragraph (b). As of the date of the audit, no response has been received.

NOTE 20. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through September 6, 2017, 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, 2017**

	<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	79,062,039		79,062,039	79,062,039	
Tuition From Individuals			20,000	23,536	3,536
Tuition From Other LEAs Within the State	8,272,425		8,272,425	8,106,176	(166,249)
Interest Earned on Capital Reserve Funds	9,000		9,000	13,989	4,989
Interest Earned on Maintenance Reserve				2,457	2,457
Unrestricted Miscellaneous Revenues	400,000		400,000	159,831	(240,169)
Total - Local Sources	<u>87,743,464</u>		<u>87,763,464</u>	<u>87,368,028</u>	<u>(395,436)</u>
Revenues from State Sources:					
Categorical Special Education Aid	2,875,902		2,875,902	2,875,902	
Equalization Aid	9,386,004		9,386,004	9,386,004	
Categorical Security Aid	424,121		424,121	424,121	
Categorical Transportation Aid	120,857		120,857	120,857	
PARCC Readiness Aid	51,290		51,290	51,290	
Per Pupil Growth Aid	51,290		51,290	51,290	
Professional Learning Community Aid	54,210		54,210	54,210	
Extraordinary Aid	900,000		900,000	753,503	(146,497)
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				4,143,361	4,143,361
On-behalf TPAF Pension (non-budgeted)				4,798,794	4,798,794
On-behalf TPAF NCGI Premium (non-budgeted)				173,871	173,871
On-behalf TPAF LTDI				7,864	7,864
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,339,816	3,339,816
Total - State Sources	<u>13,863,674</u>		<u>13,863,674</u>	<u>26,180,883</u>	<u>12,317,209</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	211,901		211,901	164,434	(47,467)
ARRA - Special Education Medicaid Initiative		4,185	4,185	4,185	
Medicaid Administrative Claiming (MAC)				36,558	36,558
Total - Federal Sources	<u>211,901</u>	<u>4,185</u>	<u>216,086</u>	<u>205,177</u>	<u>(10,909)</u>
TOTAL REVENUES	<u>101,819,039</u>	<u>4,185</u>	<u>101,843,224</u>	<u>113,754,088</u>	<u>11,910,864</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	113,000		113,000	67,253	45,747
Kindergarten - Salaries of Teachers	1,187,185	(55,553)	1,131,632	1,087,275	44,357
Grades 1-5 - Salaries of Teachers	9,485,572	49,093	9,534,665	9,423,428	111,237
Grades 6-8 - Salaries of Teachers	6,363,974	(273,550)	6,090,424	5,919,286	171,138
Grades 9-12 - Salaries of Teachers	9,575,734	(12,900)	9,562,834	9,536,212	26,622
Regular Programs - Home Instruction:					
Salaries of Teachers	42,000	49,000	91,000	83,209	7,791
Purchased Professional-Educational Services	18,200	2,000	20,200	13,867	6,333
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	148,892	228,000	376,892	365,927	10,965
Purchased Professional - Educational Services	909,750	(1,420)	908,330	887,034	21,296
Purchased Technical Services	184,630		184,630	162,386	22,244
Other Purchased Services (400-500 series)	553,362	229,724	783,086	736,857	46,229
General Supplies	2,305,836	(95,438)	2,210,398	1,788,908	421,490
Textbooks	164,098	(26,279)	137,819	136,946	873
Other Objects	9,250	1,800	11,050	5,398	5,652
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>31,061,483</u>	<u>94,477</u>	<u>31,155,960</u>	<u>30,213,986</u>	<u>941,974</u>
SPECIAL EDUCATION - INSTRUCTION					
Cognitive - Mild					
Purchased Professional - Educational Services	4,116		4,116	3,038	1,078
Total Cognitive - Mild	<u>4,116</u>		<u>4,116</u>	<u>3,038</u>	<u>1,078</u>
Learning and/or Language Disabilities					
Salaries of Teachers	1,004,886		1,004,886	910,201	94,685
Other Salaries for Instruction	1,034,100	(290,000)	744,100	718,631	25,469
General Supplies	98,747	(39,921)	58,826	41,739	17,087
Textbooks	2,000	(2,000)			
Total Learning and/or Language Disabilities	<u>2,139,733</u>	<u>(331,921)</u>	<u>1,807,812</u>	<u>1,670,571</u>	<u>137,241</u>

Exhibit C-1

**HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Behavioral Disabilities					
Salaries of Teachers	334,570		334,570	332,272	2,298
Other Salaries for Instruction	135,560	(36,519)	99,041	88,323	10,718
General Supplies	20,000	(9,000)	11,000	609	10,391
Total Behavioral Disabilities	<u>492,130</u>	<u>(47,519)</u>	<u>444,611</u>	<u>421,204</u>	<u>23,407</u>
Multiple Disabilities					
Salaries of Teachers	688,580	140,347	828,927	828,926	1
Other Salaries for Instruction	443,478	39,592	483,070	469,487	13,583
General Supplies	55,525	(15,000)	40,525	26,086	14,439
Textbooks	700	(700)			
Total Multiple Disabilities	<u>1,188,283</u>	<u>164,239</u>	<u>1,352,522</u>	<u>1,324,499</u>	<u>28,023</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,255,154	7,265	4,262,419	4,256,098	6,321
Other Salaries for Instruction	1,721,771	33,744	1,755,515	1,735,338	20,177
General Supplies	161,675	(136,450)	25,225	24,977	248
Total Resource Room/Resource Center	<u>6,140,900</u>	<u>(97,741)</u>	<u>6,043,159</u>	<u>6,016,413</u>	<u>26,746</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	253,675	(253,675)			
Other Salaries for Instruction	227,183	(227,183)			
General Supplies	7,500	(7,500)			
Total Preschool Disabilities - Part Time	<u>488,358</u>	<u>(488,358)</u>			
Preschool Disabilities- Full-Time:					
Salaries of Teachers	279,585	428,770	708,355	680,874	27,481
Other Salaries for Instruction	436,308	335,573	771,881	763,875	8,006
General Supplies	11,500	7,500	19,000	18,663	337
Total Preschool Disabilities - Full-Time	<u>727,393</u>	<u>771,843</u>	<u>1,499,236</u>	<u>1,463,412</u>	<u>35,824</u>
Home Instruction					
Salaries of Teachers	80,914	(5,526)	75,388	59,280	16,108
Purchased Professional - Educational Services	27,766	(8,000)	19,766	4,076	15,690
Total Home Instruction	<u>108,680</u>	<u>(13,526)</u>	<u>95,154</u>	<u>63,356</u>	<u>31,798</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>11,289,593</u>	<u>(42,983)</u>	<u>11,246,610</u>	<u>10,962,493</u>	<u>284,117</u>
Bilingual Education - Instruction					
Salaries of Teachers	2,148,502	(109,388)	2,039,114	2,031,870	7,244
Other Salaries for Instruction	131,213		131,213	121,251	9,962
Purchased Professional - Educational Services	25,000		25,000	24,836	164
Other Purchased Services (400-500 series)	1,500		1,500		1,500
General Supplies	15,478	2,150	17,628	15,111	2,517
Total Bilingual Education - Instruction	<u>2,321,693</u>	<u>(107,238)</u>	<u>2,214,455</u>	<u>2,193,068</u>	<u>21,387</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	181,001	7,000	188,001	164,724	23,277
Purchased Services (300-500 series)	10,850	(1,754)	9,096	5,697	3,399
Supplies and Materials	21,900	(5,700)	16,200	13,711	2,489
Other Objects	9,995		9,995	510	9,485
Total School-Sponsored Cocurricular Activities - Instruction	<u>223,746</u>	<u>(454)</u>	<u>223,292</u>	<u>184,642</u>	<u>38,650</u>
School-Sponsored Athletics - Instruction					
Salaries	852,083	25,040	877,123	802,666	74,457
Purchased Services (300-500 series)	432,610	(42,679)	389,931	365,661	24,270
Supplies and Materials	91,435	26,879	118,314	93,475	24,839
Other Objects	48,130		48,130	42,672	5,458
Total School-Sponsored Athletics - Instruction	<u>1,424,258</u>	<u>9,240</u>	<u>1,433,498</u>	<u>1,304,474</u>	<u>129,024</u>
Summer School - Instruction					
Salaries of Teachers	40,000	(8,726)	31,274	26,985	4,289
Total Summer School Programs Instruction	<u>40,000</u>	<u>(8,726)</u>	<u>31,274</u>	<u>26,985</u>	<u>4,289</u>
Instructional Alternative Ed Programs - Instruction					
Salaries of Teachers	157,760	(90,000)	67,760	63,551	4,209
Other Salaries of Instruction	20,000	(20,000)			
Total Instructional Alternative Ed Programs - Instruction	<u>177,760</u>	<u>(110,000)</u>	<u>67,760</u>	<u>63,551</u>	<u>4,209</u>

