

**HASBROUCK HEIGHTS BOROUGH
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR FISCAL YEAR ENDED
JUNE 30, 2012**

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

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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 20, 2012

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, 2012. 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 2011-2012 fiscal year with an average daily enrollment of 1,806 students, which is an increase of 95 students compared to the previous year's average daily enrollment. In addition, the District is in a sending/receiving relationship for its K-12th grade students with Teterboro. The following details the changes in the student enrollment of the Hasbrouck Heights School District over the last eight years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012	1,806	5.56%
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 21st 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.

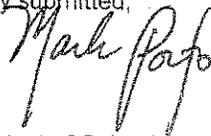
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the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

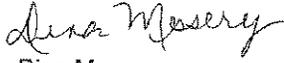
8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance in property and contents, and fidelity bonds.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of McEnemey, 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.

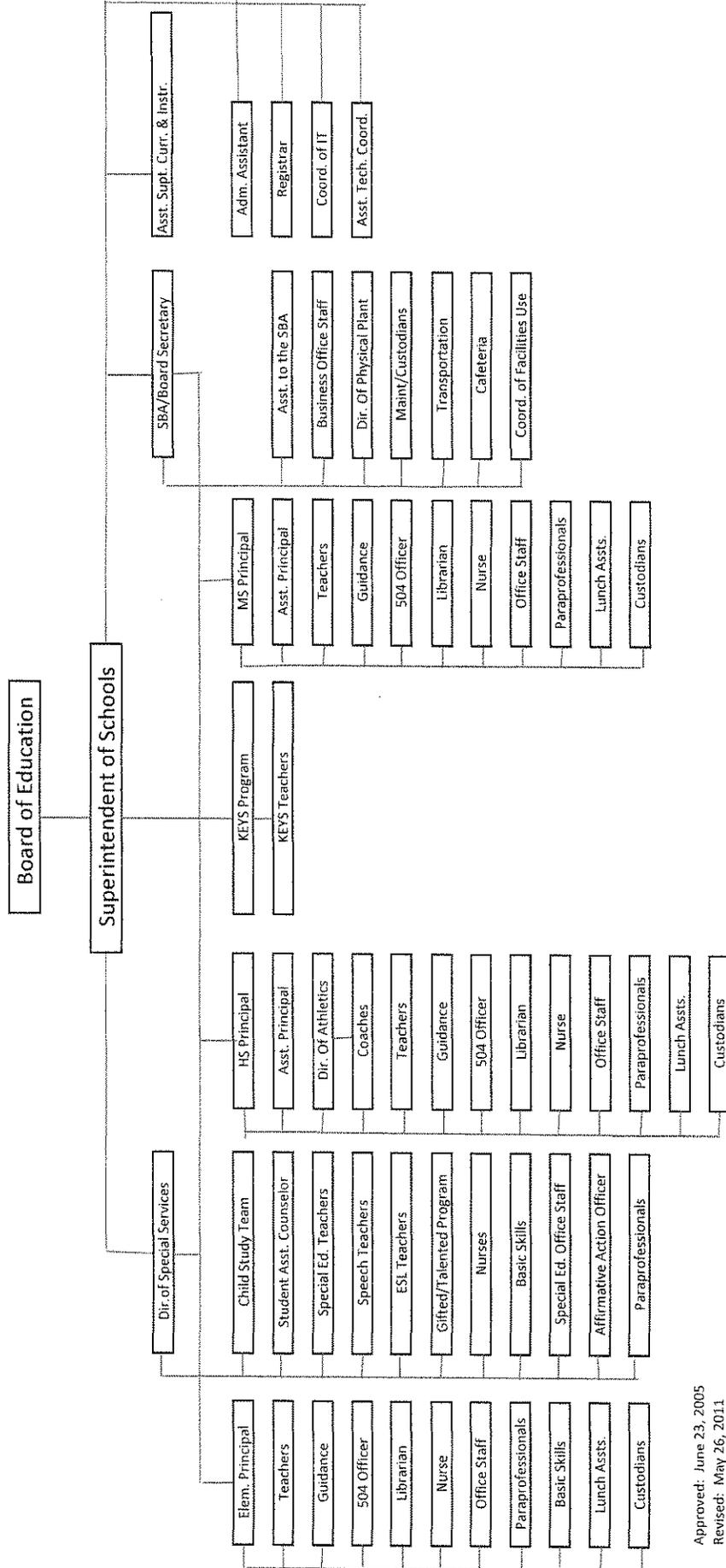
10) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hasbrouck Heights School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and, thereby, contributing their full support to the development 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, 2012

