

**HASBROUCK HEIGHTS BOROUGH  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT**

**FOR FISCAL YEAR ENDED  
JUNE 30, 2011**

**HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
OUTLINE OF CAFR**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	2
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors.....	7
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	9
<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis.....	13
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>A. District-Wide Financial Statements:</b>	
A-1 Statement of Net Assets.....	19
A-2 Statement of Activities.....	20
<b>B. Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
B-1 Balance Sheet.....	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance.....	25
B-3 Reconciliation of the Governmental Funds to the Statement of Revenues, Expenditures and Changes in Fund Balance with the District-Wide Statements	26
<b>Proprietary Funds:</b>	
B-4 Statement of Net Assets.....	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets.....	29
B-6 Statement of Cash Flows.....	30
<b>Fiduciary Funds:</b>	
B-7 Statement of Fiduciary Net Assets.....	32
B-8 Statement of Changes in Fiduciary Net Assets.....	33
B-9 Fund Schedule or Receipts and Disbursements - Student Activity Agency.....	34
B-10 Fund Schedule or Receipts and Disbursements - Payroll Agency.....	35
Notes to the Financial Statements.....	37
<b>Required Supplementary Information - Part II</b>	
<b>C. Budgetary Comparison Schedules:</b>	
C-1 Budgetary Comparison Schedule - General Fund.....	57
C-2 Budgetary Comparison Schedule - Special Revenue Fund.....	63

**HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
OUTLINE OF CAFR  
(Continued)**

		Page
<b>C. Budgetary Comparison Schedules: (Continued)</b>		
<b>Notes to Required Supplementary Information</b>		
C-3	Budget-to-GAAP Reconciliation .....	65
<b>Other Supplementary Information</b>		
<b>D. School Level Schedules:</b>		
D-1	Combining Balance Sheet .....	N/A
D-2	Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type - Actual .....	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual .....	N/A
<b>E. Special Revenue Fund:</b>		
E-1	Combining Schedule of Revenues and Expenditures - Budgetary Basis .....	69
<b>F. Capital Projects Fund:</b>		
F-1	Summary Schedule of Project Expenditures .....	73
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis .....	74
F-2a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Middle/High School Windows Replacement .....	75
F-2b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis Middle/High Roof Replacement .....	76
F-2c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis Middle/High Generator .....	77
F-2d	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis Euclid Elementary School Windows Replacement .....	78
F-2e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis For Lincoln Elementary School Roof Replacement .....	79
F-2f	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis Euclid Elementary School Roof Replacement .....	80
F-2g	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Budgetary Basis Lincoln Elementary School Roof Replacement .....	81

**HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
OUTLINE OF CAFR  
(Continued)**

	<b>Page</b>
<b>G. Proprietary Funds:</b>	
<b>Enterprise Fund:</b>	
G-1 Combining Statement of Net Assets.....	84
G-2 Combining Statement of Revenues, Expenses and Changes in Net Assets.....	85
G-3 Combining Statement of Cash Flows .....	86
<b>Internal Service Fund:</b>	
G-4 Combining Statement of Net Assets.....	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	N/A
G-6 Combining Statement of Cash Flows .....	N/A
<b>H. Fiduciary Funds:</b>	
H-1 Combining Statement of Fiduciary Net Assets.....	89
H-2 Combining Statement of Changes in Fiduciary Net Assets.....	90
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	91
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements.....	92
<b>I. Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds Payable .....	94
I-2 Schedule of Obligations Under Capital Leases .....	95
I-3 Long-Term Debt - Budgetary Comparison Schedule .....	96
I-4 Long-Term Debt - Schedule of Loans Payable .....	N/A
<b>Introduction to the Statistical Section</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component.....	100
J-2 Changes in Net Assets .....	101
J-3 Fund Balances - Governmental Funds.....	103
J-4 Changes in Fund Balances – Governmental Funds.....	104
J-5 General Fund Other Local Revenue by Source.....	106
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property .....	108
J-7 Direct and Overlapping Property Tax Rates.....	109
J-8 Principal Property Taxpayers.....	110
J-9 Property Tax Levies and Collections .....	111

**HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
OUTLINE OF CAFR  
(Continued)**

**Page**

**STATISTICAL SECTION (Unaudited)**

**Debt Capacity**

J-10	Ratios of Outstanding Debt by Type .....	113
J-11	Ratios of Net General Bonded Debt Outstanding .....	114
J-12	Direct and Overlapping Governmental Activities Debt .....	115
J-13	Legal Debt Margin Information .....	116

**Demographic and Economic Information**

J-14	Demographic and Economic Statistics .....	118
J-15	Principal Employers .....	119

**Operating Information**

J-16	Full Time Equivalent District Employees by Function/Program .....	121
J-17	Operating Statistics .....	122
J-18	School Building Information .....	123
J-19	Schedule of Required Maintenance Expenditures by School Facility .....	124
J-20	Insurance Schedule .....	125

**Single Audit Section**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	127
K-2	Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 .....	129
K-3	Schedule of Federal Awards, Schedule A .....	131
K-4	Schedule of State Financial Assistance, Schedule B .....	132
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance .....	133
K-6	Summary of Auditors' Results .....	135
K-7	Summary Schedule of Prior Audit Findings .....	138

**INTRODUCTORY SECTION**

**HASBROUCK HEIGHTS BOARD OF EDUCATION  
379 BOULEVARD  
HASBROUCK HEIGHTS, NEW JERSEY 07604**

**(201) 288-6150 TEL  
(201) 288-0289 FAX**

**Dina Messery  
School Business Administrator/  
Board Secretary**

November 7, 2011

Honorable President and  
Members of the Board of Education  
Hasbrouck Heights School District  
County of Bergen, New Jersey 07604

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR), of the Hasbrouck Heights School District for the fiscal year ended June 30, 2011. This CAFR includes the District's Basis Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District has adopted this new financial reporting model as required by the State of New Jersey. This new reporting model will provide all users of this document with much more useful financial and statistical information. 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. 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 financial position and results of operations of the various funds and account groups 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, 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 District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States and Local Governments and Nonprofit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

- 1) REPORTING ENTITY AND ITS SERVICES:** The Hasbrouck Heights School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB. All funds of the District are included in this report. The Hasbrouck Heights 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 for regular and special education handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 1,711 students, which is an increase of 49 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its K-12<sup>th</sup> grade students with Teterboro. The following details the changes in the student enrollment of the Hasbrouck Heights School District over the last seven years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011	1,711	2.95%
2010	1,662	2.91%
2009	1,615	3.14%
2008	1,565	0.58%
2007	1,556	(1.30)%
2006	1,576	0.06%
2005	1,575	2.94%

**2) ECONOMIC CONDITION AND OUTLOOK:** The Hasbrouck Heights area is experiencing a period of stable economic growth and expansion, which is expected to continue. Hasbrouck Heights is almost entirely built-out, with limited land available for further residential development. The Bergen County Abstract of Ratables has indicated a decrease in ratables over the past few years; thereby, decreasing the tax base.

**3) MAJOR INITIATIVES:** The board of education members and administrative team have decided to dedicate resources to improving the technology infrastructure of the school district with wireless access throughout all school buildings, upgrades in computer labs, internet-based assessments that allow teachers to differentiate instruction, and an iPad initiative including the teacher of algebra using iPad-based textbook. With the choice of a world language beginning in grade 8, career-based electives at the high school, and infusion of technology at all schools, Hasbrouck Heights schools are preparing students for the demands of our 21<sup>st</sup> century global economy.

**4) 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 that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The 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.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

**6) ACCOUNTING SYSTEMS AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

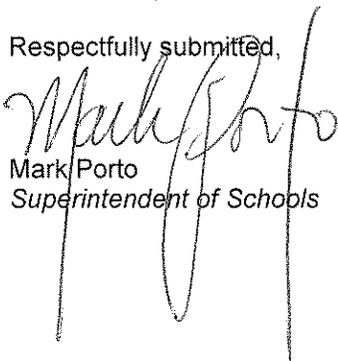
**7) CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUPDA 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.

**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance in property and contents, and fidelity bonds.

**9) OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McEnerney, Brady & Company, LLC, Certified Public Accountants, was selected by the Board of Education. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet the requirements of the Single Audit as amended and the related OMB Circular A-133 and State Treasury OMB Circular Letter 04-04. The auditor's report on the basic financial statements and schedules 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) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hasbrouck Heights School Board of Education 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 financial and accounting staff.

Respectfully submitted,

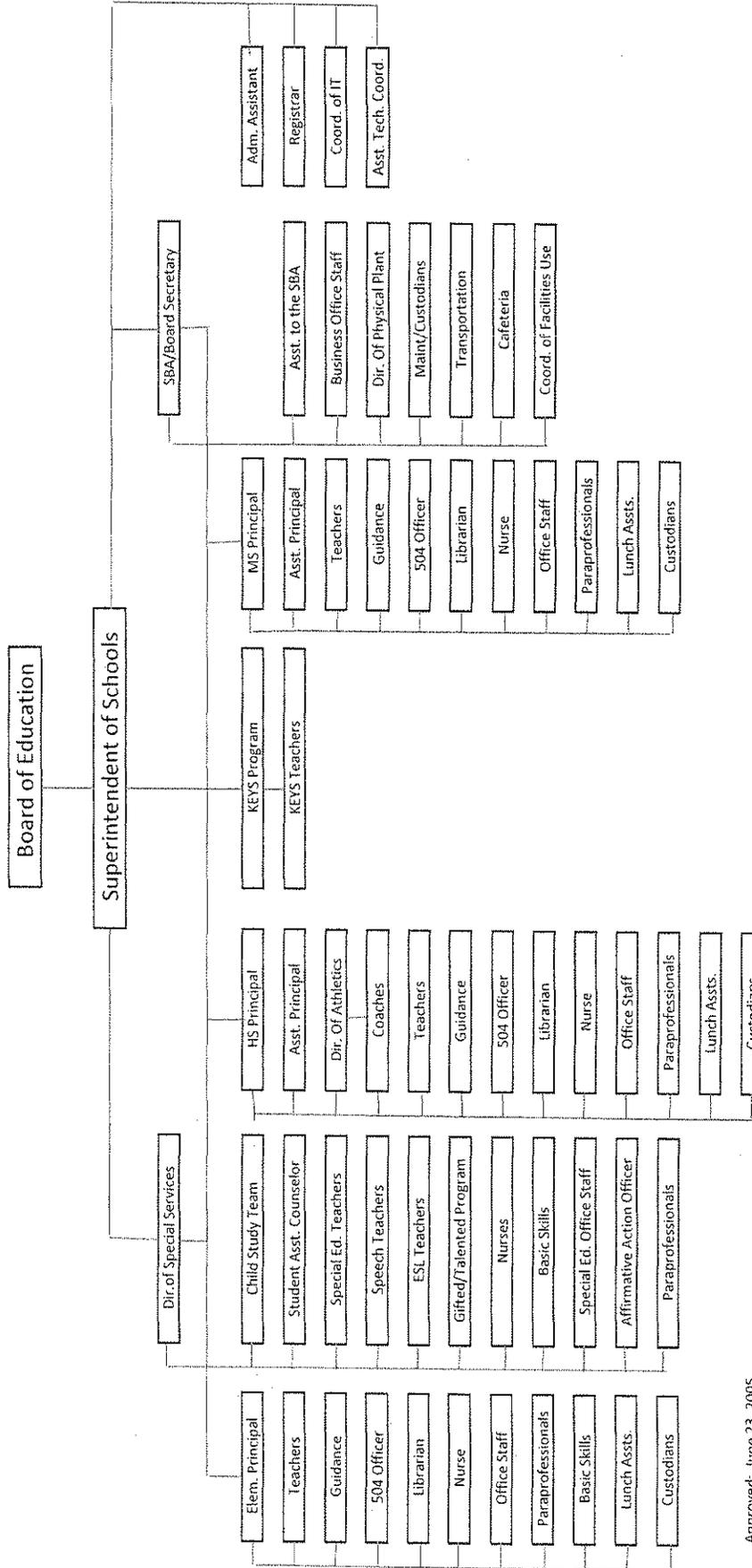


Mark Porto  
Superintendent of Schools



Dina Messery  
Business Admin./Board Secretary

ORGANIZATIONAL CHART  
 Hasbrouck Heights Public Schools



HASBROUCK HEIGHTS BOARD OF EDUCATION  
HASBROUCK HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Josephine Ciocia-- <i>President</i>	2012
Joseph Rinke - <i>Vice President</i>	2013
Constance Doheny	2012
Richard Giarratana	2012
Mark Nazzaro	2013
Lillian Romano	2013
Debra Bruno	2014
Robert Salerno	2014
Joseph Samperi	2014

Other Officials

Mark Porto - *Superintendent of Schools*

Dina Messery - *Board Secretary/School Business Administrator*

HASBROUCK HEIGHTS BOARD OF EDUCATION  
HASBROUCK HEIGHTS, NEW JERSEY

CONSULTANTS AND ADVISORS

**Architect**

El Associates  
6 Ridgedale Avenue  
Cedar Knolls, New Jersey 07927

**Audit Firm**

McEnerney, Brady & Company, LLC  
293 Eisenhower Parkway, Suite 270  
Livingston, New Jersey 07039

**Attorney**

Isabel Machado, Esq.  
Jasinski, LLC  
Sixty Park Place  
8<sup>th</sup> Floor  
Newark, NJ 07102

**Official Depository**

Valley National Bank  
1445 Valley Road  
Wayne, New Jersey 07470

**FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

The Honorable President and Members  
of the Board of Education  
Hasbrouck Heights Borough School District  
County of Bergen  
Hasbrouck Heights, New Jersey 07604

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 Hasbrouck Heights Borough School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hasbrouck Heights Borough School District's management. 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; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey (collectively, "standards"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hasbrouck Heights Borough Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011 on our consideration of the Hasbrouck Heights Borough 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 13 through 16 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hasbrouck Heights Borough Board of Education's basic financial statements. The accompanying introductory section and other supplementary information, such as the combining and individual fund financial statements, long-term debt schedules, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and NJ OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McEnerney, Brady & Company, LLC*

McEnerney, Brady & Company, LLC  
Certified Public Accountants

*John Lauria*  
John Lauria, RMA  
Licensed Public School Accountant #208700

Livingston, New Jersey  
November 7, 2011

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## HASBROUCK HEIGHTS PUBLIC SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011 UNADUTIED

The "Management's Discussion and Analysis" is a new element of Required Supplementary Information specified in the *Governmental Accounting Standards Board's (GASB) Statement NO. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for 2010-2011 are as follows:

- The district general fund balance increased by \$235,288 to \$706,595.
- Out of district tuition income decreased by \$203,249 to \$116,074.
- Total revenues decreased by \$1,866,574 in comparison to revenues from June 30, 2010.
- Total liabilities for government activities decreased by \$767,569.
- Amount of repayment of bond and loan principal was \$467,888.
- General revenues accounted for \$23.9 million in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$3.3 million or 12% of total revenues of \$27.2 million.
- Net assets increased in the enterprise fund by \$73,930 for the year ended June 30, 2011.

#### USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the district as a financial operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for the future. The fund financial statements also look at the district's most significant funds with all other non-major funds presented in total in one column.

#### REPORTING THE SCHOOL DISTRICT AS A WHOLE

##### Statement of Net Assets and the Statement of Activities

These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the district's net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the district as a whole, the financial position has improved or diminished due to the increase or decrease of assets, including cash and property, or liabilities, including long term indebtedness or short term accounts payable.

In the Statement of Net Assets and the Statement of Activities, the district is divided into two types of activities:

- **Governmental Activities**

Includes all the district's education programs, services, administration and physical plant operations.

- **Business Type Activities**

Program or functions that are conducted that require payments for goods or services.

## **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The district uses various funds to account for a multitude of financial transactions. The district's governmental funds are the General Fund, Capital Projects Fund, and Debt Service Fund. The district's business fund is the Enterprise Fund.

### **Governmental Funds**

The district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the end of the year available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which means cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The enterprise fund uses a simpler basis of accounting than the governmental funds. While the governmental funds are strictly regulated by state laws, statutes, codes, and regulations, the enterprise fund is not. The enterprise fund is maintained on a cash basis.

### **Notes to the Financial Statements**

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

### **The School District as a Whole**

The District's financial position is the product of several types of 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.

Table 1 provides a summary of the District's net assets on June 30, 2011.

