

**SCHOOL DISTRICT OF THE
CITY OF HACKENSACK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**School District
of**

Hackensack

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

**Comprehensive Annual Financial Report
Year Ended June 30, 2018**

Comprehensive Annual Financial Report

of the

HACKENSACK BOARD OF EDUCATION
Hackensack, New Jersey

Year Ended June 30, 2018

Prepared by

Office of the

School Business Administrator/Board Secretary

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INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601

www.hackensackschools.org

January 31, 2019

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, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the Basic Financial Statements and results of Operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four Sections as follows:

- The Introductory Section includes this transmittal letter, the District's Organizational Chart, list of professional advisors and a list of principal officials.
- The Financial Section includes the basic Financial Statements and Schedules, required supplementary information, Management's Discussion and Analysis as well as the auditor's report thereon.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and finding and recommendations. The District is required to undergo an Annual Single Audit in conformity with the provisions of the Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey States Office of Management and Budget Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

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

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

The District completed the 2017-2018 fiscal year with an Average Daily Enrollment of 5,673 students, which is 6 students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

Fiscal Year	Average Daily Student Enrollment	Number Change	Percent Change
2017-18	5,673	(6)	-0.10%
2016-17	5,679	(11)	-0.20%
2015-16	5,690	78	1.39%
2014-15	5,612	149	2.73%
2013-14	5,463	57	1.05%
2012-13	5,406	182	3.48%
2011-12	5,224	92	1.79%
2010-11	5,132	99	1.97%
2009-10	5,033	131	2.67%
2008-09	4,902	(20)	-0.41%

For the 2017-2018 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 – 2017-2018:

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 5,600 students. Our Program of instruction follows the New Jersey Students Learning Standards (NJSLs) and aims to provide for personalized learning, supporting the needs of individual students to address the achievement gaps. Teachers provide for engaging and rigorous learning in classroom environments that privilege problem-solving, digital learning, career-readiness skills, to prepare all students to be Future Ready.

The 17/18 school year saw our Pre-K full-day program continued to expand, with an increase in the number of full-day students to 155 (up from 142). The Pre-K expansion also included curriculum updates with Creative Curriculum (2016 Ed), and related professional development to support implementation of the program with fidelity.

In the area of Mathematics, during the 17/18 school year, a major focus was on professional development activities that supported a deeper understanding of mathematical practices and the New Jersey Student Learning Standards. Specific attention was given to curriculum revisions, alignment to the standards and pacing. A new mathematics program, Go Math was adopted for grade 6, with plans to move it into grade 7 for the 18/19 school year, to provide for more updated resources. This adoption will also facilitate vertical alignment with the New Jersey Student Learning Standards and provide for a more cohesive program throughout the district. Special Education teachers and staff also received professional training to support differentiated instruction, the inclusion model, and placements in the least restrictive environment

In the area of English Language Arts, the district moved into year 3 of the Journeys Program in grades K-5, and professional development focused on the use of ThinkCentral, as well as the use of technology-based products within the program, to provide for implementation with fidelity and support the district's blended learning goals. Teachers in grades 6-12 continue their novel-based approach to the teaching of reading and writing at their grade level, while incorporating more non-fiction text to support students in making the connection to content to improve writing skills. At the 5-12 level, there was a greater focus on providing for differentiation with additional Read180 and Systems 44 intervention support (also used within Bilingual Program), to help teachers deepen understanding of best practices and implementation of the programs, with fidelity.

In order to support alignment of science curriculum to New Jersey Student Learning Standards by September 2017, the district worked with teacher-teams to create K-5 curriculum guides to align to NJSLs and NextGen. Some teachers were also provided with release time to participate in our local Curriculum Consortium with Rochelle Park and Maywood. Several programs were also evaluated for grades 6-8 and the district will pilot a new science program for grades 6-8, in the 18/19 school year. Teachers in grades K-8 continued to participate in professional development to support a deeper understanding of NextGen Science Standards, with specific focus on science and engineering practices, disciplinary core ideas and crosscutting concepts.

In the areas of Social Studies, we moved into year 4 of the My World Social Studies program, K-5. The program is aligned with the New Jersey Student Learning Standards and supports the need to increase non-fiction reading and allows students to make connections with their community, school and family. This program continues to support vertical articulation and alignment with

current Social Studies standards in grades 6-8. Students in grades 9-12 a revision of the SS curriculum continued and related course syllabi were updated to ensure that document-based questions and evidence-based writing activities aligned with the NJSL.

In grades 9-12, our focus was on updating the 1:1 environment with Chromebooks across all instructional settings, to support blended learning and personalized learning goals. Teachers and students are immersed in a technology rich environment and teacher-led professional development continued to provide for differentiated training in the use technology, educational apps, and tools that support teaching and learning.

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 spans K-12 and continued with upgrades 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. Professional development in this area continued with a focus on the SAMR Model, Google Classroom, classroom Apps, and other teacher-facilitated professional learning during grade-level meetings (K-4), or in PLCs (5-12).

Increased technology integration also provides for increased preparation for online assessments and PARCC testing. At the elementary level, the instructional ELA and Math programs were further supported by integration of technology and digital learning skills, across the content areas. Our focus on blended learning and differentiation also provided for having four schools, Hillers, Parker, Hackensack Middle School and Hackensack High School submit successful applications for "Future Ready School Certification."

In addition to our rigorous academic programs, we offer students many activities during and after school that support their growth. Our competitive and recreational sports programs, clubs and activities, such as Robotics, engage students in hands-on, inquiry-based learning and provide students with opportunities to learn life skills in various settings.

Other facility initiatives included:

- High school upgrades boiler replacement project (including additional generator support)
 - Boiler repairs throughout the District;
 - Roofing repairs and the Middle School and High School;
- Other facility initiatives included:
- Roofing repairs and the Middle School and High School;
 - Replacement of the HHS turf field;

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, MCEC, 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, 2018.

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, 2018, the District had \$1,175,000 in outstanding bonds payable and \$1,262,399 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 2017-18 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.

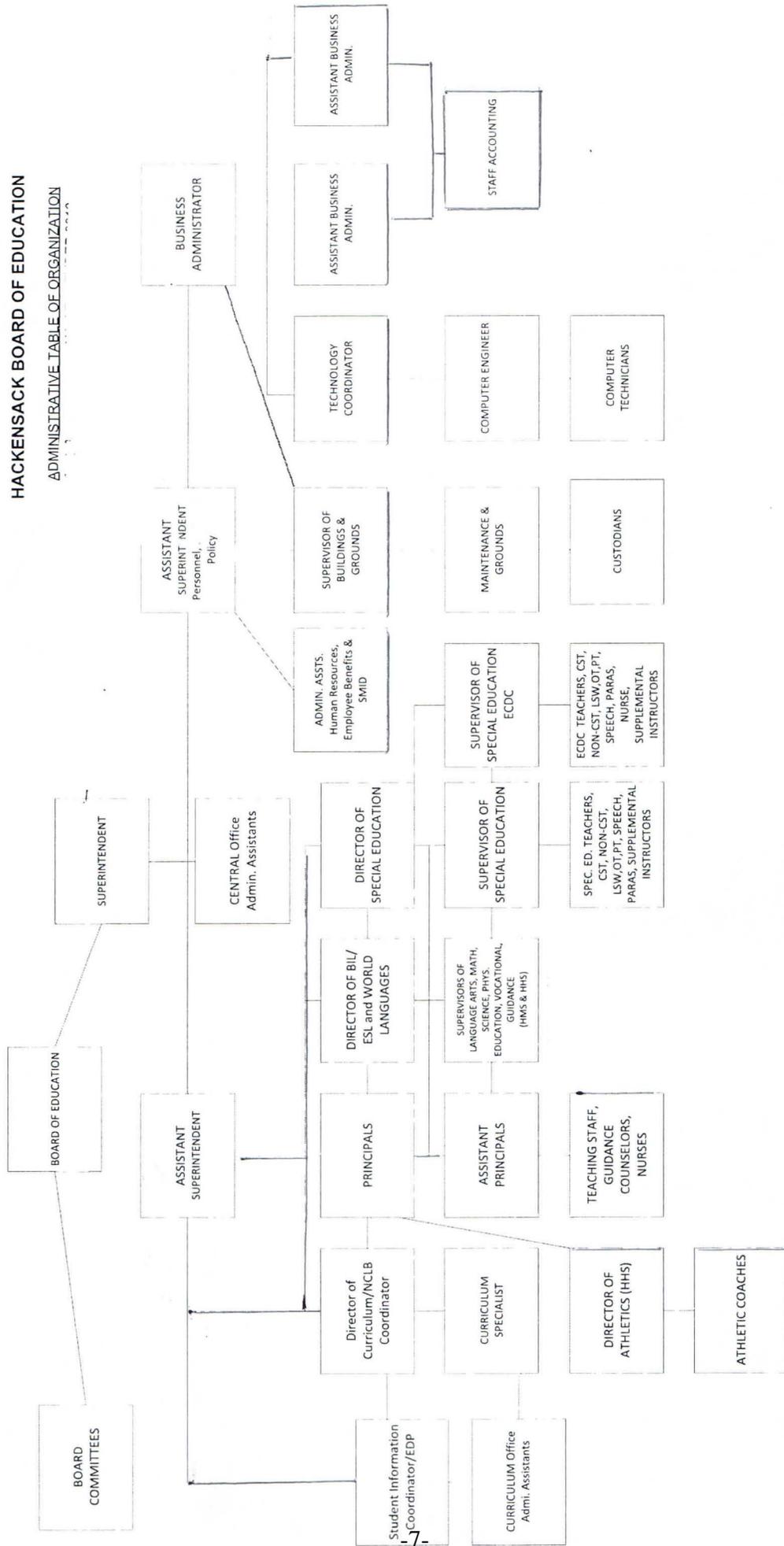
Respectfully submitted,

Rosemary Marks
Acting Superintendent
Hackensack Public Schools

Dr. Joseph Amatuzzi
Interim School Business Administrator/
Board Secretary

HACKENSACK BOARD OF EDUCATION

ADMINISTRATIVE TABLE OF ORGANIZATION



HACKENSACK BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lara Rodriguez, President (5/1/18-6/30/18)	2019
Timothy Hoffman, Vice President	2019
Leila Amirhamzeh	2020
Johanna Calle	2020
Frances Cogelja (5/1/18-6/30/18)	2021
Robin Coles	2020
Lancelot Powell (5/1/18-6/30/18)	2021
Modesto Romero	2019
Carlos Velez (5/1/18-6/30/18)	2021
Veronica Bolcik McKenna (7/1/16-5/2/17)	2017
Lynn Wiebe (Maywood Rep.)	2020
Jason Nunnermacker, President (7/1/17-4/30/18)	2018
Mark Stein (7/1/17-4/30/18)	2018
Daniel Carola (7/1/17-6/30/18)	2018

Other Officials

Rosemary Marks, Acting Superintendent

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

Adrian Pollio, School Business Administrator/Board Secretary

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2018

Attorney

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Florham Park, New Jersey 07932

Bond Counsel

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Secaucus, NJ 07096

Insurance Broker/Risk Manager

OTTERSTEDT INSURANCE AGENCY, INC.
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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
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Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified with respect to this matter.

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, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits 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

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

an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the City of Hackensack Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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. Wielkotz

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

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

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

January 31, 2019

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018.

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

FINANCIAL HIGHLIGHTS

- In total, net position increased \$2,439,426. Net position of governmental activities increased \$2,192,025 while net position of business-type activity increased by \$247,401.
- General revenues accounted for \$141,907,856 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 \$7,206,340 or 5 percent of total revenues of \$149,114,196.
- The School District had \$144,247,670 in expenses related to governmental activities; only \$4,537,785 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$139,709,885 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, 2018
(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, 2018
(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, 2018
(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, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was \$(619,863) at June 30, 2018 and \$(3,059,289) at June 30, 2017. 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 2018 compared to 2017 (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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	18,286,211	15,193,915	1,170,446	883,406	19,456,657	16,077,321
Capital Assets:						
Land and Construction in Progress	1,106,637	149,160			1,106,637	149,160
Depreciable Buildings, Improvements and Equipment (Net)	<u>19,103,295</u>	<u>19,619,893</u>	<u>326,579</u>	<u>326,094</u>	<u>19,429,874</u>	<u>19,945,987</u>
Total Assets	<u>38,496,143</u>	<u>34,962,968</u>	<u>1,497,025</u>	<u>1,209,500</u>	<u>39,993,168</u>	<u>36,172,468</u>
Deferred Outflows:						
Unamortized Bond Issuance Costs	16,397	24,598			16,397	24,598
Deferred Outflows of Resources						
Related to PERS	<u>10,834,763</u>	<u>15,300,093</u>	_____	_____	<u>10,834,763</u>	<u>15,300,093</u>
Total Deferred Outflows	<u>10,851,160</u>	<u>15,324,691</u>	_____	_____	<u>10,851,160</u>	<u>15,324,691</u>
Liabilities						
Current Liabilities	3,351,884	3,045,071	190,258	150,134	3,542,142	3,195,205
Noncurrent Liabilities	<u>39,479,947</u>	<u>50,459,690</u>	_____	_____	<u>39,479,947</u>	<u>50,459,690</u>
Total Liabilities	<u>42,831,831</u>	<u>53,504,761</u>	<u>190,258</u>	<u>150,134</u>	<u>43,022,089</u>	<u>53,654,895</u>
Deferred Inflows:						
Unamortized Bond Issuance Premiums	84,309	126,466			84,309	126,466
Deferred Inflows of Resources						
Related to PERS	<u>8,357,793</u>	<u>775,087</u>	_____	_____	<u>8,357,793</u>	<u>775,087</u>
Total Deferred Inflows	<u>8,442,102</u>	<u>901,553</u>	_____	_____	<u>8,442,102</u>	<u>901,553</u>
Net Position						
Invested in Capital Assets-						
Net of Related Debt	17,704,621	17,223,376	326,579	326,094	18,031,200	17,549,470
Restricted	15,616,934	12,657,948			15,616,934	12,657,948
Unrestricted	<u>(35,248,185)</u>	<u>(33,999,979)</u>	<u>980,188</u>	<u>733,272</u>	<u>(34,267,997)</u>	<u>(33,266,707)</u>
Total Net Position	<u>(1,926,630)</u>	<u>(4,118,655)</u>	<u>1,306,767</u>	<u>1,059,366</u>	<u>(619,863)</u>	<u>(3,059,289)</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2018 compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			427,223	437,568	427,223	437,568
Operating Grants and						
Contributions	4,537,785	3,854,009	2,241,332	2,155,209	6,779,117	6,009,218
General Revenues:						
Taxes:						
Property taxes	81,921,377	79,758,684			81,921,377	79,758,684
Federal and State Aid not						
Restricted	44,253,018	47,401,576			44,253,018	47,401,576
Capital Grants and						
Contributions	2,875	4,285			2,875	4,285
Tuition Received	7,651,040	8,129,712			7,651,040	8,129,712
Miscellaneous Income	973,876	161,514	5,946		979,822	161,514
Investment Income	<u>33,630</u>	<u>16,446</u>	<u> </u>	<u>11</u>	<u>33,630</u>	<u>16,457</u>
Total Revenues and Transfers	<u>139,373,601</u>	<u>139,326,226</u>	<u>2,674,501</u>	<u>2,592,788</u>	<u>142,048,102</u>	<u>141,919,014</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Functions/Program Expenses						
Instruction:						
Regular	47,378,571	48,403,666			47,378,571	48,403,666
Special Education	16,621,434	17,289,908			16,621,434	17,289,908
Other Special Instruction	3,210,306	3,449,483			3,210,306	3,449,483
Other Instruction	2,269,278	2,227,997			2,269,278	2,227,997
Support Services:						
Tuition	7,000,963	6,678,148			7,000,963	6,678,148
Student & Instruction						
Related Services	17,540,603	19,302,967			17,540,603	19,302,967
School Administrative						
Services	6,182,749	6,175,303			6,182,749	6,175,303
General Administrative						
Services	1,330,245	1,177,771			1,330,245	1,177,771
Central Administration and						
Admin. Info. Tech.	2,475,056	2,489,029			2,475,056	2,489,029
Plant Operations and						
Maintenance	9,730,533	10,227,734			9,730,533	10,227,734
Pupil Transportation	2,505,866	3,087,134			2,505,866	3,087,134
Unallocated Benefits	15,620,247	15,852,579			15,620,247	15,852,579
Charter Schools	3,287,937	3,185,751			3,287,937	3,185,751
Capital Outlay-						
Non-depreciable	836,338	1,128,571			836,338	1,128,571
Interest on Long-Term Debt	82,095	114,440			82,095	114,440
Unallocated depreciation	1,143,311	1,142,749			1,143,311	1,142,749
Capital Lease Obligations						
and Amortization	(33,956)	(33,956)			(33,956)	(33,956)
Food Service			<u>2,427,100</u>	<u>2,400,207</u>	<u>2,427,100</u>	<u>2,400,207</u>
Total Expenses and Transfers	<u>137,181,576</u>	<u>141,899,274</u>	<u>2,427,100</u>	<u>2,400,207</u>	<u>139,608,676</u>	<u>144,299,481</u>
Increase or (Decrease) in						
Net Position	<u>2,192,025</u>	<u>(2,573,048)</u>	<u>247,401</u>	<u>192,581</u>	<u>2,439,426</u>	<u>(2,380,467)</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 \$139,608,676. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$81,921,377 because some of the cost was paid by those who benefitted from the programs \$427,223, by other governments and organizations who subsidized certain programs with grants and contributions \$6,779,117, unrestricted federal and state aid \$44,253,018 federal and state aid capital outlay \$2,875, tuition received \$7,651,040, investment income \$33,630, and by miscellaneous sources \$979,822.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2018, 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 2017</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$90,579,923	72.2%	\$2,513,567	2.85%	\$88,066,356
State Source	31,428,514	25.0%	4,309,779	15.89%	27,118,735
Federal Source	<u>3,456,224</u>	<u>2.8%</u>	<u>358,494</u>	<u>11.57%</u>	<u>3,097,730</u>
Total	<u>\$125,464,661</u>	<u>100.0%</u>	<u>\$7,181,840</u>	6.07%	<u>\$118,282,821</u>