Exhibit C-1

**HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Instructional Alternative Ed Programs - Support Services					
Salaries of Teachers	10,000	10,000	20,000	19,583	417
Total Instructional Alternative Ed Programs - Support Services	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>19,583</u>	<u>417</u>
TOTAL INSTRUCTION	<u>46,548,533</u>	<u>(155,684)</u>	<u>46,392,849</u>	<u>44,968,782</u>	<u>1,424,067</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		20,000	20,000	20,000	
Tuition to Other LEAs Within the State - Special	553,231		553,231	547,540	5,691
Tuition to County Voc. School Dist. - Regular	426,704	(70,304)	356,400	348,813	7,587
Tuition to County Voc. School Dist. - Special	400,500	(47,135)	353,365	289,938	63,427
Tuition to CSSD & Regional Day Schools	3,766,810	(625,662)	3,141,148	3,051,338	89,810
Tuition to Private Schools for the Handicapped - Within State	2,364,297	122,276	2,486,573	2,402,820	83,753
Tuition - State Facilities	71,164	(53,465)	17,699	17,699	
Total Undistributed Expenditures - Instruction:	<u>7,582,706</u>	<u>(654,290)</u>	<u>6,928,416</u>	<u>6,678,148</u>	<u>250,268</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	10,000	25	10,025	10,025	
Total Undistributed Expend. - Attend. & Social Work	<u>10,000</u>	<u>25</u>	<u>10,025</u>	<u>10,025</u>	
Undist. Expend. - Health Services					
Salaries	927,832	(39,225)	888,607	874,355	14,252
Purchased Professional and Technical Services	84,861	11,113	95,974	73,009	22,965
Other Purchased Services (400-500 series)	3,030		3,030	2,026	1,004
Supplies and Materials	24,532	(513)	24,019	18,030	5,989
Total Undistributed Expenditures - Health Services	<u>1,040,255</u>	<u>(28,625)</u>	<u>1,011,630</u>	<u>967,420</u>	<u>44,210</u>
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	1,565,015	44,686	1,609,701	1,572,406	37,295
Purchased Prof. Services-Educational Services	562,089	20,415	582,504	499,403	83,101
Supplies and Materials	6,575		6,575	5,902	673
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	<u>2,134,679</u>	<u>65,101</u>	<u>2,199,780</u>	<u>2,077,711</u>	<u>122,069</u>
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	1,185,220	(197,293)	987,927	987,925	2
Purchased Prof. Services-Educational Services	925,788	172,000	1,097,788	1,022,039	75,749
Supplies and Materials	8,178	(828)	7,350	6,549	801
Other Objects					
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	<u>2,119,186</u>	<u>(26,121)</u>	<u>2,093,065</u>	<u>2,016,513</u>	<u>76,552</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,158,865	47,235	1,206,100	1,206,099	1
Salaries of Secretarial and Clerical Assistants	104,449	15,000	119,449	118,563	886
Other Purchased Professional and Technical Services	29,700	6,750	36,450	29,891	6,559
Other Purchased Services (400-500 series)	2,800	(1,400)	1,400	870	530
Supplies and Materials	10,225	(2,201)	8,024	3,329	4,695
Total Undist. Expend. - Guidance	<u>1,306,039</u>	<u>65,384</u>	<u>1,371,423</u>	<u>1,358,752</u>	<u>12,671</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	2,920,489	(10,583)	2,909,906	2,875,646	34,260
Salaries of Secretarial and Clerical Assistants	286,524	17,183	303,707	298,021	5,686
Purchased Prof. Services-Educational Services	188,668	(45,000)	143,668	115,084	28,584
Other Purchased Professional and Technical Services	20,000		20,000	16,955	3,045
Misc. Pur Services (400-500 Series)	3,500		3,500	1,841	1,659
Supplies and Materials	66,500		66,500	65,217	1,283
Other Objects	2,400		2,400	200	2,200
Total Undist. Expend. - Child Study Teams	<u>3,488,081</u>	<u>(38,400)</u>	<u>3,449,681</u>	<u>3,372,964</u>	<u>76,717</u>
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,074,628	76,629	1,151,257	1,151,210	47
Salaries of Other Professional Staff	335,284	71,361	406,645	393,315	13,330
Salaries of Secretarial and Clerical Assistants	116,473	10,000	126,473	126,388	85
Salaries of Facilitators, Math & Literacy Coaches	110,350	(69,690)	40,660		40,660
Purchased Professional - Educational Services	3,000		3,000	839	2,161
Other Purch Services (400-500)	16,870	(555)	16,315	13,209	3,106
Supplies and Materials	10,330		10,330	6,154	4,176
Other Objects	2,209		2,209	630	1,579
Total Undist. Expend. - Improvement of Inst. Services	<u>1,669,144</u>	<u>87,745</u>	<u>1,756,889</u>	<u>1,691,745</u>	<u>65,144</u>
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	585,266	(37,743)	547,523	547,523	
Purchased Professional and Technical Services	6,550		6,550	172	6,378
Other Purch Services (400-500)	25,650		25,650	21,870	3,780
Supplies and Materials	36,936	(1,100)	35,836	26,466	9,370
Total Undist. Expend. - Educational Media Serv./Sch. Library	<u>654,402</u>	<u>(38,843)</u>	<u>615,559</u>	<u>596,031</u>	<u>19,528</u>

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Instructional Staff Training Serv.					
Salaries-Other Prof. Staff					
Purchased Professional - Educational Services	19,000		19,000	14,210	4,790
Other Purchased Services (400-500 series)	79,690	(12,545)	67,145	44,362	22,783
Supplies and Materials	2,500	(1,100)	1,400	1,224	176
Total Undist. Expend. - Instructional Staff Training Serv.	<u>101,190</u>	<u>(13,645)</u>	<u>87,545</u>	<u>59,796</u>	<u>27,749</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	416,494	100,125	516,619	426,189	90,430
Legal Services	206,745		206,745	159,633	47,112
Audit Fees	50,000	(5,000)	45,000	45,000	
Architectural/Engineering Services	5,000		5,000	3,967	1,033
Other Purchased Professional Services	130,000	(30,425)	99,575	82,705	16,870
Communications/Telephone	220,960	(39,987)	180,973	145,422	35,551
BOE Other Purchased Services	6,000		6,000	4,938	1,062
Misc. Purch Services (400-500 Series)	35,550		35,550	13,509	22,041
General Supplies	12,000		12,000	7,932	4,068
BOE In-House Training/Meeting Supplies	2,500		2,500		2,500
Misc. Expenditures	9,620	2,100	11,720	11,719	1
BOE Membership Dues and Fees	26,663	1,400	28,063	28,063	
Total Undist. Expend. - Supp. Serv. - General Administration	<u>1,121,532</u>	<u>28,213</u>	<u>1,149,745</u>	<u>929,077</u>	<u>220,668</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	2,837,670	258,828	3,096,498	2,955,489	141,009
Salaries of Secretarial and Clerical Assistants	890,555	42,668	933,223	932,263	960
Other Purchased Services (400-500 series)	10,958	300	11,258	4,226	7,032
Supplies and Materials	31,941	(2,128)	29,813	8,240	21,573
Other Objects	8,323	3,700	12,023	6,458	5,565
Total Undist. Expend. - Support Serv. - School Administration	<u>3,779,447</u>	<u>303,368</u>	<u>4,082,815</u>	<u>3,906,676</u>	<u>176,139</u>
Undist. Expend. - Support Serv. - Central Services					
Salaries	951,330	(10,000)	941,330	832,536	108,794
Purchased Professional Services	3,000		3,000	530	2,470
Purchased Technical Services	17,740	10,000	27,740	27,216	524
Misc. Pur Services (400-500 Series)	7,500		7,500	1,850	5,650
Supplies and Materials	14,500		14,500	7,463	7,037
Miscellaneous Expenditures	8,000	(1,000)	7,000	6,062	938
Total Undist. Expend. - Support Serv. - Central Services	<u>1,002,070</u>	<u>(1,000)</u>	<u>1,001,070</u>	<u>875,657</u>	<u>125,413</u>
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	559,934		559,934	549,875	10,059
Purchased Professional Services	9,180	8,200	17,380	14,160	3,220
Purchased Technical Services	12,000		12,000	1,400	10,600
Other Purch Services (400-500 Series)	247,633	45,000	292,633	235,797	56,836
Supplies and Materials	7,765		7,765	5,458	2,307
Total Undist. Expend. - Support Serv. - Administrative	<u>836,512</u>	<u>53,200</u>	<u>889,712</u>	<u>806,690</u>	<u>83,022</u>
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	413,640	(150,381)	263,259	226,601	36,658
Cleaning, Repair and Maintenance Services	801,487	(227,743)	573,744	529,394	44,350
General Supplies	147,873		147,873	104,389	43,484
Total Undist. Expend. - Required Maint. for School Facilities	<u>1,363,000</u>	<u>(378,124)</u>	<u>984,876</u>	<u>860,384</u>	<u>124,492</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	2,902,730	244,341	3,147,071	3,126,213	20,858
Salaries of Non-Instructional Aides	262,614	46,411	309,025	308,100	925
Purchased Prof. And Tech. Services	125,500		125,500	125,021	479
Cleaning, Repair and Maintenance Services	798,997	(325,751)	473,246	403,200	70,046
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt.	681,276		681,276	653,484	27,792
Other Purchased Property Services	135,000		135,000	103,561	31,439
Insurance	505,829		505,829	454,035	51,794
Miscellaneous Purchased Services	9,000		9,000	4,111	4,889
General Supplies	396,203		396,203	312,158	84,045
Energy (Natural Gas)	350,000		350,000	284,634	65,366
Energy (Energy and Electricity)	1,054,150	(253,572)	800,578	780,240	20,338
Other Objects	700		700	429	271
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>7,221,999</u>	<u>(288,571)</u>	<u>6,933,428</u>	<u>6,555,186</u>	<u>378,242</u>