Table 1 – Net Assets

<u>Assets</u>	
Cash and Cash Equivalents	\$ 1,226,372
Amount to be provided for retirement of debt	2,764,668
Accounts Receivable – Net	2,267,160
Interfund Receivable	467,960
Capital Assets – Net	17,665,129
Total Assets	<u>\$24,391,289</u>
<u>Liabilities</u>	
Cash Overdraft	\$ 137,631
Accounts Payable	340,747
Interfund Payable	467,960
Short-term Liabilities	527,895
Long-term Liabilities	8,006,151
Other Liabilities	3,004,992
Deferred Revenue	74,711
Total Liabilities	<u>\$12,560,087</u>
<u>Net Assets</u>	
Invested in Capital Assets, Net of debt	\$ 9,131,083
Restricted	1,952,692
Unrestricted	747,427
Total Net Assets	<u>\$11,831,202</u>

Table 2 – Comparison of Revenues and Expenses

<u>Revenues</u>	
General Revenues:	
Tax Levy	\$23,647,498
Grants and Other Entitlements	1,793,567
Other Miscellaneous	250,150
Total Revenues	<u>\$25,691,215</u>
<u>Program Expenses</u>	
Instruction	\$13,812,072
Support Services	10,726,830
Debt Service	425,023
Depreciation & Other	1,036,184
Total Expenses	<u>\$26,000,109</u>

### Business Type Activities

The district's business type activities consist of all Enterprise Fund programs. Specifically, they are the Keys program providing before school and after school student care, summer student enrichment activities, and facilities usage fees and expenses related to community use of buildings and athletic fields. Excess revenues from these sources are partially used to offset district general obligations. This offset equates to approximately one tax point savings for taxpayers.

### The School District's Funds

The school funding laws in New Jersey call for voter approval of most school district budgets. Property taxes provided 87% of all district operating revenues in the 2010-2011 school year. Federal, state and local grants plus miscellaneous income accounted for the remaining 13%.

Table 3 shows the distribution of all operating revenue:

**Table 3 – Distribution of Operating Revenue by Source**

Property Taxes:	
For General Purposes	\$23,039,193
For Debt Service	608,305
Federal and State Aid:	
Federal and State – Non-restricted	2,247,237
Federal and State Aid – Restricted	1,039,910
Tuition	116,074
Other	134,076
Total	<u>\$27,184,795</u>

**General Fund Budgeting Highlights**

The district's budget is prepared according to New Jersey law, statutes, codes and regulations. The most significant fund is the General Fund. It accounts for most of the activities and transactions. The following is a summary of major changes from amounts budgeted vs. actual revenues or appropriations. This summary excludes payments made by the state to the pension fund or taxes on-behalf of district employees. On behalf payments amounted to \$1,583,926 for the past fiscal year.

1. Revenues were \$181,491 higher than anticipated due to increased income from unrestricted and miscellaneous revenues.
2. The district received \$145,573 in state aid for the homeless.
3. The district's general fund balance increased by \$132,618 to \$706,595.

**Capital Assets**

At the end of the fiscal year 2010-2011, the value of all district fixed assets before depreciation was \$36,263,027. Accumulated depreciation was \$18,597,898. Table 4 provides a break down of the present book value of fixed assets net of depreciation.

**Table 4 – Fixed Assets Net of Depreciation**

Land	\$ 3,058,776
Building and Improvements	13,501,636
Machinery and Equipment	<u>1,104,717</u>
	<u>\$17,665,129</u>

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board offices at 379 Boulevard, Hasbrouck Heights, New Jersey 07604.

**BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

**EXHIBIT A-1**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 324,242	\$ 862,507	\$ 1,186,749
Amount to be provided for retirement of debt	2,764,668		2,764,668
Receivables, net			
Due from other funds	467,960		467,960
Other receivables	2,260,016	7,144	2,267,160
Restricted assets:			
Capital Reserve Account - Cash	39,623		39,623
Capital Assets, Net (Note 5)	17,665,129		17,665,129
<b>Total Assets</b>	<b>\$ 23,521,638</b>	<b>\$ 869,651</b>	<b>\$ 24,391,289</b>
<b>LIABILITIES</b>			
Cash Overdraft	\$ 137,631	\$	\$ 137,631
Accounts payable	254,370	33,536	287,906
Interfund payable		467,960	467,960
Other current liabilities	3,004,992		3,004,992
Accrued Interest Payable	26,141		26,141
Payable to federal government	1,162		1,162
Payable to state government	25,537		25,537
Deferred revenue	6,041	68,670	74,711
Noncurrent Liabilities (Note 6)			
Due Within One Year	527,895		527,895
Due Beyond One Year	8,006,151		8,006,151
<b>Total Liabilities</b>	<b>11,989,921</b>	<b>570,166</b>	<b>12,560,087</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	9,131,083		9,131,083
Restricted for:			
Capital Reserve	62		62
Excess Surplus - Current Year	108,320		108,320
Excess Surplus - Designated for Subsequent Year's Expenditures	37,009		37,009
Tuition Reserve	64,491		64,491
Committed to:			
Other Purposes	22,630		22,630
Assigned to:			
Debt Service Fund	72,776		72,776
Capital Projects Fund	1,647,404		1,647,404
Unassigned	447,942	299,485	747,427
<b>Total Net Assets</b>	<b>11,531,717</b>	<b>299,485</b>	<b>11,831,202</b>
	<b>\$ 23,521,638</b>	<b>\$ 869,651</b>	<b>\$ 24,391,289</b>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities							
<b>Instruction:</b>							
Regular	\$ 11,153,083	\$	\$ 926,051	\$	\$ 12,079,133	\$	\$ 12,079,133
Special Education	2,570,068		126,850		(2,443,218)		(2,443,218)
Other Special Instruction	1,189,939		48,117		(1,141,822)		(1,141,822)
<b>Support Services:</b>							
Tuition	2,594,241		99,377		(2,494,864)		(2,494,864)
Student and Instruction Related Services	3,562,726		277,058		(3,285,669)		(3,285,669)
School Administrative Services	589,208		16,128		(573,080)		(573,080)
General and business administrative services	1,649,898				(1,649,898)		(1,649,898)
Plant Operations and Maintenance	1,988,990				(1,988,990)		(1,988,990)
Pupil Transportation	712,384				(712,384)		(712,384)
Business and other support services	21,945				(21,945)		(21,945)
Interest on Long-Term Debt	425,023				(425,023)		(425,023)
Depreciation & Other	1,036,184				(1,036,184)		(1,036,184)
<b>Total Governmental Activities</b>	<b>27,493,689</b>		<b>1,493,580</b>		<b>(3,693,944)</b>		<b>(3,693,944)</b>
Business-Type Activities							
Food Service	483,752	395,356	95,560			7,164	7,164
Keys and other programs	325,328	391,163				65,835	65,835
<b>Total Business-Type Activities</b>	<b>809,080</b>	<b>786,519</b>	<b>95,560</b>			<b>72,999</b>	<b>72,999</b>
<b>Total Primary Government</b>	<b>\$ 28,302,769</b>	<b>\$ 786,519</b>	<b>\$ 1,589,140</b>	<b>\$</b>	<b>\$ (3,693,944)</b>	<b>\$ 72,999</b>	<b>\$ (3,620,945)</b>

The Accompanying notes to Financial Statements are an integral part of this statement.

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT A-2  
 Page 2

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Property Taxes, Levied for General Purposes, Net	\$ 23,039,193	\$	\$ 23,039,193
Taxes levied for debt service	608,305		608,305
Federal and State Aid - Restricted	1,793,567		1,793,567
Tuition received	116,074		116,074
Investment Earnings		931	931
Miscellaneous Income	134,076		134,076
Transfers			-
Total General Revenues, Special Items, and Transfers	<u>25,691,215</u>	<u>931</u>	<u>25,692,146</u>
Change in Net Assets	21,997,271	73,930	22,071,201
Net Assets, Beginning of Year	<u>11,840,611</u>	<u>225,555</u>	<u>12,066,166</u>
Net Assets, End of Year	<u>\$ 33,837,882</u>	<u>\$ 299,485</u>	<u>\$ 34,137,367</u>

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

**B. FUND FINANCIAL STATEMENTS**

GOVERNMENTAL FUNDS

HASBROUCK HEIGHTS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

EXHIBIT B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 251,466	\$	\$	\$ 72,776	\$ 324,242
Restricted cash and cash equivalents			39,623		39,623
Amount to be provided for retirement of long-term debt			2,764,668		2,764,668
Receivable from State Government	41,104	1,516	1,843,113		1,885,734
Receivable from Federal Government		175,063			175,063
Receivable from Food Service Fund	467,960				467,960
Other receivables	199,219				199,219
<b>Total Assets</b>	<b>\$ 959,749</b>	<b>\$ 176,580</b>	<b>\$ 4,647,404</b>	<b>\$ 72,776</b>	<b>\$ 5,856,509</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Cash Overdraft	\$	\$ 137,631	\$	\$	\$ 137,631
Accounts Payable	241,458	12,912			254,370
Other current liabilities	4,992		3,000,000		3,004,992
Payable to State government	6,704	18,833			25,537
Payable to Federal government		1,162			1,162
Deferred Revenue		6,041			6,041
<b>Total Liabilities</b>	<b>253,154</b>	<b>176,580</b>	<b>3,000,000</b>	<b></b>	<b>3,429,734</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital reserve	62				62
Excess surplus - current year	108,320				108,320
Excess surplus - designated for subsequent year's expenditures	37,009				37,009
Tuition reserve	64,491				64,491
<b>Committed to:</b>					
Other purposes	22,630				22,630
<b>Assigned to:</b>					
Debt service				72,776	72,776
Capital projects			1,647,404		1,647,404
<b>Unassigned:</b>					
General fund	474,083				474,083
<b>Total Fund Balances</b>	<b>706,595</b>	<b></b>	<b>1,647,404</b>	<b>72,776</b>	<b>2,426,775</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 959,749</b>	<b>\$ 176,580</b>	<b>\$ 4,647,404</b>	<b>\$ 72,776</b>	<b>\$ 5,856,509</b>

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 \$36,263,027 and the accumulated depreciation is \$18,597,898. \$ 17,665,129

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability decreases that fund balance. (26,141)

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (8,534,046)

Net assets of governmental activities \$ 11,531,717

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

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT B-2

REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources					
Local Tax Levy	\$ 23,039,193	\$	\$	\$ 608,305	\$ 23,647,498
Tuition Charges	116,074				116,074
Interest	9,405		2,458		11,863
Rentals	9,400				9,400
Refund Prior Year Expenditure	323				323
Budgeted Fund Balance					-
Homeless	53,646				53,646
Miscellaneous	56,862				56,862
<b>Total - Local Sources</b>	<b>23,284,903</b>		<b>2,458</b>	<b>608,305</b>	<b>23,895,666</b>
Local Sources		1,982			1,982
State Sources	2,247,237	272,829		194,299	2,714,365
Federal Sources		572,782			572,782
<b>Total Revenues</b>	<b>25,532,140</b>	<b>847,593</b>	<b>2,458</b>	<b>802,604</b>	<b>27,184,795</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	7,821,972	669,900			8,491,872
Special Education Instruction	1,893,079				1,893,079
Other Special Instruction	933,142				933,142
Vocational Instruction					
Other Instruction					
Nonpublic school programs					
Adult/continuing education programs					
<b>Total Instruction</b>	<b>10,648,193</b>	<b>669,900</b>			<b>11,318,093</b>
Support Services and Undistributed Costs					
Tuition	2,594,241				2,594,241
Student and Instruction Related Services	2,670,723	141,988			2,812,711
General Administrative Services	503,133				503,133
School Administrative Services	839,525				839,525
Central Services	422,441				422,441
Other Administrative Services					
Plant Operations and Maintenance	1,697,285				1,697,285
Pupil Transportation	669,885				669,885
Business and other support					
Unallocated benefits	5,126,033	13,760			5,139,793
Debt Service					
Principal				461,957	461,957
Interest and Other Charges				358,374	358,374
Special Schools					
Transfer to Charter School					
Instructional Equipment		21,945			21,945
Capital Expenditures			546,186		546,186
Capital Outlay	116,636				116,636
<b>Total Expenditures</b>	<b>25,288,095</b>	<b>847,593</b>	<b>546,186</b>	<b>820,331</b>	<b>27,502,205</b>
Excess (Deficiency) of Revenues Over Expenditures	244,045		(543,728)	(17,727)	(317,410)
Other Financing Sources:					
Transfer to Debt Service Fund	(8,757)				(8,757)
Transfer from General Fund				8,757	8,757
<b>Total other financing sources and uses</b>	<b>(8,757)</b>			<b>8,757</b>	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	235,288		(543,728)	(8,970)	(317,410)
Fund Balance, Beginning of Year	471,307		2,191,132	81,746	2,744,185
Fund Balance, End of Year	\$ 706,595	\$	\$ 1,647,404	\$ 72,776	\$ 2,426,775

HASBROUCK HEIGHTS SCHOOL DISTRICT B-3  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (317,410)

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.

Capital Outlays	\$ 490,132	
Depreciation Expense	<u>(1,036,184)</u>	(546,052)

Compensated Absences 13,430

Repayment of bond principal is an expenditure in the governmental  
funds, but it reduces long-term liabilities in the statement of net assets and  
does not affect the statement of activities. 440,000

Payment of long-term debt is an expenditure in the governmental funds and reduces  
long-term liabilities in the statement of net assets and is not reported in the  
statement of net assets. 27,888

Repayment of Lease Principal is 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. 99,391

Interest on long-term debt in the statement of activities differs from the amount  
reported in the governmental funds because interest is recorded as an  
expenditure in the funds when it is due, and thus requires the use of  
current financial resources. In the statement of activities, however, interest  
expense is recognized as the interest accrues, regardless of when it is due. (26,141)

Change in net assets of governmental activities (Exhibit A-2) \$ (308,894)

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

**PROPRIETARY FUNDS**

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

EXHIBIT B-4

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Keys Program	Other Programs	Food Service	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 208,505	\$ 125,269	\$ 528,733	\$ 862,507
Accounts receivable			7,144	7,144
Total Current Assets	<u>208,505</u>	<u>125,269</u>	<u>535,877</u>	<u>869,651</u>
Total Assets	<u>\$ 208,505</u>	<u>\$ 125,269</u>	<u>\$ 535,877</u>	<u>\$ 869,651</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 2,140	\$	\$ 31,398	\$ 33,536
Interfund Payable			467,960	467,960
Deferred Revenue	<u>50,710</u>	<u>17,960</u>		<u>68,670</u>
Total Current Liabilities	<u>52,850</u>	<u>17,960</u>	<u>499,356</u>	<u>570,166</u>
<b>NET ASSETS</b>				
Unrestricted	<u>155,655</u>	<u>107,309</u>	<u>36,521</u>	<u>299,485</u>
Total Liabilities and Net Assets	<u>\$ 208,505</u>	<u>\$ 125,269</u>	<u>\$ 535,877</u>	<u>\$ 869,651</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT B-5

	Business-Type Activities - Enterprise Fund			Total Enterprise
	Keys Program	Other Programs	Food Service	
Operating Revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$	\$	\$ 395,356	\$ 395,356
Daily sales - non-reimbursable programs	273,692	117,471		391,163
Total Operating Revenues	273,692	117,471	395,356	786,519
Operating Expenses				
Salaries and Wages	141,933	94,673		236,606
Employee Benefits	10,858	716		11,574
Other purchased professional services	1,620	12,133	15,237	28,990
Cleaning, repair and maintenance services				
Utilities	29,621			29,621
Supplies and Materials	20,166	4,002	468,473	492,641
Miscellaneous	5,361	4,245	42	9,648
Total Operating Expenses	209,559	115,769	483,752	809,080
Operating Income (Loss)	64,133	1,702	(88,396)	(22,561)
Nonoperating Revenues				
State Sources			4,619	4,619
Federal Sources			90,941	90,941
Interest and Investment Revenue			931	931
Total Nonoperating Revenues			96,491	96,491
Change in Net Assets	64,133	1,702	8,095	73,930
Net Assets, Beginning of Year	91,522	105,607	28,426	225,555
Net Assets, End of Year	\$ 155,655	\$ 107,309	\$ 36,521	\$ 299,485

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

**HABROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

EXHIBIT B-6

	Business-Type Activities - Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 324,402	\$ 136,631	\$ 395,356	\$ 856,389
Salaries & Benefits	(152,791)	(95,389)		(248,180)
Recognition of prior years deferred revenue	(47,688)	(14,767)		(62,455)
Payments to Suppliers	(58,100)	(20,380)	(14,928)	(93,408)
Net Cash Provided By Operating Activities	<u>65,823</u>	<u>6,095</u>	<u>380,428</u>	<u>452,346</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State and Federal Sources			94,517	94,517
Net Cash Provided by Non-Capital Financing Activities			<u>94,517</u>	<u>94,517</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and investment revenue			931	931
Net Cash Provided by Non-Capital Financing Activities			<u>931</u>	<u>931</u>
Net Increase in Cash and Cash Equivalents	65,823	6,095	475,876	547,794
Cash and Cash Equivalents - Beginning of Year	<u>142,682</u>	<u>119,174</u>	<u>52,857</u>	<u>314,713</u>
Cash and Cash Equivalents - End of Year	<u>\$ 208,505</u>	<u>\$ 125,269</u>	<u>\$ 528,733</u>	<u>\$ 862,507</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	64,133	1,702	(88,396)	(22,561)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Decrease in Accounts Receivable		1,200		1,200
Increase in Deferred Revenue	3,022	3,193		6,215
Increase (Decrease) in Accounts Payable	(1,332)		864	(468)
Increase in Interfunds Payable			467,960	467,960
Total Adjustments	<u>1,690</u>	<u>4,393</u>	<u>468,824</u>	<u>474,907</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 65,823</u>	<u>\$ 6,095</u>	<u>\$ 380,428</u>	<u>\$ 452,346</u>