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	49,876,851	40.4%	1,897,391	3.95%	47,979,460
Undistributed	70,514,067	57.1%	3,143,144	4.67%	67,370,923
Debt Service	664,813	0.5%	(31,850)	(4.57%)	696,663
Capital Outlay	<u>2,391,640</u>	<u>2.0%</u>	<u>919,162</u>	62.42%	<u>1,472,478</u>
Total	<u>\$123,447,371</u>	<u>100.0%</u>	<u>\$5,927,847</u>	5.04%	<u>\$117,519,524</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, 2018
(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, 2018, the School District amended the General Fund Budget by \$1,250,000 for increases in Capital Outlay and \$758,975 for increases in Regular Programs – Instruction and Salaries and Benefits.

During the fiscal year ended June 30, 2018, the School District amended the Special Revenue Fund by \$1,131,642 for increases in federal and state grants.

General Fund

The general fund actual revenue was \$121,277,863, including capital leases and transfers. That amount is \$15,101,711 above the final amended budget of \$106,176,692. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$14,511,019 for TPAF pension and social security reimbursements, \$(217,779) deficit in miscellaneous anticipated revenues, \$9,865 excess in extraordinary aid, \$3,850 excess in state aid, \$(5,784) decrease in federal aid and \$800,000 of non-budgeted capital leases.

The actual expenditures of the general fund were \$118,241,898 including transfers which is \$5,351,096 above the final amended budget of \$112,890,802. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$14,511,019 for TPAF pension and social security reimbursements, and \$9,159,923 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$121,277,863 and total expenditures including transfers of \$118,241,898 with an ending fund balance of \$17,685,417 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$4,942,514 including transfers. That amount is \$452,678 below the final amended budget of \$5,395,192. 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 \$4,942,514, which is \$452,678 below the final amended budget of \$5,395,192. 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, 2018
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018 the School District had \$52,367,475 invested in sites, buildings, equipment and construction in progress. Of this amount \$31,830,964 in depreciation has been taken over the years. We currently have a net book value of \$20,536,511. Total additions for the year were \$1,615,847, 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 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	1,106,637	149,160			1,106,637	149,160
Buildings and Improvements	17,485,619	18,373,756	137,162	146,568	17,622,781	18,520,324
Furniture, Equipment and Vehicles	<u>1,617,676</u>	<u>1,246,137</u>	<u>189,417</u>	<u>179,526</u>	<u>1,807,093</u>	<u>1,425,663</u>
	<u>20,209,932</u>	<u>19,769,053</u>	<u>326,579</u>	<u>326,094</u>	<u>20,536,511</u>	<u>20,095,147</u>

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

Debt Administration

At June 30, 2018, the District had \$39,479,947 of long-term debt. Of this amount, \$2,642,678 is for compensated absences, \$1,175,000 of serial bonds for school construction, \$1,262,399 is for obligation under capital leases and \$34,399,870 is for net pension liability.

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

	<u>2018</u>	<u>2017</u>
2009 Refunding School Improvement Bonds	<u>1,175,000</u>	<u>1,755,000</u>

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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 2018-2019 school year that is greater than the level of the 2017-2018 school year.

These factors were considered in preparing the City of Hackensack School District's budgets for the 2018-2019 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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	6,456,047	695,473	7,151,520
Receivables, net	3,276,836	453,739	3,730,575
Inventory		21,234	21,234
Restricted assets:			
Capital reserve account - cash	7,540,712		7,540,712
Emergency reserve account - cash	1,010,306		1,010,306
Maintenance reserve account - cash	2,310		
Capital assets:			
Land and Construction in Progress	1,106,637		1,106,637
Depreciable Buildings, Improvements and Equipment (net)	19,103,295	326,579	19,429,874
Total Assets	<u>38,496,143</u>	<u>1,497,025</u>	<u>39,990,858</u>
Deferred Outflows:			
Unamortized bond issuance costs	16,397		16,397
Deferred outflows of resources related to PERS	10,834,763		10,834,763
Total Deferred Outflows	<u>10,851,160</u>	<u>-</u>	<u>10,851,160</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,316,355	190,258	3,506,613
Payable to state government	32,861		32,861
Unearned revenue	2,668		2,668
Noncurrent liabilities:			
Due within one year	974,245		974,245
Due beyond one year	38,505,702		38,505,702
Total liabilities	<u>42,831,831</u>	<u>190,258</u>	<u>43,022,089</u>
Deferred Inflows:			
Unamortized bond issuance premiums	84,309		84,309
Deferred inflows of resources related to PERS	8,357,793		8,357,793
Total Deferred Inflows	<u>8,442,102</u>		<u>8,442,102</u>
NET POSITION			
Invested in capital assets	17,704,621	326,579	18,031,200
Restricted for:			
Capital projects	7,540,712		7,540,712
Other purposes	8,076,222		8,076,222
Unrestricted (Deficit)	<u>(35,248,185)</u>	<u>980,188</u>	<u>(34,267,997)</u>
Total net position	<u>(1,926,630)</u>	<u>1,306,767</u>	<u>(619,863)</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, 2018

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	34,423,947	12,954,624		3,159,412	(44,219,159)		(44,219,159)
Special education	11,313,451	5,307,983			(16,621,434)		(16,621,434)
Other special instruction	2,176,804	1,033,502			(3,210,306)		(3,210,306)
Other instruction	1,720,175	549,103			(2,269,278)		(2,269,278)
Support services:							
Tuition	7,000,963				(7,000,963)		(7,000,963)
Student & instruction related services	12,939,591	4,601,012		1,378,373	(16,162,230)		(16,162,230)
School administrative services	4,195,262	1,987,487			(6,182,749)		(6,182,749)
General administrative services	1,091,233	239,012			(1,330,245)		(1,330,245)
Central services and administrative information technology	1,794,776	680,280			(2,475,056)		(2,475,056)
Plant operations and maintenance	7,968,997	1,761,536			(9,730,533)		(9,730,533)
Pupil transportation	2,483,988	21,878			(2,505,866)		(2,505,866)
Unallocated benefits	22,686,341				(22,686,341)		(22,686,341)
Charter schools	3,287,937				(3,287,937)		(3,287,937)
Capital outlay - non-depreciable	836,338	(836,338)					(836,338)
Interest on long-term debt	82,095	(82,095)					(82,095)
Unallocated depreciation	1,143,311	(1,143,311)					(1,143,311)
Amortization	(33,956)				33,956		33,956
Total governmental activities	115,111,253	29,136,417	-	4,537,785	(139,709,885)	-	(139,709,885)
Business-type activities:							
Food Service	2,427,100		427,223	2,241,332		241,455	241,455
Total business-type activities	2,427,100		427,223	2,241,332		241,455	241,455
Total primary government	117,538,353		427,223	6,779,117	(139,709,885)	241,455	(139,468,430)
General revenues:							
Taxes:							
Levied for general purposes					81,256,564		81,256,564
Taxes levied for debt service					664,813		664,813
Federal and State aid not restricted					51,319,112		51,319,112
Federal and State aid - Capital Outlay					2,875		2,875
Tuition received					7,651,040		7,651,040
Investment Earnings					33,630		33,630
Miscellaneous Income					973,876	5,946	979,822
Total general revenues, special items, extraordinary items and transfers					141,901,910	5,946	141,907,856
Change in Net Position					2,192,025	247,401	2,439,426
Net Position—beginning					(4,118,655)	1,059,366	(3,059,289)
Net Position—ending					(1,926,630)	1,306,767	(619,863)

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, 2018

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents			
Checking	6,456,047		6,456,047
Accounts Receivable -			
Interfunds	578,781		578,781
Intergovernmental - Federal		680,718	680,718
Intergovernmental - State	909,865	34,564	944,429
Other receivables	1,644,689	7,000	1,651,689
Restricted cash and cash equivalents			
Capital reserve	7,540,712		7,540,712
Maintenance reserve	1,010,306		1,010,306
Emergency reserve	2,310		2,310
	<u>18,142,710</u>	<u>722,282</u>	<u>18,864,992</u>
Total assets			
	<u>18,142,710</u>	<u>722,282</u>	<u>18,864,992</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,732,382	107,972	1,840,354
Intergovernmental accounts payable - State		32,861	32,861
Interfund payables		578,781	578,781
Unearned revenue		2,668	2,668
	<u>1,732,382</u>	<u>722,282</u>	<u>2,454,664</u>
Total liabilities			
	<u>1,732,382</u>	<u>722,282</u>	<u>2,454,664</u>
Fund Balances:			
Restricted for:			
Excess Surplus - current year	2,950,832		2,950,832
Excess Surplus - prior year - designated for subsequent year's expenditures	1,914,090		1,914,090
Capital reserve account	7,540,712		7,540,712
Maintenance reserve account	1,010,306		1,010,306
Emergency reserve account	2,310		2,310
Assigned to:			
Year-end Encumbrances	2,133,044		2,133,044
Designated by the BOE for subsequent year's expenditures	65,640		65,640
Unassigned:			
General fund	793,394		793,394
	<u>16,410,328</u>	<u>-</u>	<u>16,410,328</u>
Total Fund balances			
	<u>16,410,328</u>	<u>-</u>	<u>16,410,328</u>
Total liabilities and fund balances			
	<u>18,142,710</u>	<u>722,282</u>	<u>18,864,992</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 \$51,685,963 and the accumulated depreciation is \$31,476,031.			20,209,932
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds			(18,669)
Accounts payable for subsequent Pension payment is not a payable in the funds			(1,457,332)
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			(84,309)
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			16,397
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			10,834,763
Deferred inflows of resources related to PERS Pension Liability			(8,357,793)
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)			(39,479,947)
Net position of governmental activities			<u>(1,926,630)</u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2018

	<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	81,256,564		664,813	81,921,377
Tuition charges	7,651,040			7,651,040
Interest Earned on Capital Reserve Funds	28,384			28,384
Interest Earned on Maintenance Reserve Funds	5,246			5,246
Miscellaneous	973,876			973,876
Total - Local Sources	89,915,110	-	664,813	90,579,923
State sources	30,178,708	1,249,806		31,428,514
Federal sources	165,370	3,290,854		3,456,224
Total revenues	<u>120,259,188</u>	<u>4,540,660</u>	<u>664,813</u>	<u>125,464,661</u>
EXPENDITURES				
Current:				
Regular instruction	31,090,437	3,570,911		34,661,348
Special education instruction	11,313,451			11,313,451
Other special instruction	2,176,804			2,176,804
School sponsored/other instructional	1,725,248			1,725,248
Support services and undistributed costs:				
Tuition	7,000,963			7,000,963
Attendance and social work services	12,500			12,500
Health services	927,182			927,182
Student & instruction related services	10,621,536	1,378,373		11,999,909
School administrative services	4,195,262			4,195,262
General administrative services	1,091,233			1,091,233
Central services & administrative information technology	1,794,776			1,794,776
Plant operations and maintenance	7,981,821			7,981,821
Pupil transportation	2,483,988			2,483,988
Unallocated benefits	15,227,477			15,227,477
On-behalf contributions	14,511,019			14,511,019
Transfer to charter school	3,287,937			3,287,937
Debt service:				
Principal			580,000	580,000
Interest and other charges			84,813	84,813
Capital outlay	2,388,765	2,875		2,391,640
Total expenditures	<u>117,830,399</u>	<u>4,952,159</u>	<u>664,813</u>	<u>123,447,371</u>
Excess (Deficiency) of revenues	<u>2,428,789</u>	<u>(411,499)</u>	<u>-</u>	<u>2,017,290</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		411,499		411,499
Transfers out	(411,499)			(411,499)
Capital Leases (non-budgeted)	800,000			800,000
Total other financing sources and uses	<u>388,501</u>	<u>411,499</u>	<u>-</u>	<u>800,000</u>
Net change in fund balances	2,817,290	-	-	2,817,290
Fund balance—July 1	<u>13,593,038</u>	<u>-</u>	<u>-</u>	<u>13,593,038</u>
Fund balance—June 30	<u>16,410,328</u>	<u>-</u>	<u>-</u>	<u>16,410,328</u>