Exhibit C-1

**HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	145,063	(26,500)	118,563	112,823	5,740
Cleaning, Repair and Maintenance Services	49,200		49,200	10,886	38,314
General Supplies	39,000		39,000	30,047	8,953
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Care & Upkeep of Grounds	<u>234,263</u>	<u>(26,500)</u>	<u>207,763</u>	<u>153,756</u>	<u>54,007</u>
Undist. Expend. - Security					
Salaries	62,587	59,674	122,261	114,235	8,026
Purchased Professional and Technical Services	289,480	4,185	293,665	249,374	44,291
Cleaning, Repair and Maintenance Services	45,000	21,000	66,000	23,987	42,013
General Supplies	22,029	14,487	36,516	2,055	34,461
Total Undist. Expend. - Security	<u>419,096</u>	<u>99,346</u>	<u>518,442</u>	<u>389,651</u>	<u>128,791</u>
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	63,262		63,262	40,750	22,512
Management fee- ECS&CTSA Trans.	4,108	(4,108)			
Other Purchased Prof. and Tech. Services	2,212	(1,546)	666	422	244
Cleaning, Repair and Maintenance Services	14,394	6,911	21,305	20,561	744
Contract Services - Aid in lieu Pymts - Charter School	19,973		19,973	10,873	9,100
Contract Services (Between Home & School)-Vendors	1,026	100	1,126	940	186
Contract Services (Other than Between Home & School)-Vendors	259,971	128,841	388,812	331,117	57,695
Contract Services (Between Home & School)-Joint Agreements	5,720		5,720	1,768	3,952
Contract Services (Sp. Ed. Students)-Joint Agreements	334,206	(255,969)	78,237	72,553	5,684
Contract Services (Spl. Ed. Students)-ESCs&CTSAs	1,975,148	704,069	2,679,217	2,583,028	96,189
Miscellaneous Purchased Services - Transportation	3,782		3,782	1,000	2,782
Other Objects	6,007	(5,100)	907	343	564
Total Undist. Expend. - Student Transportation Services	<u>2,689,809</u>	<u>573,198</u>	<u>3,263,007</u>	<u>3,063,355</u>	<u>199,652</u>
UNALLOCATED BENEFITS					
Group Insurance					
Social Security Contributions	1,263,326	(19,737)	1,243,589	1,002,488	241,101
Other Retirement Contributions-PERS	1,427,197	(112,682)	1,314,515	1,278,986	35,529
Other Retirement Contributions-Regular	30,000	41,416	71,416	67,381	4,035
Unemployment Compensation	50,000	(33,000)	17,000	1,473	15,527
Workmen's Compensation	645,085	(32,421)	612,664	612,469	195
Health Benefits	12,001,734	11,320	12,013,054	11,066,599	946,455
Tuition Reimbursement	4,000	910	4,910	4,910	
Other Employee Benefits	22,059	154,847	176,906	95,159	81,747
Unused Sick Payment to Terminated/Retired Staff	120,000	(120,000)			
TOTAL UNALLOCATED BENEFITS	<u>15,563,401</u>	<u>(109,347)</u>	<u>15,454,054</u>	<u>14,129,465</u>	<u>1,324,589</u>
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				4,143,361	(4,143,361)
On-behalf TPAF Pension (non-budgeted)				4,798,794	(4,798,794)
On-behalf TPAF NCGI Premium (non-budgeted)				173,871	(173,871)
On-behalf TPAF LTDI				7,864	(7,864)
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,339,816	(3,339,816)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>12,463,706</u>	<u>(12,463,706)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>15,563,401</u>	<u>(109,347)</u>	<u>15,454,054</u>	<u>26,593,171</u>	<u>(11,139,117)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>54,336,811</u>	<u>(327,886)</u>	<u>54,008,925</u>	<u>62,962,708</u>	<u>(8,953,783)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>100,885,344</u>	<u>(483,570)</u>	<u>100,401,774</u>	<u>107,931,490</u>	<u>(7,529,716)</u>
Equipment					
Regular Programs - Instruction:					
Grades 1-5					
Grades 6-8	49,000	27,432	76,432	64,470	11,962
Grades 9-12	25,000	(25,000)			
Undistributed Expenditures - Instruction	49,800	(38,361)	11,439	8,980	2,459
Undistributed Expenditures - School Admin.		197,919	197,919	101,999	95,920
Undistributed Expenditures - Security		26,000	26,000	25,538	462
Total Equipment	<u>123,800</u>	<u>187,990</u>	<u>311,790</u>	<u>200,987</u>	<u>110,803</u>

Exhibit C-1

**HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2017**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	75,000	14,030	89,030	37,115	51,915
Construction Services		1,098,500	1,098,500	218,694	879,806
Infrastructure	107,500	(57,915)	49,585	49,585	
Assessment for Debt Service on SDA Funding	37,812		37,812	37,812	
Total Facilities Acquisition and Construction Services	220,312	1,054,615	1,274,927	343,206	931,721
Assets Acquired Under Capital Leases (non-budgeted)					
Various Equipment				924,000	(924,000)
Total Assets Acquired Under Capital Leases (non-budgeted)				924,000	(924,000)
TOTAL CAPITAL OUTLAY	344,112	1,242,605	1,586,717	1,468,193	118,524
Transfer of Funds to Charter Schools	2,973,327	212,424	3,185,751	3,185,751	
TOTAL EXPENDITURES	104,202,783	971,459	105,174,242	112,585,434	(7,411,192)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,363,744)	(967,274)	(3,331,018)	1,168,654	4,499,672
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				924,000	(924,000)
Operating Transfers Out:					
Transfers to Cover Deficit (Enterprise Fund)		(8,726)	(8,726)		(8,726)
Special Revenue Fund - Preschool Education Aid	(377,450)		(377,450)	(377,450)	
Total Other Financing Sources/(Uses):	(377,450)	(8,726)	(386,176)	546,550	(932,726)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,741,194)	(976,000)	(3,717,194)	1,715,204	5,432,398
Fund Balance, July 1	413,443		413,443	12,934,248	(12,520,805)
Fund Balance, June 30	(2,327,751)	(976,000)	(3,303,751)	14,649,452	(7,088,407)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(615,459)		(615,459)	(615,459)	
Increase in Capital Reserve:					
Principal				1,500,000	(1,500,000)
Interest Deposit to Capital Reserve	9,000		9,000	13,989	(4,989)
Increase in Maintenance Reserve:					
Principal				500,000	(500,000)
Interest Deposit to Maintenance Reserve				2,457	(2,457)
Withdrawal from Capital Reserve - Excess Cost & Other Cap Projects	(182,500)	(976,000)	(1,158,500)	(1,158,500)	
Withdrawal from Maintenance Reserve	(500,000)		(500,000)	(500,000)	
Budgeted Fund Balance	(1,452,235)		(1,452,235)	1,972,717	7,439,844
	(2,741,194)	(976,000)	(3,717,194)	1,715,204	5,432,398
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				1,914,090	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,025,321	
Capital Reserve				6,073,678	
Maintenance Reserve				1,005,060	
Emergency Reserve				2,310	
Assigned Fund Balance:					
Year-end Encumbrances				1,598,917	
Designated for Subsequent Year's Expenditures				38,572	
Unassigned Fund Balance				1,991,504	
Total Fund Balance per Governmental Funds (Budgetary)				14,649,452	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				1,056,414	
Total Fund Balance per Governmental Funds (GAAP)				13,593,038	

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		4,200	4,200	1,683	(2,517)
State Sources	647,813	380,801	1,028,614	974,146	(54,468)
Federal Sources	2,785,828	763,425	3,549,253	2,893,793	(655,460)
Total Revenues	3,433,641	1,148,426	4,582,067	3,869,622	(712,445)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,742,557	(511,397)	1,231,160	1,031,116	200,044
Other Salaries for Instruction	212,032	(35,322)	176,710	156,518	20,192
Purchased Professional and Technical Services	47,167	100,310	147,477	75,247	72,230
Other Purchased Services (400-500 series)	1,323,491	223,908	1,547,399	1,358,079	189,320
General Supplies	34,673	457,845	492,518	378,094	114,424
Textbooks	5,339	1,808	7,147	6,811	336
Other Objects		10,788	10,788	7,925	2,863
Total instruction	3,365,259	247,940	3,613,199	3,013,790	599,409
Support services:					
Salaries of Program Directors	157,613	396,841	554,454	531,723	22,731
Salaries of Supervisors of Instruction		7,576	7,576	2,753	4,823
Personal Services - Employee Benefits	250,704	192,786	443,490	442,183	1,307
Purchased Professional - Educational Services	37,515	153,558	191,073	148,404	42,669
Other Purchased Professional Services		14,384	14,384	13,590	794
Travel		3,358	3,358	2,268	1,090
Other Purchased Services (400-500 series)		50,171	50,171	42,549	7,622
Supplies & Materials		44,933	44,933	30,714	14,219
Other Objects		27,194	27,194	14,813	12,381
Total support services	445,832	890,801	1,336,633	1,228,997	107,636
Facilities acquisition and const. serv.:					
Instructional Equipment		9,685	9,685	4,285	5,400
Total facilities acquisition and const. serv.	-	9,685	9,685	4,285	5,400
Total Expenditures	3,811,091	1,148,426	4,959,517	4,247,072	712,445
Other Financing Sources (Uses)					
Operating Transfer In:	377,450		377,450	377,450	-
General Fund - Preschool Education Aid					
Total Other Financing Sources (Uses)	377,450	-	377,450	377,450	-
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, 2017**

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]	113,754,088	3,869,622
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Current Year			(9,645)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,028,525	
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).		(1,056,414)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	113,726,199	3,859,977
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	112,585,434	4,247,072
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Current Year			(9,645)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	112,585,434	4,237,427

**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 Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee'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
2015	0.1518574603%	\$ 28,431,870	\$ 10,591,162	268.45%	52.08%
2016	0.1572860273%	\$ 35,307,561	\$ 10,162,144	347.44%	94.63%
2017	0.1525299174%	\$ 45,174,987	\$ 10,236,731	441.30%	100.77%

* 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 Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll	Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contributions in Relations to the Contractually Required Contributions	Contribution Deficiency (Excess)			
2015	\$ 1,251,891	\$ 1,251,891	(1,251,891)	\$ -	\$ 10,591,162	11.82%	
2016	1,352,238	1,352,238	(1,352,238)	-	\$ 10,162,144	13.31%	
2017	1,355,054	1,355,054	(1,355,054)	-	\$ 10,236,731	13.24%	