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

FIDUCIARY FUNDS

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

EXHIBIT B-7

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 35,827	\$ 114,397	\$223,322	\$ 373,546
Total Assets	<u>\$ 35,827</u>	<u>\$ 114,397</u>	<u>\$223,322</u>	<u>\$ 373,546</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings Due to Student Groups	\$	\$ 114,397	\$223,322	\$ 223,322 114,397
Total Liabilities		<u>\$ 114,397</u>	<u>\$223,322</u>	<u>\$ 337,719</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>\$ 35,827</u>			<u>\$ 35,827</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

B-8

	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>	
Contributions	
Donations	
Other	\$ 50
Total contributions	50
Investment earnings:	
Interest	
Total additions	52
	102
<b>DEDUCTIONS</b>	
Scholarships awarded	
Total deductions	750
Change in net assets	750
Net assets, beginning of year	(648)
Net assets, end of year	36,475
	\$ 35,827

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

B-9

	<u>Balance 1-Jul-10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, 30-Jun-11</u>
Elementary Schools:				
Euclid	\$ 2,772	\$ 12,655	\$ 13,991	\$ 1,436
Lincoln	8,230	14,742	15,361	7,611
High School	107,741	260,413	263,701	104,453
Athletic account	<u>2,653</u>	<u>35,988</u>	<u>37,745</u>	<u>896</u>
Total All Schools	<u>\$ 121,396</u>	<u>\$ 323,799</u>	<u>\$ 330,798</u>	<u>\$ 114,397</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

B-10

	<u>Balance</u> <u>July 1,2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 165,231	\$ 6,622,012	\$ 6,563,921	\$ 223,322
Total assets	<u>\$ 165,231</u>	<u>\$ 6,622,012</u>	<u>\$ 6,563,921</u>	<u>\$ 223,322</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 165,231	\$ 6,622,012	\$ 6,563,921	\$ 223,322
Total liabilities	<u>\$ 165,231</u>	<u>\$ 6,622,012</u>	<u>\$ 6,563,921</u>	<u>\$ 223,322</u>

**NOTES TO THE FINANCIAL STATEMENTS**

## HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2011

#### 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Hasbrouck Heights Borough School District (the "District") is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2011 of 1,700 students.

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

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

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

Based on the aforementioned criteria, the District has no component units.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

##### Basis of Presentation

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

##### Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities.

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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

### **Fund Financial Statements**

During the 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.

Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

### **Governmental Funds**

Governmental funds are those through which most governmental functions typically 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 School District's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the School District. 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 and noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles 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 the 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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**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.

### **Proprietary Fund Type**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the School District.

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the School District 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 School District 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 School District's Enterprise Fund is comprised of the Food Service Fund and the After School Program.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

### **Fiduciary Funds**

Fiduciary Fund reporting focuses on net assets and changes in net assets. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the School District's own programs. There are four fiduciary fund types - pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

**Unemployment Insurance Trust ("SUI Fund")** - The SUI Fund is an employee benefit trust fund which accounts for resources held and administered while acting in a fiduciary capacity for individuals or other government agencies. Assets are held in trust for members of the defined contribution plan.

**Private Purpose Scholarship and Partnership Program** - These are a private-purpose trust funds under which principal and income benefit individuals, private organizations or other governments. It is a default fund type for assets held in trust for others outside the reporting district.

**Agency Funds** - Agency Funds are used to account for the assets that the School District holds on behalf of others as their agent. These funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

### **Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, and the outstanding principal on outstanding loans.

## Measurement Focus

### Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets.

### 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 government-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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

### Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and, under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the School District follows the pronouncements of the GASB and the pronouncements of the FASB and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County Office for approval and are voted upon at the annual school election on the third Tuesday in April. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The transfer of appropriations was changed under N.J.S.A. 1701. Any transfers of advertised line item appropriations over 10% must be approved by the County Office and the State of New Jersey Department of Education.

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 generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the last state aid payment 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.

<u>Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 25,429,470	\$ 847,593
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
2009-2010 State aid payment recognized in 2010-2011 for GAAP statements.	102,670	
State aid payment recognized for budgetary purposes not recognized for GAAP statements.		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 25,532,140</u>	<u>\$ 847,593</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 25,288,095	\$ 847,593
Difference - Budget-to-GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund expenditures, and changes in fund balances - balances - governmental funds.	<u>\$ 25,288,095</u>	<u>\$ 847,593</u>

## ***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 School District has received advances, are reflected in the balance sheet as deferred 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.

## **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 to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA" or the "Act"). 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.

## **Tuition Receivable**

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

## **Tuition Payable**

Tuition charges for the fiscal years 2008-09 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

## **Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund, in the School District and that are due within one year.

**Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

The District maintains a capitalization threshold of two-thousand dollars. 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.

All reported capital assets, except for land, 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>Estimated Lives</u>
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5 - 25 Years
Vehicles	8 - 12 Years

**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 District 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**Accrued Liabilities and Long-Term Obligations**

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

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### **Deferred Revenue**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

### **Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

### **Fund Balance**

The State Department of Education has established a policy of classifying fund balances in accordance with GASB #54:

Committed Fund Balance – amounts constrained to specific purposes by the State Department of Education itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the State DOE takes the highest level action to remove or change the constraint. Presently committed are funds Designated for Subsequent Year's Expenditures and Excess Surplus.

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

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of the provider. The Permanent Fund includes restricted fund balance.

Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General and Debt Service Funds.

The State Department of Education has the authority to express intended use resources in the assignment and restriction of fund balance.

### **Proprietary Funds Revenues and Expenses**

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise fund the Food Service, are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Rebatable Arbitrage**

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded in the "Statement of Net Assets".

### **Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the School District and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

### **Allocation of 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. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, are allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities.

Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

### **Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

## **3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The School District classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The School District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

### **Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

As of June 30, 2011, cash and cash equivalents on deposit of the School District consisted of the following:

	Cash and Cash <u>Equivalents</u>
Checking Accounts, Interest Bearing	<u>\$ 2,394,299</u>

### Investments

New Jersey statutes permit the School District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2011, the School District did not have any investments on hand.

#### **4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Hasbrouck Heights Board of Education by inclusion of \$1.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the Governmental Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23.A-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.

Beginning balance, July 1, 2010	<u>\$ 62</u>
Ending balance, June 30, 2011	<u>\$ 62</u>

The withdrawals from the capital reserve were for use in a State of New Jersey Department of Education ("DOE") approved facilities project, consistent with the School Districts LRFP.

## 5. CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2011:

	Balance June 30, 2010	Additions	Adjustments/ Retirements	Balance June 30, 2011
<i>Capital Assets not Being Depreciated</i>				
Land	\$ 3,058,776	\$	\$	\$ 3,058,776
Construction in Progress	2,397,431	490,132	(2,887,563)	
<b>Total Capital Assets not Being Depreciated</b>	<b>5,456,207</b>	<b>490,132</b>	<b>(2,887,563)</b>	<b>3,058,776</b>
<i>Capital Assets Being Depreciated</i>				
Building & Site Improvements	27,544,889	2,813,094	(45,795)	30,312,188
Equipment	2,723,014	169,049		2,892,063
<b>Total Capital Assets Being Depreciated</b>	<b>30,267,903</b>	<b>2,982,143</b>	<b>(45,795)</b>	<b>33,204,251</b>
<b>Total Assets - Historical Cost</b>	<b>35,724,110</b>	<b>3,472,275</b>	<b>(2,933,358)</b>	<b>36,263,027</b>
Less: Accumulated Depreciation	(17,561,714)	(1,036,184)		(18,597,898)
<b>Capital Assets - Net</b>	<b>\$ 18,162,396</b>	<b>\$ 2,436,091</b>	<b>\$ (2,933,358)</b>	<b>\$ 17,665,129</b>

## 6. LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2010	Issued	Retired	Balance June 30, 2011
Bonds Payable	\$ 7,715,000	\$	\$ 440,000	\$ 7,275,000
Capital Leases	240,417	99,770	99,391	240,796
Mortgages Payable	5,931		5,931	
Loans Payable	92,499		21,957	70,542
Compensated Absences Payable	961,138		13,430	947,708
	<b>\$ 9,014,985</b>	<b>\$ 99,770</b>	<b>\$ 580,709</b>	<b>\$ 8,534,046</b>

### Bonds Payable

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

During the fiscal year ended June 30, 1999, the Board of Education issued bonds pursuant to Title 18A, Education of the New Jersey Statutes and by virtue of proposals adopted by the Board of Education on March 19, 1998 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on May 12, 1998.

Bonds totaling \$10,422,000 were issued on two separate occasions during the 6/30/99 fiscal year: on August 5, 1998 bonds totaling \$9,650,000 were issued, and then on January 12, 1999 bonds totaling \$772,000 were issued.

The proceeds from these bonds were used to finance the construction of additions and renovations to the Euclid Elementary School, the Lincoln Elementary School, the Hasbrouck Heights Junior High School, including construction of a full size gymnasium at the Junior Senior High School, and acquisition and installation of furnishings and equipment and site work.

Some of these bonds were retired and refunded in the June 30, 2005 fiscal year as explained further in the next section.

During the fiscal year ended June 30, 2005, the Board of Education voted and authorized the issuance of Refunding School Bonds in the amount of \$8,370,000.

The purpose of the Bonds is to (i) advance refund all of the \$7,610,000 aggregate principal amount of School Bonds of the Board dated August 1, 1998 originally issued in the principal amount of \$9,650,000 maturing on or after August 15, 2009 (the "1998 Refunded Bonds") and callable on or after August 15, 2008 (the "1998 Redemption Date") a 100% of par (the "1998 Redemption Price") plus unpaid accrued interest to the 1998 Redemption Date, (ii) advance refund of all of the \$357,000 aggregate principal amount of School Bonds of the Board dated January 1, 1999 originally issued in the principal amount of \$772,000 maturing on or after August 15, 2009 (the "1999 Refunded Bonds" and together with the 1998 Refunded Bonds, the "Refunded Bonds") and callable on or after August 15, 2008 at 100% of par plus unpaid accrued interest to the 1999 Redemption Date and (iii) pay the costs of issuance associated with the Bonds.

<u>1998 Refunded Bonds</u>		<u>1999 Refunded Bonds</u>	
08/15/11	\$365,000	08/15/11	\$60,000
08/15/12	385,000	08/15/12	60,000
08/15/13	405,000	08/15/13	60,000
08/15/14	455,000	08/15/14	60,000
08/15/15	475,000		
08/15/16	505,000		
08/15/17	530,000		
08/15/18	555,000		
08/15/19	585,000		
08/15/20	620,000		
08/15/21	650,000		
08/15/22	685,000		
08/15/23	<u>720,000</u>		
	<u>\$6,935,000</u>		<u>\$240,000</u>

A portion of the proceeds of the Bonds will be deposited upon delivery thereof in an escrow account for the Bonds with The Bank of New York; West Paterson, New Jersey (the "Escrow Agent") and such proceeds will be invested in direct non-callable obligations of the United States of America, the principal of which, together with cash and any investments earnings thereon, will be sufficient to pay, when due, the interest on the Refunded Bonds to the Redemption Date and the principal of and redemption premium, if any, on the Refunded Bonds on the Redemption Date. The Board will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on their Redemption Date.

The total amount of principal and interest due annually on the three issues of serial bonds outstanding is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2012	\$ 455,000	\$ 284,813	\$ 739,813
June 30, 2013	475,000	267,069	742,069
June 30, 2014	490,000	250,419	740,419
June 30, 2015	530,000	229,919	759,919
June 30, 2016	495,000	208,094	703,094
June 30, 2017	520,000	187,794	707,794
June 30, 2018	540,000	166,594	706,594
June 30, 2019	560,000	144,594	704,594
June 30, 2020	585,000	121,694	706,694
June 30, 2021	615,000	97,309	712,309
June 30, 2022	640,000	71,425	711,425
June 30, 2023	670,000	43,988	713,988
June 30, 2024	700,000	14,875	714,875
	<u>\$ 7,275,000</u>	<u>\$ 2,088,587</u>	<u>\$ 9,363,587</u>

**Bonds Authorized but Not Issued**

As of June 30, 2011, there were no bonds or notes authorized but not issued.

**Capital Leases Payable**

The District is leasing several copiers and computer equipment under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2011.

Year ending June 30,	<u>Total</u>
2012	\$74,560
2013	57,936
2014	57,936
2015	53,598
2016	<u>22,961</u>
Total Minimum Lease Payments	266,991
Less: Amount Representing	
Interest Expense	<u>26,195</u>
Principal Payments Due	<u>\$240,796</u>

**Loan Agreements:**

The District has entered into four loan agreements with the State of New Jersey for Re-roofing, Electrical Work and Bathroom Renovations at Euclid and Lincoln Schools and for Fire Doors at the High School. All four loans are repayable over 20 years from the date of the final consummation of the loans. The funds have been provided through the small project and safe program loans established by the N.J. Economic Development Authority. The first loan of \$37,500 is at an interest rate of 1.50% under Loan No. 034-93, the second loan of \$112,500 is at 5.288% under Loan No. 034-93, the third loan of \$51,050 is at 1.50% under Loan No. 254-93 and the fourth loan of \$153,150 is at 5.288% under Loan No. 254-93.

Drawdowns of the four loans were initiated and completed in 1993. Following are the remaining maturities and debt schedules for the outstanding principals.

	<u>Loan No. 034-93 Safe</u>		<u>Loan No. 034-93 Small</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$1,973.68	\$ 74.02	\$ 7,639.65	\$1,064.63
2013	1,973.68	44.41	7,978.63	651.69
2014	<u>1,973.76</u>	<u>14.80</u>	<u>8,334.57</u>	<u>220.36</u>
	<u>\$5,921.12</u>	<u>\$133.23</u>	<u>\$23,952.85</u>	<u>\$1,936.68</u>

	<u>Loan No. 034-93 Safe</u>		<u>Loan No. 034-93 Small</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,686.84	\$100.75	\$10,400.11	\$1,449.32
2013	2,686.84	60.45	10,861.57	887.16
2014	<u>2,686.84</u>	<u>20.15</u>	<u>11,346.12</u>	<u>299.99</u>
	<u>\$ 8,060.52</u>	<u>\$181.35</u>	<u>\$32,607.80</u>	<u>\$2,636.47</u>

Mortgage Payable:

On August 27, 2003, the District refinanced the three mortgages on the LaSalle Street properties. A new mortgage in the amount of \$240,654 issued by Bergen Community Bank was used to pay off the three outstanding mortgages. The following three mortgages on the LaSalle Street properties were paid off on this date:

- Hudson City Savings Bank, original face amount of \$36,337, issued on 5/12/95
- Song Cha Yim, original face amount of \$143,663 issued on 5/12/95
- Fleet Bank, original face amount of \$268,000 issued on 10/20/99

The new mortgage was issued at an interest rate of 5.5% per annum. The term of the loan is seven years, and the loan matures on 8/27/2010. The monthly mortgage amount covering interest and principal is \$3,467.66.

The mortgage was paid off by the School District through the General Fund on 8/27/2010.

Short Term Notes Payable:

On April 1, 2011, the District entered into a short term note agreement for the purpose of funding certain capital projects. The note was issued in the amount of \$3,000,000, bearing an interest rate of 1.02% per annum and matures on March 30, 2012, at which time the District will determine if permanent funding will be necessary.

**7. PENSION PLANS**

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS") or the Teachers' Pension and Annuity Fund ("TPAF") which have been established by State statute and are administered by the New Jersey Division of Pension and Benefits (the "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, P. O. Box 295, Trenton, New Jersey 08625.

### **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 TPAF 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 School District and the system's other related noncontributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

### **Public Employees' Retirement System (PERS)**

The Public Employees' Retirement System 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 PERS 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.

### **Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS and TPAF provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

### **Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for PERS and TPAF were reduced.

### **Contribution Requirements**

The contribution policy is set by New Jersey State statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

The various pension funds provide for employee contributions based on percentages ranging from 3% to 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium.