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, 2018

Total net change in fund balances - governmental funds (from B-2)		2,817,290
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	(1,143,311)	
Depreciable Capital outlays	1,584,190	440,879
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	580,000	
Capital Lease Obligations - Principal	226,410	806,410
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		(800,000)
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	14,135	
General Bond Obligations	(9,302)	
Capital Lease Obligations - Prior Year	7,252	
Capital Lease Obligations	(9,367)	2,718
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
Decrease in compensated absences payable		198,216
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	1,368,986	
Less: Pension Expense	(2,676,430)	(1,307,444)
Increase in Pension Expense		
Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements.		
Increase in On-behalf State Aid TPAF Pension		13,908,940
Increase in On-behalf TPAF Pension Expense		(13,908,940)
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)
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical 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 Post Employment Medical Revenue		7,066,094
Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(7,066,094)
Change in net assets of governmental activities		2,192,025

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, 2018

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
ASSETS	
Current assets:	
Cash and cash equivalents	695,473
Accounts receivable:	
State	5,656
Federal	430,502
Other	17,581
Inventories	21,234
Total current assets	<u>1,170,446</u>
Noncurrent assets:	
Capital assets:	
Building and building improvements	188,123
Equipment	493,389
Less accumulated depreciation	<u>(354,933)</u>
Total capital assets (net of accumulated depreciation)	<u>326,579</u>
Total assets	<u>1,497,025</u>
Current Liabilities:	
Accounts Payable	<u>190,258</u>
Total Liabilities	<u>190,258</u>
NET POSITION	
Invested in capital assets net of related debt	326,579
Unrestricted	980,188
Total net position	<u><u>1,306,767</u></u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Food Service Program</u>
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	290,244
Daily sales - non-reimbursable programs	136,979
Total operating revenues	<u>427,223</u>
Operating expenses:	
Cost of food - reimbursable programs	978,952
Cost of food - non-reimbursable programs	47,740
Salaries	952,714
Supplies and materials	96,330
Employee benefits	150,466
Depreciation expense	31,172
Repairs and other expenses	39,517
Purchased services	124,724
Miscellaneous	5,485
Total Operating Expenses	<u>2,427,100</u>
Operating income (loss)	<u>(1,999,877)</u>
Nonoperating revenues (expenses):	
State sources:	
School lunch program	30,319
Federal sources:	
National school lunch program	1,351,559
Breakfast program	617,291
Snack program	48,292
U.S.D.A. Commodities	193,871
Miscellaneous Income	5,946
Total nonoperating revenues (expenses)	<u>2,247,278</u>
Income (loss) before contributions & transfers	247,401
Total net position—beginning	<u>1,059,366</u>
Total net position—ending	<u><u>1,306,767</u></u>

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

HACKENSACK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund
	Food Service Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	427,079
Payments to suppliers	(2,207,601)
Net cash provided by (used for) operating activities	(1,780,522)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	26,603
Federal Sources	1,745,102
Miscellaneous Income	5,946
Net cash provided by (used for) non-capital financing activities	1,777,651
Net increase (decrease) in cash and cash equivalents	(2,871)
Balances—beginning of year	698,344
Balances—end of year	695,473
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(1,999,877)
Adjustments to reconcile operating income (loss) to net cash provided by	
Depreciation and net amortization	31,172
Food Distribution Program	193,871
(Increase) decrease in accounts receivable, net	(144)
(Increase) decrease in inventories	(14,011)
Increase (decrease) in accounts payable	8,467
Total adjustments	219,355
Net cash provided by (used for) operating activities	(1,780,522)

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, 2018

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds	Agency Fund
ASSETS			
Cash and cash equivalents	245,329	77,813	1,040,973
Total assets	245,329	77,813	1,040,973
LIABILITIES			
Payable to student groups	-	-	338,388
Due to State of NJ - Unemployment	27,936	-	-
Payroll deductions and withholdings	-	-	702,585
Total liabilities	27,936	-	1,040,973
NET POSITION			
Held in trust for unemployment claims and other purposes	217,393		
Reserved for scholarships		77,813	
	245,329	77,813	

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, 2018

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Donations		6,700
Payroll withholdings	84,289	
Total Contributions	<u>84,289</u>	<u>6,700</u>
Investment earnings:		
Interest	1,396	248
Net investment earnings	<u>1,396</u>	<u>248</u>
Total additions	<u>85,685</u>	<u>6,948</u>
DEDUCTIONS		
Unemployment claims	126,136	
Scholarships awarded		16,800
Total deductions	<u>126,136</u>	<u>16,800</u>
Change in net assets	(40,451)	(9,852)
Net position—beginning of the year	<u>257,844</u>	<u>87,665</u>
Net position—end of the year	<u><u>217,393</u></u>	<u><u>77,813</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, 2018**

NOTE 1. 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.

A. 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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. 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, 2018**

NOTE 1. 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, 2018**

NOTE 1. 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.

C. 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, 2018**

NOTE 1. 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.

D. 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, 2018**

NOTE 1. 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.

E. 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. During the year, the Board of Education made additional appropriations of \$2,008,975 of additional state aid for instructional expenses and capital outlay.

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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. 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.

G. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

H. 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.

I. 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.

J. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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.

K. 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.

L. 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, 2018**

NOTE 1. 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

M. 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.

N. 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 1(F) regarding the special revenue fund.

O. 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, 2018**

NOTE 1. 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.

P. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (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.

Q. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

S. 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.

T. 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.

U. 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.

V. 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.

W. 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements:

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 and was implemented by the District for the year ended June 30, 2018.

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

In 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 implemented this Statement for the year ended June 30, 2018.

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 had no transactions of this type for the year ended June 30, 2018.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

X. Recent Accounting Pronouncements:

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

In March 2018, Government Accounting Standards Board issued GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

NOTE 2. 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, 2018, \$-0- of the District's bank balance of \$18,386,449 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Credit Risk

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

Concentration of Credit Risk

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

NOTE 3. RECEIVABLES:

Receivables at June 30, 2018, 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 <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
Interfunds	\$578,781	\$	\$
State Aid	944,429	5,656	950,085
Federal Aid	680,718	430,502	1,111,220
Other	<u>1,651,689</u>	<u>17,581</u>	<u>1,669,270</u>
Gross Receivables	3,855,617	453,739	3,730,575
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$3,855,617</u>	<u>\$453,739</u>	<u>\$3,730,575</u>

NOTE 4. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2018 consist of the following:

\$578,781 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.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 4. INTERFUND BALANCE AND ACTIVITY: (continued)

Interfund transfers for the year ended June 30, 2018 consisted of the following:

\$411,499 Transfer from the General Fund to the Special Revenue Fund for Preschool Education.

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
Governmental Activities				
Capital assets that are not being depreciated:				
Land	\$68,800	\$	\$	\$ 68,800
Construction in progress	<u>80,360</u>	<u>957,477</u>	<u> </u>	<u>1,037,837</u>
Total capital assets not being depreciated	<u>149,160</u>	<u>957,477</u>	<u> </u>	<u>1,106,637</u>
Building and building improvements	44,821,729			44,821,729
Machinery and equipment	<u>5,130,884</u>	<u>626,713</u>	<u> </u>	<u>5,757,597</u>
Totals at historical cost	<u>49,952,613</u>	<u>626,713</u>	<u> </u>	<u>50,579,326</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,447,973)	(888,137)		(27,336,110)
Equipment	<u>(3,884,747)</u>	<u>(255,174)</u>	<u> </u>	<u>(4,139,921)</u>
Total accumulated depreciation	<u>(30,332,720)</u>	<u>(1,143,311)</u>	<u> </u>	<u>(31,476,031)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>19,619,893</u>	<u>(516,598)</u>	<u> </u>	<u>19,103,295</u>
Governmental activities capital assets, net	<u>\$19,769,053</u>	<u>\$440,879</u>	<u>\$</u>	<u>\$20,209,932</u>
Business-type activities:				
Building and Building improvements	188,123			188,123
Equipment	<u>461,732</u>	<u>31,657</u>	<u> </u>	<u>493,389</u>
Totals at historical cost	<u>649,855</u>	<u>31,657</u>	<u> </u>	<u>681,512</u>
Less accumulated depreciation for:				
Building and building improvements	(41,555)	(9,406)		(50,961)
Equipment	<u>(282,206)</u>	<u>(21,766)</u>	<u> </u>	<u>(303,972)</u>
	<u>(323,761)</u>	<u>(31,172)</u>	<u> </u>	<u>(323,761)</u>
Business-type activities capital assets, net	<u>\$326,094</u>	<u>\$485</u>	<u>\$</u>	<u>\$326,579</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, 2018**

NOTE 6. 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, 2018 were as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$1,755,000	\$ _____	(\$580,000)	\$1,175,000	\$580,000
Total Bonds Payable	<u>1,755,000</u>	_____	<u>(580,000)</u>	<u>1,175,000</u>	<u>580,000</u>
Other Liabilities:					
Obligations under Capital Leases	688,809	800,000	(226,410)	1,262,399	394,245
Compensated Absences Payable	2,840,894	79,246	(277,462)	2,642,678	
Net Pension Liability	<u>45,174,987</u>	_____	<u>(10,775,117)</u>	<u>34,399,870</u>	_____
Total	<u>48,704,690</u>	<u>879,246</u>	<u>(11,278,989)</u>	<u>38,304,947</u>	<u>394,245</u>
	<u>\$50,459,690</u>	<u>\$879,246</u>	<u>(\$11,858,989)</u>	<u>\$39,479,947</u>	<u>\$974,245</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, 2018**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

Outstanding bonds payable at June 30, 2018, 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, 2018</u>
School Improvement Bonds 2009	\$5,550,000	09/09/2009	2.00%-5.00%	05/01/2020	<u>\$1,175,000</u>

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

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$635,812	\$580,000	\$55,812
2020	<u>623,263</u>	<u>595,000</u>	<u>28,263</u>
	<u>\$1,259,075</u>	<u>\$1,175,000</u>	<u>\$84,075</u>

B. Bonds Authorized But Not Issued

As of June 30, 2018, the Board has no authorized but not issued bonds.

C. Capital Leases

The District is leasing Chromebooks under a 48 month lease purchase agreement. In addition, the District is leasing a Phone System under a 60 month lease purchase agreement. The following is a schedule of future minimum lease payments for these capital leases, and the present value of the net minimum lease payments at June 30, 2018:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$406,735	\$394,245	\$12,490
2020	406,736	384,824	21,912
2021	170,657	156,474	14,183
2022	170,656	161,065	9,591
2023	<u>170,656</u>	<u>165,791</u>	<u>4,865</u>
	<u>\$1,325,440</u>	<u>\$1,262,399</u>	<u>\$63,041</u>
Total minimum lease payments			\$1,325,440
Less: Amount representing interest			<u>(63,041)</u>
Present value of lease payments			<u>\$1,262,399</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 7. 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, 2018 were \$706,122. Future minimum lease payments are as follows:

2019	\$695,040
2020	24,805
2021	24,805
2022	<u>3,100</u>
	<u>\$747,750</u>

NOTE 8. 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, 2018**

NOTE 8. 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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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, 2018**

NOTE 8. 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 1/60th 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, 2018**

NOTE 8. 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> 6/30/18	\$1,384,300	\$76,045
6/30/17	1,361,585	67,381
6/30/16	1,352,238	49,759

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> 6/30/18	<u>Contributions</u> \$6,580,457	<u>Contributions</u> \$4,353,318	<u>Premium</u> \$159,691	<u>Contributions</u> \$6,526
6/30/17	4,798,794	4,143,361	173,871	7,864
6/30/16	3,356,823	4,196,156	167,215	

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 \$3,411,027 during the year ended June 30, 2018 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, 2018**

NOTE 8. 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, 2018, the District had a liability of \$34,399,870 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the District's proportion was 0.1477759118 percent, which was a decrease of (0.0047540056) percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,676,430. At June 30, 2018, 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	\$809,998	\$
Changes of assumptions	6,930,388	6,904,980
Net difference between projected and actual earnings on pension plan investments	234,240	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,402,805	1,452,813
District contributions subsequent to the measurement date	<u>1,457,332</u>	<u> </u>
Total	<u>\$10,834,763</u>	<u>\$8,357,793</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

The \$1,457,332 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, 2018, the plan measurement date is June 30, 2017) 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:	
2018	\$809,806
2019	1,222,017
2020	740,480
2021	(984,840)
2022	(717,817)

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 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District's Proportion	0.1477759118%	0.1525299174%

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 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 (7.00% at June 30, 2017) 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, 2018**

NOTE 8. 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 employer contributed 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2018**

NOTE 8. 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, 2017, 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, 2017		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
District's proportionate share of the pension liability	\$42,675,374	\$34,399,870	\$27,505,350

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, 2018 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>298,074,439</u>
	<u>\$298,074,439</u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 8. PENSION PLANS, (continued)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. 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, 2017, the proportion of the TPAF net pension liability associated with the District was 0.4420921066%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$20,649,088 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2018**

NOTE 8. 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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, 2018**

NOTE 8. 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 9. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

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. 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 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.

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

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

OPEB Liability:

District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>183,851,793</u>
	<u>\$183,851,793</u>

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

(a) *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

(b) *Discount Rate*

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate

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

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 9. POST-RETIREMENT BENEFITS: (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$11,419,412 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the City of Hackensack School District's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

NOTE 10. DEFERRED COMPENSATION:

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

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

NOTE 11. RISK MANAGEMENT:

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

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

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 11. RISK MANAGEMENT: (continued)

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$1,396	\$84,289	\$126,136	\$217,393
2016-2017	740	81,338	95,985	257,844
2015-2016	1,062	79,149	151,780	271,751

NOTE 12. 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 \$7,540,712 in the capital reserve account at June 30, 2018.

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 12. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$6,073,678
Deposits:	
Interest Earnings	28,384
Capital Outlay Unexpended Balance	1,000,000
Board Resolution - June 26, 2018	<u>3,000,000</u>
	10,102,062
Decreased by:	
Budget Appropriations	<u>2,561,350</u>
Ending balance, June 30, 2018	<u><u>\$7,540,712</u></u>

The balance in the capital reserve amount at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in its LRF.

NOTE 13. 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	<u>\$2,310</u>
Ending balance, June 30, 2018	<u><u>\$2,310</u></u>

NOTE 14. MAINTENANCE RESERVE:

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

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 14. MAINTENANCE RESERVE: (continued)

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$1,005,060
Deposits:	
Interest Earnings	5,246
Board Resolution - June 26, 2018	<u>500,000</u>
	1,510,306
Decreased by:	
Budget Appropriations	<u>500,000</u>
Ending balance, June 30, 2018	<u><u>\$1,010,306</u></u>

NOTE 15. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$16,410,328 General Fund fund balance at June 30, 2018, \$2,133,044 is reserved for encumbrances; \$4,864,922 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$1,914,090 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$7,540,712 has been reserved in the Capital Reserve Account; \$1,010,306 has been reserved in the Maintenance Reserve; \$2,310 has been reserved in the Emergency Reserve; \$65,640 of unreserved and undesignated has been appropriated and included as anticipated revenue for the year ended June 30, 2019; and \$793,394 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund balance at June 30, 2018 of \$-0- is unreserved and undesignated.