<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
Mark Stefanelli	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

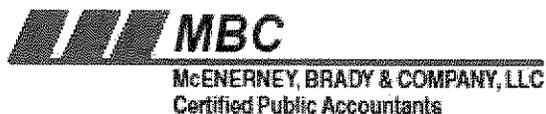
Attorney

Isabel Machado, Esq.
Machado Law Group, LLC
Clark Parkway Plaza
Clark, NJ 07006

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, 2012, 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, 2012, 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 20, 2012 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 20, 2012

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, 2012
UNAUDITED

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 2011-2012 are as follows:

The district general fund balance increased by \$164,054 to \$870,649.

Out of district tuition income increased by \$51,209 to \$167,283.

Total revenues increased by \$1,254,325 in comparison to revenues from June 30, 2011.

Total liabilities for government activities decreased by \$199,045.

Amount of repayment of bond loan principal was \$477,700.

General revenues accounted for \$24.1 million in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$4.3 million or 15% of total revenues of \$28.4 million.

Net assets increased in the enterprise fund by \$123,204 for the year ended June 30, 2012.

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 government 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 and 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 of 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 an accrual 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, 2012.

Table 1 - Net Assets

Assets

Cash and Cash Equivalents	\$1,664,045
Amount to be provided for retirement of debt	2,764,668
Accounts Receivable - Net	1,834,528
Interfund Receivable	2,554
Capital Assets - Net	16,659,840
Total Assets	<u>\$22,925,635</u>

Liabilities

Cash Overdraft	\$18,936
Accounts Payable	703,991
Interfund Payable	2,554
Short-term Liabilities	547,894
Long-term Liabilities	7,748,145
Other Liabilities	2,565,000
Deferred Revenue	63,465
Total Liabilities	<u>\$11,649,985</u>

Net Assets

Invested in Capital Assets, Net of debt	\$8,363,801
Restricted	2,048,865
Unrestricted	862,984
Total Net Assets	<u>\$11,275,650</u>

Table 2 - Comparison of Revenues and Expenses

Revenues

General Revenues:	
Tax Levy	\$23,856,200
Grants and Other Entitlements	1,481,024
Other Miscellaneous	273,483
Total Revenues	<u>\$25,610,707</u>

Program Expenses

Instruction	\$13,106,533
Support Services	11,324,127
Debt Service	322,985
Depreciation & Other	1,535,818
Total Expenses	<u>\$26,289,463</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 84% of all district operating revenues in the 2011-2012 school year. Federal, state and local grants plus miscellaneous income accounted for the remaining 16%.

Table 3 shows the distribution of all operating revenue:

Table 3 - Distribution of Operating Revenue by Source

Property Taxes:	
For General Purposes	\$23,311,969
For Debt Service	544,231
Federal and State Aid:	
Federal and State - Non-restricted	3,203,292
Federal and State Aid - Restricted	1,037,972
Tuition	167,283
Other	106,200
Total	<u>\$ 28,370,947.00</u>

General Fund Budgeting Highlights

The district's budget is prepared according to New Jersey law, statues, 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 \$1,903,330 for the past fiscal year.

- 1 Revenues were \$107,410 higher than anticipated due to increased income from unrestricted and miscellaneous revenues.
- 2 The district received \$108,390 in state aid for the homeless.
- 3 The district's general fund balance increased by \$184,628 to \$891,223.

Capital Assets

At the end of the fiscal year 2011-2012, the value of all district fixed assets before depreciation was \$36,301,344. Accumulated depreciation was \$19,641,504. 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	12,559,214
Machinery and Equipment	1,041,850
	<u>\$16,659,840</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.