During the year ended June 30, 2011 for PERS, which is a cost sharing multi-employer pension plan, the annual pension costs equals the annual required contribution due to the enactment of Chapter 114, P.L. 1997. For TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Cost to District</u>
June 30, 2011	\$ 232,612	100%	\$ 232,612
June 30, 2010	174,596	100%	174,596
June 30, 2009	139,727	100%	139,727

**Three-Year Trend Information for TPAF  
(Paid On-Behalf of the School District)**

<u>Year Funding</u>	<u>Pension Cost (APC)</u>	<u>of APC Contributed</u>	<u>On-Behalf Payments</u>
June 30, 2011	\$ -	0%	\$ 753,657
June 30, 2010	-	0%	727,571
June 30, 2009	-	0%	745,108

During the year ended June 30, 2011, the State of New Jersey contributed \$-0- to the TPAF for normal pension and \$753,657 for post-retirement medical benefits on-behalf of the School District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the School District \$830,269 during the year ended June 30, 2011 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 basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

Legislation enacted during 1993 provided early retirement incentives for certain members of PERS and TPAF who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board assumed the increased cost for the early retirement as it affected their district.

**8. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required PERS and TPAF, 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 PERS and TPAF. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding 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 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

## 9. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the School District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Assets. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Assets.

## 10. DEFERRED COMPENSATION

The District offers its employees a choice of the following deferred compensation plans (the "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:

The Variable Annuity Life Insurance Company  
Faculty Services Corporation  
AXA Equitable Life Insurance Company  
Metropolitan Life & Affiliated Companies  
Primerica Financial Services

## 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.

**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 district is billed quarterly for amounts due to the State.

**12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2011:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 467,960	\$
Enterprise Fund	<u>                    </u>	<u>467,960</u>
Total	<u>\$ 467,960</u>	<u>\$ 467,960</u>

The interfund receivable in the General Fund is the result of state reimbursements not yet received by the Enterprise Fund. Unexpended improvement authorizations were cancelled and the balance is due to the Debt Service Fund.

**13. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$706,595 General Fund fund balance at June 30, 2011, \$62 is restricted for capital reserve; \$37,009 is restricted for excess surplus – designated for subsequent year’s expenditures; \$108,320 is restricted for excess surplus – current year; \$64,491 is restricted for tuition reserve; \$22,630 is committed to other purposes and \$474,083 is unreserved and undesignated.

**Capital Projects Fund** – There is a fund balance in the Capital Projects Fund at June 30, 2011 of \$1,647,404, which is assigned.

**Debt Service Fund** - There is a fund balance in the Debt Service Fund at June 30, 2011 of \$72,776, which is assigned.

**14. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18:7F-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. There was excess surplus fund balance at June 30, 2011 of \$108,320, which must be appropriated for the 2012-2013 school year.

**15. CONTINGENT LIABILITIES**

**Litigation**

In the opinion of the District’s legal counsel, there were no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education of the Borough of Hasbrouck Heights and which might materially affect the Board of Education’s financial position or results of operations.

**Federal and State Awards**

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The 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.

**16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after June 30, 2011 through the date of November 7, 2011 the District has determined that no subsequent events have occurred which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**C. BUDGETARY COMPARISON SCHEDULES**

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 23,039,193	\$	\$ 23,039,193	\$ 23,039,193	\$
Tuition	133,371		133,371	116,074	(17,297)
Interest on Investments	22,000		22,000	9,405	(12,595)
Rentals				9,400	9,400
Refund Prior Year Expenditure				323	323
Homeless				53,646	53,646
Unrestricted Miscellaneous	54,421		54,421	56,862	2,441
<b>Total Local Sources</b>	<u>23,248,985</u>		<u>23,248,985</u>	<u>23,284,903</u>	<u>35,918</u>
State Sources:					
Special Education Aid	71,196	343,872	415,068	415,068	
Equalization Aid	343,872	(343,872)			
Homeless				145,573	145,573
TPAF Pension (On-Behalf - Non-Budgeted)				753,657	753,657
TPAF Post Retirement Med. Contrib.(On Behalf- Non Budgeted)					
TPAF Social Security (Reimbursed - Non-Budgeted)				830,269	830,269
<b>Total - State Sources</b>	<u>415,068</u>		<u>415,068</u>	<u>2,144,567</u>	<u>1,729,499</u>
<b>Total Revenues</b>	<u>23,664,053</u>		<u>23,664,053</u>	<u>25,429,470</u>	<u>1,765,417</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers					
Kindergarten	375,110	56,115	431,225	431,225	
Grades 1 - 5	2,537,551	(52,579)	2,484,972	2,473,332	11,640
Grades 6 - 8	1,551,388	(65,086)	1,486,302	1,486,302	
Grades 9-12	2,769,536	151,518	2,921,054	2,921,053	1
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	10,000	21,055	31,055	23,339	7,716
Purchased Technical Services	11,000	3,940	14,940	14,940	
Other Purchased Services - Travel	2,000	(2,000)			
General Supplies	181,865	(2,898)	178,967	174,466	4,502
Textbooks	165,071	131,529	296,600	296,391	209
Other Objects	1,500	(534)	966	925	41
<b>Total Regular Programs</b>	<u>7,605,021</u>	<u>241,060</u>	<u>7,846,081</u>	<u>7,821,972</u>	<u>24,108</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(Continued from Prior Page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education - Learning and/or Language Disabilities:					
Salaries of Teachers	108,585	(6,868)	101,717	101,716	1
Other Salaries for Instruction	92,025		92,025	91,933	92
General Supplies	1,000	(500)	500	449	51
Textbooks	450	(250)	200	51	149
<b>Total Learning and/or Language Disabilities</b>	<b>202,060</b>	<b>(7,618)</b>	<b>194,442</b>	<b>194,150</b>	<b>292</b>
Special Education Instruction -Resource Room/Resource Center					
Salaries of Teachers	1,314,210	(157,911)	1,156,299	1,156,254	45
Other Salaries for Instruction	318,959	2,983	321,942	321,451	491
General Supplies	4,336	(957)	3,379	2,867	512
Textbooks	1,050	(500)	550		550
Other Objects	850	(850)			
<b>Total Resource Room/Resource Center</b>	<b>1,639,405</b>	<b>(157,235)</b>	<b>1,482,170</b>	<b>1,480,572</b>	<b>1,598</b>
Special Education Instruction - Preschool Disabilities Full Time					
Salaries of Teachers	62,590		62,590	62,590	
Other Salaries for Instruction	73,620		73,620	73,620	
General Supplies	500	234	734	734	
<b>Total Preschool Disabilities Full Time</b>	<b>136,710</b>	<b>234</b>	<b>136,944</b>	<b>136,944</b>	
Special Education - Home Instruction					
Salaries of Teachers	85,000	(41,693)	43,307	43,307	
<b>Total Home Instruction</b>	<b>85,000</b>	<b>(41,693)</b>	<b>43,307</b>	<b>43,307</b>	
Special Education Instruction - Extended School Year					
Personal Services Salaries	18,738	(841)	17,897	15,880	2,017
Other Salaries for Instruction	12,031	495	12,526	12,525	1
Purchased Professional - Educational Services	12,320	(2,619)	9,701	9,701	
General Supplies	400	(183)	217		217
<b>Total Extended School Year</b>	<b>43,489</b>	<b>(3,148)</b>	<b>40,341</b>	<b>38,106</b>	<b>2,235</b>
<b>Total Special Education</b>	<b>2,106,664</b>	<b>(209,460)</b>	<b>1,897,204</b>	<b>1,893,079</b>	<b>4,125</b>
Extraordinary Services					
Salaries of Teachers	203,490	67,273	270,763	270,762	1
Purchased Professional/Educational Services	90,000	17,009	107,009	107,009	
<b>Total Basic Skill / Remedial - Instruction</b>	<b>293,490</b>	<b>84,282</b>	<b>377,772</b>	<b>377,771</b>	<b>1</b>
Bilingual Education - Instruction					
Salaries of Teachers	96,950		96,950	96,950	
General Supplies	1,100	2,258	3,358	2,354	1,004
Textbooks	200	30	230	230	
<b>Total Bilingual Education - Instruction</b>	<b>98,250</b>	<b>2,288</b>	<b>100,538</b>	<b>99,534</b>	<b>1,004</b>
School Sponsored Co-Curricular Activities - Instruction					
Personal Services Salaries	156,486	(16,555)	139,931	129,754	10,177
General Supplies	1,250		1,250		1,250
<b>Total School Sponsored Co-Curricular Activities - instruction</b>	<b>157,736</b>	<b>(16,555)</b>	<b>141,181</b>	<b>129,754</b>	<b>11,427</b>
School Sponsored Athletics - Instruction					
Personal Services Salaries	216,000		216,000	215,384	616
Other Purchased Services	44,000	(9,945)	34,055	34,054	1
General Supplies	45,250	6,911	52,161	49,956	2,205
Other Objects	15,000	11,689	26,689	26,689	
<b>Total School Sponsored Athletics - Instruction</b>	<b>320,250</b>	<b>8,655</b>	<b>328,905</b>	<b>326,083</b>	<b>2,822</b>
<b>Total Other Instruction</b>	<b>869,726</b>	<b>78,670</b>	<b>948,396</b>	<b>933,142</b>	<b>15,254</b>
<b>Total Instruction</b>	<b>10,581,411</b>	<b>110,270</b>	<b>10,691,681</b>	<b>10,648,193</b>	<b>43,487</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(Continued from Prior Page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	776,948	(84,200)	692,748	686,187	6,561
Tuition to Private Schools for the Handicapped - Within State	1,098,855	(245,118)	853,737	845,943	7,794
Tuition - Other LEAs instate spec	313,745	121,412	435,157	430,763	4,394
Tuition - Co Vocational - Special	204,000	7,846	211,846	211,846	
Tuition - Co Vocational - Regular	382,410	(44,899)	337,511	324,010	13,501
Tuition - Other (Charter Schools)	113,380	(17,888)	95,492	95,492	
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,889,338</b>	<b>(262,847)</b>	<b>2,626,491</b>	<b>2,594,241</b>	<b>32,250</b>
Undistributed Expenditures - Attendance & Social Work					
Personal Services Salaries	112,410	(31,630)	80,780	80,779	1
<b>Total Undistributed Attendance &amp; Social Work</b>	<b>112,410</b>	<b>(31,630)</b>	<b>80,780</b>	<b>80,779</b>	<b>1</b>
Undistributed Expenditures - Health Services					
Salaries	166,685	(370)	166,315	164,315	2,000
Other Purchased Professional Services	10,000	(4,000)	6,000	2,545	3,455
General Supplies	8,200	2,000	10,200	8,430	1,770
Other Objects	1,000	2,000	3,000	2,508	492
<b>Total Undistributed Expenditures - Health Services</b>	<b>185,885</b>	<b>(370)</b>	<b>185,515</b>	<b>177,798</b>	<b>7,717</b>
Unidist. Expend. - Other Supp. Serv. Students - Speech					
Salaries	222,235	(18,760)	203,475	203,475	
Purchased Professional - Educational Services	400,000	154,615	554,615	554,606	9
General Supplies	2,000	3,576	5,576	5,418	158
Miscellaneous	2,000	(1,936)	64	64	
<b>Total Unidist. Exp. - Other Supp. Serv. Students - Speech</b>	<b>626,235</b>	<b>137,495</b>	<b>763,730</b>	<b>763,498</b>	<b>232</b>
Unidist. Expend. - Other Supp. Serv. Students - Regular					
Salaries of Other Professional Staff	837,427	113,774	951,201	951,200	1
Salaries of Secretarial and Clerical Assistants	114,586	23,605	138,191	138,191	
Other Purchased Service	500	2,446	2,946	2,287	659
General Supplies	2,250	1,375	3,625	3,264	362
Miscellaneous	1,750	314	2,064	2,064	
<b>Total Other Supp. Serv. Students - Regular</b>	<b>956,513</b>	<b>141,514</b>	<b>1,098,027</b>	<b>1,097,006</b>	<b>1,022</b>
Unidist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	26,097	(23,559)	2,538	2,538	
Salaries of Other Professional Staff	111,181	7,074	118,255	117,820	435
<b>Total Unidist. Expend. - Improvement of Inst. Serv.</b>	<b>137,278</b>	<b>(16,485)</b>	<b>120,793</b>	<b>120,358</b>	<b>435</b>
Unidist. Expend. - Educational Media Serv./School Library					
Salaries of Teachers	397,013		397,013	396,532	481
Salaries of Other Professional Staff	4,233		4,233		4,233
Other Purchased Services	8,995	(141)	8,854	8,835	19
General Supplies	23,952	305	24,257	23,995	262
Other Objects	300	492	792	791	1
<b>Total Unidist. Expenditures - Edu. Media Serv./School Library</b>	<b>434,493</b>	<b>656</b>	<b>435,149</b>	<b>430,154</b>	<b>4,995</b>
Unidist. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	1,700		1,700	550	1,150
Other Objects	2,760	(296)	2,454	580	1,874
<b>Total Instructional Staff Training Services</b>	<b>4,450</b>	<b>(296)</b>	<b>4,154</b>	<b>1,130</b>	<b>3,024</b>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Services - General Administration					
Salaries of Other Professional Staff	284,848	(31,686)	253,162	238,938	14,224
Legal Services	13,000	36,189	49,189	49,188	1
Audit Fees	20,500	(1,000)	19,500	19,500	
Purchased Technical Services	3,000	2,727	5,727	5,711	16
Communications/Telephone	148,692	(27,619)	121,073	117,900	3,173
Other Purchased Services	2,500	(2,500)			
Miscellaneous Purchased Services	17,500	6,677	24,177	24,176	1
General Supplies	3,000	1,465	4,465	4,465	
Miscellaneous Expenditures	15,000	16,368	31,368	31,267	101
BOE Membership Dues and Fees	12,610	(621)	11,989	11,987	2
<b>Total Undist. Exp. - Support Services - General Administration</b>	<b>520,650</b>	<b>-</b>	<b>520,650</b>	<b>503,133</b>	<b>17,517</b>
Undist. Expend. - Support Services - School Administration					
Salaries of Principals/Assistant Principals	521,848	(42,032)	479,816	478,619	1,197
Salaries of Other Professional Staff	69,425	4,358	73,783	73,783	
Salaries of Secretarial and Clerical Assistants	235,080	(3,463)	231,617	231,617	
Supplies and Materials	41,000	(3,714)	37,286	36,535	751
Miscellaneous Expenditure	15,486	3,487	18,973	18,971	2
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>882,839</b>	<b>(41,364)</b>	<b>841,475</b>	<b>839,525</b>	<b>1,950</b>
Undistributed Expenditures - Central Services					
Personal Services Salaries	252,695		252,695	251,934	761
Purchased Technical Services	25,000	2,502	27,502	15,501	12,001
Misc. Purchased Services (400 -500 series)	500	(107)	393	305	88
Supplies and Materials	8,500	350	8,850	8,466	384
Interest on Current Loans	8,673	(278)	8,395	4,672	3,723
Interest Lease Purchase Agreement	12,950	(5,845)	7,105	3,803	3,302
Miscellaneous Expenditures	5,000	(1,301)	3,699	2,741	958
<b>Total Undistributed Expenditures - Central Services</b>	<b>313,318</b>	<b>(4,679)</b>	<b>308,639</b>	<b>287,423</b>	<b>21,216</b>
Undistributed Expenditures - Admin. Info. Tech.					
Personal Services Salaries	39,398	1,523	40,921	40,920	1
Purchased Technical Services	20,000	(7,722)	12,278	12,278	
Other Purchased Services	15,000	10,459	25,459	25,458	1
Supplies and Materials	50,000	5,424	55,424	54,653	771
Other Objects	5,000	(3,161)	1,839	1,708	131
<b>Total Undistributed Expenditures - Admin. Info. Tech</b>	<b>129,398</b>	<b>6,523</b>	<b>135,921</b>	<b>135,018</b>	<b>903</b>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Required Maint for School Facilities					
Personal Services Salaries	119,053	5,796	124,849	124,849	
Cleaning, Repair, and Maintenance Services	100,000	15,287	115,287	115,287	
General Supplies	10,000	(9,420)	580	580	
Other Objects	2,500	(2,500)			
<b>Total Undist. Expend - Required Maint for School Facilities</b>	<b>231,553</b>	<b>9,163</b>	<b>240,716</b>	<b>240,715</b>	
Undistributed Expenditures - Other Oper. & Maint. Of Plant					
Salaries of Other Professional Staff	491,855	6,291	498,146	489,188	8,958
Other Salaries	174,548	21,171	195,719	195,717	2
Cleaning, Repair, and Maintenance	169,050	(34,315)	134,735	132,219	2,516
Other Purchased Property Services	32,000	(13,000)	19,000	14,789	4,211
Insurance	97,651	(1,397)	96,254	96,198	56
Miscellaneous Purchased Services	83,300	3,897	87,197	84,994	2,203
General Supplies	94,500	17,505	112,005	110,513	1,492
Energy (Heat and Electricity)	508,000	(107,868)	400,132	327,464	72,668
Miscellaneous Expenditures	15,000	(5,000)	10,000	5,487	4,513
<b>Total Undist. Exp. - Other Operation and Maintenance of Plant</b>	<b>1,665,904</b>	<b>(112,716)</b>	<b>1,553,188</b>	<b>1,456,570</b>	<b>96,618</b>
Undistributed Expenditures - Student Transportation Services					
Sal for Pupil Trans (Betwn. Home & School) - Regular	31,539	34,402	65,941	65,811	131
Sal for Pupil Trans (Betwn. Home & School) - Sp Ed	29,122	(4,887)	24,235	24,235	
Sal for Pupil Trans (Betwn. Home & School) - Other	48,000	(20,000)	28,000	27,927	73
Cleaning, Repair, & Maint. Services	11,500	8,113	19,613	19,612	1
Lease Purchase Payments - School Buses	11,248		11,248	11,248	
Aid in Lieu Charter Schools	1,800	852	2,652	2,652	
Contract Serv. (Betwn. Home and School) - Vendors	72,764	(21,710)	51,054	51,054	0
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	30,881	(1,000)	29,881	25,891	3,990
Contract Serv. (Special Ed Students) - Joint Agrmnts	439,503	(11,255)	428,248	427,798	450
Transportation Supplies	13,500		13,500	13,271	229
Other Objects	1,000	(314)	686	387	299
<b>Total Undistributed Expend. - Student Transportation Expenses</b>	<b>690,857</b>	<b>(15,799)</b>	<b>675,058</b>	<b>669,885</b>	<b>5,173</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	287,375	(7,960)	279,415	278,255	1,160
Other Retirement Contributions - Regular	181,467	51,207	232,674	232,612	62
Unemployment Compensation	100,000	28,472	128,472	128,472	
Workmen's Compensation	125,000	(2,837)	122,163	122,163	
Health Benefits	2,651,925	(105,632)	2,546,293	2,540,636	5,657
Tuition Reimbursement	50,000	1,215	51,215	51,215	
Other Employee Benefits	93,500	95,255	188,755	188,754	1
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>3,489,267</b>	<b>59,720</b>	<b>3,548,987</b>	<b>3,542,107</b>	<b>6,880</b>
On-behalf TPAF Contributions (non-budgeted)				753,657	(753,657)
On-behalf Post Retirement Med. Contribution (non-budgeted)					
On-behalf Social Security Contributions (non-budgeted)				830,269	(830,269)
				1,583,926	(1,583,926)
<b>Total Expenditures - Current Expense</b>	<b>23,851,799</b>	<b>(20,845)</b>	<b>23,830,954</b>	<b>25,171,459</b>	<b>243,419</b>
<b>Capital Outlay</b>					
Instructional Equipment		2,650	2,650	2,650	
<b>Total Equipment</b>		<b>2,650</b>	<b>2,650</b>	<b>2,650</b>	
Facilities Acquisitions and Construction Services					
Construction Services		45,440	45,440	22,810	22,630
Lease Purchase Agreements	71,426	(43,777)	27,649	27,648	1
Building other Non-lease Purchase	54,774	7,919	62,693	62,693	
Other Objects	835		835	835	
<b>Total Facilities Acquisitions and Construction Services</b>	<b>127,035</b>	<b>9,582</b>	<b>136,617</b>	<b>113,986</b>	<b>22,631</b>
<b>Total Capital Projects</b>	<b>127,035</b>	<b>12,232</b>	<b>139,267</b>	<b>116,636</b>	<b>22,631</b>
<b>Total General Fund Expenditures</b>	<b>23,978,834</b>	<b>(8,613)</b>	<b>23,970,221</b>	<b>25,288,095</b>	<b>266,049</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(314,781)	8,613	(306,168)	141,375	2,031,466
Other Financing Sources (Uses):					
Operating Transfers Out:					
Transfer to Debt Service Fund				8,757	(8,757)
				8,757	(8,757)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(314,781)	8,613	(306,168)	132,618	2,040,223
Fund Balances, Beginning of Year	573,977		573,977	573,977	
Fund (Deficit) Balances, End of Year	<u>\$ (55,585)</u>	<u>\$ 17,225</u>	<u>\$ (38,360)</u>	<u>\$ 706,595</u>	<u>\$ 744,955</u>