NOTE 16. 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, 2018 is \$4,864,922 of which \$2,950,832 is the result of current year operations.

NOTE 17. INVENTORY:

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$15,752
Supplies	<u>5,482</u>
	<u><u>\$21,234</u></u>

**City of Hackensack School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2018**

NOTE 17. INVENTORY: (continued)

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 18. 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, November 14, 2017 and February 21, 2018, 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 19. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 31, 2019, 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, 2018

	<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	81,256,564		81,256,564	81,256,564	
Tuition From Individuals	20,000		20,000	20,291	291
Tuition From Other LEAs Within the State	8,446,275		8,446,275	7,630,749	(815,526)
Interest Earned on Capital Reserve Funds	9,000		9,000	28,384	19,384
Interest Earned on Maintenance Reserve	1,000		1,000	5,246	4,246
Interest Earned on Emergency Reserve	50		50		(50)
Unrestricted Miscellaneous Revenues	400,000		400,000	973,876	573,876
Total - Local Sources	<u>90,132,889</u>		<u>90,132,889</u>	<u>89,915,110</u>	<u>(217,779)</u>
Revenues from State Sources:					
Categorical Special Education Aid	2,875,902		2,875,902	2,875,902	
Equalization Aid	9,386,004	2,008,975	11,394,979	11,394,979	
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	
Lead Testing for Schools Aid				3,850	3,850
Extraordinary Aid	900,000		900,000	909,865	9,865
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				4,353,318	4,353,318
On-behalf TPAF Pension (non-budgeted)				6,580,457	6,580,457
On-behalf TPAF NCGI Premium (non-budgeted)				159,691	159,691
On-behalf TPAF LTDI				6,526	6,526
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,411,027	3,411,027
Total - State Sources	<u>13,863,674</u>	<u>2,008,975</u>	<u>15,872,649</u>	<u>30,397,383</u>	<u>14,524,734</u>
Revenues from Federal Sources:					
Special Education Medicaid Initiative	171,154		171,154	124,651	(46,503)
Medicaid Administrative Claiming (MAC)				40,719	40,719
Total - Federal Sources	<u>171,154</u>		<u>171,154</u>	<u>165,370</u>	<u>(5,784)</u>
TOTAL REVENUES	<u>104,167,717</u>	<u>2,008,975</u>	<u>106,176,692</u>	<u>120,477,863</u>	<u>14,301,171</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	76,478		76,478	27,465	49,013
Kindergarten - Salaries of Teachers	1,121,915		1,121,915	1,080,232	41,683
Grades 1-5 - Salaries of Teachers	9,950,042	(19,500)	9,930,542	9,538,912	391,630
Grades 6-8 - Salaries of Teachers	6,284,029	137,866	6,421,895	6,421,895	
Grades 9-12 - Salaries of Teachers	10,169,353	289,445	10,458,798	9,762,875	695,923
Regular Programs - Home Instruction:					
Salaries of Teachers	16,116	40,570	56,686	49,447	7,239
Purchased Professional-Educational Services	18,200		18,200	18,027	173
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	414,827		414,827	362,853	51,974
Purchased Professional - Educational Services	931,360		931,360	926,342	5,018
Purchased Technical Services	127,630	22,000	149,630	140,406	9,224
Other Purchased Services (400-500 series)	1,203,076	(8,913)	1,194,163	1,111,528	82,635
General Supplies	1,612,520	198,814	1,811,334	1,583,067	228,267
Textbooks	234,082	(133,772)	100,310	67,138	33,172
Other Objects	11,572	(6,100)	5,472	250	5,222
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>32,171,200</u>	<u>520,410</u>	<u>32,691,610</u>	<u>31,090,437</u>	<u>1,601,173</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	921,100	2,000	923,100	909,119	13,981
Other Salaries for Instruction	737,753		737,753	679,664	58,089
General Supplies	58,855	(13,998)	44,857	38,507	6,350
Textbooks	2,000		2,000		2,000
Total Learning and/or Language Disabilities	<u>1,719,708</u>	<u>(11,998)</u>	<u>1,707,710</u>	<u>1,627,290</u>	<u>80,420</u>

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities					
Salaries of Teachers	352,195		352,195	319,376	32,819
Other Salaries for Instruction	92,230	4,500	96,730	93,978	2,752
General Supplies	9,525		9,525	1,847	7,678
Textbooks	2,000		2,000		2,000
Total Behavioral Disabilities	<u>455,950</u>	<u>4,500</u>	<u>460,450</u>	<u>415,201</u>	<u>45,249</u>
Multiple Disabilities					
Salaries of Teachers	876,015	55,000	931,015	918,159	12,856
Other Salaries for Instruction	477,493	28,000	505,493	501,331	4,162
General Supplies	51,000		51,000	50,438	562
Textbooks	700		700	580	120
Total Multiple Disabilities	<u>1,405,208</u>	<u>83,000</u>	<u>1,488,208</u>	<u>1,470,508</u>	<u>17,700</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,345,371	96,000	4,441,371	4,439,474	1,897
Other Salaries for Instruction	1,816,261		1,816,261	1,718,076	98,185
General Supplies	58,675		58,675	22,954	35,721
Textbooks	2,000		2,000		2,000
Total Resource Room/Resource Center	<u>6,222,307</u>	<u>96,000</u>	<u>6,318,307</u>	<u>6,180,504</u>	<u>137,803</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	316,225	(316,225)			
Other Salaries for Instruction	245,566	(245,566)			
General Supplies	8,000	(8,000)			
Other Objects	1,500	(1,500)			
Total Preschool Disabilities - Part Time	<u>571,291</u>	<u>(571,291)</u>			
Preschool Disabilities- Full-Time:					
Salaries of Teachers	404,260	334,225	738,485	732,753	5,732
Other Salaries for Instruction	449,358	318,566	767,924	765,622	2,302
General Supplies	11,500	22,000	33,500	32,992	508
Other Objects	1,500	1,500	3,000	3,000	
Total Preschool Disabilities - Full-Time	<u>866,618</u>	<u>676,291</u>	<u>1,542,909</u>	<u>1,534,367</u>	<u>8,542</u>
Home Instruction					
Salaries of Teachers	60,000	13,925	73,925	73,925	
Purchased Professional - Educational Services	20,000		20,000	11,656	8,344
Total Home Instruction	<u>80,000</u>	<u>13,925</u>	<u>93,925</u>	<u>85,581</u>	<u>8,344</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>11,321,082</u>	<u>290,427</u>	<u>11,611,509</u>	<u>11,313,451</u>	<u>298,058</u>
Bilingual Education - Instruction					
Salaries of Teachers	2,097,142		2,097,142	2,054,828	42,314
Other Salaries for Instruction	135,483		135,483	116,445	19,038
General Supplies	3,068	4,269	7,337	5,168	2,169
Textbooks	17,345	(3,873)	13,472	363	13,109
Total Bilingual Education - Instruction	<u>2,253,038</u>	<u>396</u>	<u>2,253,434</u>	<u>2,176,804</u>	<u>76,630</u>
School-Sponsored Cocurricular Activities - Instruction					
Salaries	190,551		190,551	150,681	39,870
Purchased Services (300-500 series)	10,750		10,750	5,007	5,743
Supplies and Materials	19,350		19,350	6,915	12,435
Other Objects	1,200		1,200	705	495
Total School-Sponsored Cocurricular Activities - Instruction	<u>221,851</u>		<u>221,851</u>	<u>163,308</u>	<u>58,543</u>
School-Sponsored Athletics - Instruction					
Salaries	907,948	25,000	932,948	891,443	41,505
Purchased Services (300-500 series)	407,362	1,061	408,423	403,938	4,485
Supplies and Materials	111,670	3,325	114,995	111,243	3,752
Other Objects	46,331		46,331	43,837	2,494
Total School-Sponsored Athletics - Instruction	<u>1,473,311</u>	<u>29,386</u>	<u>1,502,697</u>	<u>1,450,461</u>	<u>52,236</u>
Summer School - Instruction					
Salaries of Teachers	39,660		39,660	21,154	18,506
Total Summer School Programs Instruction	<u>39,660</u>		<u>39,660</u>	<u>21,154</u>	<u>18,506</u>
Instructional Alternative Ed Programs - Instruction					
Salaries of Teachers	163,200	(8,061)	155,139	90,325	64,814
Other Salaries of Instruction	20,000		20,000		20,000
Total Instructional Alternative Ed Programs - Instruction	<u>183,200</u>	<u>(8,061)</u>	<u>175,139</u>	<u>90,325</u>	<u>84,814</u>

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Instructional Alternative Ed Programs - Support Services					
Salaries of Teachers	10,000		10,000		10,000
Total Instructional Alternative Ed Programs - Support Services	10,000		10,000		10,000
TOTAL INSTRUCTION	47,673,342	832,558	48,505,900	46,305,940	2,199,960
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	36,205	100,000	136,205	52,220	83,985
Tuition to Other LEAs Within the State - Special	1,084,034	(131,647)	952,387	889,664	62,723
Tuition to County Voc. School Dist. - Regular	424,740		424,740	390,666	34,074
Tuition to County Voc. School Dist. - Special	555,626	(51,215)	504,411	448,536	55,875
Tuition to CSSD & Regional Day Schools	2,880,790	217,345	3,098,135	2,905,732	192,403
Tuition to Private Schools for the Handicapped - Within State	2,957,374	(336,130)	2,621,244	2,245,728	375,516
Tuition - State Facilities	68,417		68,417	68,417	
Total Undistributed Expenditures - Instruction:	8,007,186	(201,647)	7,805,539	7,000,963	804,576
Undistributed Expend. - Attend. & Social Work					
Salaries	10,000	3,000	13,000	12,500	500
Total Undistributed Expend. - Attend. & Social Work	10,000	3,000	13,000	12,500	500
Undist. Expend. - Health Services					
Salaries	990,307	(2,673)	987,634	863,543	124,091
Purchased Professional and Technical Services	54,980		54,980	32,592	22,388
Other Purchased Services (400-500 series)	23,485		23,485	21,588	1,897
Supplies and Materials	11,170		11,170	9,459	1,711
Total Undistributed Expenditures - Health Services	1,079,942	(2,673)	1,077,269	927,182	150,087
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	1,637,870		1,637,870	1,591,342	46,528
Purchased Prof. Services-Educational Services	582,772	(10,400)	572,372	539,696	32,676
Supplies and Materials	6,575		6,575	5,989	586
Other Objects	1,000		1,000		1,000
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	2,228,217	(10,400)	2,217,817	2,137,027	80,790
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	1,082,866		1,082,866	847,439	235,427
Purchased Prof. Services-Educational Services	742,576	212,047	954,623	928,242	26,381
Supplies and Materials	8,510		8,510	8,461	49
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	1,833,952	212,047	2,045,999	1,784,142	261,857
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,246,031	(60,000)	1,186,031	1,179,120	6,911
Salaries of Secretarial and Clerical Assistants	124,029	52,000	176,029	170,057	5,972
Other Purchased Professional and Technical Services	36,300	1,585	37,885	27,859	10,026
Other Purchased Services (400-500 series)	2,800		2,800	1,984	816
Supplies and Materials	9,322	(800)	8,522	6,134	2,388
Total Undist. Expend. - Guidance	1,418,482	(7,215)	1,411,267	1,385,154	26,113
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	2,928,727	(102,000)	2,826,727	2,821,413	5,314
Salaries of Secretarial and Clerical Assistants	313,713	2,000	315,713	314,634	1,079
Purchased Prof. Services-Educational Services	162,000		162,000	109,199	52,801
Other Purchased Professional and Technical Services	20,000		20,000	18,009	1,991
Misc. Pur Services (400-500 Series O/than Resid Costs)	3,500		3,500	1,797	1,703
Supplies and Materials	66,500	(719)	65,781	60,062	5,719
Other Objects	2,400	600	3,000	2,870	130
Total Undist. Expend. - Child Study Teams	3,496,840	(100,119)	3,396,721	3,327,984	68,737
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	978,159		978,159	912,367	65,792
Salaries of Other Professional Staff	396,012	35,000	431,012	418,379	12,633
Salaries of Secretarial and Clerical Assistants	135,100	(102,500)	32,600	1,238	31,362
Purchased Professional - Educational Services	3,000		3,000		3,000
Other Purch Services (400-500)	20,916		20,916	15,281	5,635
Supplies and Materials	9,205		9,205	3,978	5,227
Other Objects	2,420		2,420	760	1,660
Total Undist. Expend. - Improvement of Inst. Services	1,544,812	(67,500)	1,477,312	1,352,003	125,309
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	534,921	4,000	538,921	534,181	4,740
Purchased Professional and Technical Services	6,550	(1,585)	4,965		4,965
Other Purch Services (400-500)	31,000	(1,105)	29,895	19,330	10,565
Supplies and Materials	33,885	1,100	34,985	29,080	5,905
Total Undist. Expend. - Educational Media Serv./Sch. Library	606,356	2,410	608,766	582,591	26,175

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	20,000		20,000	16,122	3,878
Other Purchased Services (400-500 series)	50,970	1,205	52,175	35,658	16,517
Supplies and Materials	3,000		3,000	855	2,145
Total Undist. Expend. - Instructional Staff Training Serv.	<u>73,970</u>	<u>1,205</u>	<u>75,175</u>	<u>52,635</u>	<u>22,540</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	453,350	48,790	502,140	502,139	1
Legal Services	196,000		196,000	184,865	11,135
Audit Fees	46,000		46,000	45,000	1,000
Architectural/Engineering Services	5,000		5,000		5,000
Other Purchased Professional Services	79,585	(16,098)	63,487	60,301	3,186
Communications/Telephone	225,180	(1,270)	223,910	213,970	9,940
BOE Other Purchased Services	6,406		6,406	5,391	1,015
Misc. Purch Services (400-500 Series)	36,000	(576)	35,424	34,416	1,008
General Supplies	12,177	(2,400)	9,777	8,338	1,439
BOE In-House Training/Meeting Supplies	2,500		2,500		2,500
Misc. Expenditures	8,220	600	8,820	8,750	70
BOE Membership Dues and Fees	28,063		28,063	28,063	
Total Undist. Expend. - Supp. Serv. - General Administration	<u>1,098,481</u>	<u>29,046</u>	<u>1,127,527</u>	<u>1,091,233</u>	<u>36,294</u>
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	2,919,363	173,289	3,092,652	3,092,652	
Salaries of Other Professional Staff		74,985	74,985	74,985	
Salaries of Secretarial and Clerical Assistants	939,147	70,000	1,009,147	1,007,850	1,297
Other Purchased Services (400-500 series)	7,906	(360)	7,546	2,545	5,001
Supplies and Materials	30,046	(2,061)	27,985	10,518	17,467
Other Objects	8,483	3,621	12,104	6,712	5,392
Total Undist. Expend. - Support Serv. - School Administration	<u>3,904,945</u>	<u>319,474</u>	<u>4,224,419</u>	<u>4,195,262</u>	<u>29,157</u>
Undist. Expend. - Support Serv. - Central Services					
Salaries	869,674	(67,500)	802,174	800,607	1,567
Purchased Professional Services	3,000		3,000		3,000
Purchased Technical Services	18,335	10,000	28,335	28,070	265
Misc. Pur Services (400-500 Series)	7,600		7,600	3,595	4,005
Supplies and Materials	14,500	(1,669)	12,831	9,283	3,548
Miscellaneous Expenditures	8,000	(1,000)	7,000	4,055	2,945
Total Undist. Expend. - Support Serv. - Central Services	<u>921,109</u>	<u>(60,169)</u>	<u>860,940</u>	<u>845,610</u>	<u>15,330</u>
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	581,911	46,673	628,584	628,584	
Purchased Professional Services	14,400		14,400	14,400	
Other Purch Services (400-500 Series)	319,607	(13,030)	306,577	302,074	4,503
Supplies and Materials	11,925		11,925	4,108	7,817
Total Undist. Expend. - Support Serv. - Administrative Information Technology	<u>927,843</u>	<u>33,643</u>	<u>961,486</u>	<u>949,166</u>	<u>12,320</u>
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	306,442	(41,925)	264,517	238,652	25,865
Cleaning, Repair and Maintenance Services	732,290	(26,527)	705,763	619,944	85,819
General Supplies	143,629	(2,341)	141,288	96,504	44,784
Undist. Expend. - Required Maint. for School Facilities	<u>1,182,361</u>	<u>(70,793)</u>	<u>1,111,568</u>	<u>955,100</u>	<u>156,468</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant (262)					
Salaries	3,084,957	134,000	3,218,957	3,186,698	32,259
Salaries of Non-Instructional Aides	300,864	(287,000)	13,864	5,761	8,103
Purchased Prof. And Tech. Services	127,420		127,420	100,493	26,927
Cleaning, Repair and Maintenance Services	448,651	(112,440)	336,211	163,136	173,075
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt.	692,528		692,528	664,483	28,045
Other Purchased Property Services	140,225		140,225	136,095	4,130
Insurance	518,145		518,145	487,498	30,647
Miscellaneous Purchased Services	10,225	(200)	10,025	5,990	4,035
General Supplies	368,404	15,341	383,745	364,695	19,050
Energy (Natural Gas)	300,000	200,000	500,000	493,669	6,331
Energy (Energy and Electricity)	775,000	(107,560)	667,440	664,440	3,000
Other Objects	700		700	100	600
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>6,767,119</u>	<u>(157,859)</u>	<u>6,609,260</u>	<u>6,273,058</u>	<u>336,202</u>