A. DISTRICT-WIDE FINANCIAL STATEMENTS

**HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012**

EXHIBIT A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,116,889	\$ 506,938	\$ 1,623,827
Amount to be provided for retirement of debt	2,764,668		2,764,668
Receivables, net			
Due from other funds	2,554		2,554
Other receivables	1,827,489	7,039	1,834,528
Restricted assets:			
Capital Reserve Account - Cash	40,218		40,218
Capital Assets, Net (Note 5)	17,162,266		17,162,266
Total Assets	<u>\$ 22,914,084</u>	<u>\$ 513,977</u>	<u>\$ 23,428,061</u>
LIABILITIES			
Cash Overdraft	\$ 18,936		18,936
Accounts payable	470,874	38,204	509,078
Interfund payable	2,554	-	2,554
Other current liabilities	2,565,000		2,565,000
Accrued Interest Payable	31,969		31,969
Payable to federal government			-
Payable to state government	162,944		162,944
Deferred revenue	10,381	53,084	63,465
Noncurrent Liabilities (Note 6)			-
Due Within One Year	547,894		547,894
Due Beyond One Year	7,748,145		7,748,145
Total Liabilities	<u>11,558,697</u>	<u>91,288</u>	<u>11,649,985</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,866,227		8,866,227
Restricted for:			-
Capital Reserve	62		62
Maintenance Reserve	126,287		126,287
Excess Surplus - Current Year	108,320		108,320
Excess Surplus - Designated for Subsequent Year's Expenditures			-
Tuition Reserve			-
Committed to:			-
Other Purposes	163,716		163,716
Assigned to:			-
Debt Service Fund	7,040		7,040
Capital Projects Fund	1,643,440		1,643,440
Unassigned	440,295	422,689	862,984
Total Net Assets	<u>11,355,387</u>	<u>422,689</u>	<u>11,778,076</u>
	<u>\$ 22,914,084</u>	<u>\$ 513,977</u>	<u>\$ 23,428,061</u>

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, 2012

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							
Instruction:							
Regular	\$ 11,501,886		\$ 1,813,471	\$	(9,688,415)		\$ (9,688,415)
Special Education	2,898,869		318,694		(2,580,175)		(2,580,175)
Other Special Instruction	924,499		86,556		(837,943)		(837,943)
Support Services:							
Tuition	2,514,312				(2,514,312)		(2,514,312)
Student and Instruction Related Services	4,200,383		541,519		(3,658,864)		(3,658,864)
School Administrative Services	764,733				(764,733)		(764,733)
General and Other administrative services	1,261,447				(1,261,447)		(1,261,447)
Central services	385,857				(385,857)		(385,857)
Plant Operations and Maintenance	2,000,457				(2,000,457)		(2,000,457)
Pupil Transportation	738,513				(738,513)		(738,513)
Special Schools	62,161				(62,161)		(62,161)
Charter Schools							
Lease Payment	131,987				(131,987)		(131,987)
Capital Outlay	242,909				(242,909)		(242,909)
Interest on Long-Term Debt	323,844				(323,844)		(323,844)
Depreciation	1,043,606				(1,043,606)		(1,043,606)
Total Governmental Activities	28,995,463		2,760,240		(26,235,223)		(26,235,223)
Business-Type Activities							
Food Service	542,610	401,654	127,566			(13,390)	(13,390)
Keys and other programs	335,981	472,575				136,594	136,594
Total Business-Type Activities	878,591	874,229	127,566			123,204	123,204
Total Primary Government	\$ 29,874,054	\$ 874,229	\$ 2,887,806	\$	\$ (26,235,223)	\$ 123,204	\$ (26,358,427)

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, 2012

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Property Taxes, Levied for General Purposes, Net	\$ 23,332,543		\$ 23,332,543
Taxes levied for debt service	544,231		544,231
Federal and State Aid - Restricted	1,908,636		1,908,636
Tuition received	167,283		167,283
Investment Earnings	8,349		8,349
Miscellaneous Income	97,851		97,851
	<hr/>	<hr/>	<hr/>
Total General Revenues, Special Items, and Transfers	26,058,893		26,058,893
	<hr/>	<hr/>	<hr/>
Change in Net Assets	(176,330)	123,204	(53,126)
	<hr/>	<hr/>	<hr/>
Net Assets, Beginning of Year	11,531,717	299,485	11,831,202
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 11,355,387	\$ 422,689	\$ 11,778,076
	<hr/>	<hr/>	<hr/>