* 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 Proportionate Share of the Net Pension Liability (Asset)	State's		District's Covered Payroll - TPAF Employee'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 of the Net Pension Liability Associated with the District (Asset)	District's Share of the Net Pension Liability Associated with the District (Asset)			
2015	0.4439214560%	\$ -	\$ 237,261,570	\$ 44,861,914	0.00%	33.64%	
2016	0.4294054446%	-	271,402,578	45,628,720	0.00%	28.71%	
2017	0.4401533654%	-	346,252,662	47,008,379	0.00%	22.33%	

* 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, 2017

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 (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.90% to 3.98%. 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 (3.80%) to the current measurement date (2.85%), resulting in a change in the discount rate from 4.13% to 3.22%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

Supplementary Schedules

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1a)	NFL Super Bowl	Target Field Trip	IDEA Part - B	IDEA Part - B Preschool	NCLB Title I	Totals 2017
REVENUES							
Local Sources	-	1,000	683				1,683
State Sources	974,146			1,276,934	50,946	1,087,528	974,146
Federal Sources	478,385						2,893,793
Total Revenues	1,452,531	1,000	683	1,276,934	50,946	1,087,528	3,869,622
EXPENDITURES:							
Instruction:							
Salaries of Teachers	593,008					438,108	1,031,116
Other Salaries for Instruction	156,518						156,518
Purchased Professional and Technical Services	53,419					21,828	75,247
Other Purchased Services (400-500 series)	19,085			1,250,967	50,946	37,081	1,358,079
General Supplies	79,452	1,000		1,107		296,535	378,094
Textbooks	6,811						6,811
Other Objects	6,275					1,650	7,925
Total instruction	914,568	1,000	-	1,252,074	50,946	795,202	3,013,790
Support services:							
Salaries of Program Directors	472,000					59,723	531,723
Salaries of Supervisors of Instruction	-					2,753	2,753
Personal Services - Employee Benefits	317,830					124,353	442,183
Purchased Professional - Educational Services	60,449			24,860		63,095	148,404
Other Purchased Professional Services	13,590						13,590
Travel	1,031					1,237	2,268
Other Purchased Services (400-500 series)	28,080		683			13,786	42,549
Supplies & Materials	12,949					17,765	30,714
Other Objects	5,199					9,614	14,813
Total support services	911,128	-	683	24,860	-	292,326	1,228,997
Facilities acquisition and const. serv.:							
Instructional Equipment	4,285						4,285
Total facilities acquisition and const. serv.	4,285	-	-	-	-	-	4,285
Total Expenditures	1,829,981	1,000	683	1,276,934	50,946	1,087,528	4,247,072
Other Financing Sources (Uses)							
Operating Transfer In:							
General Fund - Preschool Education Aid	377,450						377,450
Total Other Financing Sources (Uses)	377,450	-	-	-	-	-	377,450
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, 2017

	Total Brought Forward (Ex. E-1b)	Title II, Part A Training & Recruiting	NCLB Title III	NCLB Title III Immigrant	Perkins - Vocational Education	Project Aces	Total Carried Forward
REVENUES							
Local Sources	974,146						974,146
State Sources	-	183,731	111,785	17,131	38,052	127,686	478,385
Federal Sources	-						
Total Revenues	974,146	183,731	111,785	17,131	38,052	127,686	1,452,531
EXPENDITURES:							
Instruction:							
Salaries of Teachers	514,349		75,400		3,259		593,008
Other Salaries for Instruction	156,518						156,518
Purchased Professional and Technical Services	42,767	8,724			1,928		53,419
Other Purchased Services (400-500 series)	9,625		9,460				19,085
General Supplies	24,456		19,643	13,209	22,144		79,452
Textbooks	6,811						6,811
Other Objects	2,958				3,317		6,275
Total instruction	757,484	8,724	104,503	13,209	30,648	-	914,568
Support services:							
Salaries of Program Directors	246,088	109,987				115,925	472,000
Salaries of Supervisors of Instruction	-						-
Personal Services - Employee Benefits	272,494	30,323	5,768			9,245	317,830
Purchased Professional - Educational Services	38,932	20,642		875			60,449
Other Purchased Professional Services	13,590						13,590
Travel	110	921					1,031
Other Purchased Services (400-500 series)	12,327	11,120	1,514		3,119	2,516	28,080
Supplies & Materials	7,856	2,014		563			12,949
Other Objects	2,715			2,484			5,199
Total support services	594,112	175,007	7,282	3,922	3,119	127,686	911,128
Facilities acquisition and const. serv.:							
Instructional Equipment	-				4,285		4,285
Total facilities acquisition and const. serv.	-	-	-	-	4,285	-	4,285
Total Expenditures	1,351,596	183,731	111,785	17,131	38,052	127,686	1,829,981
Other Financing Sources (Uses)							
Operating Transfer In:							
General Fund - Preschool Education Aid	377,450						377,450
Total Other Financing Sources (Uses)	377,450	-	-	-	-	-	377,450
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, 2017

	Total Brought Forward (Ex. E-1c)	School Based Youth Service Program	Family Friendly	Chapter 194 Nonpublic Textbook	Chapter 192 Compensatory Education	Nonpublic Nursing	Total Carried Forward
REVENUES							
Local Sources	-	-	-	-	-	-	-
State Sources	586,230	293,298	44,129	6,811	32,518	11,160	974,146
Federal Sources	-	-	-	-	-	-	-
Total Revenues	586,230	293,298	44,129	6,811	32,518	11,160	974,146
EXPENDITURES:							
Instruction:							
Salaries of Teachers	485,898	-	28,451	-	-	-	514,349
Other Salaries for Instruction	152,941	-	3,577	-	-	-	156,518
Purchased Professional and Technical Services	10,249	-	-	-	32,518	-	42,767
Other Purchased Services (400-500 series)	9,625	-	8,059	-	-	-	9,625
General Supplies	16,397	-	-	6,811	-	-	24,456
Textbooks	-	2,958	-	-	-	-	6,811
Other Objects	-	-	-	-	-	-	2,958
Total instruction	675,110	2,958	40,087	6,811	32,518	-	757,484
Support services:							
Salaries of Program Directors	-	244,389	1,699	-	-	-	246,088
Salaries of Supervisors of Instruction	-	-	-	-	-	-	-
Personal Services - Employee Benefits	251,431	18,720	2,343	-	-	-	272,494
Purchased Professional - Educational Services	34,709	4,223	-	-	-	11,160	38,932
Other Purchased Professional Services	2,430	-	-	-	-	-	13,590
Travel	-	110	-	-	-	-	110
Other Purchased Services (400-500 series)	-	12,327	-	-	-	-	12,327
Supplies & Materials	-	7,856	-	-	-	-	7,856
Other Objects	-	2,715	-	-	-	-	2,715
Total support services	288,570	290,340	4,042	-	-	11,160	594,112
Facilities acquisition and const. serv.:							
Instructional Equipment	-	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	963,680	293,298	44,129	6,811	32,518	11,160	1,351,596
Other Financing Sources (Uses)							
Operating Transfer In:	377,450	-	-	-	-	-	377,450
General Fund - Preschool Education Aid	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	377,450	-	-	-	-	-	377,450
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, 2017

	Nonpublic Technology	Nonpublic Security	Chapter 193 Supplemental Instruction	Chapter 193 Exam & Classification	Chapter 193 Corrective Speech	Preschool Education Aid	Total Carried Forward
REVENUES							
Local Sources	2,430	6,200	9,341	12,068	10,249	545,942	586,230
Slate Sources	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-
Total Revenues	2,430	6,200	9,341	12,068	10,249	545,942	586,230
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-	-	-	-	-	485,898	485,898
Other Salaries for Instruction	-	-	-	-	-	152,941	152,941
Purchased Professional and Technical Services	-	-	-	-	10,249	-	10,249
Other Purchased Services (400-500 series)	-	-	-	-	-	9,625	9,625
General Supplies	-	-	-	-	-	16,397	16,397
Textbooks	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total instruction	-	-	-	-	10,249	664,861	675,110
Support services:							
Salaries of Program Directors	-	-	-	-	-	-	-
Salaries of Supervisors of Instruction	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	251,431	251,431
Purchased Professional - Educational Services	-	6,200	9,341	12,068	-	7,100	34,709
Other Purchased Professional Services	2,430	-	-	-	-	-	2,430
Travel	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
Supplies & Materials	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total support services	2,430	6,200	9,341	12,068	-	258,531	288,570
Facilities acquisition and const. serv.:							
Instructional Equipment	-	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-
Total Expenditures	2,430	6,200	9,341	12,068	10,249	923,392	963,680
Other Financing Sources (Uses)							
Operating Transfer In:	-	-	-	-	-	377,450	377,450
General Fund - Preschool Education Aid	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	377,450	377,450
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, 2017

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of teachers	485,914	485,898	16
Other salaries for instruction	172,960	152,941	20,019
Other purchased services (400-500 series)	9,625	9,625	
General supplies	16,397	16,397	
Total instruction	684,896	664,861	20,035
Support services:			
Personal Services - Employee Benefits	251,432	251,431	1
Purchased Professional - Educational Services	7,100	7,100	
Total support services	258,532	258,531	1
Total expenditures	943,428	923,392	20,036

Summary of Location Totals

Total revised 2016-17 Preschool Education Aid	557,356
Add: Actual Carryover (June 30, 2016)	8,622
Add: Budgeted Transfer from the General Fund 2016-17	377,450
Total Preschool Education Aid Funds Available for 2016-17 Budget	943,428
Less: 2016-17 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	943,428
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017	
Add: June 30, 2016 Unexpended Preschool Education Aid	20,036
2016-17 Carryover - Preschool Education Aid/Preschool	20,036
2016-17 Preschool Education Aid Carryover Budgeted for Preschool Programs 2017-18	8,622