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	136,599		136,599	132,553	4,046
Cleaning, Repair and Maintenance Services	43,000		43,000	16,344	26,656
General Supplies	42,000	(2,370)	39,630	29,434	10,196
Total Undist. Expend. - Care & Upkeep of Grounds	221,599	(2,370)	219,229	178,331	40,898
Undist. Expend. - Security					
Salaries	137,127		137,127	137,126	1
Purchased Professional and Technical Services	284,803	(10,000)	274,803	241,907	32,896
Cleaning, Repair and Maintenance Services	150,600		150,600	127,270	23,330
General Supplies	81,910	(10,400)	71,510	69,029	2,481
Total Undist. Expend. - Security	654,440	(20,400)	634,040	575,332	58,708
Undist. Expend. - Student Transportation Services (270)					
Salaries for Pupil Trans (Other than Bet. Home & Sch.)	55,000		55,000	45,965	9,035
Management fee- ECS&CTSA Trans.	114,000	(108,500)	5,500	5,500	0
Other Purchased Prof. and Tech. Services	2,500		2,500	1,339	1,161
Cleaning, Repair and Maintenance Services	20,500	7,000	27,500	27,083	417
Contract Services - Aid in lieu Pymts - Charter School	20,000		20,000	12,865	7,135
Contract Services (Between Home & School)-Vendors	1,174	(1,174)	0	0	0
Contract Services (Other than Between Home & School)-Vendors	412,429	(29,484)	382,945	309,009	73,936
Contract Services (Between Home & School)-Joint Agreements	1,768		1,768	1,768	0
Contract Services (Sp. Ed. Students)-Joint Agreements	162,000	(58,006)	103,994	103,494	500
Contract Services (Spl. Ed. Students)-ESCs&CTSAs	1,782,000	201,208	1,983,208	1,982,598	610
Miscellaneous Purchased Services - Transportation	2,000		2,000	1,000	1,000
Other Objects	6,000	(5,046)	954	635	319
Total Undist. Expend. - Student Transportation Services	2,579,371	5,998	2,585,369	2,483,988	101,381
UNALLOCATED BENEFITS					
Social Security Contributions	1,475,970		1,475,970	1,128,735	347,235
Other Retirement Contributions-PERS	1,448,253		1,448,253	1,306,155	142,098
Other Retirement Contributions-Regular	55,000	33,000	88,000	76,045	11,955
Unemployment Compensation	25,000		25,000	25,000	0
Workmen's Compensation	674,902		674,902	532,026	142,876
Health Benefits	12,720,386		12,720,386	12,000,760	719,626
Tuition Reimbursement	5,000	2,800	7,800	7,250	550
Other Employee Benefits	206,970	87,000	293,970	176,506	117,464
Unused Sick Payment to Terminated/Retired Staff	120,000	(120,000)	0	0	0
TOTAL UNALLOCATED BENEFITS	16,731,481	2,800	16,734,281	15,227,477	1,506,804
ON-BEHALF CONTRIBUTIONS					
On-behalf TPAF Pension and Post Retirement					
Medical Contributions (non-budgeted)				4,353,318	(4,353,318)
On-behalf TPAF Pension (non-budgeted)				6,580,457	(6,580,457)
On-behalf TPAF NCGI Premium (non-budgeted)				159,691	(159,691)
On-behalf TPAF LTDI				6,526	(6,526)
Reimbursed TPAF Social Security Contributions (non-budgeted)				3,411,027	(3,411,027)
TOTAL ON-BEHALF CONTRIBUTIONS				14,511,019	(14,511,019)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	16,731,481	2,800	16,734,281	29,738,496	(13,004,215)
TOTAL UNDISTRIBUTED EXPENDITURES	55,288,506	(91,522)	55,196,984	65,847,757	(10,650,773)
TOTAL GENERAL CURRENT EXPENSE	102,961,848	741,036	103,702,884	112,153,697	(8,450,813)
Equipment					
Regular Programs - Instruction:					
Grades 6-8		3,997	3,997		3,997
Undistributed Expenditures - Instruction	65,322	20,116	85,438	60,564	24,874
Undistributed Expenditures - Central Services	410,650		410,650	409,531	1,119
Undistributed Expenditures - Required Maintenance for School Fac.	6,000	55,025	61,025	61,010	15
Undistributed Expenditures - Care & Upkeep of Grounds	60,000	2,370	62,370	62,370	0
Total Equipment	541,972	81,508	623,480	593,475	30,005

Exhibit C-1

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisition and Construction Services					
Legal Services					
Architectural/Engineering Services	85,415	30,000	115,415	101,328	14,087
Construction Services	3,491,154	912,961	4,404,115	856,150	3,547,965
Land and Improvements		243,470	243,470		243,470
Assessment for Debt Service on SDA Funding	37,812		37,812	37,812	
Total Facilities Acquisition and Construction Services	<u>3,614,381</u>	<u>1,186,431</u>	<u>4,800,812</u>	<u>995,290</u>	<u>3,805,522</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Various Equipment				800,000	(800,000)
Total Assets Acquired Under Capital Leases (non-budgeted)				<u>800,000</u>	<u>(800,000)</u>
TOTAL CAPITAL OUTLAY	<u>4,156,353</u>	<u>1,267,939</u>	<u>5,424,292</u>	<u>2,388,765</u>	<u>3,035,527</u>
Transfer of Funds to Charter Schools	<u>3,343,401</u>		<u>3,343,401</u>	<u>3,287,937</u>	<u>55,464</u>
TOTAL EXPENDITURES	<u>110,461,602</u>	<u>2,008,975</u>	<u>112,470,577</u>	<u>117,830,399</u>	<u>(5,359,822)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,293,885)</u>		<u>(6,293,885)</u>	<u>2,647,464</u>	<u>8,941,349</u>
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				800,000	(800,000)
Operating Transfers Out:					
Transfers to Cover Deficit (Enterprise Fund)	(8,726)		(8,726)		(8,726)
Special Revenue Fund - Preschool Education Aid	(411,499)		(411,499)	(411,499)	
Total Other Financing Sources/(Uses):	<u>(420,225)</u>		<u>(420,225)</u>	<u>388,501</u>	<u>(808,726)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(6,714,110)</u>		<u>(6,714,110)</u>	<u>3,035,965</u>	<u>8,132,623</u>
Fund Balance, July 1	14,649,452		14,649,452	14,649,452	
Fund Balance, June 30	<u>7,935,342</u>		<u>7,935,342</u>	<u>17,685,417</u>	<u>8,132,623</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(1,598,917)		(1,598,917)	(1,598,917)	
Increase in Capital Reserve:					
Principal				4,000,000	(4,000,000)
Interest Deposit to Capital Reserve	9,000		9,000	28,384	(19,384)
Increase in Emergency Reserve:					
Interest Deposit to Emergency Reserve	50		50		50
Increase in Maintenance Reserve:					
Principal				500,000	(500,000)
Interest Deposit to Maintenance Reserve	1,000		1,000	5,246	(4,246)
Withdrawal from Capital Reserve - Excess Cost & Other Cap Project	(2,561,350)		(2,561,350)	(2,561,350)	
Withdrawal from Maintenance Reserve	(500,000)		(500,000)	(500,000)	
Budgeted Fund Balance	<u>(2,063,893)</u>		<u>(2,063,893)</u>	<u>3,162,602</u>	<u>12,656,203</u>
	<u>(6,714,110)</u>		<u>(6,714,110)</u>	<u>3,035,965</u>	<u>8,132,623</u>
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				2,950,832	
Excess Surplus - Designated for Subsequent					
Year's Expenditures				1,914,090	
Capital Reserve				7,540,712	
Maintenance Reserve				1,010,306	
Emergency Reserve				2,310	
Assigned Fund Balance:					
Year-end Encumbrances				2,133,044	
Designated for Subsequent Year's Expenditures				65,640	
Unassigned Fund Balance				<u>2,068,483</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>17,685,417</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				1,275,089	
Total Fund Balance per Governmental Funds (GAAP)				<u>16,410,328</u>	

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		2,500	2,500	-	(2,500)
State Sources	992,622	330,233	1,322,855	1,241,401	(81,454)
Federal Sources	2,859,429	798,909	3,658,338	3,289,614	(368,724)
Total Revenues	3,852,051	1,131,642	4,983,693	4,531,015	(452,678)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,159,939	(11,672)	1,148,267	1,073,516	74,751
Other Salaries for Instruction	261,087	45,824	306,911	280,505	26,406
Purchased Professional and Technical Services	75,358	180,902	256,260	174,342	81,918
Other Purchased Services (400-500 series)	1,331,717	408,487	1,740,204	1,674,468	65,736
General Supplies	189,929	183,580	373,509	347,985	25,524
Textbooks		6,692	6,692	6,671	21
Other Objects	9,400	24,420	33,820	10,312	23,508
Total instruction	3,027,430	838,233	3,865,663	3,567,799	297,864
Support services:					
Salaries of Program Directors	603,092	15,954	619,046	559,136	59,910
Personal Services - Employee Benefits	313,374	140,475	453,849	446,695	7,154
Purchased Professional - Educational Services	120,600	65,548	186,148	169,454	16,694
Travel	17,016	231	17,247	6,409	10,838
Other Purchased Services (400-500 series)	50,895	30,176	81,071	75,545	5,526
Supplies & Materials	116,487	21,245	137,732	102,448	35,284
Other Objects		16,905	16,905	12,153	4,752
Total support services	1,221,464	290,534	1,511,998	1,371,840	140,158
Facilities acquisition and const. serv.:					
Instructional Equipment	14,656	2,875	17,531	2,875	14,656
Total facilities acquisition and const. serv.	14,656	2,875	17,531	2,875	14,656
Total Expenditures	4,263,550	1,131,642	5,395,192	4,942,514	452,678
Other Financing Sources (Uses)					
Operating Transfer In:					
General Fund - Preschool Education Aid	411,499	-	411,499	411,499	-
Total Other Financing Sources (Uses)	411,499	-	411,499	411,499	-
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, 2018

**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]	120,477,863	4,531,015
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			9,645
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,056,414	
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).		(1,275,089)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	120,259,188	4,540,660
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	117,830,399	4,942,514
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			
Prior Year			9,645
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	117,830,399	4,952,159

**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%
2018	0.1477759118%	\$ 34,399,870	\$ 10,242,211	335.86%	90.77%

* 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		Contributions in Relations to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Required Contribution	Contribution	Contractually Required Contributions	Contractually Required Contributions			
2015	\$ 1,251,891	\$	(1,251,891)	\$ -	\$ 10,591,162	11.82%	
2016	1,352,238		(1,352,238)	-	\$ 10,162,144	13.31%	
2017	1,355,054		(1,355,054)	-	\$ 10,236,731	13.24%	
2018	1,368,986		(1,368,986)	-	\$ 10,242,211	13.37%	

* 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 Share of the Net Pension Liability Associated with the District (Asset)	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
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%
2018	0.4420921066%	-	298,074,439	47,937,259	0.00%	25.41%

* 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, 2018

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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. 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 (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

HACKENSACK BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
*Last 10 Fiscal Years**

	2018
Total OPEB Liability	
Service Costs	\$ 8,179,939
Interest on Total OPEB Liability	5,836,471
Changes in Assumptions	(24,707,925)
Gross Benefit Payments	(4,258,398)
Contribution from the Member	<u>156,805</u>
Net Changes in total Share of OPEB Liability	<u>(14,793,108)</u>
Total OPEB Liability - Beginning	198,644,901
Total OPEB Liability - Ending	<u><u>\$ 183,851,793</u></u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>183,851,793</u>
Total OPEB Liability - Ending	<u><u>\$ 183,851,793</u></u>
District's Covered Employee Payroll	<u><u>\$ 58,179,470</u></u>
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%

Notes to Schedule:

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

Change in benefit terms None

Change in assumptions Assumptions used in calculating the OPEB liability are presented
in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

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, 2018

	Total Brought Forward (Ex. E-1a)	IDEA		ESEA Title I	ESEA Title II, Part A Training & Recruiting	ESEA Title III	Totals 2018
		Part - B	Part - B Preschool				
REVENUES							
State Sources	1,241,401						1,241,401
Federal Sources	162,370	1,566,146	28,057	1,242,159	183,562	107,320	3,289,614
Total Revenues	1,403,771	1,566,146	28,057	1,242,159	183,562	107,320	4,531,015
EXPENDITURES:							
Instruction:							
Salaries of Teachers	619,430			376,456		77,630	1,073,516
Other Salaries for Instruction	280,505						280,505
Purchased Professional and Technical Services	81,144			82,174	11,024		174,342
Other Purchased Services (400-500 series)	50,128	1,546,269	28,057	50,014			1,674,468
General Supplies	58,807	897		285,098		3,183	347,985
Textbooks	6,671						6,671
Other Objects	4,101			6,211			10,312
Total instruction	1,100,786	1,547,166	28,057	799,953	11,024	80,813	3,567,799
Support services:							
Salaries of Program Directors	323,695			122,319	113,122		559,136
Personal Services - Employee Benefits	270,550			142,510	7,128		446,695
Purchased Professional - Educational Services	60,017			84,018	25,419	26,507	169,454
Travel	71			2,218	4,120		6,409
Other Purchased Services (400-500 series)	9,735	18,980		34,064	12,766		75,545
Supplies & Materials	35,788			56,677	9,983		102,448
Other Objects	11,753			400			12,153
Total support services	711,609	18,980	-	442,206	172,538	26,507	1,371,840
Facilities acquisition and const. serv.:							
Instructional Equipment	2,875						2,875
Total facilities acquisition and const. serv.	2,875	-	-	-	-	-	2,875
Total Expenditures	1,815,270	1,566,146	28,057	1,242,159	183,562	107,320	4,942,514
Other Financing Sources (Uses)							
Operating Transfer In:	411,499						411,499
General Fund - Preschool Education Aid							
Total Other Financing Sources (Uses)	411,499	-	-	-	-	-	411,499
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, 2018