GAAP Fund Balance (B-2) difference is the final State Aid payment of \$-0- which under budgetary basis is recognized as directed by the State.

Recapitulation of Fund Balance:

Restricted Fund Balance:

Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 37,009
Excess Surplus - Current Year	108,320
Capital Reserve	62
Reserve for Tuition	64,491
Committed Fund Balance:	
Year-End Encumbrances	22,630
Unassigned Fund Balance	<u>474,083</u>
	706,595
Less: State Aid Revenue Not Recognized for GAAP basis	
Fund Balance per Governmental Funds (GAAP)	<u>\$ 706,595</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$	\$ 7,197	7,197	\$ 1,982	\$ 5,215
State Sources	277,161	12,985	290,146	272,829	17,317
Federal Sources	483,727	136,726	620,453	572,782	47,671
<b>Total Revenues</b>	<u>\$760,888</u>	<u>\$156,908</u>	<u>\$917,796</u>	<u>\$847,593</u>	<u>\$ 70,203</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 93,826	\$ (901)	\$ 92,925	\$ 75,425	\$ 17,500
Salaries of Other Professional Staff					
Purchased Professional/ Technical Services		19,052	19,052	4,950	14,102
Purchased Professional/Educational Services	196,126	6,835	202,961	192,442	10,519
Other Purchased Services (400-500 series)	225	22,238	22,463	20,006	2,457
General Supplies		33,549	33,549	27,605	5,943
Textbooks	25,780	764	26,544	26,544	
Tuition	292,512	28,865	321,377	320,945	432
Other Objects		7,197	7,197	1,982	5,215
<b>Total Instruction</b>	<u>608,469</u>	<u>117,599</u>	<u>726,068</u>	<u>669,900</u>	<u>56,168</u>
Support Services					
Personal Services - Salaries	26,249	893	27,142	27,141	
Personal Services - Employee Benefits	2,008	18,686	20,694	13,760	6,933
Other - Employee Benefits					
Purchased Professional - Educational Services	98,135	(14,616)	83,519	82,619	900
Other Purchased Professional Services	24,684	5,650	30,334	24,592	5,742
Purchased Professional and Technical Services		6,738	6,738	6,488	250
General Supplies	1,343	(5)	1,338	1,146	192
Rentals					
Contracted Services Transportation					
Tuition					
<b>Total Support Services</b>	<u>152,419</u>	<u>17,345</u>	<u>169,764</u>	<u>155,748</u>	<u>14,017</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		21,964	21,964	21,946	18
<b>Total Facilities Acquisition and Construction Services</b>		<u>21,964</u>	<u>21,964</u>	<u>21,946</u>	<u>18</u>
<b>Total Expenditures</b>	<u>\$760,888</u>	<u>\$156,908</u>	<u>\$917,796</u>	<u>\$847,593</u>	<u>\$ 70,203</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)					
Fund Balances, July 1					
Fund Balances, June 30	\$	\$	\$	\$	\$

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET-TO-GAAP RECONCILIATION  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 25,429,470	\$ 847,593
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2009-2010 State aid payment recognized in 2010-2011 for GAAP statements.		102,670	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.			
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 25,532,140	\$ 847,593
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1, C-2	\$ 25,288,095	\$ 847,593
Difference - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 25,288,095	\$ 847,593

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL LEVEL SCHEDULES**

E. SPECIAL REVENUE FUND

HARBROUCK HEIGHTS SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic Chapter 192			Nonpublic Chapter 193				
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Compensatory Education	English as a Second Language	Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues								
State Sources	\$ 26,544	\$ 30,396	\$	\$ 113,701	\$ 9,136	\$ 18,053	\$ 23,446	\$ 51,552
Federal Sources								
Private Sources								
<b>Total Revenues</b>	<b>\$ 26,544</b>	<b>\$ 30,396</b>	<b>\$</b>	<b>\$ 113,701</b>	<b>\$ 9,136</b>	<b>\$ 18,053</b>	<b>\$ 23,446</b>	<b>\$ 51,552</b>
Expenditures								
Instruction:								
Salaries of Teachers	\$	\$	\$	\$	\$	\$	\$	\$
Purchased Professional and Technical Services								
Purchased Professional/Educational Services				113,701	9,136	18,053		51,552
Other Purchased Services								
Tuition								
General Supplies	26,544							
Textbooks								
Other Objects								
<b>Total Instruction</b>	<b>26,544</b>			<b>113,701</b>	<b>9,136</b>	<b>18,053</b>		<b>51,552</b>
Support Services:								
Personal Services - Salaries		27,141						
Personal Services - Employee Benefits		2,109						
Purchased Professional Educational Services								
Purchased Professional and Technical Services								
Supplies and Materials								
Other Purchased Services							23,446	
Miscellaneous Expenditures								
<b>Total Support Services</b>		<b>30,396</b>					<b>23,446</b>	
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Facilities Acquisition and Construction Services								
<b>Total Expenditures</b>	<b>\$ 26,544</b>	<b>\$ 30,396</b>	<b>\$</b>	<b>\$ 113,701</b>	<b>\$ 9,136</b>	<b>\$ 18,053</b>	<b>\$ 23,446</b>	<b>\$ 51,552</b>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

E-1  
 Exhibit 2

	IDEA						Title II A 2010 Carryover
	Title I Part A	Title I 2010 Carryover	Preschool Handicapped	Preschool Handicapped ARRA	Regular Program Part B	Part B ARRA	
Revenues							
State Sources	\$ 62,350	\$ 20,308	\$	\$ 3,423	\$ 403,564	\$ 35,524	\$ 7,450
Federal Sources							
Private Sources							
<b>Total Revenues</b>	<b>\$ 62,350</b>	<b>\$ 20,308</b>	<b>\$ 3,423</b>	<b>\$ 3,423</b>	<b>\$ 403,564</b>	<b>\$ 35,524</b>	<b>\$ 7,450</b>
Expenditures							
Instruction:							
Salaries of Teachers	\$ 45,795	\$ 17,800	\$	\$	\$	\$	\$ 10,000
Purchased Professional and Technical Services	4,950						
Purchased Professional/Educational Services							
Other Purchased Services					320,945	9,686	7,450
Tuition							
General Supplies				3,423			
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>50,745</b>	<b>17,800</b>	<b>3,423</b>	<b>3,423</b>	<b>320,945</b>	<b>9,686</b>	<b>7,450</b>
Support Services:							
Personal Services - Salaries							
Personal Services - Employee Benefits	9,159	1,362			82,619		765
Purchased Professional Educational Services							
Purchased Professional and Technical Services	2,446					3,892	
Supplies and Materials							
Other Purchased Services		1,146					
Miscellaneous Expenditures							
<b>Total Support Services</b>	<b>11,605</b>	<b>2,508</b>			<b>82,619</b>	<b>3,892</b>	<b>765</b>
Facilities Acquisition and Construction Services:							
Instructional Equipment						21,946	
Total Facilities Acquisition and Construction Services						21,946	
<b>Total Expenditures</b>	<b>\$ 62,350</b>	<b>\$ 20,308</b>	<b>\$ 3,423</b>	<b>\$ 3,423</b>	<b>\$ 403,564</b>	<b>\$ 35,524</b>	<b>\$ 7,450</b>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Title II D 2010	Title III 2010	Title IV 2010	Title III Carryover	Title IV Carryover	BCUA Grant	Blue Sky Involve Project	Totals June 30, 2011
Revenues								
State Sources	\$ 190	\$ 12,345	\$ 4,179	\$ 468	\$ 1,004	\$ 978	\$ 272,829	
Federal Sources							572,782	
Private Sources							1,982	
<b>Total Revenues</b>	<b>\$ 190</b>	<b>\$ 12,345</b>	<b>\$ 4,179</b>	<b>\$ 468</b>	<b>\$ 1,004</b>	<b>\$ 978</b>	<b>\$ 847,593</b>	
Expenditures								
Instruction:								
Salaries of Teachers	\$ 190	\$ 1,830	\$ 4,029	\$ 468	\$ 1,004	\$ 978	\$ 75,425	
Purchased Professional and Technical Services							4,950	
Purchased Professional/Educational Services							192,442	
Other Purchased Services	190	150					20,006	
Tuition							320,945	
General Supplies		9,999					27,605	
Textbooks							26,544	
Other Objects							1,982	
<b>Total Instruction</b>	<b>190</b>	<b>11,979</b>	<b>4,029</b>	<b>468</b>	<b>1,004</b>	<b>978</b>	<b>669,900</b>	
Support Services:								
Personal Services - Salaries							27,141	
Personal Services - Employee Benefits		366					13,760	
Purchased Professional Educational Services							82,619	
Purchased Professional and Technical Services				150			6,488	
Supplies and Materials							1,146	
Other Purchased Services							24,592	
Miscellaneous Expenditures								
<b>Total Support Services</b>		<b>366</b>	<b>150</b>					
Facilities Acquisition and Construction Services:								
Instructional Equipment								21,946
Total Facilities Acquisition and Construction Services								21,946
<b>Total Expenditures</b>	<b>\$ 190</b>	<b>\$ 12,345</b>	<b>\$ 4,179</b>	<b>\$ 468</b>	<b>\$ 1,004</b>	<b>\$ 978</b>	<b>\$ 691,846</b>	

F. CAPITAL PROJECTS FUND

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-1

Issue/Project Title	Modified Appropriation	Expenditures to Date		Balance, 6/30/2011
		Prior Years	Current Years	
Middle/High School Windows Replacement	\$ 1,408,361	\$ 970,881	\$ 32,841	\$ 404,639
Middle/High School Roof Replacement	1,179,679	368,269	442,726	368,684
Middle/High School Generator Replacement	358,037	151,252	17,797	188,988
Euclid School Windows Replacement	408,872	266,170	4,685	138,017
Lincoln School Windows Replacement	408,872	253,430	26,487	128,955
Euclid School Roof Replacement	421,980	205,353	10,916	205,711
Lincoln School Roof Replacement	421,980	201,294	10,734	209,952
<b>TOTAL:</b>	<b>\$ 4,607,781</b>	<b>\$ 2,416,649</b>	<b>\$ 546,186</b>	<b>\$ 1,644,946</b>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
CAPITAL PROJECTS FUND

EXHIBIT F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Revenues and Other Financing Sources**

State Sources - SCC Grant	\$
Amount to be provided for retirement of long-term debt	
Interest	<u>2,458</u>
Total Revenues and Other Financing Sources	<u>2,458</u>

**Expenditures and Other Financing Uses**

Salaries	
Purchased Professional Services	7,287
Architect Services	6,114
Construction Services	532,785
Other Financing Services	
Total Expenditures and Other Financing Uses	<u>546,186</u>

Excess (deficiency) of Revenues and Other Financing Sources  
over (under) Expenditures and Other Financing Uses (543,728)

Beginning Fund Balance 2,191,132

Ending Fund Balance \$ 1,647,404

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES  
 MIDDLE/HIGH SCHOOL WINDOWS REPLACEMENT  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

F-2a

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 563,344	\$	\$ 563,344	\$ 563,344
Transfer from Capital Reserve				
Local Share	845,017		845,017	845,017
<b>Total Revenues and Other Financing Sources</b>	<b>1,408,361</b>		<b>1,408,361</b>	<b>1,408,361</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	3,966		3,966	3,966
Purchased Professional Services	99,708	5,835	105,543	105,570
Architect Services	48,660	2,278	50,938	171,101
Construction Services	818,547	24,728	843,275	1,127,723
<b>Total Expenditures and Other Financing Uses</b>	<b>970,881</b>	<b>32,841</b>	<b>1,003,722</b>	<b>1,408,361</b>
<b>Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>\$ 437,480</b>	<b>\$ (32,841)</b>	<b>\$ 404,639</b>	<b>\$</b>

**Additional Project Information**

Project Number	2080-050-09-1001
Grant Date	2/26/2009
State Share	563,344
Note Authorization Date	1/29/2009
Note Authorized	845,017
Note Issued	845,017
Original Authorized Cost	1,408,361
Additional Authorized Cost	
Revised Authorized Cost	1,408,361
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**MIDDLE/HIGH SCHOOL ROOF REPLACEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2b

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 471,872	\$	\$ 471,872	\$ 471,872
Local Share	707,807		707,807	707,807
<b>Total Revenues and Other Financing Sources</b>	<b>1,179,679</b>		<b>1,179,679</b>	<b>1,179,679</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	352		352	1,000
Purchased Professional Services	8,998	242	9,240	119,000
Architect Services	8,084	1,167	9,251	183,344
Construction Services	350,835	441,317	792,152	876,335
<b>Total Expenditures and Other Financing Uses</b>	<b>368,269</b>	<b>442,726</b>	<b>810,995</b>	<b>1,179,679</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 811,410	\$ (442,726)	\$ 368,684	\$