PROPRIETARY FUNDS

**HACKENSACK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2017**

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	698,344	698,344
Accounts receivable:		
State	1,940	1,940
Federal	158,462	158,462
Other	17,437	17,437
Inventories	7,223	7,223
Total current assets	<u>883,406</u>	<u>883,406</u>
Noncurrent assets:		
Capital assets:		
Building and building improvements	188,123	188,123
Equipment	461,732	461,732
Less accumulated depreciation	<u>(323,761)</u>	<u>(323,761)</u>
Total capital assets (net of accumulated depreciation)	<u>326,094</u>	<u>326,094</u>
Total assets	<u>1,209,500</u>	<u>1,209,500</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>150,134</u>	<u>150,134</u>
Total Liabilities	<u>150,134</u>	<u>150,134</u>
NET POSITION		
Invested in capital assets net of related debt	326,094	326,094
Unrestricted	733,272	733,272
Total net assets	<u><u>1,059,366</u></u>	<u><u>1,059,366</u></u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2017

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	256,120	256,120
Daily sales - non-reimbursable programs	181,448	181,448
Total operating revenues	437,568	437,568
Operating expenses:		
Cost of food - reimbursable programs	1,004,367	1,004,367
Cost of food - non-reimbursable programs	137,269	137,269
Salaries	664,650	664,650
Supplies and materials	45,816	45,816
Employee benefits	200,951	200,951
Depreciation	29,055	29,055
Repairs and other expenses	96,647	96,647
Purchased services	218,696	218,696
Miscellaneous	2,756	2,756
Total Operating Expenses	2,400,207	2,400,207
Operating income (loss)	(1,962,639)	(1,962,639)
Nonoperating revenues (expenses):		
State sources:		
School lunch program	26,892	26,892
Federal sources:		
School lunch program	1,347,693	1,347,693
School breakfast program	621,038	621,038
School snack program	69,238	69,238
U.S.D.A. Commodities	90,348	90,348
Interest Income	11	11
Total nonoperating revenues (expenses)	2,155,220	2,155,220
Income (loss) before contributions & transfers	192,581	192,581
Total net position—beginning	866,785	866,785
Total net position—ending	1,059,366	1,059,366

HACKENSACK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2017

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	420,713	420,713
Payments to suppliers	(2,294,086)	(2,294,086)
Net cash provided by (used for) operating activities	(1,873,373)	(1,873,373)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	28,934	28,934
Federal Sources	2,026,303	2,026,303
Interest Income	11	11
Net cash provided by (used for) non-capital financing activities	2,055,248	2,055,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(63,481)	(63,481)
Net cash used for capital and related financing activities	(63,481)	(63,481)
Net increase (decrease) in cash and cash equivalents	118,394	118,394
Balances—beginning of year	579,950	579,950
Balances—end of year	698,344	698,344
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,962,639)	(1,962,639)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	29,055	29,055
Food distribution program	90,348	90,348
(Increase) decrease in accounts receivable	3,396	3,396
(Increase) decrease in inventories	315	315
Increase (decrease) in accounts payable	(33,848)	(33,848)
Total adjustments	89,266	89,266
Net cash provided by (used for) operating activities	(1,873,373)	(1,873,373)

FIDUCIARY FUND

HACKENSACK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds	Agency Funds
ASSETS			
Cash and cash equivalents	277,562	87,665	936,907
Total assets	277,562	87,665	936,907
LIABILITIES			
Payable to student groups			285,846
Due to State of NJ - Unemployment	19,718		
Payroll deductions and withholdings			651,061
Total liabilities	19,718	-	936,907
NET POSITION			
Held in trust for unemployment claims and other purposes	257,844		
Reserved for scholarships		87,665	
	277,562	87,665	

HACKENSACK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds
ADDITIONS		
Contributions:		
Donations		3,200
Payroll withholdings	81,338	
Total Contributions	81,338	3,200
Investment earnings:		
Interest	740	328
Net investment earnings	740	328
Total additions	82,078	3,528
DEDUCTIONS		
Quarterly contribution reports	95,985	
Scholarships awarded		15,463
Total deductions	95,985	15,463
Change in net assets	(13,907)	(11,935)
Net position—beginning of the year	271,751	99,600
Net position—end of the year	257,844	87,665

HACKENSACK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Elementary Schools:				
Fairmount Avenue School	1,574	3,903	4,011	1,466
Jackson Avenue School	2,374	4,025	4,025	2,374
Fanny M. Hillers School	1,172	3,463	2,086	2,549
Nellie Parker School	2,545	4,734	4,559	2,720
Nellie Parker School Donation	1,470			1,470
Total Elementary Schools	<u>9,135</u>	<u>16,125</u>	<u>14,681</u>	<u>10,579</u>
Middle School:				
Middle School	30,466	46,742	52,358	24,850
Total Middle Schools	<u>30,466</u>	<u>46,742</u>	<u>52,358</u>	<u>24,850</u>
High School:				
High School	211,796	206,434	216,427	201,803
Varsity H	9,835	26,562	30,108	6,289
Total High Schools	<u>221,631</u>	<u>232,996</u>	<u>246,535</u>	<u>208,092</u>
Athletic Departments:				
Athletic Department	38,939	12,024	8,638	42,325
Total Athletic Department	<u>38,939</u>	<u>12,024</u>	<u>8,638</u>	<u>42,325</u>
Total All Schools	<u><u>300,171</u></u>	<u><u>307,887</u></u>	<u><u>322,212</u></u>	<u><u>285,846</u></u>

HACKENSACK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2017</u>
Net Payroll	4,845	35,970,743	35,884,188	91,400
Payroll Deductions and Withholdings	622,432	29,159,438	29,222,209	559,661
	<u>627,277</u>	<u>65,130,181</u>	<u>65,106,397</u>	<u>651,061</u>

LONG-TERM DEBT

HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Refunding School Improvement Bonds	Sept. 9, 2009	5,550,000	5/1/2018	580,000	5.000	2,340,000	585,000	1,755,000
			5/1/2019	580,000	4.750			
			5/1/2020	595,000	4.750			
						2,340,000	585,000	1,755,000
						\$ 2,340,000	585,000	1,755,000

Exhibit I-2

HACKENSACK BOARD OF EDUCATION
 General Long-Term Debt Account Group
 Schedule of Capital Leases Payable
 Fiscal Year Ended June 30, 2017

<u>Issue</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Principal Payment Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Chromebooks	Sept. 6, 2016	924,000	10/1/17	226,410	1.40%	\$ 924,000	235,191	688,809
			10/1/18	229,588	1.40%			
			10/1/19	232,811	1.40%			
						\$ 924,000	235,191	688,809

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	696,645	-	696,645	696,645	
Total Revenues	696,645	-	696,645	696,645	-
EXPENDITURES:					
Regular Debt Service:					
Interest	111,663	-	111,663	111,663	-
Redemption of Principal	585,000	-	585,000	585,000	-
Total Regular Debt Service	696,663	-	696,663	696,663	-
Total expenditures	696,663	-	696,663	696,663	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18)	-	(18)	(18)	-
Fund Balance, July 1	18	-	18	18	-
Fund Balance, June 30	-	-	-	-	-

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
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

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

Operating Information

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

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets	\$ 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	\$ 17,223,376
Restricted	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	12,657,948
Unrestricted	(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)	(33,999,979)
Total governmental activities net position	\$ 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)	\$ (4,118,655)
Business-type activities										
Invested in capital assets	\$ 119,071	\$ 113,064	\$ 143,633	\$ 156,752	\$ 190,280	\$ 344,984	\$ 346,164	\$ 318,696	\$ 291,668	\$ 326,094
Restricted	338,693	421,609	614,875	652,095	687,511	392,514	149,704	442,639	575,117	733,272
Unrestricted	(457,764)	(534,673)	(758,508)	(808,847)	(877,791)	(737,498)	(495,868)	(761,335)	(866,785)	(1,059,366)
Total business-type activities net position	\$ 338,693	\$ 421,609	\$ 614,875	\$ 808,847	\$ 877,791	\$ 737,498	\$ 495,868	\$ 442,639	\$ 575,117	\$ 733,272
District-wide										
Invested in capital assets	\$ 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	\$ 17,549,470
Restricted	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	12,657,948
Unrestricted	(126,773)	(990,271)	(705,001)	(151,025)	(634,170)	(871,595)	(1,427,418)	(26,172,324)	(29,878,696)	(33,266,707)
Total district net position	\$ 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)	\$ (3,059,289)

Source: CAFR Schedule A-1

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 48,403,666
Special education	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	17,289,908
Other special education	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	3,449,483
Other instruction	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	2,227,997
Support Services:										
Tuition	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	6,678,148
Student & instruction related services	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	19,302,967
General administrative services	1,173,600	1,224,772	1,189,885	1,131,062	946,725	877,269	962,018	4,824,863	1,065,390	1,177,771
School administrative services	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	6,175,303
Central Administration	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	2,489,029
Plant operations and maintenance	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	10,227,734
Pupil transportation	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	3,087,134
Unallocated Benefits	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	15,852,579
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	3,185,751
Interest on long-term debt	372,506	343,314	174,538	233,263	206,380	186,561	165,390	145,108	127,381	114,440
Unallocated depreciation	326,819	595,148	644,696	686,487	914,767	976,090	1,104,117	1,161,461	1,115,703	1,142,749
Amortization & Capital Lease Obligations			471,560	1,041,263	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)
Capital Outlay - nondepreciable	608,561	391,229	258,309	76,830	52,665	125,489	243,549	64,638	37,814	1,128,571
Total governmental activities expenses	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	141,899,274
Business-type activities:										
Food service	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	2,400,207
Academy School										
Total business-type activities expense	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	2,400,207
Total district expenses	\$ 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	\$ 144,299,481
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	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	3,852,009
Capital grants and contributions	-	-	305,552	106,337	232,061	125,124	7,390	9,112	4,254	4,285
Total governmental activities program revenues	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	3,856,294