	Total Brought Forward (Ex. E-1b)	ESEA Title III Immigrant	ESEA Title IV	Workforce Perkins - Vocational Education	Project Aees	School Based Youth Service Program	Total Carried Forward
REVENUES							
State Sources	937,256					304,145	1,241,401
Federal Sources	-	43,616	17,489	30,515	70,750	-	1,62,370
Total Revenues	937,256	43,616	17,489	30,515	70,750	304,145	1,403,771
EXPENDITURES:							
Instruction:							
Salaries of Teachers	615,609	3,821					619,430
Other Salaries for Instruction	280,505						280,505
Purchased Professional and Technical Services	50,695	12,960	17,489	19,464			81,144
Other Purchased Services (400-500 series)	30,664			6,307			50,128
General Supplies	46,598	5,902					58,807
Textbooks	6,671						6,671
Other Objects	-			2,144		1,957	4,101
Total instruction	1,030,742	22,683	17,489	27,915	-	1,957	1,100,786
Support services:							
Salaries of Program Directors	1,990				64,296	257,409	323,695
Personal Services - Employee Benefits	252,195				4,982	13,373	270,550
Purchased Professional - Educational Services	48,106	4,233		2,600		5,078	60,017
Travel	-					71	71
Other Purchased Services (400-500 series)	-	4,199			1,472	5,536	9,735
Supplies & Materials	12,847	12,501				8,968	35,788
Other Objects	-					11,753	11,753
Total support services	315,138	20,933	-	2,600	70,750	302,188	711,609
Facilities acquisition and const. serv.:							
Instructional Equipment	2,875						2,875
Total facilities acquisition and const. serv.	2,875	-	-	-	-	-	2,875
Total Expenditures	1,348,755	43,616	17,489	30,515	70,750	304,145	1,815,270
Other Financing Sources (Uses)							
Operating Transfer In:	411,499						411,499
General Fund - Preschool Education Aid							
Total Other Financing Sources (Uses)	411,499	-	-	-	-	-	411,499
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, 2018

	Total Brought Forward (Ex. E-1c)	Family Friendly	Chapter 194 Nonpublic Textbook	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Total Carried Forward
REVENUES							
State Sources	858,754	46,271	6,671	11,931	4,404	9,225	937,256
Federal Sources	-	-	-	-	-	-	-
Total Revenues	858,754	46,271	6,671	11,931	4,404	9,225	937,256
EXPENDITURES:							
Instruction:							
Salaries of Teachers	585,113	30,496	-	-	-	-	615,609
Other Salaries for Instruction	275,572	4,933	-	-	-	-	280,505
Purchased Professional and Technical Services	38,764	-	-	11,931	-	-	50,695
Other Purchased Services (400-500 series)	30,664	-	-	-	-	-	30,664
General Supplies	40,456	6,142	-	-	-	-	46,598
Textbooks	-	-	6,671	-	-	-	6,671
Other Objects	-	-	-	-	-	-	-
Total instruction	970,569	41,571	6,671	11,931	-	-	1,030,742
Support services:							
Salaries of Program Directors	-	1,990	-	-	-	-	1,990
Personal Services - Employee Benefits	249,485	2,710	-	-	-	-	252,195
Purchased Professional - Educational Services	43,702	-	-	-	4,404	-	48,106
Travel	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	9,225	12,847
Supplies & Materials	3,622	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total support services	296,809	4,700	-	-	4,404	9,225	315,138
Facilities acquisition and const. serv.:							
Instructional Equipment	2,875	-	-	-	-	-	2,875
Total facilities acquisition and const. serv.	2,875	-	-	-	-	-	2,875
Total Expenditures	1,270,253	46,271	6,671	11,931	4,404	9,225	1,348,755
Other Financing Sources (Uses)							
Operating Transfer In:							
General Fund - Preschool Education Aid	411,499	-	-	-	-	-	411,499
Total Other Financing Sources (Uses)	411,499	-	-	-	-	-	411,499
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, 2018

	Chapter 192 Compensatory Education	Chapter 193 Supplemental Instruction	Chapter 193 Exam & Classification	Chapter 193 Corrective Speech	Preschool Education Aid	Total Carried Forward
REVENUES						
State Sources	28,943	8,247	12,925	9,821	798,818	858,754
Federal Sources						-
Total Revenues	28,943	8,247	12,925	9,821	798,818	858,754
EXPENDITURES:						
Instruction:						
Salaries of Teachers					585,113	585,113
Other Salaries for Instruction				9,821	275,572	275,572
Purchased Professional and Technical Services	28,943				30,664	38,764
Other Purchased Services (400-500 series)					40,456	30,664
General Supplies						40,456
Textbooks						-
Other Objects						-
Total instruction	28,943	-	-	9,821	931,805	970,569
Support services:						
Salaries of Program Directors						-
Personal Services - Employee Benefits					249,485	249,485
Purchased Professional - Educational Services		8,247	12,925		22,530	43,702
Travel						-
Other Purchased Services (400-500 series)					3,622	3,622
Supplies & Materials						-
Other Objects						-
Total support services	-	8,247	12,925	-	275,637	296,809
Facilities acquisition and const. serv.:						
Instructional Equipment					2,875	2,875
Total facilities acquisition and const. serv.	-	-	-	-	2,875	2,875
Total Expenditures	28,943	8,247	12,925	9,821	1,210,317	1,270,253
Other Financing Sources (Uses)						
Operating Transfer In:					411,499	411,499
General Fund - Preschool Education Aid						
Total Other Financing Sources (Uses)	-	-	-	-	411,499	411,499
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, 2018

	District Wide Total		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	597,950	585,113	12,837
Other Salaries for Instruction	301,087	275,572	25,515
Purchased Professional-Educational Services	3,000		3,000
Other Purchased Services (400-500 series)	30,720	30,664	56
General Supplies	41,327	40,456	871
	<u>974,084</u>	<u>931,805</u>	<u>42,279</u>
Total instruction			
Support services:			
Salaries of Supervisors of Instruction	3,500		3,500
Personal Services - Employee Benefits	249,485	249,485	
Purchased Professional - Educational Services	23,500	22,530	970
Supplies and Materials	5,000	3,622	1,378
	<u>281,485</u>	<u>275,637</u>	<u>5,848</u>
Total support services			
Facility Acquisition and Construction Services:			
Instructional Equipment	2,875	2,875	
	<u>2,875</u>	<u>2,875</u>	
Total expenditures			
	<u>1,258,444</u>	<u>1,210,317</u>	<u>48,127</u>

Summary of Location Totals

Total Revised 2017-18 Preschool Education Aid	826,909
Add: Actual Carryover (June 30, 2017)	20,036
Add: Budgeted Transfer from the General Fund 2017-18	411,499
Total Preschool Education Aid Funds Available for 2017-18 Budget	1,258,444
Less: 2017-18 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	1,258,444
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	
Add: June 30, 2018 Unexpended Preschool Education Aid	48,127
2017-18 Carryover - Preschool Education Aid/Preschool	48,127
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19.	48,127

PROPRIETARY FUNDS

HACKENSACK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2018

	<u>Food Service Program</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and cash equivalents	695,473	695,473
Accounts receivable:		
State	5,656	5,656
Federal	430,502	430,502
Other	17,581	17,581
Inventories	21,234	21,234
Total current assets	<u>1,170,446</u>	<u>1,170,446</u>
Noncurrent assets:		
Capital assets:		
Building and building improvements	188,123	188,123
Equipment	493,389	493,389
Less accumulated depreciation	<u>(354,933)</u>	<u>(354,933)</u>
Total capital assets (net of accumulated depreciation)	<u>326,579</u>	<u>326,579</u>
Total assets	<u>1,497,025</u>	<u>1,497,025</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>190,258</u>	<u>190,258</u>
Total Liabilities	<u>190,258</u>	<u>190,258</u>
NET POSITION		
Invested in capital assets net of related debt	326,579	326,579
Unrestricted	<u>980,188</u>	<u>980,188</u>
Total net assets	<u>1,306,767</u>	<u>1,306,767</u>

HACKENSACK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2018

	Food Service Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	290,244	290,244
Daily sales - non-reimbursable programs	136,979	136,979
Total operating revenues	427,223	427,223
Operating expenses:		
Cost of food - reimbursable programs	978,952	978,952
Cost of food - non-reimbursable programs	47,740	47,740
Salaries	952,714	952,714
Supplies and materials	96,330	96,330
Employee benefits	150,466	150,466
Depreciation	31,172	31,172
Repairs and other expenses	39,517	39,517
Purchased services	124,724	124,724
Miscellaneous	5,485	5,485
Total Operating Expenses	2,427,100	2,427,100
Operating income (loss)	(1,999,877)	(1,999,877)
Nonoperating revenues (expenses):		
State sources:		
School lunch program	30,319	30,319
Federal sources:		
School lunch program	1,351,559	1,351,559
School breakfast program	617,291	617,291
School snack program	48,292	48,292
U.S.D.A. Commodities	193,871	193,871
Miscellaneous Income	5,946	5,946
Total nonoperating revenues (expenses)	2,247,278	2,247,278
Income (loss) before contributions & transfers	247,401	247,401
Total net position—beginning	1,059,366	1,059,366
Total net position—ending	1,306,767	1,306,767

HACKENSACK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2018

	Food Service Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	427,079	427,079
Payments to suppliers	(2,207,601)	(2,207,601)
Net cash provided by (used for) operating activities	(1,780,522)	(1,780,522)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	26,603	26,603
Federal Sources	1,745,102	1,745,102
Miscellaneous Income	5,946	5,946
Net cash provided by (used for) non-capital financing activities	1,777,651	1,771,705
Net increase (decrease) in cash and cash equivalents	(2,871)	(2,871)
Balances—beginning of year	698,344	698,344
Balances—end of year	695,473	695,473
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(1,999,877)	(1,999,877)
Adjustments to reconcile operating income (loss) to net cash provided by		
Depreciation and net amortization	31,172	31,172
Food distribution program	193,871	193,871
(Increase) decrease in accounts receivable	(144)	(144)
(Increase) decrease in inventories	(14,011)	(14,011)
Increase (decrease) in accounts payable	8,467	8,467
Total adjustments	219,355	219,355
Net cash provided by (used for) operating activities	(1,780,522)	(1,780,522)

FIDUCIARY FUND

HACKENSACK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Unemployment Compensation Trust Fund	Scholarship and Memorial Funds	Agency Funds
ASSETS			
Cash and cash equivalents	245,329	77,813	1,040,973
Total assets	245,329	77,813	1,040,973
LIABILITIES			
Payable to student groups			338,388
Due to State of NJ - Unemployment	27,936		
Payroll deductions and withholdings			702,585
Total liabilities	27,936	-	1,040,973
NET POSITION			
Held in trust for unemployment claims and other purposes	217,393		
Reserved for scholarships		77,813	
	245,329	77,813	

HACKENSACK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship and Memorial Funds</u>
ADDITIONS		
Contributions:		
Donations		6,700
Payroll withholdings	84,289	
Total Contributions	<u>84,289</u>	<u>6,700</u>
Investment earnings:		
Interest	1,396	248
Net investment earnings	<u>1,396</u>	<u>248</u>
Total additions	<u>85,685</u>	<u>6,948</u>
DEDUCTIONS		
Quarterly contribution reports	126,136	
Scholarships awarded		16,800
Total deductions	<u>126,136</u>	<u>16,800</u>
Change in net assets	(40,451)	(9,852)
Net position—beginning of the year	<u>257,844</u>	<u>87,665</u>
Net position—end of the year	<u><u>217,393</u></u>	<u><u>77,813</u></u>

HACKENSACK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Elementary Schools:				
Fairmount Avenue School	1,466	2,123	2,450	1,139
Jackson Avenue School	2,374	5,214	5,010	2,578
Fanny M. Hillers School	2,549	1,604	3,008	1,145
Nellie Parker School	2,720	5,789	2,335	6,174
Nellie Parker School Donation	1,470			1,470
Total Elementary Schools	<u>10,579</u>	<u>14,730</u>	<u>12,803</u>	<u>12,506</u>
Middle School:				
Middle School	<u>24,850</u>	<u>44,520</u>	<u>28,462</u>	<u>40,908</u>
Total Middle Schools	<u>24,850</u>	<u>44,520</u>	<u>28,462</u>	<u>40,908</u>
High School:				
High School	201,803	217,702	196,476	223,029
Varsity H	<u>6,289</u>	<u>44,859</u>	<u>37,786</u>	<u>13,362</u>
Total High Schools	<u>208,092</u>	<u>262,561</u>	<u>234,262</u>	<u>236,391</u>
Athletic Departments:				
Athletic Department	<u>42,325</u>	<u>15,826</u>	<u>9,568</u>	<u>48,583</u>
Total Athletic Department	<u>42,325</u>	<u>15,826</u>	<u>9,568</u>	<u>48,583</u>
Total All Schools	<u><u>285,846</u></u>	<u><u>337,637</u></u>	<u><u>285,095</u></u>	<u><u>338,388</u></u>

**HACKENSACK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2018</u>
Net Payroll	91,400	37,064,180	37,025,558	130,022
Payroll Deductions and Withholdings	559,661	27,602,072	27,589,170	572,563
	<u>651,061</u>	<u>64,666,252</u>	<u>64,614,728</u>	<u>702,585</u>

LONG-TERM DEBT

**HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
Fiscal Year Ended June 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u> <u>Amount</u>				
Refunding School Improvement Bonds	Sept. 9, 2009	5,550,000	5/1/2019 580,000 5/1/2020 595,000	4.750 4.750	\$ 1,755,000	580,000	1,175,000
					<u>\$ 1,755,000</u>	<u>580,000</u>	<u>1,175,000</u>

**HACKENSACK BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Capital Leases Payable
Fiscal Year Ended June 30, 2018**

<u>Issue</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Principal Payment</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Chromebooks	Sept. 6, 2016	924,000	10/1/18	229,588	1.40%	688,809		226,410	462,399
			10/1/19	232,811	1.40%				
Phone System	June 29, 2018	800,000	10/1/18	164,657	2.934%	800,000	800,000		800,000
			10/1/19	152,013	2.934%				
			10/1/20	156,474	2.934%				
			10/1/21	161,065	2.934%				
			10/1/22	165,791	2.934%				
						<u>\$ 688,809</u>	<u>800,000</u>	<u>226,410</u>	<u>1,262,399</u>