**Additional Project Information**

Project Number	2050-050-09-1006
Grant Date	2/26/2009
State Share	471,872
Note Authorization Date	1/29/2009
Note Authorized	707,807
Note Issued	707,807
Original Authorized Cost	1,179,679
Additional Authorized Cost	
Revised Authorized Cost	1,179,679
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**MIDDLE/HIGH SCHOOL GENERATOR**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2c

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 143,215	\$	\$ 143,215	\$ 143,215
Local Share	214,822		214,822	214,822
<b>Total Revenues and Other Financing Sources</b>	<b>358,037</b>		<b>358,037</b>	<b>358,037</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries				500
Purchased Professional Services	5,897	242	6,139	6,079
Architect Services	20,815		20,815	65,097
Construction Services	124,540	17,555	142,095	286,361
<b>Total Expenditures and Other Financing Uses</b>	<b>151,252</b>	<b>17,797</b>	<b>169,049</b>	<b>358,037</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 206,785	\$ (17,797)	\$ 188,988	\$

**Additional Project Information**

Project Number	2080-050-09-1007
Grant Date	2/26/2009
State Share	143,215
Note Authorization Date	1/29/2009
Note Authorized	214,822
Note Issued	214,822
Original Authorized Cost	358,037
Additional Authorized Cost	
Revised Authorized Cost	358,037

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**EUCLID ELEMENTARY SCHOOL WINDOWS REPLACEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2d

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 163,549	\$	\$163,549	\$ 163,549
Local Share	245,323		245,323	245,323
<b>Total Revenues and Other Financing Sources</b>	<b>408,872</b>		<b>408,872</b>	<b>408,872</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	1,934		1,934	2,042
Purchased Professional Services	12,083	242	12,325	12,958
Architect Services	11,992	1,028	13,020	70,661
Construction Services	240,161	3,415	243,576	323,211
<b>Total Expenditures and Other Financing Uses</b>	<b>266,170</b>	<b>4,685</b>	<b>270,855</b>	<b>408,872</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 142,703	\$ (4,685)	\$138,018	\$

**Additional Project Information**

Project Number	2080-060-09-1003
Grant Date	2/26/2009
State Share	163,549
Note Authorization Date	1/29/2009
Note Authorized	245,323
Note Issued	245,323
Original Authorized Cost	408,872
Additional Authorized Cost	
Revised Authorized Cost	408,872

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**LINCOLN ELEMENTARY SCHOOL ROOF REPLACEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2e

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 163,549	\$	\$ 163,549	\$ 163,549
Local Share	245,323		245,323	245,323
<b>Total Revenues and Other Financing Sources</b>	<b>408,872</b>		<b>408,872</b>	<b>408,872</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	3,768		3,768	4,042
Purchased Professional Services	19,311	242	19,553	19,500
Architect Services	11,992	1,028	13,020	62,119
Construction Services	218,359	25,217	243,576	323,211
<b>Total Expenditures and Other Financing Uses</b>	<b>253,430</b>	<b>26,487</b>	<b>279,917</b>	<b>408,872</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 155,442	\$ (26,487)	\$ 128,955	\$

**Additional Project Information**

Project Number	2080-080-09-1004
Grant Date	2/26/2009
State Share	163,549
Note Authorization Date	1/29/2009
Note Authorized	245,323
Note Issued	245,323
Original Authorized Cost	408,872
Additional Authorized Cost	
Revised Authorized Cost	408,872
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**EUCLID ELEMENTARY SCHOOL ROOF REPLACEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2f

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 168,792	\$	\$ 168,792	\$ 168,792
Local Share	253,188		253,188	253,188
<b>Total Revenues and Other Financing Sources</b>	<b>421,980</b>		<b>421,980</b>	<b>421,980</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	1,088		1,088	2,000
Purchased Professional Services	5,964	242	6,206	38,000
Architect Services	11,080	820	11,900	88,579
Construction Services	187,221	9,854	197,075	293,401
<b>Total Expenditures and Other Financing Uses</b>	<b>205,353</b>	<b>10,916</b>	<b>216,269</b>	<b>421,980</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 216,627	\$ (10,916)	\$ 205,711	\$

**Additional Project Information**

Project Number	2080-060-09-1002
Grant Date	2/26/2009
State Share	168,792
Note Authorization Date	1/29/2009
Note Authorized	253,188
Note Issued	253,188
Original Authorized Cost	421,980
Additional Authorized Cost	
Revised Authorized Cost	421,980
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**LINCOLN ELEMENTARY SCHOOL ROOF REPLACEMENT**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

F-2g

	Prior Periods	Current Year	Totals	Revised Authorization Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$ 168,792	\$	\$ 168,792	\$ 168,792
Local Share	253,188		253,188	253,188
<b>Total Revenues and Other Financing Sources</b>	<b>421,980</b>		<b>421,980</b>	<b>421,980</b>
<b>Expenditures and Other Financing Uses</b>				
Salaries	1,015		1,015	2,000
Purchased Professional Services	5,399	242	5,641	38,000
Architect Services	11,080	820	11,900	88,579
Construction Services	183,801	9,672	193,473	293,401
<b>Total Expenditures and Other Financing Uses</b>	<b>201,294</b>	<b>10,734</b>	<b>212,028</b>	<b>421,980</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 220,686	\$ (10,734)	\$ 209,952	\$

**Additional Project Information**

Project Number	2080-080-09-1005
Grant Date	2/26/2009
State Share	168,792
Note Authorization Date	1/29/2009
Note Authorized	253,188
Note Issued	253,188
Original Authorized Cost	421,980
Additional Authorized Cost	
Revised Authorized Cost	421,980
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**G. PROPRIETARY FUNDS**

ENTERPRISE FUND

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 ENTERPRISE FUNDS  
 JUNE 30, 2011

G-1

	Business-Type Activities - Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 208,505	\$ 125,269	\$ 528,733	\$ 862,507
Accounts receivable			7,144	7,144
Total Current Assets	208,505	125,269	535,877	869,651
Total Assets	\$ 208,505	\$ 125,269	\$ 535,877	\$ 869,651
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 2,140	\$	\$ 31,396	\$ 33,536
Interfund Payable			467,960	467,960
Deferred Revenue	50,710	17,960		68,670
Total Current Liabilities	52,850	17,960	499,356	570,166
<b>NET ASSETS</b>				
Unrestricted	155,655	107,309	36,521	299,485
Total Net Assets	\$ 208,505	\$ 125,269	\$ 535,877	\$ 869,651

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET ASSETS**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

G-2

	Business-Type Activities - Enterprise Fund			Total Enterprise
	Keys Program	Other Programs	Food Service	
Operating Revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$	\$	\$ 395,356	\$ 395,356
Daily sales - non-reimbursable programs	<u>273,692</u>	<u>117,471</u>		<u>391,163</u>
Total Operating Revenues	<u>273,692</u>	<u>117,471</u>	<u>395,356</u>	<u>786,519</u>
Operating Expenses				
Salaries and Wages	141,933	94,673		236,606
Employee Benefits	10,858	716		11,574
Other purchased professional services	1,620	12,133	15,237	28,990
Cleaning, repair and maintenance services				
Utilities	29,621			29,621
Supplies and Materials	20,166	4,002	468,473	492,641
Miscellaneous	<u>5,361</u>	<u>4,245</u>	<u>42</u>	<u>9,648</u>
Total Operating Expenses	<u>209,559</u>	<u>115,769</u>	<u>483,752</u>	<u>809,080</u>
Operating Income (Loss)	<u>64,133</u>	<u>1,702</u>	<u>(88,396)</u>	<u>(22,561)</u>
Nonoperating Revenues				
State Sources			4,619	4,619
Federal Sources			90,941	90,941
Interest and Investment Revenue			<u>931</u>	<u>931</u>
Total Nonoperating Revenues			<u>96,491</u>	<u>96,491</u>
Change in Net Assets	64,133	1,702	8,095	73,930
Net Assets, Beginning of Year	<u>91,522</u>	<u>105,607</u>	<u>28,426</u>	<u>225,555</u>
Net Assets, End of Year	<u>\$ 155,655</u>	<u>\$ 107,309</u>	<u>\$ 36,521</u>	<u>\$ 299,485</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

G-3

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Keys Program	Other Programs	Food Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$324,402	\$ 136,631	\$395,356	\$ 856,389
Salaries & Benefits	(152,791)	(95,389)		(248,180)
Recognition of prior years deferred revenue	(47,688)	(14,767)		(62,455)
Payments to Suppliers	(58,100)	(20,380)	(14,928)	(93,408)
Net Cash Provided By Operating Activities	<u>65,823</u>	<u>6,095</u>	<u>380,428</u>	<u>452,346</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State and Federal Sources			94,517	94,517
Net Cash Provided by (Used For) Non-Capital Financing Activities			<u>94,517</u>	<u>94,517</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and investment revenue			931	931
Net Cash Provided by Non-Capital Financing Activities			<u>931</u>	<u>931</u>
Net Increase in Cash and Cash Equivalents	65,823	6,095	475,876	547,794
Cash and Cash Equivalents - Beginning of Year	<u>142,682</u>	<u>119,174</u>	<u>52,857</u>	<u>314,713</u>
Cash and Cash Equivalents - End of Year	<u>\$208,505</u>	<u>\$ 125,269</u>	<u>\$528,733</u>	<u>\$ 862,507</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	64,133	1,702	(88,396)	(22,561)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations				
(Increase) in Accounts Receivable		1,200		1,200
Increase in Deferred Revenue	3,022	3,193		6,215
Increase (Decrease) in Accounts Payable	(1,332)		864	(468)
Increase in Interfunds Payable			467,960	467,960
Total Adjustments	<u>1,690</u>	<u>4,393</u>	<u>468,824</u>	<u>474,907</u>
Net Cash Provided By Operating Activities	<u>\$ 65,823</u>	<u>\$ 6,095</u>	<u>\$380,428</u>	<u>452,346</u>

**INTERNAL SERVICE FUND**

H. FIDUCIARY FUND

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

H-1

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 35,827	\$ 114,397	\$ 227,607	\$ 377,831
Total Assets	<u>\$ 35,827</u>	<u>\$ 114,397</u>	<u>\$ 227,607</u>	<u>\$ 377,831</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings \$		\$	\$ 227,607	\$ 227,607
Due to Student Groups		<u>114,397</u>		<u>114,397</u>
Total Liabilities		<u>\$ 114,397</u>	<u>\$ 227,607</u>	<u>\$ 342,004</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>\$ 35,827</u>			<u>\$ 35,827</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

H-2

	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>	
Contributions	
Donations	\$ 50
Other	
Total contributions	50
Investment earnings:	
Interest	52
Total additions	102
<b>DEDUCTIONS</b>	
Scholarships awarded	750
Total deductions	750
Change in net assets	(648)
Net assets, beginning of year	36,475
Net assets, end of year	\$ 35,827

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

H-3

	<u>Balance</u> <u>July 1,2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,2011</u>
Elementary Schools:				
Euclid	\$ 2,772	\$ 12,655	\$ 13,991	\$ 1,436
Lincoln	8,230	14,742	15,361	7,611
High School	107,741	260,413	263,701	104,453
Athletic account	<u>2,653</u>	<u>35,988</u>	<u>37,745</u>	<u>896</u>
Total All Schools	<u>\$ 121,396</u>	<u>\$ 323,799</u>	<u>\$ 330,798</u>	<u>\$ 114,397</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

H-4

	<u>Balance</u> <u>July 1,2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,2011</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 165,231	\$ 6,626,298	\$ 6,563,921	\$ 227,607
Total assets	<u>\$ 165,231</u>	<u>\$ 6,626,298</u>	<u>\$ 6,563,921</u>	<u>\$ 227,607</u>
 <b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 165,231	\$ 6,626,298	\$ 6,563,921	\$ 227,607
Total liabilities	<u>\$ 165,231</u>	<u>\$ 6,626,298</u>	<u>\$ 6,563,921</u>	<u>\$ 227,607</u>

I. LONG-TERM DEBT

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 LONG-TERM DEBT  
 STATEMENT OF SERIAL BONDS AND LOANS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2011			Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2011
			Date	Amount	Amount					
N.J. Economic Development Authority Loans	8/18/1993	\$ 354,200	7/15/2011	22,700	1.50% and 5.288%	\$ 92,499	\$	\$ 21,957	\$ 70,542	
Mortgage Payable - LaSalle Street Bergen Community Bank (paid by General Fund)	8/27/2003	120,517	7/15/2012 7/15/2013	23,501 24,341	5.50%	5,931		5,931		
Refunding School Bonds, Advance refunded \$7,610,000 of the Bonds originally issued on 8/5/98, and \$357,000 of the Bonds originally issued on 1/12/99.	4/7/2005	8,370,000	8/15/2011 8/15/2012 8/15/2013 8/15/2014 8/15/2015 8/15/2016	455,000 475,000 490,000 530,000 495,000 520,000	3.00%-4.25%	7,715,000		440,000	7,275,000	
						<u>\$ 7,813,430</u>	<u>\$</u>	<u>\$ 467,888</u>	<u>\$ 7,345,542</u>	

\* The bonds associated with this issuance were refunded with Refunding School Bonds issued on 4/7/05. ( See Note 5 for additional information)

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 LONG-TERM DEBT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance 7/1/2010</u>	<u>Issued or Adjusted</u>	<u>Matured</u>	<u>Balance 6/30/2011</u>
Seven Savin Copiers - 2/15/2009	\$ 60,540	\$ 45,405	\$ (45,405)	\$	\$
Savin 8075 Copiers	102,120	69,210	(69,210)		
Savin Copiers	130,140	125,802	(125,802)		
Kansas State Lease	233,748		84,550	68,111	16,439
Savin Copiers	130,686		130,686	5,792	124,894
Savin 9060 Copier	114,993		114,993	24,335	90,658
Savin 9228 Copier	9,958		9,958	1,154	8,805
		<u>\$ 240,417</u>	<u>\$ 99,770</u>	<u>\$ 99,391</u>	<u>\$ 240,796</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 LONG-TERM DEBT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 608,305	\$	\$	\$ 608,305	\$
State Sources					
Debt Service Aid	194,299		194,299	194,299	
<b>Total Revenues</b>	<b>802,604</b>		<b>194,299</b>	<b>802,604</b>	
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	461,952	5	461,957	461,957	
Interest	349,622	8,752	358,374	358,374	
<b>Total Expenditures</b>	<b>811,574</b>	<b>8,757</b>	<b>820,331</b>	<b>820,331</b>	
Deficiency of Revenues Under Expenditures	(8,970)	(8,757)	(626,032)	(17,727)	
Transfers In (from General)		8,757	8,757	8,757	
Fund Balance, Beginning of Year				81,746	
<b>Fund Balance, End of Year</b>	<b>\$ (8,970)</b>	<b>\$</b>	<b>\$ (617,275)</b>	<b>\$ 72,776</b>	<b>\$</b>

**STATISTICAL SECTION (UNAUDITED)**

INTRODUCTION TO THE STATISTICAL SECTION

## FINANCIAL TRENDS

**Hasbrouck Heights Public Schools**  
**Net Assets by Component**  
**Last Two Fiscal Years**  
*(accrual basis of accounting)*  
**(unaudited)**

Exhibit J-1

	<u>2010</u>	<u>2011</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 9,096,426	\$ 9,131,083
Restricted	584,609	1,952,692
Unrestricted	2,159,577	447,942
Total governmental activities net assets	<u>\$ 11,840,612</u>	<u>\$ 11,531,717</u>
Business-type activities		
Invested in capital assets, net of related debt	\$	\$
Restricted		
Unrestricted	225,555	299,485
Total business-type activities net assets	<u>\$ 225,555</u>	<u>\$ 299,485</u>
District-wide		
Invested in capital assets, net of related debt	\$ 9,096,426	\$ 9,131,083
Restricted	584,608	1,952,692
Unrestricted	2,385,132	747,427
Total district net assets	<u>\$ 12,066,166</u>	<u>\$ 11,831,202</u>

**Hasbrouck Heights Public Schools**  
**Changes in Net Assets**  
**Last Two Fiscal Years**  
*(accrual basis of accounting)*  
**(unaudited)**

**Exhibit J-2**  
Page 1

	<u>2010</u>	<u>2011</u>
<b>Expenses</b>		
Governmental activities		
Instruction		
Regular	\$ 9,802,342	\$ 11,153,083
Special education	2,659,113	2,570,068
Other instruction	727,069	1,189,939
Support Services:		
Tuition	2,500,593	2,594,241
Student & instruction related services	2,936,178	3,562,726
School administrative services	981,448	589,208
General administration	1,080,893	1,649,898
Central services		
Plant operations and maintenance	2,026,498	1,988,990
Administrative information technology		
Pupil transportation	681,930	712,384
Business and other support services		21,945
Interest on long-term debt	301,286	425,023
Unallocated depreciation	946,799	1,036,184
Total governmental activities expenses	<u>24,644,149</u>	<u>27,493,689</u>
Business-type activities:		
Food service	434,716	483,752
Keys and Other Programs	382,859	325,328
Total business-type activities expense	<u>817,575</u>	<u>809,080</u>
Total district expenses	<u>\$ 25,461,724</u>	<u>\$ 28,302,769</u>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
Special Education		
Operating grants and contributions	2,754,365	1,493,580
Capital grants and contributions	1,843,113	
Total governmental activities program revenues	<u>4,597,478</u>	<u>1,493,580</u>