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Food service	523,087	464,452	447,814	420,974	428,259	424,644	478,178	438,598	335,273	437,568
Operating grants and contributions	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	2,155,209
Capital grants and contributions										
Total business-type activities program revenues	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	2,592,777
Total district program revenues	\$ 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	\$ 6,449,071
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (138,042,980)
Business-type activities	64,792	76,909	229,374	50,261	68,821	(173,826)	(243,500)	241,113	99,793	192,570
Total district-wide net expense	\$ (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)	\$ (137,850,410)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 79,062,039
Taxes levied for debt service	820,098	994,912	792,436	1,064,132	804,445	572,182	654,712	757,906	725,525	696,645
Unrestricted grants and contributions	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	47,401,576
Tuition Received	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	8,129,712
Investment earnings	387,639	100,057	95,646	58,647	966	4,630	320	4,241	10,786	16,446
Miscellaneous income	301,309	381,670	312,863	154,399	275,782	608,385	669,736	697,352	198,585	161,514
Local Aid - Port Authority Grant										
Transfers										
Total governmental activities	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	135,467,932
Business-type activities:										
Investment earnings				78	123	163	199	152	153	11
Miscellaneous Income						33,370	1,671	2,648		
Transfers								21,554		
Total business-type activities				78	123	33,533	1,870	24,354	5,504	11
Total district-wide	\$ 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	\$ 135,467,943
Change in Net Position										
Governmental activities	\$ 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)	\$ (2,575,048)
Business-type activities	64,792	76,909	229,374	50,339	68,944	(140,293)	(241,630)	265,467	105,450	192,581
Total district	\$ 1,093,029	\$ (1,916)	\$ (2,627,162)	\$ (418,543)	\$ 1,499,562	\$ 3,560,429	\$ 1,300,443	\$ 1,292,397	\$ (915,127)	\$ (2,382,467)

Source: CAFR Schedule A-2

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 8,121,428	\$ 8,232,971	\$ 4,909,752							
Unreserved	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	11,020,459
Committed				510,533	262,350					
Assigned				889,496	1,855,896	6,884,100	4,291,196	2,613,807	615,459	1,637,489
Unassigned				1,598,726	1,306,634	1,488,724	1,300,578	843,264	1,089,606	935,090
Total general fund	\$ 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	\$ 13,593,038
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(98,186)	-	-							
Capital projects fund	3,451,675	1,925,343	756,247							
Debt service fund	225,776	168,970	76,199							
Committed, reported in:						418,023				
Capital projects fund										
Debt service fund				683,443	521,812	12,457	137	18	18	-
Assigned, reported in:				273,111	367,069	129,270	137	18	18	-
Capital projects fund										
Debt service fund				956,554	888,881	559,750	137	18	18	-
Total all other governmental funds	\$ 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 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	\$ 79,758,684
Tuition	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	8,129,712
Interest earnings	387,639	100,057	95,646	58,647	966	4,630	320	4,241	10,786	16,446
Miscellaneous	312,741	393,411	321,074	321,074	162,610	621,355	670,620	697,352	198,585	161,514
State sources	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	27,118,735
Federal sources	5,034,862	3,340,676	6,565,341	2,882,025	3,520,135	3,498,111	3,252,689	3,316,277	3,853,908	3,097,730
Total revenue	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	118,282,821
Expenditures										
Instruction										
Regular Instruction	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	33,224,664
Special education instruction	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	10,962,493
Other special instruction	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	2,193,068
Other instruction	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	1,599,235
Support Services:										
Instruction	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	6,678,148
Attendance and social work services	22,759	548,261	426,066	180,928	170,564	9,045	10,400	10,000	10,000	10,025
Health Services	668,384	743,941	903,832	913,268	855,428	861,884	890,880	941,811	966,533	967,420
Student & instruction related services	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	12,395,976
General administrative services	1,070,555	1,165,577	1,135,434	1,065,655	899,140	835,180	3,453,363	3,822,606	872,452	929,077
School Administrative services	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	3,906,676
Business and other support services										
Central administrative services	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	1,682,347
Plant operations and maintenance	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	7,958,977
Pupil transportation	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	3,063,355
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	7,600,842	4,468,887	5,095,877	6,379,972	6,914,814	6,714,485	4,956,683	5,321,619	13,556,417	14,129,465
TPAF Pension / Social Security	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	12,463,706
Charter Schools	405,936	565,787	691,043	663,317	881,134	1,287,670	2,478,864	2,990,864	2,637,660	3,185,751
Capital outlay	700,916	2,389,989	2,494,355	1,982,112	764,785	1,510,974	3,187,147	600,172	663,011	1,472,478
Debt service:										
Principal	707,485	742,328	710,000	630,000	630,000	620,000	615,000	610,000	595,000	585,000
Interest and other charges	381,820	350,395	188,273	237,988	209,637	190,100	168,863	148,025	130,525	111,663
Total expenditures	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	117,519,524
Excess (Deficiency) of revenues over (under) expenditures	184,169	(2,277,218)	(4,105,119)	(1,745,904)	1,497,828	2,761,889	(821,497)	1,592,763	317,862	763,297

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing sources (uses)										
Transfers in	127,963	41,005	3,065	768		219,312	162,248	461,344	388,929	377,450
Transfers out	(127,963)	(41,005)	(3,065)	(768)		(219,312)	(162,248)	(482,898)	(394,433)	(377,450)
Capital leases (non-budgeted)				1,338,250						924,000
Total other financing sources (uses)	-	-	-	1,338,250	-	-	-	(21,554)	(5,504)	924,000
Net change in fund balances	\$ 184,169	\$ (2,277,218)	\$ (4,105,119)	\$ (407,654)	\$ 1,497,828	\$ 2,761,889	\$ (821,497)	\$ 1,571,209	\$ 312,358	\$ 1,687,297
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.0%	0.9%	0.9%	0.8%	0.7%	0.7%	0.6%	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**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
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
2017	52,652	8,129,712	122,978	647		8,305,989

Source: District Records

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

Year Ended Dec. 31,	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 Cash Valuations
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment						
2008	\$ 57,457,000	\$ 2,728,447,600			\$ 1,987,365,400	\$ 337,615,700	\$ 1,079,890,500	\$ -	\$ 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	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	\$ -	\$ 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	1.3	\$ 5,781,824,970	87.71%	
2012	\$ 47,731,400	\$ 1,998,662,800			\$ 1,740,230,570	\$ 295,561,200	\$ 891,042,000	\$ -	\$ 4,994,762,654	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	\$ -	\$ 4,952,218,454	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	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	1.551	\$ 5,508,010,175	88.49%	
2016	\$ 42,509,300	\$ 1,883,698,300			\$ 1,926,523,500	\$ 315,236,600	\$ 994,241,400	\$ -	\$ 5,162,209,100	1.491	\$ 5,162,209,100	100.00%	
2017	\$ 57,910,900	\$ 1,941,114,800			\$ 1,913,353,700	\$ 322,384,000	\$ 1,025,760,400	\$ -	\$ 5,260,523,800	1.537	\$ 5,260,523,800	100.00%	

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
	Basic Rate ^a	General Obligation Debt Service ^b		Town of Hackensack	Bergen County	
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
2016	1.48	0.01	1.49	1.64	0.25	3.381

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	2017			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Riverside Square LTD	\$ 146,048,800	1	2.78%	\$ 197,020,000	1	3.18%
20 Prospect Ave (HUMC)	\$ 138,000,000	2	2.62%	\$ 134,097,400	2	2.17%
GSG Res Prospect Towers	\$ 85,427,000	3	1.62%			
Hackensack VF, LLC (Vornado)	\$ 76,590,500	4	1.46%	\$ 71,639,700	4	1.16%
JD CP Investors LLC	\$ 75,000,000	5	1.43%			
Bloomington's Inc.	\$ 47,969,600	6	0.91%			
Pierre Towers LLC	\$ 47,510,200	7	0.90%	\$ 45,243,200	8	0.73%
DASA Company, LLC	\$ 46,663,500	8	0.89%			
Court Plaza Associates	\$ 44,500,000	9	0.85%	\$ 65,915,800	5	1.06%
Equity One Riverfront	\$ 44,084,100	10	0.84%			
ERP Operating				\$ 75,509,900	3	1.22%
Stellar Capital Mgmt				\$ 55,115,200	6	0.89%
3 University Plaza				\$ 46,882,400	7	0.76%
Sebring Assoc #1				\$ 43,010,900	9	0.69%
Quail Heights				\$ 42,228,000	10	0.68%
Total	\$ 751,793,700		14.29%	\$ 776,662,500		12.55%

Net Assessed Valuation: \$ 5,260,523,800 \$ 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	
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%	-
2017	\$79,758,684	\$79,758,684	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	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2008	7,360,328	-	-	-	-	0.93%	\$ 68,548
2009	6,618,000	-	-	-	-	0.98%	\$ 64,571
2010	6,040,000	-	-	-	-	1.08%	\$ 65,275
2011	5,410,000	-	1,075,219	-	-	1.05%	\$ 68,244
2012	4,780,000	-	817,322	-	-	1.28%	\$ 71,380
2013	4,160,000	-	552,286	-	-	1.50%	\$ 70,498
2014	3,545,000	-	279,913	-	-	1.92%	\$ 73,536
2015	2,935,000	-	-	-	-	2.58%	\$ 75,849
2016	2,340,000	-	-	-	-	Not Available	Not Available
2017	1,755,000	-	688,809	-	-	Not Available	Not Available
				Total District			
				7,360,328			
				6,618,000			
				6,040,000			
				6,485,219			
				5,597,322			
				4,712,286			
				3,824,913			
				2,935,000			
				2,340,000			
				2,443,809			