HACKENSACK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	664,813	-	664,813	664,813	
Total Revenues	664,813	-	664,813	664,813	-
EXPENDITURES:					
Regular Debt Service:					
Interest	84,813	-	84,813	84,813	-
Redemption of Principal	580,000	-	580,000	580,000	-
Total Regular Debt Service	664,813	-	664,813	664,813	-
Total expenditures	664,813	-	664,813	664,813	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1					-
Fund Balance, June 30					-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets	\$ 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	\$ 17,704,621
Restricted	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	15,616,934
Unrestricted	(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)	(35,248,185)
Total governmental activities net position	\$ 20,663,567	\$ 17,807,031	\$ 18,406,653	\$ 19,837,271	\$ 23,537,993	\$ 25,080,066	\$ (525,030)	\$ (1,345,607)	\$ (4,118,655)	\$ (1,926,630)
Business-type activities										
Invested in capital assets	\$ 113,064	\$ 143,633	\$ 156,752	\$ 190,280	\$ 344,984	\$ 346,164	\$ 318,696	\$ 291,668	\$ 326,094	\$ 326,579
Restricted	421,609	614,875	652,095	687,511	392,514	149,704	442,639	575,117	733,272	980,188
Unrestricted	\$ 534,673	\$ 758,508	\$ 808,847	\$ 877,791	\$ 737,498	\$ 495,868	\$ 761,335	\$ 866,785	\$ 1,059,366	\$ 1,306,767
Total business-type activities net position										
District-wide										
Invested in capital assets	\$ 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	\$ 18,031,200
Restricted	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	15,616,934
Unrestricted	(990,271)	(705,001)	(151,025)	(634,170)	(871,595)	(1,427,418)	(26,172,324)	(29,878,696)	(33,266,707)	(34,267,997)
Total district net position	\$ 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)	\$ (619,863)

Source: CAFR Schedule A-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 47,378,571
Special education	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	16,621,434
Other special education	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	3,210,306
Other instruction	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	2,269,278
Support Services:										
Tuition	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	7,000,963
Student & instruction related services	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	17,540,603
General administrative services	1,224,772	1,189,885	1,131,062	946,725	877,269	962,018	4,824,863	1,065,390	1,177,771	1,330,245
School administrative services	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	6,182,749
Central Administration	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	2,475,056
Plant operations and maintenance	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	9,730,533
Pupil transportation	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	2,505,866
Unallocated Benefits	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	22,686,341
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	565,787	691,043	663,317	881,134	1,287,670	2,478,864	2,990,864	2,637,660	3,185,751	3,287,937
Interest on long-term debt	343,314	174,538	233,263	206,380	186,561	165,390	145,108	127,381	114,440	82,095
Unallocated depreciation	595,148	644,696	686,487	914,767	976,090	1,104,117	1,161,461	1,115,703	1,142,749	1,143,311
Amortization & Capital Lease Obligations			1,041,263	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)
Capital Outlay - nondepreciable	391,229	258,309	76,830	52,665	125,489	243,549	64,638	37,814	1,128,571	836,338
Total governmental activities expenses	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	144,247,670
Business-type activities:										
Food service	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	2,427,100
Academy School	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	2,427,100
Total business-type activities expense	\$ 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	\$ 146,674,770
Total district expenses										
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	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	4,537,785
Capital grants and contributions	-	305,552	106,337	232,061	125,124	7,390	9,112	4,254	4,285	2,875
Total governmental activities program revenues	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	4,540,660

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Food service	464,452	447,814	420,974	428,259	424,644	478,178	438,598	335,273	437,568	427,223
Operating grants and contributions	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	2,241,332
Capital grants and contributions										
Total business-type activities program revenues	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	2,668,555
Total district program revenues	\$ 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	\$ 7,209,215
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (139,707,010)
Business-type activities	76,909,000	229,374,000	50,261,000	68,821,000	(173,826,000)	(243,500,000)	241,113,000	99,793,000	192,570,000	241,455,000
Total district-wide net expense	\$ (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)	\$ (139,465,555)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 81,256,564
Taxes levied for debt service	994,912	792,436	1,064,132	804,445	572,182	654,712	757,906	725,525	696,645	664,813
Unrestricted grants and contributions	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	51,319,112
Tuition Received	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	7,651,040
Investment earnings	100,057	95,646	58,647	966	4,630	320	4,241	10,786	16,446	33,630
Miscellaneous income	381,670	312,863	154,399	275,782	608,385	669,736	697,352	198,585	161,514	973,876
Local Aid - Port Authority Grant								(5,504)		
Transfers							(21,554)			
Total governmental activities	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	141,899,035
Business-type activities:										
Investment earnings			78	123	163	199	152	153	11	5,946
Miscellaneous Income					33,370	1,671	2,648			
Transfers							21,554	5,504		
Total business-type activities					33,533	1,870	24,354	5,657	11	5,946
Total district-wide	\$ 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	\$ 141,904,981
Change in Net Position										
Governmental activities	\$ (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)	\$ 2,192,025
Business-type activities	76,909	229,374	50,339	68,944	(140,293)	(241,630)	265,467	105,450	192,581	247,401
Total district	\$ (1,916)	\$ (2,627,162)	\$ (418,543)	\$ 1,499,562	\$ 3,560,429	\$ 1,300,443	\$ 1,292,397	\$ (915,127)	\$ (2,382,467)	\$ 2,439,426

Source: CAFR Schedule A-2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 8,232,971	\$ 4,909,752								
Unreserved	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	13,418,250
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	2,198,684
Unassigned			1,598,726	1,306,634	1,488,724	1,300,578	843,264	1,089,606	935,090	793,394
Total general fund	\$ 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	\$ 16,410,328
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	-	-								
Capital projects fund	1,925,343	756,247								
Debt service fund	168,970	76,199								
Committed, reported in:					418,023					
Capital projects fund										
Debt service fund										
Assigned, reported in:										
Capital projects fund			683,443	521,812	12,457	137	18	18	-	-
Debt service fund			273,111	367,069	129,270	137	18	18	-	-
Total all other governmental funds	\$ 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 81,921,377
Tuition	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	7,651,040
Interest earnings	100,057	95,646	58,647	966	4,630	320	4,241	10,786	16,446	33,630
Miscellaneous	393,411	321,074	162,610	279,599	621,355	670,620	697,352	198,585	161,514	973,876
State sources	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	31,428,514
Federal sources	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	3,456,224
Total revenue	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	125,464,661
Expenditures										
Instruction										
Regular Instruction	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	34,661,348
Special education instruction	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	11,313,451
Other special instruction	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	2,176,804
Other instruction	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	1,725,248
Support Services:										
Instruction	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	7,000,963
Attendance and social work services	548,261	426,066	180,928	170,564	9,045	10,400	10,000	10,000	10,025	12,500
Health Services	743,941	903,832	913,268	855,428	861,884	890,880	941,811	966,533	967,420	927,182
Student & instruction related services	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	11,999,909
General administrative services	1,165,577	1,135,434	1,065,655	899,140	835,180	3,453,363	3,822,606	872,452	929,077	1,091,233
School Administrative services	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	4,195,262
Business and other support services										
Central administrative services	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	1,794,776
Plant operations and maintenance	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	7,981,821
Pupil transportation	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	2,483,988
Allocated employee benefits	4,478,053	5,785,254	5,932,855	5,817,476	6,305,195	8,397,609	8,032,117	13,556,417	14,129,465	15,227,477
Unallocated employee benefits	4,468,887	5,095,877	6,379,972	6,914,814	6,714,485	4,956,683	5,321,619	10,994,683	12,463,706	14,511,019
TPAF Pension / Social Security	5,522,866	5,948,156	5,976,421	7,334,294	9,217,396	8,203,459	9,428,672	2,637,660	3,185,751	3,287,937
Charter Schools	565,787	691,043	663,317	881,134	1,287,670	2,478,864	2,990,864	663,011	1,472,478	2,391,640
Capital outlay	2,389,989	2,494,355	1,982,112	764,785	1,510,974	3,187,147	600,172			
Debt service:										
Principal	742,328	710,000	630,000	630,000	620,000	615,000	610,000	595,000	585,000	580,000
Interest and other charges	350,395	188,273	237,988	209,637	190,100	168,863	148,025	130,525	111,663	84,813
Total expenditures	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	123,447,371
Excess (Deficiency) of revenues over (under) expenditures	(2,277,218)	(4,105,119)	(1,745,904)	1,497,828	2,761,889	(821,497)	1,592,763	317,862	763,297	2,017,290

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing sources (uses)										
Transfers in	41,005	3,065	768		219,312	162,248	461,344	388,929	377,450	411,499
Transfers out	(41,005)	(3,065)	(768)		(219,312)	(162,248)	(482,898)	(394,433)	(377,450)	(411,499)
Capital leases (non-budgeted)	-	-	1,338,250		-	-	(21,554)	(5,504)	924,000	800,000
Total other financing sources (uses)	-	-	1,338,250		-	-	(21,554)	(5,504)	924,000	800,000
Net change in fund balances	\$ (2,277,218)	\$ (4,105,119)	\$ (407,654)	\$ 1,497,828	\$ 2,761,889	\$ (821,497)	\$ 1,571,209	\$ 312,358	\$ 1,687,297	\$ 2,817,290
Debt service as a percentage of noncapital expenditures	1.2%	1.0%	0.9%	0.9%	0.8%	0.7%	0.7%	0.6%	0.6%	0.5%

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>
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
2018	126,613	7,651,040	62,300	11,535	807,058	8,658,546

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 Estimated Full Cash Valuations
	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment						
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	\$ -	\$ 5,070,992,075	1.300	\$ 5,781,824,970	87.71%	
2012	\$ 47,731,400	\$ 1,998,662,800			\$ 1,740,230,570	\$ 295,561,200	\$ 891,042,000	\$ -	\$ 4,994,762,654	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	\$ 5,080,010,175	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	\$ 5,260,253,800	100.00%	
2018	\$ 67,181,700	\$ 1,972,039,200			\$ 1,953,822,500	\$ 326,749,900	\$ 1,068,679,400	\$ -	\$ 5,388,472,700	1.536	\$ 5,556,091,429	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	
		Total Direct				
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
2017	1.53	0.01	1.54	1.64	0.24	3.417

Source: District Records and Municipal Tax Collector

Note: N.J.S.A. 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	2018			2010		
	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	\$ 148,500,000	1	2.76%	\$ 197,020,000	1	3.28%
20 Prospect Ave (HUMC)	\$ 138,000,000	2	2.56%	\$ 134,097,400	2	2.23%
JD CP Investors LLC	\$ 105,637,800	3	1.96%			
GSG Res Prospect Towers	\$ 88,685,800	4	1.65%			
Hackensack VF, LLC (Vornado)	\$ 85,328,000	5	1.58%	\$ 71,639,700	4	1.19%
Bloomingtondale's Inc.	\$ 51,098,000	6	0.95%			
DASA Company, LLC	\$ 49,708,700	7	0.92%			
Pierre Towers LLC	\$ 48,759,500	8	0.90%	\$ 41,000,000	8	0.68%
Equity One Riverfront	\$ 46,949,100	9	0.87%			
Court Plaza Associates	\$ 44,500,000	10	0.83%			
ERP Operating				\$ 65,915,800	5	1.10%
Stellar Capital Mgmt				\$ 75,509,900	3	1.26%
Quail Heights				\$ 55,115,200	6	0.92%
MSNW Continental				\$ 44,613,000	7	0.74%
Sebring Assoc #1				\$ 39,884,800	9	0.66%
				\$ 37,515,000	10	0.62%
Total	\$ 807,166,900		14.98%	\$ 762,310,800		12.68%

Net Assessed Valuation: \$ 5,388,472,700 \$ 6,012,464,357

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	
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%	\$ -
2018	\$81,921,377	\$81,921,377	100.00%	\$ -

Source: Municipal Tax Collector

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		
2009	\$ 6,618,000	-	6,618,000	0.11%	\$ 102
2010	\$ 6,040,000	-	6,040,000	0.10%	\$ 91
2011	\$ 5,410,000	-	5,410,000	0.11%	\$ 78
2012	\$ 4,780,000	-	4,780,000	0.10%	\$ 66
2013	\$ 4,160,000	-	4,160,000	0.08%	\$ 58
2014	\$ 3,545,000	-	3,545,000	0.07%	\$ 48
2015	\$ 2,935,000	-	2,935,000	0.06%	\$ 38
2016	\$ 2,340,000	-	2,340,000	0.05%	\$ 30
2017	\$ 1,755,000	-	1,755,000	Not Available	Not Available
2018	\$ 1,175,000	-	1,175,000	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, 2018**

<u>Governmental Unit</u>	Estimated Percentage Applicable ^a	Debt Outstanding	Estimated Share of Overlapping Debt
Direct Debt of School District as of June 30, 2018			\$ 1,175,000
Net overlapping debt of School District:			
City of Hackensack	100.000%	\$ 77,923,580	
County of Bergen - City's Share	3.357%	\$ 29,410,832	
Bergen County Utility Authority-City's Share	9.066%	\$ 14,545,670	
Subtotal, overlapping debt			\$ 121,880,082
Total direct and overlapping debt			\$ 123,055,082

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 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	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	142,269,590
Total net debt applicable to limit	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	1,175,000
Legal debt margin	\$ 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	\$ 141,094,590
Total net debt applicable to the limit as a percentage of debt limit	4.24%	3.62%	3.20%	2.98%	2.62%	2.31%	1.94%	1.61%	1.22%	0.83%

Equalized valuation basis	
2017	\$ 5,260,253,800
2016	\$ 5,162,209,100
2015	\$ 5,508,010,175
[A]	\$ 10,670,219,275
[A/3]	\$ 3,556,739,758
[B]	142,269,590 ^a
[C]	2,340,000
[B-C]	\$ 139,929,590

Average equalized valuation of taxable property
 Debt limit (4 % of average equalization value)
 Net bonded school debt
 Legal debt margin

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
2009	52,839	\$ 3,439,660,383	65,097	9.70%
2010	43,078	\$ 2,846,594,240	66,080	9.60%
2011	43,390	\$ 2,995,819,160	69,044	9.20%
2012	43,611	\$ 3,137,942,283	71,953	8.80%
2013	43,829	\$ 3,131,538,221	71,449	7.70%
2014	44,628	\$ 3,270,920,004	73,293	6.50%
2015	44,818	\$ 3,423,557,384	76,388	5.50%
2016	44,904	\$ 3,466,005,048	77,187	5.00%
2017	45,248	Not Available	Not Available	4.70%
2018	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 ****

	2018		2009	
	Employees	Percentage of Total Employment	Rank (Optional)	Percentage of Total Employment