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, 2012**

EXHIBIT B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,112,403	\$	\$ 40,218	\$ 4,486	\$ 1,157,107
Restricted cash and cash equivalents			-		-
Amount to be provided for retirement of long-term debt			2,764,668		2,764,668
Receivable from State Government	80,745	1,830	1,406,108		1,488,683
Receivable from Federal Government		230,416			230,416
Interfund Receivable	-			2,554	2,554
Other receivables	108,390				108,390
	<u>\$ 1,301,538</u>	<u>\$ 232,246</u>	<u>\$ 4,210,994</u>	<u>\$ 7,040</u>	<u>\$ 5,751,818</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft	\$	\$ 18,936	\$	\$	\$ 18,936
Accounts Payable	430,889	39,985			470,874
Other current liabilities	-	-	2,565,000		2,565,000
Interfund Payable			2,554		2,554
Payable to State government	-	162,944			162,944
Payable to Federal government					-
Deferred Revenue		10,381			10,381
	<u>430,889</u>	<u>232,246</u>	<u>2,567,554</u>	<u>7,040</u>	<u>3,230,689</u>
Total Liabilities					
Fund Balances:					
Restricted for:					
Capital reserve	62				62
Maintenance reserve	126,287				126,287
Excess surplus - current year	108,320				108,320
Excess surplus - designated for subsequent year's expenditures	-				-
Tuition reserve	-				-
Committed to:					
Other purposes	163,716				163,716
Assigned to:					
Debt service				7,040	7,040
Capital projects			1,643,440		1,643,440
Unassigned:					
General fund	472,264				472,264
	<u>870,649</u>	<u>1,643,440</u>	<u>7,040</u>	<u>7,040</u>	<u>2,521,129</u>
Total Fund Balances					
Total Liabilities and Fund Balances					
	<u>\$ 1,301,538</u>	<u>\$ 232,246</u>	<u>\$ 4,210,994</u>	<u>\$ 7,040</u>	<u>\$ 5,751,818</u>

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,803,770 and the accumulated depreciation is \$ 19,641,504.

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

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.

Net assets of governmental activities

	\$ -
	\$ 17,162,266
	(31,969)
	<u>(8,296,039)</u>
	<u>\$ 11,355,387</u>

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, 2012

EXHIBIT B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Local Tax Levy	\$ 23,332,543	\$	\$	\$ 544,231	\$ 23,876,774
Tuition Charges	167,283				167,283
Interest	8,253		96		8,349
Rentals	5,100				5,100
Refund Prior Year Expenditure	23,360				23,360
Budgeted Fund Balance					-
Homeless					-
Miscellaneous	67,208				67,208
Total - Local Sources	23,603,747		96	544,231	24,148,074
Local Sources		2,183			2,183
State Sources	3,128,577	267,986		183,195	3,579,758
Federal Sources	54,141	586,791			640,932
Total Revenues	26,786,465	856,960	96	727,426	28,370,947
EXPENDITURES					
Current					
Instruction					
Regular Instruction	7,915,537	666,415			8,581,952
Special Education Instruction	2,087,605				2,087,605
Other Special Instruction	704,163				704,163
Vocational Instruction					
Other Instruction					
Nonpublic school programs					
Adult/continuing education programs					
Total Instruction	10,707,305	666,415			11,373,720
Support Services and Undistributed Costs					
Tuition	2,514,312				2,514,312
Student and Instruction Related Services	3,132,058	174,887			3,306,945
General Administrative Services	523,589				523,589
School Administrative Services	925,912				925,912
Central Services	288,309				288,309
Other Administrative Services	131,543				131,543
Plant Operations and Maintenance	1,700,198				1,700,198
Pupil Transportation	694,603				694,603
Business and other support					
Unallocated benefits	5,607,015	15,658			5,622,673
Debt Service					
Principal				477,700	477,700
Interest and Other Charges				318,016	318,016
Special Schools					
Transfer to Charter School	62,161				62,161
Instructional Equipment					
Capital Expenditures			1,506		1,506
Transfer to Debt Service Fund					
Capital Outlay	540,743				540,743
Total Expenditures	26,827,748	856,960	1,506	795,716	28,481,930
Excess (Deficiency) of Revenues Over Expenditures	(41,283)		(1,410)	(68,290)	(110,983)
Other Financing Sources:					
Transfer to Debt Service Fund				2,554	2,554
Adjustment to Homeless Aid Uncollectable	(57,193)				(57,193)
Capital Leases (non-budgeted)	262,530				262,530
Transfer from Capital Improvement Fund			(2,554)		(2,554)
Total other financing sources and uses	205,337		(2,554)	2,554	205,337
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	164,054		(3,964)	(65,736)	94,354
Fund Balance, Beginning of Year	706,595		1,647,404	72,776	2,426,775
Fund Balance, End of Year	\$ 870,649	\$	\$ 1,643,440	\$ 7,040	\$ 2,521,129