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		
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%	\$ 39
2016	\$ 2,340,000	-	2,340,000	Not Available	Not Available
2017	\$ 1,755,000	-	1,755,000	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, 2017			\$ 1,755,000
Net overlapping debt of School District:			
City of Hackensack	100.000%	\$ 85,425,825	
County of Bergen - City's Share	3.187%	\$ 23,768,228	
Bergen County Utility Authority-City's Share	9.010%	<u>\$ 16,155,502</u>	
Subtotal, overlapping debt			<u>\$ 125,349,555</u>
Total direct and overlapping debt			<u><u>\$ 127,104,555</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
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	155,974,463	155,974,463	166,702,491	169,267,854	160,337,216	158,694,581	153,714,223	151,385,865	145,599,505	144,276,999
Total net debt applicable to limit	7,360,328	6,618,000	6,040,000	5,410,000	4,780,000	4,160,000	3,545,000	2,935,000	2,340,000	1,755,000
Legal debt margin	\$ 148,614,135	\$ 149,356,463	\$ 160,662,491	\$ 163,857,854	\$ 155,557,216	\$ 154,534,581	\$ 150,169,223	\$ 148,450,865	\$ 143,259,505	\$ 142,521,999
Total net debt applicable to the limit as a percentage of debt limit	4.72%	4.24%	3.62%	3.20%	2.98%	2.62%	2.31%	1.94%	1.61%	1.22%

Equalized valuation basis
 2016 \$ 5,162,209,100
 2015 \$ 5,508,010,175
 2014 \$ 5,312,764,739
[A] \$ 10,820,774,914

Average equalized valuation of taxable property
[A/3] \$ 3,606,924,971

Debt limit (4 % of average equalization value)
 Net bonded school debt
 Legal debt margin
[B] 144,276,999 a
[C] 2,340,000
[B-C] \$ 141,936,999

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

a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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	\$ 3,400,614,066	75,849	5.50%
2016	44,756	Not Available	Not Available	5.00%
2017	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 ****

	2017		2008	
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)

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>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	533	536	413	375	304	310	284	280	526	427
Special education	27	30	143	135	216	220	184	193	105	128
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	17	18	74	17	85	87	87	89	60	86
General administrative services	6	6	6	6	6	6	6	4	3	4
School administrative services	40	37	39	42	52	60	63	37	36	38
Business administrative services	13	15	16	15	16	14	14	17	14	14
Plant operations and maintenance	57	55	56	51	62	81	68	65	51	62
Pupil transportation										
Total	693	697	747	641	741	778	706	685	795	759

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				
2008	4,902.0	87,691,029	17,889	#DIV/0!	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%
2017	5,657.0	115,350,383	20,391	4.07%	555	1:10	1:10	1:11	5,645	5,451	-0.30%	96.56%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Buildings										
Elementary										
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	440	440	499	531	568	541	581	585	575
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	559	559	599	665	670	601	579	581	557
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	516	516	564	568	562	504	569	583	575
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	430	430	479	468	454	399	433	430	424
ECDC										
Square Feet										
Capacity (students)										
Enrollment a										
Middle School										
Middle School										
Square Feet	103,293	103,293	103,293	103,293	103,293	103,293	141,932	141,932	141,932	141,932
Capacity (students)	1,445	1,445	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
Enrollment	654	673	673	633	630	1,327	1,406	1,395	1,401	1,415
High School										
Hackensack High School										
Square Feet	158,243	158,243	158,243	158,243	158,243	158,243	267,349	267,349	267,349	267,349
Capacity (students)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Enrollment	1,783	1,712	1,712	1,715	1,729	1,803	1,775	1,816	1,813	1,835
Other										
Administration Building										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	7,516	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	29,977	29,977	29,977
Capacity (students)	525	525	525	525	525	525	525	525	525	525
Enrollment a	619	589	589	625	625					

Number of Schools at June 30, 2017
 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)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Hackensack High School	N/A	311,184	289,651	406,956	325,944	277,050	218,177	206,518	235,489	499,850	398,937
Middle School	N/A	165,203	153,772	216,047	173,039	158,843	130,216	347,638	323,929	242,878	430,508
Nellie K. Parker School	N/A	93,443	86,977	122,201	97,875	66,681	52,481	64,689	88,767	153,104	65,913
Fairmount School	N/A	71,002	66,088	92,854	74,369	66,083	35,413	70,851	97,089	136,496	66,577
Fanny M. Hillers School	N/A	93,117	86,673	121,775	97,534	145,988	109,118	89,141	173,251	208,755	51,664
Jackson Avenue School	N/A	70,769	65,872	92,549	74,125	113,845	57,598	75,812	45,469	95,343	26,608
ECDC	N/A	46,918	43,672	61,358	49,144						
Administration Building	N/A	8,748	8,143	11,441	9,163	3,966	63,035	37,797	54,389	44,683	39,258
Total School Facilities		860,384	800,848	1,125,181	901,193	832,456	666,038	892,446	1,018,383	1,381,109	1,079,465
Other Facilities											
Grand Total		\$ 860,384	\$ 800,848	\$ 1,125,181	\$ 901,193	\$ 832,456	\$ 666,038	\$ 892,446	\$ 1,018,383	\$ 1,381,109	\$ 1,079,465

**Hackensack Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2017
Unaudited**

Company	Type of Coverage	Coverage	Deductible
NJ School Board Association Insurance Group/North Jersey Educational Insurance Fund	School package policy - Property - Blanket Building and Contents Comprehensive General Liability Comprehensive Automobile Liability Comprehensive Crime Coverage	\$ 400,000,000 31,000,000 31,000,000 500,000	\$ 5,000 5,000 5,000 1,000
	Computers and schedule equipment - Data Processing Equipment Musical instruments Other	2,500,000 250,000 5,000,000	5,000 250 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, Wielkotz, Cerullo & Cuva, P.A.

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K-1
Page 1 of 2

**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**

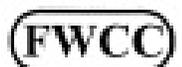
Honorable President and
Members of the Board of Education
City of Hackensack School District
County of Bergen
Hackensack, New Jersey

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, 2017, 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 6, 2017.

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 6, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

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September 6, 2017

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K-2
Page 1 of 3

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, 2017. 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 audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the 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, 2017.

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, material weaknesses may exist that have not been identified.

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

Steven D. Wielkocz

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Licensed Public School Accountant
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Certified Public Accountants
Pompton Lakes, New Jersey

September 6, 2017

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Award
Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance at June 30, 2016	Crossover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017	
												(Accounts Receivable)	Deferred Revenue/ Interfund Payable
U.S. Department of Agriculture Passed-through State Department of Education Enterprise Fund:													
USDA Commodity:													
National School Lunch Program	10.551	171NI304N1096	N/A	7/1/16-6/30/17	\$ 90,348			90,348	90,348			(98,984)	
National School Lunch Program	10.555	171NI304N1099	N/A	7/1/16-6/30/17	1,347,693	(94,881)		1,248,709	1,347,693				
National School Lunch Program	10.555	161NI304N1099	N/A	7/1/15-6/30/16	1,326,868			94,881					
National Breakfast Program	10.553	171NI304N1099	N/A	7/1/16-6/30/17	621,038	(47,681)		566,384	621,038			(54,654)	
National Breakfast Program	10.553	161NI304N1099	N/A	7/1/15-6/30/16	614,904			47,681					
National School Snack Program	10.555	171NI304N1099	N/A	7/1/16-6/30/17	69,238	(4,234)		64,414	69,238			(4,824)	
National School Snack Program	10.555	161NI304N1099	N/A	7/1/15-6/30/16	75,331			4,234					
Total Enterprise Fund						(146,796)		2,116,651	2,128,317			(158,462)	
U.S. Department of Education General Fund:													
Medicaid Administrative Claiming (MAC)	93.778	1705NI5MAP	N/A	7/1/16-6/30/17	36,558			36,558	36,558				
Medical Assistance Program (SEMI)	93.778	1705NI5MAP	N/A	7/1/16-6/30/17	164,434			164,434	164,434				
Medical Assistance Program (SEMI) - Settlement	93.778	1605NI5MAP	N/A	7/1/13-6/30/14	182,674	(182,674)		182,674					
ARRA - Medical Assistance Program (SEMI)	93.778	1605NI5MAP	N/A	7/1/16-6/30/17	4,185			4,185	4,185				
Total General Fund						(182,674)		387,851	205,177				
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund													
Title I Part A, Improving Basic Programs	84.010	S010A160030	NCLB-xxxx-17	7/1/16-6/30/17	1,279,299	(108,883)	(108,883)	900,549	1,087,528			(295,862)	
Title I Part A, Improving Basic Programs	84.010	S010A150030	NCLB-xxxx-16	7/1/15-6/30/16	1,316,569	(108,883)	(108,883)	900,549	1,087,528			(295,862)	
I.D.E.A. Part B	84.027	H027A160100	IDEA-xxxx-17	7/1/16-6/30/17	1,424,163	(97,444)	(97,444)	1,116,047	1,276,934			(258,331)	
I.D.E.A. Part B	84.027	H027A150100	IDEA-xxxx-16	7/1/15-6/30/16	1,502,741	(97,444)	(97,444)	97,444					
I.D.E.A. Part B Preschool	84.173	H027A160100	IDEA-xxxx-17	7/1/16-6/30/17	50,636	(46,992)	(46,992)	97,938	50,946				
I.D.E.A. Part B Preschool	84.173	H027A150100	IDEA-xxxx-16	7/1/15-6/30/16	50,189	(46,992)	(46,992)						
Total Title I Part A						(144,436)	(144,436)	1,213,985	1,327,880			(258,331)	
Title II Part A	84.367A	S367A160029	NCLB-xxxx-17	7/1/16-6/30/17	169,407	(39,472)	(39,472)	169,304	183,731			(53,899)	
Title II Part A	84.367A	S367A150029	NCLB-xxxx-16	7/1/15-6/30/16	185,427	(39,472)	(39,472)	169,304	183,731			(53,899)	
Total Title II						(78,948)	(78,948)	338,608	367,462			(107,798)	
Title III	84.365A	S365A160030	NCLB-xxxx-17	7/1/16-6/30/17	106,350	(18,676)	(18,676)	105,669	111,785			(24,792)	
Title III	84.365A	S365A150030	NCLB-xxxx-16	7/1/15-6/30/16	101,100	(18,676)	(18,676)						
Title III, Immigrant	84.365A	S365A160030	NCLB-xxxx-17	7/1/16-6/30/17	30,467	(1,377)	(1,377)	1,379	17,131			(17,129)	
Title III, Immigrant	84.365A	S365A150030	NCLB-xxxx-16	7/1/15-6/30/16	76,060	(20,053)	(20,053)	107,048	128,916			(41,921)	