**Hasbrouck Heights Public Schools**  
**Changes in Net Assets**  
**Last Two Fiscal Years**  
*(accrual basis of accounting)*  
**(unaudited)**

**Exhibit J-2**  
Page 2

	<u>2010</u>	<u>2011</u>
Business-type activities:		
Charges for services		
Food service	443,211	395,356
Keys and Other Programs	373,561	391,163
Operating grants and contributions		95,560
Capital grants and contributions		
Total business type activities program revenues	<u>816,772</u>	<u>882,079</u>
Total district program revenues	<u>\$ 5,414,250</u>	<u>\$ 2,375,659</u>
<b>Net (Expense)/Revenue</b>		
Governmental activities	\$ (20,046,671)	\$ (26,000,109)
Business-type activities	(803)	72,999
Total district-wide net expense	<u>\$ (20,047,474)</u>	<u>\$ (25,927,110)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Property taxes levied for general purposes, net	\$ 21,430,551	\$ 23,039,193
Taxes levied for debt service	617,275	608,305
Grants and contributions	1,969,988	1,793,567
Tuition Received	319,323	116,074
Investment Earnings	20,060	
Rentals	19,772	
Refund Prior Years Expenditures	14,833	
Miscellaneous income	57,282	134,076
Transfers		
Total governmental activities	<u>24,449,084</u>	<u>25,691,215</u>
Business-type activities:		
Investment earnings	1,084	931
Transfers		
Total business-type activities	<u>1,084</u>	<u>931</u>
Total district-wide	<u>\$ 24,450,168</u>	<u>\$ 25,692,146</u>
<b>Change in Net Assets</b>		
Governmental activities	\$ 4,402,413	\$ (308,894)
Business-type activities	281	73,930
Total district	<u>\$ 4,402,694</u>	<u>\$ (234,964)</u>

**Hasbrouck Heights Public Schools**  
**Fund Balances - Governmental Funds**  
**Last Four Fiscal Years**  
*(modified accrual basis of accounting)*  
**(unaudited)**

**Exhibit J-3**

	For the year ended June 30,			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund				
Reserved	\$ 1	\$ 279,556	\$ 101,562	\$ 232,512
Unreserved	368,938	195,053	369,745	474,083
Total general fund	<u>\$ 368,939</u>	<u>\$ 474,609</u>	<u>\$ 471,307</u>	<u>\$ 706,595</u>
All Other Governmental Funds				
Reserved	\$ 27,268	\$	\$ 520,055	\$
Unreserved		(10,248)	1,752,823	1,720,180
Total all other governmental funds	<u>\$ 27,268</u>	<u>\$ (10,248)</u>	<u>\$ 2,272,878</u>	<u>\$ 1,720,180</u>

**Hasbrouck Heights Public Schools**  
**Changes in Fund Balances - Governmental Funds**  
**Last Four Fiscal Years**  
*(modified accrual basis of accounting)*  
**(unaudited)**

**Exhibit J-4**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>				
Local Tax Levy	\$ 20,489,529	\$ 20,929,442	\$ 22,047,826	\$ 23,647,498
Other Local Revenue	560,505	361,294	431,270	248,168
Intermediate Revenue				
State sources	4,172,533	3,735,986	5,658,712	2,714,365
Local sources		1,000	1,636	1,982
Federal sources	437,531	449,407	911,924	572,782
<b>Total revenue</b>	<u>25,660,098</u>	<u>25,477,129</u>	<u>29,051,368</u>	<u>27,184,795</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular Instruction	7,554,055	7,737,721	7,544,117	7,821,972
Special education instruction	1,974,380	1,633,410	2,310,932	1,893,079
Other	187,676	205,149	644,817	933,142
School-Sponsored/Other Instructional	310,018	416,762		
<b>Total Instruction</b>	<u>10,026,129</u>	<u>9,993,042</u>	<u>10,499,866</u>	<u>10,648,193</u>
<b>Undistributed:</b>				
Instructional Staff Training	2,309,017	2,152,110	2,500,593	2,594,241
Support Services-Students	2,201,608	2,632,980	2,595,787	2,670,723
General Administration	938,047	500,469	988,907	925,574
School Administration	868,137	1,375,112	854,428	839,525
Operations and Maintenance	1,994,997	1,893,317	1,888,343	1,697,285
Student Transportation	663,454	671,416	667,723	669,885
<b>Business and Other Support Services:</b>				
Employee Benefits	3,035,224	2,969,633	3,299,123	3,542,107
Other				
On-behalf TPAF Pension Contributions	1,311,234	745,108	727,571	753,657
Reimbursed TPAF Social Security				
Contributions	739,976	815,644	921,837	830,269
Transfers - Charter Schools				
<b>Total Undistributed</b>	<u>14,061,694</u>	<u>13,755,789</u>	<u>14,444,312</u>	<u>14,523,266</u>
<b>Capital Outlay:</b>				
Equipment	55,047			
Increase in Capital Reserve		15,062		
Facilities Acquisition and Construction				
Services	112,386	162,977	2,654,286	662,822
Assets Acquired under Capital Leases			130,140	
Capital Lease Payment			69,131	
<b>Total Capital Outlay</b>	<u>167,433</u>	<u>178,039</u>	<u>2,853,557</u>	<u>662,822</u>
<b>Total General Fund Expenditures</b>	<u>24,255,256</u>	<u>23,926,870</u>	<u>27,797,735</u>	<u>25,834,281</u>
<b>Special Revenue:</b>				
Federal	437,531	449,407	842,450	572,782
State	226,795	235,454	262,507	272,829
Intermediate				
Local	2,361	1,000	1,636	1,982
<b>Total Special Revenue Expenditures</b>	<u>666,687</u>	<u>685,861</u>	<u>1,106,593</u>	<u>847,593</u>

Hasbrouck Heights Public Schools  
 Changes in Fund Balances - Governmental Funds  
 Last Four Fiscal Years  
 (modified accrual basis of accounting)  
 (unaudited)

Exhibit J-4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Service Expenditures	767,412	768,978	803,521	820,331
Total Governmental Fund Expenditures	25,689,355	25,381,709	29,707,849	27,502,205
Excess (Deficiency) of revenues over (under) expenditures	(29,257)	95,420	(656,481)	(317,410)
Other Financing sources (uses)				
Premium on Promissory Note in Capital Projects Fund			25,620	
Capital leases (non-budgeted)	102,120		130,140	
Amount to be provided for retirement of long-term debt			2,764,668	
Interest earned in Capital Projects Fund			15,880	
Transfers In				8,757
Transfers Out				(8,757)
Total other financing sources (uses)	<u>102,120</u>	<u>          </u>	<u>2,936,308</u>	<u>          </u>
Net change in fund balances	<u>72,863</u>	<u>95,420</u>	<u>2,279,827</u>	<u>(317,410)</u>
Debt service as a percentage of non capital expenditures	3.01%	3.05%	2.99%	3.06%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.  
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

Hasbrouck Heights Public Schools  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)  
 (unaudited)

Description	2011	2010	2009	2008	2007	2006	2005	2004	Annual Totals
Interest on Investments	\$	\$ 20,060	\$	\$	\$	\$	\$	\$	\$ 20,060
Interest on Capital Reserve Funds									
Tuition	116,074	319,323							435,397
Rentals		19,772							19,772
Prior Year Tuition Refunds									
Other Prior Year Refunds		14,833							14,833
Miscellaneous Income	134,076	57,282							191,358
Facility Usage Fees									
OT/PT Fees									
Prior Year Credit Orders From: Accounts Payable									
<b>Total</b>	<b>\$ 250,150</b>	<b>\$ 431,270</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 681,420</b>

Source: District records

REVENUE CAPACITY

Hasbrouck Heights Public Schools  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 (unaudited)

Exhibit J-6

Fiscal Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2001	\$ 869,492,682	\$ 996,425,518	87.60%
2002	870,362,831	1,126,454,412	77.54%
2003	872,992,173	1,111,995,541	78.81%
2004	871,267,476	1,273,349,440	68.63%
2005	875,710,063	1,448,116,855	60.64%
2006	1,855,266,800	1,636,696,559	113.70%
2007	1,853,773,480	1,773,855,650	104.81%
2008	1,856,759,375	1,896,757,560	98.16%
2009	1,867,662,044	1,945,451,054	96.26%
2010	1,872,097,822	1,928,211,589	97.35%
2011	1,865,367,200	1,833,104,560	101.76%

Source: County Abstract of Ratables

Taxes are per \$100

**Hasbrouck Heights Public Schools**  
**Direct And Overlapping Property Tax Rates**  
**Last Ten Years**  
**Unaudited**  
 (rate per \$100 of assessed value)

Exhibit J-7

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2001	1.593	0.900	0.257	2.75
2002	1.681	0.961	0.288	2.93
2003	1.790	1.039	0.271	3.10
2004	1.925	1.136	0.299	3.36
2005	2.000	1.196	0.324	3.52
2006	1.012	0.602	0.166	1.78
2007	1.074	0.643	0.173	1.89
2008	1.115	0.692	0.190	1.997
2009	1.150	0.719	0.201	2.070
2010	1.221	0.746	0.202	2.169
2011	1.273	0.765	0.205	2.243

Source: Tax Collector

Hasbrouck Heights Public Schools  
Principal Property Taxpayers  
Current Year and Last Year  
Unaudited

Exhibit J-8

Taxpayers	2011		2010	
	Assessed Valuation	As a % of District's Net Assessed Valuation	Assessed Valuation	As a % of District's Net Assessed Valuation
Prime Properties, LLC	\$ 38,003,000	2.03%	\$ 38,003,000	2.03%
Heights Plaza, Associates	24,500,000	1.31%	24,500,000	1.31%
Heights Plaza, LLC	15,817,000	0.84%	15,817,000	0.85%
Ess Prisa LLC	15,503,000	0.83%	15,503,000	0.83%
621 Route 46 Associates	14,470,600	0.77%	14,470,600	0.77%
Ottawa House Limited	12,980,000	0.69%	12,980,000	0.69%
611 Routh 46, LLC	11,900,000	0.64%	11,900,000	0.64%
Hasbrouck Motel Company	11,500,000	0.61%	11,500,000	0.62%
377 LaSalle Group LLC	11,450,200	0.61%	11,450,200	0.61%
Skyline Associates	9,920,000	0.53%	9,920,000	0.53%
<b>Total</b>	<b>\$ 166,043,800</b>	<b>8.87%</b>	<b>\$ 166,043,800</b>	<b>8.89%</b>

Source: Municipal Tax Assessor

Hasbrouck Heights Public Schools  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 (unaudited)

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2002	\$ 13,610,988	\$ 13,610,988	100.00%
2003	14,567,150	14,567,150	100.00%
2004	15,608,504	15,608,504	100.00%
2005	16,551,482	16,551,482	100.00%
2006	17,663,691	17,663,691	100.00%
2007	18,764,451	18,764,451	100.00%
2008	19,965,249	19,965,249	100.00%
2009	20,387,886	20,367,886	100.00%
2010	22,047,826	22,047,826	100.00%
2011	23,647,498	23,647,498	100.00%

**DEBT CAPACITY**

Hasbrouck Heights Public Schools  
 Ratios of Outstanding Debt by Type  
 Last Two Fiscal Years  
 (unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases		Capital Leases	Total District	Population	
2010	\$ 7,813,430	\$ 217,575			\$ 8,031,005	11,445	\$ 702
2011	7,345,542	240,796			7,586,338	N/A	N/A

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

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Hasbrouck Heights Public Schools  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years  
 Unaudited

Exhibit J-11

<u>Fiscal Year Ended June 30,</u>	<u>Estimated School District Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2001	11,649	\$ 869,492,682	\$ 10,817,467	1.24%	\$ 928.62
2002	11,649	870,362,831	10,860,946	1.25%	932.35
2003	11,649	872,992,173	10,916,950	1.04%	937.16
2004	11,662	871,267,476	10,475,700	1.21%	898.28
2005	11,643	875,710,063	10,658,200	1.18%	887.78
2006	11,621	1,855,266,800	10,314,200	0.56%	887.55
2007	11,492	1,853,773,480	10,854,968	0.62%	944.57
2008	11,410	1,856,759,375	9,718,472	0.52%	851.75
2009	11,445	1,867,662,044	8,145,000	0.44%	711.66
2010	N/A	1,872,097,822	7,715,000	0.41%	N/A
2011	N/A	1,865,367,200	7,275,000	0.39%	N/A

Source: Data regarding school district population was provided by the State Department of Labor.

Assessed valuations were provided by the Abstract of Ratables, County Board of Taxation.

**Hasbrouck Heights Public Schools  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2011  
(unaudited)**

**Exhibit J-12**

Net Direct Debt of School District as of June 30, 2011		\$ 7,275,000
Net Overlapping Debt of School District		
Hasbrouck Heights Borough (100%)	\$ 11,959,254	
County of Bergen - Borough's share (1.0664%)	<u>672,537</u>	
		<u>12,631,791</u>
Total Direct and Overlapping Bond Debt as of June 30, 2011		<u><u>\$ 19,906,791</u></u>

Source:  
Borough of Hasbrouck Heights Chief Financial Officer and Bergen County Treasurer's Office.

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized valuation basis	
	2010	\$ 1,838,566,333
	2009	1,917,296,970
	2008	1,927,693,331
	[A]	<u>\$ 5,683,556,634</u>
Average equalized valuation of taxable property	[A/3]	\$ 1,894,518,878
Debt limit (4 % of average equalization value)	[B]	75,780,755 <sup>a</sup>
Net bonded school debt as of June 30, 2011	[C]	<u>7,275,000</u>
School borrow margin available	[B-C]	<u>\$ 68,505,755</u>

Source:

Equalized valuation bases were obtained from the Annual Report of the State of New Jersey  
 Department of Treasury, Division of Taxation

- <sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other limits apply to other districts

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Hasbrouck Heights Public Schools  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
 (unaudited)

Exhibit J-14

<u>Year</u>	<u>Estimated School District Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	11,652	\$ 52,062	3.80%
2002	11,640	51,375	5.20%
2003	11,642	50,220	5.10%
2004	11,663	53,131	4.20%
2005	11,640	56,725	3.70%
2006	11,621	61,264	4.10%
2007	11,492	67,113	3.70%
2008	11,410	67,696	0.48%
2009	11,445	N/A	8.50%
2010	N/A	N/A	8.80%
2011	N/A	N/A	N/A

Source: New Jersey State Department of Education

Hasbrouck Heights Public Schools  
 Principal Employers  
 Current and Previous Fiscal Years  
 (unaudited)

Exhibit J-15

<u>Employer</u>	<u>2011</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
N/A	N/A	N/A	N/A	N/A
		<u>0.00%</u>		<u>0.00%</u>

N/A - Data Not Available

**OPERATING INFORMATION**

Hasbrouck Heights Public Schools  
 Full-time Equivalent District Employees by Function/Program  
 Last Two Fiscal Years  
 (unaudited)

Exhibit J-16

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>
Instruction		
Regular	105.1	105.1
Special education	24.8	24.8
Other instruction	24.5	24.5
Support Services:		
Attendance & Social Work	3.4	3.4
Health Services	3.0	3.0
Student & Instruction related services	3.0	3.0
Extraordinary Services	10.0	10.0
Support Services - Students Regular	5.0	5.0
Support Services - Students Special	8.2	8.2
Improvement of Instructional Services	1.0	1.0
Educational Media/School Library	4.5	4.5
General administration	3.0	3.0
School administrative services	9.5	9.5
Central services	4.8	4.8
Administrative Information Technology	0.5	0.5
Plant operations and maintenance	15.5	15.5
Pupil transportation	1.5	1.5
 Total	 <u>227.3</u>	 <u>227.3</u>

Source: District Records

Hasbrouck Heights Public Schools  
 Operating Statistics  
 Last Two Fiscal Years  
 (unaudited)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2010	1654.0	\$ 24,944,178	\$ 15,081	1.85%	130	13:01	12:01	12:01	1596.5	2.94%	96.06%	
2011	1712.0	26,005,864	15,190	0.72%	130	13:01	12:01	1710.6	1638.6	2.92%	95.80%	

Sources: District records

Note: Enrollment based on annual October district count.