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, 2012

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 94,354

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	\$ 540,743	
Depreciation Expense	<u>(1,043,606)</u>	(502,863)

Compensated Absences (109,150)

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. 455,000

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. 22,700

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. (131,987)

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. (4,384)

Change in net assets of governmental activities (Exhibit A-2) \$ (176,330)

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, 2012

EXHIBIT B-4

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Keys Program	Other Programs	Food Service	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 302,206	\$ 162,527	\$ 42,205	\$ 506,938
Accounts receivable			7,039	7,039
Total Current Assets	302,206	162,527	49,244	513,977
Total Assets	\$ 302,206	\$ 162,527	\$ 49,244	\$ 513,977
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 4,729	\$ 7,361	\$ 26,114	\$ 38,204
Interfund Payable			-	-
Deferred Revenue	30,799	22,285		53,084
Total Current Liabilities	35,528	29,646	26,114	91,288
NET ASSETS				
Unrestricted	266,678	132,881	23,130	422,689
Total Liabilities and Net Assets	\$ 302,206	\$ 162,527	\$ 49,244	\$ 513,977

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, 2012

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	\$	\$	\$ 401,654	\$ 401,654
Daily sales - non-reimbursable programs	309,145	163,435		472,580
Total Operating Revenues	309,145	163,435	401,654	874,234
Operating Expenses				
Salaries and Wages	133,340	117,395		250,735
Employee Benefits	10,200	3,679		13,879
Other purchased professional services	1,800	470	19,783	22,053
Cleaning, repair and maintenance services	-			-
Utilities	24,004			24,004
Supplies and Materials	26,037	15,343	522,827	564,207
Miscellaneous	2,741	972	-	3,713
Total Operating Expenses	198,122	137,859	542,610	878,591
Operating Income (Loss)	111,023	25,576	(140,956)	(4,357)
Nonoperating Revenues				
State Sources			5,350	5,350
Federal Sources			122,216	122,216
Interest and Investment Revenue			-	-
Total Nonoperating Revenues			127,566	127,566
Change in Net Assets	111,023	25,576	(13,390)	123,209
Net Assets, Beginning of Year	155,655	107,309	36,520	299,484
Net Assets, End of Year	\$ 266,678	\$ 132,885	\$ 23,130	\$ 422,693

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, 2012**

EXHIBIT B-6

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Keys Program	Other Programs	Food Service	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 339,944	\$ 185,720	\$ 401,549	\$ 927,213
Salaries & Benefits	(143,540)	(121,074)		(264,614)
Recognition of prior years deferred revenue	(50,710)	(17,960)		(68,670)
Payments to Suppliers	(51,993)	(9,424)	(547,893)	(609,310)
Net Cash Provided By Operating Activities	<u>93,701</u>	<u>37,262</u>	<u>(146,344)</u>	<u>(15,381)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State and Federal Sources			127,776	127,776
Net Cash Provided by Non-Capital Financing Activities			<u>127,776</u>	<u>127,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Return of Interfund			(467,960)	(467,960)
Net Cash Provided by Non-Capital Financing Activities			<u>(467,960)</u>	<u>(467,960)</u>
Net Increase in Cash and Cash Equivalents	93,701	37,262	(486,528)	(355,565)
Cash and Cash Equivalents - Beginning of Year	<u>208,505</u>	<u>125,269</u>	<u>528,733</u>	<u>862,507</u>
Cash and Cash Equivalents - End of Year	<u>\$ 302,206</u>	<u>\$ 162,531</u>	<u>\$ 42,205</u>	<u>\$ 506,942</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	111,023	25,576	(140,956)	(4,357)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Decrease in Accounts Receivable			(105)	(105)
Increase (Decrease) in Deferred Revenue	(19,911)	4,325		(15,586)
Increase (Decrease) in Accounts Payable	2,589	7,361	(5,283)	4,667
Total Adjustments	<u>(17,322)</u>	<u>11,686</u>	<u>(5,388)</u>	<u>(11,024)</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 93,701</u>	<u>\$ 37,262</u>	<u>\$ (146,344)</u>	<u>\$ (15,381)</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, 2012**