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

Source: Town of Hackensack

** Data was only provided for years noted

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

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	536	413	375	304	310	284	280	526	427	438
Special education	30	143	135	216	220	184	193	105	128	163
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	18	74	17	85	87	87	89	60	86	40
General administrative services	6	6	6	6	6	6	4	3	4	5
School administrative services	37	39	42	52	60	63	37	36	38	39
Business administrative services	15	16	15	16	14	14	17	14	14	18
Plant operations and maintenance	55	56	51	62	81	68	65	51	62	56
Pupil transportation										
Total	697	747	641	741	778	706	685	795	759	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				
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%
2018	5,678.0	120,390,918	21,203	3.98%	601	1:8	1:10	1:12	5,673	5,403	0.50%	95.24%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	440	440	499	531	568	541	581	585	575	542
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	559	559	599	665	670	601	579	581	557	560
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	516	516	564	568	562	504	569	583	575	532
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	430	430	479	468	454	399	433	430	424	413
ECDC										
Square Feet										
Capacity (students)										
Enrollment a										
Middle School										
Middle School										
Square Feet	103,293	103,293	103,293	103,293	103,293	141,932	141,932	141,932	141,932	141,932
Capacity (students)	1,445	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
Enrollment	673	673	633	630	1,327	1,406	1,395	1,401	1,415	1,465
High School										
Hackensack High School										
Square Feet	158,243	158,243	158,243	158,243	158,243	267,349	267,349	267,349	267,349	267,349
Capacity (students)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Enrollment	1,712	1,712	1,715	1,729	1,803	1,775	1,816	1,813	1,835	1,901
Other										
Administration Building										
Square Feet	10,000	10,000	10,000	10,000	10,000	7,516	7,516	7,516	7,516	7,516
5/6 School										
Square Feet	29,977	29,977	29,977							
Capacity (students)	525	525	525							
Enrollment a	589	589	625							

Number of Schools at June 30, 2018
 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)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Hackensack High School	N/A	345,441	311,184	289,651	406,956	325,944	277,050	218,177	206,518	235,489	499,850
Middle School	N/A	183,389	165,203	153,772	216,047	173,039	158,843	130,216	347,638	323,929	242,878
Nellie K. Parker School	N/A	103,730	93,443	86,977	122,201	97,875	66,681	52,481	64,689	88,767	153,104
Fairmount School	N/A	78,818	71,002	66,088	92,854	74,369	66,083	35,413	70,851	97,089	136,496
Fanny M. Hillers School	N/A	103,368	93,117	86,673	121,775	97,534	145,988	109,118	89,141	173,251	208,755
Jackson Avenue School	N/A	78,559	70,769	65,872	92,549	74,125	113,845	57,598	75,812	45,469	95,343
ECDC	N/A	52,083	46,918	43,672	61,358	49,144					
Administration Building	N/A	9,712	8,748	8,143	11,441	9,163	3,966	63,035	37,797	54,389	44,683
Total School Facilities		955,100	860,384	800,848	1,125,181	901,193	832,456	666,038	892,446	1,018,383	1,381,109
Other Facilities											
Grand Total		\$ 955,100	\$ 860,384	\$ 800,848	\$ 1,125,181	\$ 901,193	\$ 832,456	\$ 666,038	\$ 892,446	\$ 1,018,383	\$ 1,381,109

**Hackensack Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2018
Unaudited**

Company	Type of Coverage	Coverage	Deductible
NJ School Board	Property -		
Association Insurance	Real and Personal Property	\$ 500,000,000	\$ 5,000
Group/North Jersey	Extra Expense	\$ 50,000,000	\$ 5,000
Educational	Valuable Papers and Records	\$ 10,000,000	\$ 5,000
Insurance Fund	Demolition and Increased Cost of Construction	\$ 25,000,000	N/A
	Loss of Rents	\$ 700,000	N/A
	Loss of Business Income/Tuition	\$ 100,000	N/A
	Limited Builders Risk	\$ 10,000,000	N/A
	Fire Department Service Charge	\$ 10,000	N/A
	Arson Reward	\$ 10,000	N/A
	Pollutant Cleanup and Removal	\$ 250,000	N/A
	Sublimits: Special Flood Hazard Area Flood Zones	\$ 25,000,000	\$ 1,000,000
	Accounts Receivable	\$ 250,000	N/A
	All Flood Zones	\$ 75,000,000	\$ 10,000
	Earthquake	\$ 50,000,000	N/A
	Terrorism	\$ 1,000,000	N/A
	Electronic Data Processing -		
	Data Processing Equipment	2,500,000	1,000
	Equipment -		
	Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000	\$ 5,000
	Crime -		
	Public Employee Dishonesty with Faithful Performance	\$ 500,000	\$ 100,000
	Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$ 50,000	\$ 500
	Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$ 50,000	\$ 500
	Forgery or Alteration	\$ 50,000	\$ 500
	Computer Fraud	\$ 50,000	\$ 50
	Comprehensive General Liability -		
	Bodily Injury and Property Damage	\$ 31,000,000	N/A
	Products and Completed Operations	\$ 31,000,000	N/A
	Sexual Abuse	\$ 17,000,000	N/A
	Personal Injury and Advertising Injury	\$ 31,000,000	N/A
	Employee Benefits Liability	\$ 31,000,000	N/A
	Terrorism	\$ 1,000,000	N/A
	Automobile -		
	Bodily Injury and Property Damage	\$ 31,000,000	N/A
	Public Employees' Faithful Performance Blanket Position Bond - Board Secretary	480,000	

Source: District Records

SINGLE AUDIT SECTION

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the City of Hackensack School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2019.

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 January 31, 2019.

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

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Licensed Public School Accountant
No. 816

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
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January 31, 2019

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the City of Hackensack School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the City of Hackensack Board of Education's major federal and state programs for the year ended June 30, 2018. 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respects to these matters.

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

Report on Internal Control Over Compliance

Management of the City of Hackensack Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Hackensack Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hackensack Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be significant deficiencies.

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.

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Certified Public Accountants
Pompton Lakes, New Jersey

January 31, 2019

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

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, 2017	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018	
												(Accounts Receivable)	Deferred Revenue/ Interfund Payable
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
USDA Commodities	10.555	181NJ04N1099	N/A	7/1/17-6/30/18	\$ 193,871			193,871	193,871				
National School Lunch Program	10.555	181NJ04N1099	N/A	7/1/17-6/30/18	1,351,559			1,065,763	1,351,559			(285,796)	
National School Lunch Program	10.555	171NJ04N1099	N/A	7/1/16-6/30/17	1,347,693	(98,984)		98,984					
National Breakfast Program	10.553	181NJ04N1099	N/A	7/1/17-6/30/18	617,291			481,657	617,291			(135,634)	
National Breakfast Program	10.553	171NJ04N1099	N/A	7/1/16-6/30/17	621,038	(54,654)		54,654					
National School Snack Program	10.555	181NJ04N1099	N/A	7/1/17-6/30/18	48,292			39,220	48,292			(9,072)	
National School Snack Program	10.555	171NJ04N1099	N/A	7/1/16-6/30/17	69,238	(4,824)		4,824					
Total Enterprise Fund						(158,462)		1,938,973	2,211,013			(430,502)	
U.S. Department of Education													
General Fund:													
Medicaid Administrative Claiming (MAC)	93.778	1705NJSMAP	N/A	7/1/17-6/30/18	40,719			40,719	40,719				
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	7/1/17-6/30/18	124,651			124,651	124,651				
Total General Fund								165,370	165,370				
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I Part A, Improving Basic Programs	84.010A	S010A170030	ESEA-1860-18	7/1/17-6/30/18	1,283,431	(295,862)	(295,862)	1,142,250	1,242,159			(395,771)	
Title I Part A, Improving Basic Programs	84.010A	S010A160030	NCLB-1860-17	7/1/16-6/30/17	1,279,299	(295,862)	(295,862)	1,142,250	1,242,159			(395,771)	
ID.E.A. Part B	84.027A	H027A170100	IDEA-1860-18	7/1/17-6/30/18	1,419,259			1,669,382	1,566,146			(155,095)	
ID.E.A. Part B	84.027A	H027A160100	IDEA-1860-17	7/1/16-6/30/17	1,424,163	(258,331)	(258,331)	22,425	28,057			(5,632)	
ID.E.A. Part B Preschool	84.173A	HI73A170114	IDEA-1860-18	7/1/17-6/30/18	50,482								
ID.E.A. Part B Preschool	84.173A	HI73A160114	IDEA-1860-17	7/1/16-6/30/17	50,636	(258,331)	(258,331)	1,691,807	1,594,203			(160,727)	
Title II Part A	84.367A	S367A170029	ESEA-1860-18	7/1/17-6/30/18	197,823			204,269	183,562			(33,192)	
Title II Part A	84.367A	S367A160029	NCLB-1860-17	7/1/16-6/30/17	169,407	(53,899)	(53,899)	204,269	183,562			(33,192)	
Title III	84.365A	S365A170030	ESEA-1860-18	7/1/17-6/30/18	104,137	(24,792)	(24,792)	116,586	107,320			(15,526)	
Title III	84.365A	S365A160030	NCLB-1860-17	7/1/16-6/30/17	106,350	(24,792)	(24,792)	41,607	43,616			(19,138)	
Title III, Immigrant	84.365A	S365A170030	ESEA-1860-18	7/1/17-6/30/18	25,906	(17,129)	(17,129)						
Title III, Immigrant	84.365A	S365A160030	NCLB-1860-17	7/1/16-6/30/17	30,467	(17,129)	(17,129)	158,193	150,936			(34,664)	
					(41,921)								
Title IV	84.424	S424A170031	ESEA-1860-18	7/1/17-6/30/18	17,489			11,855	17,489			(5,634)	
								11,855	17,489			(5,634)	

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

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, 2017	Carryover/ (Walkover) Amount	Cash Received	Total Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018	
												(Accounts Receivable)	Deferred Revenue/ Interfund Payable
(continue from prior page)													
Vocational Education - Perkins	84.048A	V048A170030	N/A	7/1/17-6/30/18	50,146	(11,888)		21,390	30,515			(9,125)	
Vocational Education - Perkins	84.048A	V048A160030	N/A	7/1/16-6/30/17	48,624	(11,888)		7,533	30,515	4,355		(9,125)	
								28,923		4,355			
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/17-6/30/18	73,892			35,500	70,750			(35,250)	158
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/16-6/30/17	127,400	(61,691)		61,900		(51)			
Project ACES	17.259	AA-26795-15-55-A-34	N/A	7/1/15-6/30/16	119,000	(23,040)		10,920		12,120			
Project ACES	17.259	AA-26795-15-55-A-34	N/A	7/1/14-6/30/15	107,475	(979)						(979)	
Project ACES	17.259	AA-26795-15-55-A-34	N/A	7/1/13-6/30/14	108,000	(2,577)						(2,577)	
Project ACES	17.259	AA-26795-15-55-A-34	N/A	7/1/12-6/30/13	57,600	(2,799)						(2,799)	
						(91,086)		108,320	70,750	12,069		(41,665)	158
Total Special Revenue Fund						(752,987)		3,345,617	3,289,614	16,424		(680,718)	158
Total Federal Financial Assistance						(911,449)		5,449,960	5,665,997	16,424		(1,111,220)	158

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

**HACKENSACK
BOARD OF EDUCATION**
Schedule of Expenditures of State Awards and Other Local Awards
Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017				Balance at June 30, 2018					MEMO		
				Deferred Revenue (Assets Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Intergovernmental (Accounts Receivable)		Deferred Revenue/ Interfund Payable	Due to Grantor
Local Sources:															
Special Revenue Fund:															
Reading is Fundamental		7/1/09-6/30/11	5,221	10											5,211
MSG Grant		7/1/12-6/30/13	2,000	2,000										2,000	
Santo V. Sorce		7/1/11-6/30/12	500	500										500	
Environmental Challenge Grant		7/1/12-6/30/13	7,000	(7,000)											4,764
Target Grant		7/1/16-6/30/17	700	17						(17)					683
				(4,473)						(17)				2,510	10,658
				(4,473)						(17)				2,510	20,658
Total Local Sources				\$ (962,201)	34,418		30,426,163	31,669,103	7,944	(17)	34,886	(957,085)	2,510	32,861	36,765,737
Total State and Local Financial Assistance														(1,357,780)	

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 1(D) and 1(E) 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 \$(218,675) 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	\$165,370	\$30,178,708		\$30,344,078
Special Revenue Fund	3,290,854	1,249,806		4,540,660
Food Service Fund	<u>2,211,013</u>	<u>30,319</u>	<u> </u>	<u>2,241,332</u>
Total Financial Awards	<u>\$5,667,237</u>	<u>\$31,458,833</u>	<u>\$0</u>	<u>\$37,126,070</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, 2018. 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, 2018.

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 \$11,099,992 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.

NOTE 8. SCHOOLWIDE PROGRAM FUNDS - (APPLICABLE TO SCHOOL DISTRICTS ONLY)

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$1,242,159
Title II, Part A: <i>Improving Teacher Quality State Grants</i>	183,562
Title III: <i>English Language Acquisition State Grants</i>	150,936
Title IV: <i>Student Support and Academic Enrichment</i>	<u>17,489</u>
Total	<u>\$1,594,146</u>

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal Control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	(A) 171NJ304N1009	<u>National School Breakfast Program/National School Lunch Program</u>

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

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

Auditee qualified as low-risk auditee? X yes _____ no

**CITY OF HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

State Awards

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

Auditee qualified as low-risk auditee? X yes _____ no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? _____ yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-089/
495-034-5120-078
495-034-5120-084/
495-034-5120-098
495-034-5120-097
495-034-5120-101
100-054-7500-068

(A)
(B)

State Aid Public Cluster: Special Education Categorical
Aid/Equalization Aid/Security Aid/PARCC
Readlines Aid/Per Pupil Growth Aid/
Professional Learning Community Aid
School Based Youth Service Program

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

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

Section II – Financial Statement Findings

NONE

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

STATE AWARDS

Finding 2018-01:

Information on the School State Aid Grant Cluster:

State Aid Grant Cluster, State Grant Number #495-034-5120, Grant Period 7/1/17 – 6/30/18.

Criteria or specific requirement:

1. In accordance with instructions and audit procedures in *The Audit Program, Section I-3 and III-4*, issued by the Department of Education, the auditor must verify that there are valid "Applications for Free and Reduced Price Meals and Free Milk" on file to support the number of pupils reported. To be considered valid, an application must contain all required information and signatures.
2. As per *N.J.A.C. 6A:15-1.10*, to determine the readiness or inability of the individual student to function successfully in an English only program shall be initiated by the student's level of English proficiency as measured by a department established standard on one of the accepted English language proficiency tests.
3. As per *Section I-3.29 of the 2018 NJ School Audit Guide*, the DRTRS produced by the department's transportation software and obtained from the District must agree with the October 2017 DRTRS County Summary Report compiled by the department and posted to the department's audit webpage. Each category of the DRTRS District Summary Report must be verified against the October 2017 DRTRS County Summary Report.

Condition:

1. There were instances in which the District claimed students as free and reduced on the Application for State School but were not able to provide a valid application for review and in some instances the District claimed students as free or reduced that were determined to be paid status.
2. There were instances in which students claimed as LEP were not reported on the WiDa Report provided by the District and there were instances in which students whose WiDa scores did not qualify them as LEP were included in the reported number.
3. There was single instance in which a student was included on the DRTRS count but it was determined that said student never attended the Charter School.

Questioned costs:

Undetermined

**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, 2018**

Status of Prior Year Findings

NONE