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Award
Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Number	Grant Period	Award Amount	Balance at June 30, 2016	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2017		
												(Accounts Receivable)	Deferred Revenue/ Interfund Payable	
(continue from prior page)														
Vocational Education - Perkins	84,048	S048A160030	N/A	7/1/16-6/30/17	48,624	(8,370)	(8,370)	34,534	38,052			(11,888)		
Vocational Education - Perkins	84,048	S048A150030	N/A	7/1/15-6/30/16	45,358	(8,370)	8,370	34,534	38,052			(11,888)		
Project ACES	17,259	AA-26795-16-55-A-34	N/A	7/1/16-6/30/17	127,400	(87,315)		65,550	127,241			(61,691)		
Project ACES	17,259	AA-26795-15-55-A-34	N/A	7/1/15-6/30/16	119,000	(979)		64,720	445			(23,040)		
Project ACES	17,259	AA-26795-15-55-A-34	N/A	7/1/14-6/30/15	107,475	(2,577)						(979)		
Project ACES	17,259	AA-26795-15-55-A-34	N/A	7/1/13-6/30/14	108,000	(2,799)						(2,577)		
Project ACES	17,259	AA-26795-15-55-A-34	N/A	7/1/12-6/30/13	57,600	(93,670)		130,270	127,686			(2,799)	(91,086)	
Total Special Revenue Func						(414,884)		2,555,690	2,893,793			(752,987)		
Total Federal Financial Assistance						\$ (744,354)		5,060,192	5,227,287			(911,449)		

See accompanying notes to schedules of expenditures of federal and state award

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of State Awards and Other Local Awards
Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	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	MEMO	
																	Balance at June 30, 2016	Balance at June 30, 2017
State Department of Education:																		
General Fund:																		
Equalization Aid	495-034-5120-078	7/1/16-6/30/17	9,386,004				8,621,136	9,386,004								9,386,004		
Transportation Aid	495-034-5120-014	7/1/16-6/30/17	120,857				86,295	120,857								120,857		
Special Education Aid	495-034-5120-089	7/1/16-6/30/17	2,875,902				2,866,053	2,875,902								2,875,902		
Security Aid	495-034-5120-084	7/1/16-6/30/17	424,121				189,763	424,121								424,121		
PARCC Readiness Aid	495-034-5120-098	7/1/16-6/30/17	51,290				47,110	51,290								51,290		
Per Pupil Growth Aid	495-034-5120-097	7/1/16-6/30/17	3,290				47,110	3,290								3,290		
Professional Learning Community Aid	495-034-5120-101	7/1/16-6/30/17	753,503				342,110	753,503				(753,503)				753,503		
Extraordinary Aid	100-034-5120-473	7/1/16-6/30/17	828,910	(828,910)			828,910									828,910		
Remunsered TPAF - Social Security	495-034-5120-473	7/1/16-6/30/17	3,339,816				3,173,216	3,339,816				(166,600)				3,339,816		
On Behalf TPAF - Post Retirement Medical	495-034-5094-003	7/1/16-6/30/17	4,143,361				4,143,361	4,143,361								4,143,361		
On Behalf TPAF - Pension Contributions	495-034-5094-001	7/1/16-6/30/17	4,798,794				4,798,794	4,798,794								4,798,794		
On Behalf TPAF - NCGI Premium	495-034-5094-004	7/1/16-6/30/17	173,871				173,871	173,871								173,871		
On Behalf TPAF - LTDI	495-034-5094-004	7/1/16-6/30/17	7,864				7,864	7,864								7,864		
				(828,910)			25,032,276	26,180,883				(920,103)				(1,056,414)	27,009,793	
Special Revenue Fund:																		
Preschool Education Aid	495-034-5120-086	7/1/16-6/30/17	557,356				8,622	545,942								545,942		
Preschool Education Aid	495-034-5120-086	7/1/15-6/30/16	519,619	(43,340)			501,621	519,619				(35,699)				518,333		
Nonpublic Text Chapter 194	100-034-5210-064	7/1/16-6/30/17	7,147				7,147	6,811								6,811		
Nonpublic Text Chapter 194	100-034-5210-064	7/1/15-6/30/16	6,338		125						125					6,213		
Chapter 192 - Compensatory Education	100-034-5120-067	7/1/16-6/30/17	44,790				44,790	32,518								32,518		
Chapter 192 - Compensatory Education	100-034-5120-067	7/1/15-6/30/16	36,549		6,092						6,092					30,457		
Chapter 192 - ESL	100-034-5120-067	7/1/16-6/30/17	7,308				7,308									7,308		
Chapter 192 - ESL	100-034-5120-067	7/1/15-6/30/16	6,902		6,902						6,902					6,902		
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/16-6/30/17	10,986				10,986	9,341								9,341		
Chapter 193 - Supplemental Instruction	100-034-5120-066	7/1/15-6/30/16	11,287		1,931			12,068			1,931					12,068		
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/16-6/30/17	13,151		2,734		13,151	12,068			2,734					11,663		
Chapter 193 - Examination and Classification	100-034-5120-066	7/1/15-6/30/16	12,446					10,249								10,249		
Chapter 193 - Corrective Speech	100-034-5120-066	7/1/16-6/30/17	12,040		877		13,253	10,249			877					11,660		
Chapter 193 - Corrective Speech	100-034-5120-070	7/1/15-6/30/16	11,160				11,160	11,160								2,430		
Nonpublic Nursing	100-034-5120-373	7/1/16-6/30/17	3,224		26		3,224	2,430			26					2,800		
Non Public Technology Grant	100-034-5120-373	7/1/15-6/30/16	2,886					6,200								6,200		
Non Public Security Grant	100-034-5120-509	7/1/16-6/30/17	6,200		25		6,200	6,200			25					2,800		
Non Public Security Grant	100-034-5120-509	7/1/15-6/30/16	2,825					44,129			540					44,129		
Friendly Family	FF07015	7/1/16-6/30/17	45,463		540		45,463	293,298			540					293,298		
Friendly Family	FF07015	7/1/15-6/30/16	45,463					293,298								280,056		
School Based Youth Service Program	13 AMBP	7/1/16-6/30/17	299,940				299,940	293,298			22,934					293,298		
School Based Youth Service Program	13 AMBP	7/1/15-6/30/16	302,990													280,056		
Anti-Bullying Bill of Rights		7/1/13-6/30/14	6,931	14							14					6,917		
				(43,326)			1,016,205	974,146			42,186					(55,735)	1,897,136	
Enterprise Fund:																		
National School Lunch Program (State Share)	100-010-3350-023	7/1/16-6/30/17	26,892	(3,982)			24,952	26,892				(1,940)				26,892		
National School Lunch Program (State Share)	100-010-3350-023	7/1/15-6/30/16	29,216				3,982									29,216		
				(3,982)			28,934	26,892				(1,940)				56,108		
Total State Financial Assistance				(876,218)	42,186		26,078,415	27,181,921			42,186	(957,742)			(1,112,149)	28,965,037		
								9,123,890										
								18,058,031										

Less: On-Behalf TPAF Pension System Contributions
Total for State Financial Assistance - Major Program Determination

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of State Awards and Other Local Awards
Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Balance at June 30, 2017										MEMO				
			Award Amount	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													5,211
MSG Grant		7/1/12-6/30/13	2,000	2,000											10		
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)											500		4,764
RCSB Drop-in-Center		7/1/15-6/30/16	1,065	(1,080)				1,165		(65)							1,080
NFL Grant		7/1/16-6/30/17	1,000				1,000								17		1,000
Target Grant		7/1/16-6/30/17	700				683										683
				(5,570)			1,683			(65)					2,527		12,738
Total Local Sources				(5,570)			1,683			(65)					2,527		22,738
Total State and Local Financial Assistance			\$ (881,788)	42,186		26,081,280	27,183,604		(65)	42,186	(964,742)	2,541	34,418	(1,112,149)			28,985,775

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 \$(27,889) for the general fund and \$(9,645) 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	\$205,177	\$26,152,994	\$	\$26,358,171
Special Revenue Fund	2,892,553	965,741	1,683	3,859,977
Food Service Fund	<u>2,128,317</u>	<u>26,892</u>	<u> </u>	<u>2,155,209</u>
Total Financial Awards	<u>\$5,226,047</u>	<u>\$27,145,627</u>	<u>\$1,683</u>	<u>\$32,373,357</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, 2017. 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, 2017.

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 \$9,123,890 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, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u> (A)	H027A160100	I.D.E.A. Part B/I.D.E.A. Part B-Preschool
<u>10.553/10.555</u> (A)	171NJ304N1009	National School Breakfast Program/National School Lunch Program
<u>84.010</u> (A)	S010S160030	Title I Part A Grants to Local Educational Agencies

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? _____ yes X no

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

NONE

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

NONE

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

Status of Prior Year Findings

Finding #2016-001

Condition:

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

Current Status:

Corrective action was taken for.