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

Hasbrouck Heights Public Schools  
 School Building Information  
 Last Ten Fiscal Years  
 (unaudited)

Exhibit J-18

	<u>2010</u>	<u>2011</u>
<u>District Building</u>		
<u>Elementary</u>		
Square Feet	33,317	33,317
Capacity (students)	425	425
Enrollment	371	367
Square Feet	33,317	33,317
Capacity (students)	425	425
Enrollment	421	412
<u>Middle/High School</u>		
Square Feet	103,681	103,681
Capacity (students)	850	850
Enrollment	862	859
Number of Schools at June 30, 2006		
Elementary = 2	2	2
Middle School = 1	1	1
Senior High School = 1	1	1
Other = 0		
	<u>4</u>	<u>4</u>

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

Hasbrouck Heights Public Schools  
 Schedule of Required Maintenance Expenditures by School Facility  
 Last Two Fiscal Years  
 (unaudited)

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES

<u>*School Facilities</u>	<u>School Number</u>	<u>2010</u>	<u>2011</u>
Hasbrouck Heights Middle/High School	50	\$ 162,483	\$ 144,429
Euclid	60	54,161	48,143
Lincoln	80	54,161	48,143
Total School Facilities		<u>\$ 270,805</u>	<u>\$ 240,715</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

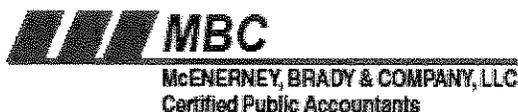
Source: District records

Hasbrouck Heights Public Schools  
 Insurance Schedule  
 June 30, 2011  
 (unaudited)

Exhibit J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Ins. Fund (SAIF)		
Commercial Property - Blanket Building and Contents, Flood, Earthquake	27,354,411	1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	250
Commercial Inland Marine Coverage	Various	250
Board of Education Legal Liability-Darwin National-PGU	5,000,000	
Crime	100,000	25,000
Umbrella Liability - SAIF Insurance	5,000,000	
Boiler and Machinery - SAIF (Hartford Steam)	1,000,000	1,000
Environmental - Commerce & Industry	3,000,000	
Student and Athletic Insurance (Catastrophic Coverage)		
AIG Domestic Accident & Health Insurance	Full Excess 2,500,000	
Employee Benefit Liability - SAIF	1,000,000	
Excess Liability - AIG	10,000,000	
Excess Liability - Fireman's Fund	50,000,000	
Workers Compensation - Sober VII JIF	Pool Limits	
Official Bonds		
Conchita Parker, Treasurer	192,500	
Dina Messery, Board Secretary	25,000	

**SINGLE AUDIT SECTION**



**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**

The Honorable President and Members  
of the Board of Education  
Hasbrouck Heights Borough School District  
County of Bergen  
Hasbrouck Heights, New Jersey 07604

We have audited the financial statements of the Board of Education of the Hasbrouck Heights Borough School District in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management and the Board of Education of the Hasbrouck Heights Borough School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Hasbrouck Heights Borough Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hasbrouck Heights Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hasbrouck Heights Borough Board of Education's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 deficiencies, or significant material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hasbrouck Heights Borough 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* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the Hasbrouck Heights Borough School District in a separate report entitled *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 7, 2011.

This report is intended for the information and use of the audit committee, management, the Hasbrouck Heights Borough Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

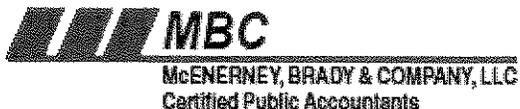
*McEnerney, Brady & Company, LLC*

McEnerney, Brady & Company, LLC  
Certified Public Accountants

*John Lauria*

John Lauria, RMA  
Licensed Public School Accountant #208700

Livingston, New Jersey  
November 7, 2011



**Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04**

The Honorable President and Members  
of the Board of Education  
Hasbrouck Heights Borough School District  
County of Bergen  
Hasbrouck Heights, New Jersey 07604

**Compliance**

We have audited Hasbrouck Heights Borough School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and New Jersey OMB Circular 04-04* that could have a direct and material effect on each of Hasbrouck Heights Borough School District's major federal and state programs for the year ended June 30, 2011. Hasbrouck Heights Borough School District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hasbrouck Heights Borough School District's management. Our responsibility is to express an opinion on Hasbrouck Heights Borough School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 and New Jersey OMB Circular 0-04 and audit requirements as prescribed by the Division of Finance, Department of Education – OMB Circular 04-04. Those standards and OMB Circular A-133 and NJ OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about Hasbrouck Heights Borough School District'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. Our audit does not provide a legal determination of Hasbrouck Heights Borough School District's compliance with those requirements.

In our opinion, Hasbrouck Heights Borough School District complied, in all material respects, with the 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, 2011.

## Internal Control Over Compliance

Management of Hasbrouck Heights Borough School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Hasbrouck Heights Borough School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hasbrouck Heights Borough School District'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 federal or state programs on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration in 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Hasbrouck Heights Borough School District's responses to the finding identified in our audit are described in the accompanying schedule of finding and questioned costs. We did not audit Hasbrouck Heights Borough School District's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee, management, the Hasbrouck Heights Borough Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McEnerney, Brady & Company, LLC*

McEnerney, Brady & Company, LLC  
Certified Public Accountants



John Lauria, RMA  
Licensed Public School Accountant #208700

Livingston, New Jersey  
November 7, 2011

HASBROUCK HEIGHTS SCHOOLS DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass-through Grantor Program Title	Federal CFDA Program	Award Amount	Grant Period	Balance, June 30, 2010		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2011		
				Accounts Receivable	Deferred Revenue					Accounts Receivable	Deferred Revenue	
U.S. Department of Education												
Passed - Through State Department of Education:												
Special Revenue Fund												
IDEA Part B	84.027	403,996	9/1/09-8/31/11	\$ -	\$ -	\$ 297,581	\$ 403,564	\$ -	\$ -	\$ 105,983	\$ -	
IDEA Part B	84.027	373,084	9/1/09-8/31/10	76,559	-	23,731	-	-	-	-	-	
IDEA Part B	84.027	384,841	9/1/08-8/31/09	23,731	-	16,592	-	-	-	-	-	
IDEA Part B	84.173	16,592	9/1/09-8/31/10	106,818	-	11,100	35,524	-	-	4,844	-	
IDEA Part B, Base-ARRA	84.381	415,223	9/1/09-8/31/10	11,100	-	33,843	62,350	-	-	3,423	-	
IDEA, Technical ARRA	84.010	15,024	9/1/09-8/31/10	-	-	21,454	25,388	-	-	28,507	1,148	
Title I, Part A	84.010	22,596	9/1/09-8/31/11	-	-	42,406	22,981	-	-	22,981	-	
Title I, Part A, Basis Contribution	84.186	42,918	9/1/09-8/31/10	34,956	-	7,126	-	-	-	-	-	
Title II, Part A	84.186	43,934	9/1/08-8/31/09	7,126	-	-	-	-	-	-	-	
Title II, Part A	84.186	43,206	9/1/08-8/31/10	-	-	-	-	-	-	-	-	
Title II, Part A	84.186	167	9/1/09-8/31/11	-	-	190	-	-	-	-	-	
Title II, Part D Continuation	84.186	225	9/1/09-8/31/10	-	-	3,020	-	-	-	9,325	-	
Title III, No Child Left Behind	84.000	18,392	9/1/09-8/31/11	-	-	18,534	-	-	-	-	-	
Title III, No Child Left Behind - Continuation	84.000	24,438	9/1/09-8/31/10	14,338	-	173	4,179	-	-	-	16	
Title III, No Child Left Behind	84.000	21,837	9/1/09-8/31/09	173	-	468	-	-	-	-	-	
Drug-Free Schools (Title IV) Continuation	84.186	2,849	9/1/09-8/31/10	1,680	-	688	-	-	-	-	-	
Drug-Free Schools (Title IV)	84.186	3,070	9/1/09-8/31/09	688	-	-	-	-	-	-	-	
<b>Total Special Revenue Fund</b>				<b>293,782</b>	<b>-</b>	<b>692,643</b>	<b>572,782</b>	<b>-</b>	<b>-</b>	<b>175,063</b>	<b>1,162</b>	
U.S. Department of Agriculture												
Passed through State Department of Ed												
Enterprise Fund:												
National School Lunch Program	10.555	90,841	7/1/10-6/30/11	5,689	-	84,371	90,841	-	-	6,569	-	
National School Lunch Program	10.555	57,930	7/1/09-6/30/10	5,689	-	90,090	90,841	-	-	6,569	-	
<b>Total Enterprise Fund</b>				<b>11,378</b>	<b>-</b>	<b>174,461</b>	<b>181,682</b>	<b>-</b>	<b>-</b>	<b>13,138</b>	<b>-</b>	
<b>Total Federal Financial Awards</b>				<b>\$ 305,160</b>	<b>\$ -</b>	<b>\$ 867,104</b>	<b>\$ 754,464</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 188,201</b>	<b>\$ 1,162</b>	

See accompanying notes to the Schedule of Federal and State Financial Assistance.

HASBROCK HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grant/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2010		Cash Received	Recovery Expenditures	Adjustments	Requirement of Prior Year Balance	Accounts Receivable	Balance, June 30, 2011	Deferred Revenue	Due To Grantor	MEMO Budgetary Receivable	Cumulative Expenditures	
				Accounts Receivable	Due To Grantor											
<b>State Department of Education:</b>																
<b>General Funds:</b>																
Special Education Aid	11-495-034-5120-089	415,068	7/1/10-6/30/11	-	-	415,068	415,068	-	-	-	-	-	-	-	415,068	
Special Education Aid	10-495-034-5120-088	940,833	7/1/09-6/30/10	69,839	-	83,309	-	-	-	-	-	-	-	-	-	
Special Education Aid	10-495-034-5120-078	313,413	7/1/09-6/30/10	21,203	-	23,303	-	-	-	-	-	-	-	-	-	
Transportation Aid	10-495-034-5120-011	136,386	7/1/09-6/30/10	9,859	-	9,859	-	-	-	-	-	-	-	-	-	
Transportation Aid	10-495-034-5120-044	168,804	7/1/09-6/30/10	162,664	-	169,004	-	-	-	-	-	-	-	-	-	
Homework Aid	10-495-034-5120-044	146,573	7/1/09-6/30/10	146,573	-	146,573	-	-	-	-	-	-	-	-	-	
On-behalf TPAC Pension Contributions	11-495-034-5035-501	753,657	7/1/10-6/30/11	753,657	-	753,657	-	(57,611)	-	145,573	-	-	-	-	145,573	
On-behalf TPAC Social Security Contributions	11-495-034-5035-502	830,268	7/1/10-6/30/11	830,268	-	731,554	-	-	-	41,104	-	-	-	-	753,667	
On-behalf TPAC Social Security Contributions	10-495-034-5035-502	921,637	7/1/09-6/30/10	360,170	-	2,260,448	2,144,367	(57,611)	-	186,677	-	-	-	-	830,268	
<b>Total General Funds</b>																2,144,567
<b>Special Revenue Funds</b>																
NJ Republic Aid																
Tuition Aid	11-100-034-5120-064	26,544	7/1/10-6/30/11	-	-	26,544	26,544	-	-	-	-	-	-	-	-	26,544
Tuition Aid	10-100-034-5120-064	29,780	7/1/09-6/30/10	64	-	64	-	-	64	-	-	-	-	-	-	
Compensatory Education	11-100-034-5120-067	115,207	7/1/10-6/30/11	115,207	-	115,207	113,701	-	-	-	-	-	1,506	-	113,701	
Compensatory Education	10-100-034-5120-067	104,414	7/1/09-6/30/10	104,414	-	2,097	-	-	2,097	-	-	-	-	-	-	
English as a Second Language	11-100-034-5120-067	11,101	7/1/10-6/30/11	11,101	-	11,101	9,136	-	-	-	-	-	1,965	-	9,136	
English as a Second Language	10-100-034-5120-067	14,680	7/1/09-6/30/10	14,680	-	2,601	-	-	2,601	-	-	-	-	-	-	
Home Instruction	11-100-034-5120-067	1,516	7/1/10-6/30/11	1,516	-	1,516	1,516	-	-	-	-	-	-	-	1,516	
Handicapped Services																
Supplemental Instruction	11-100-034-5120-068	29,637	7/1/10-6/30/11	29,637	-	29,637	18,537	-	-	-	-	-	4,100	-	18,537	
Supplemental Instruction	10-100-034-5120-068	15,114	7/1/09-6/30/10	15,114	-	2,584	-	-	2,584	-	-	-	-	-	-	
Examination and Classification	11-100-034-5120-069	29,188	7/1/10-6/30/11	29,188	-	29,188	23,446	-	-	-	-	-	5,742	-	23,446	
Examination and Classification	10-100-034-5120-069	28,520	7/1/09-6/30/10	28,520	-	5,580	-	-	5,580	-	-	-	-	-	-	
Connective Speech	11-100-034-5120-066	56,016	7/1/10-6/30/11	56,016	-	56,016	51,552	-	-	-	-	-	4,464	-	51,552	
Connective Speech	10-100-034-5120-066	60,797	7/1/09-6/30/10	60,797	-	7,229	-	-	7,229	-	-	-	-	-	-	
Nursing Services	11-100-034-5120-070	31,453	7/1/10-6/30/11	31,453	-	31,453	30,396	-	-	-	-	-	1,057	-	30,396	
Nursing Services	10-100-034-5120-070	36,571	7/1/09-6/30/10	36,571	-	1,202	-	-	1,202	-	-	-	-	-	-	
<b>Total Special Revenue Funds</b>																272,829
<b>Debt Service Fund:</b>																
Debt Service Aid	11-495-034-5120-125	194,299	7/1/10-6/30/11	194,299	-	194,299	194,299	-	-	-	-	-	-	-	-	194,299
<b>State Department of Agriculture Enterprise Fund:</b>																
National School Lunch Program (state share)	11-100-010-3350-023	4,619	7/1/10-6/30/11	4,619	-	4,045	4,619	-	-	574	-	-	-	-	4,619	
National School Lunch Program (state share)	10-100-010-3350-023	4,297	7/1/09-6/30/10	4,297	-	411	-	-	-	-	-	-	-	-	-	
<b>Total Enterprise Funds</b>																4,619
<b>Total State Financial Awards</b>																2,416,314

See accompanying notes to the Schedule of Federal and State Financial Assistance

## HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT

## NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE

JUNE 30, 2011

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include the activity of all federal awards and state financial assistance programs of the Board of Education, Hasbrouck Heights Borough 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 awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and 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 Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of basic financial statements.

**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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-4.2. 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 two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$102,670 for the general fund and \$-0- for the special revenue fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

### 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	Federal	State	Total
General Fund	\$ -	\$ 2,247,237.00	\$ 2,247,237.00
Special Revenue Fund	572,782.00	272,829.00	845,611.00
Debt Service Fund	-	194,299.00	194,299.00
Food Service Fund	<u>90,941.00</u>	<u>4,619.00</u>	<u>95,560.00</u>
Total Awards and Financial Assistance	<u>\$ 663,723.00</u>	<u>\$ 2,718,984.00</u>	<u>\$ 3,382,707.00</u>

### 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.

### 5. FEDERAL AND STATE LOANS OUTSTANDING

The Hasbrouck Heights School District had no loans outstanding as of June 30, 2011.

### 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions/Medical Benefits represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. 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, 2011.

### 7. SCHOOL WIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in OMB Circular A-133; 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 district.

#### Program

Title I, Part A: *Improving Basic Programs Operated by Local Education Agencies*  
 Title II Part A: *Teacher and Principal Training and Recruiting*  
 Title II Part D: *Enhancing Education Through Technology*  
 Title III: : *Language*  
 Title III : *Immigrant*

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified?  Yes  No
- 2) Were significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards Section

Internal control over major programs:

- 1) Material weakness(es) identified?  Yes  No
- 2) Were significant deficiencies identified that are not considered to be material weaknesses?  Yes  No

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

Yes  No

Identification of major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
84.027	IDEA Part B, Basic
84.391	IDEA Part B, Basic ARRA
84.392	IDEA Preschool ARRA

Dollar threshold used to distinguish between Type A and Type B Programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes  No

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results (Continued)

**State Awards**

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  √   Yes        No

Internal control over major programs:

1) Material weakness(es) identified

       Yes   √   No

2) Significant deficiencies identified that are not considered to be material weaknesses?

       Yes   √   None Reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?

       Yes   √   No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5095-002

TPAF Social Security

**Section II - Financial Statement Findings**

NONE

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*Section III - Summary of Auditor's Results*

Section III:

a) Federal Award Findings and Questioned Costs:

NONE

b) State Award Findings and Questioned Costs:

NONE

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2011

K-7

Section IV:

a) Federal Award Findings and Questioned Costs:

NONE

b) State Award Findings and Questioned Costs:

NONE