EXHIBIT B-7

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 34,981	\$ 110,069	\$260,620	\$ 405,670
Total Assets	<u>\$ 34,981</u>	<u>\$ 110,069</u>	<u>\$260,620</u>	<u>\$ 405,670</u>
LIABILITIES				
Payroll Deductions and Withholdings Due to Student Groups	\$	\$ 110,069	\$260,620	\$ 260,620 110,069
Total Liabilities		<u>\$ 110,069</u>	<u>\$260,620</u>	<u>\$ 370,689</u>
NET ASSETS				
Reserved for Scholarships	<u>\$ 34,981</u>			<u>\$ 34,981</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, 2012

B-8

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions	
Donations	
Other	\$ -
Total contributions	-
Investment earnings:	
Interest	
Total additions	25
	25
DEDUCTIONS	
Other	121
Scholarships awarded	750
Total deductions	871
Change in net assets	(846)
Net assets, beginning of year	35,827
Net assets, end of year	\$ 34,981

HASBROUCK HEIGHTS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-9

	<u>Balance July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
Elementary Schools:				
Euclid	\$ 1,436	\$ 15,055	\$ 13,785	\$ 2,706
Lincoln	7,611	23,276	17,353	13,534
High School	104,453	212,788	223,529	93,712
Athletic account	896	27,700	28,479	117
Total All Schools	<u>\$ 114,396</u>	<u>\$ 278,819</u>	<u>\$ 283,146</u>	<u>\$ 110,069</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B-10

	<u>Balance</u> <u>July 1,2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,2012</u>
ASSETS:				
Cash and cash equivalents	<u>\$ 227,607</u>	<u>\$ 7,390,653</u>	<u>\$ 7,357,640</u>	<u>\$ 260,620</u>
Total assets	<u><u>\$ 227,607</u></u>	<u><u>\$ 7,390,653</u></u>	<u><u>\$ 7,357,640</u></u>	<u><u>\$ 260,620</u></u>
LIABILITIES:				
Payroll deductions and withholdings	<u>\$ 227,607</u>	<u>\$ 7,390,653</u>	<u>\$ 7,357,640</u>	<u>\$ 260,620</u>
Total liabilities	<u><u>\$ 227,607</u></u>	<u><u>\$ 7,390,653</u></u>	<u><u>\$ 7,357,640</u></u>	<u><u>\$ 260,620</u></u>

NOTES TO FINANCIAL STATEMENTS

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

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, 2012 of 1,800 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 non-instructional equipment which are classified in the Capital Outlay sub-fund.

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 Fund</u>	<u>General Fund</u>	<u>Special Revenue</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 26,807,039	\$ 856,960
Difference - Budget-to-GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
2010-2011 State aid payment recognized in 2011-2012 for GAAP statements.		
State aid payment recognized for budgetary purposes not recognized for GAAP statements.	<u>(20,574)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 26,786,465</u>	<u>\$ 856,960</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 26,565,218	\$ 856,960
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>\$ 26,565,218</u>	<u>\$ 856,960</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 2010-11 and 2011-12 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, 2012, cash and cash equivalents on deposit of the School District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts, Interest Bearing	\$ <u>2,069,715</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, 2012, the School District did not have any investments on hand.

4. CAPITAL RESERVE/MAINTENANCE 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, 2011	\$ <u>62</u>
Ending balance, June 30, 2012	\$ <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.

A maintenance reserve account was established in the amount of \$126,287 on June 21, 2012.

5. CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Additions	Adjustments/ Retirements	Balance June 30, 2012
Capital Assets not Being Depreciated				
Land	\$ 3,058,776	\$	\$	\$ 3,058,776
Total Capital Assets not Being Depreciated	<u>3,058,776</u>	<u>-</u>	<u>-</u>	<u>3,058,776</u>
Capital Assets Being Depreciated				
Building & Site Improvements	30,312,188	1,507	-	30,313,695
Equipment	2,892,063	539,236	-	3,431,299
Total Capital Assets Being Depreciated	<u>33,204,251</u>	<u>540,743</u>	<u>-</u>	<u>33,744,994</u>
Total Assets - Historical Cost	36,263,027	540,743	-	36,803,770
Less: Accumulated Depreciation	<u>(18,597,898)</u>	<u>(1,043,606)</u>	<u>-</u>	<u>(19,641,504)</u>
Capital Assets - Net	<u>\$ 17,665,129</u>	<u>\$ (502,863)</u>	<u>\$ -</u>	<u>\$ 17,162,266</u>

6. LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in long-term debt:

	Balance June 30, 2011	Issued	Retired	Balance June 30, 2012
Bonds Payable	\$ 7,275,000	\$	\$ 455,000	\$ 6,820,000
Capital Leases	240,796	262,530	131,987	371,339
Loans Payable	70,542		22,700	47,842
Compensated Absences Payable	<u>947,708</u>	<u>109,150</u>	<u>-</u>	<u>1,056,858</u>
	<u>\$ 8,534,046</u>	<u>\$ 371,680</u>	<u>\$ 609,687</u>	<u>\$ 8,296,039</u>

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>	
08/15/12	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	720,000		
	<u>\$6,570,000</u>		<u>\$180,000</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, 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>\$ 6,820,000</u>	<u>\$ 1,803,774</u>	<u>\$ 8,623,774</u>

Bonds Authorized but Not Issued

As of June 30, 2012, 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, 2012.

Year ending June 30,	<u>Total</u>
2012	\$134,004
2013	133,697
2014	79,466
2015	42,811
2016	<u>11,406</u>
Total Minimum Lease Payments	401,684
Less: Amount Representing	
Interest Expense	<u>30,045</u>
Principal Payments Due	<u>\$371,339</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>
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>\$3,947.44</u>	<u>\$59.21</u>	<u>\$16,313.20</u>	<u>\$ 872.05</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>
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>\$ 5,373.68</u>	<u>\$ 80.60</u>	<u>\$22,207.69</u>	<u>\$1,187.15</u>

Short Term Notes Payable:

On March 30, 2012, 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 \$2,565,000, bearing an interest rate of 0.91% per annum and matures on March 30, 2013, 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 6.5% increasing to 7.5% over the next seven years 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, 2012 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, 2012	\$ 246,764	100%	\$ 246,764
June 30, 2011	232,612	100%	232,612
June 30, 2010	174,596	100%	174,596

**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, 2012	\$ -	0%	\$ 1,051,678
June 30, 2011	-	0%	753,657
June 30, 2010	-	0%	727,571

During the year ended June 30, 2012, the State of New Jersey contributed \$-0- to the TPAF for normal pension and \$1,051,678 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 \$851,654 during the year ended June 30, 2012 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012:

	<u>Receivable</u>	<u>Payable</u>
Debt Service Fund	\$ 2,554	\$
Capital Projects Fund		<u>2,554</u>
Total	<u>\$ 2,554</u>	<u>\$ 2,554</u>

13. FUND BALANCE APPROPRIATED

General Fund - Of the \$870,649 General Fund fund balance at June 30, 2012, \$62 is restricted for capital reserve; \$108,320 is restricted for excess surplus – designated for subsequent year's expenditures; \$126,287 is restricted for maintenance reserve; \$163,715 is committed to other purposes and \$472,264 is unreserved and undesignated.

Capital Projects Fund – There is a fund balance in the Capital Projects Fund at June 30, 2012 of \$1,643,440, which is assigned.

Debt Service Fund - There is a fund balance in the Debt Service Fund at June 30, 2012 of \$7,040, 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. The excess surplus fund balance at June 30, 2012 was zero..

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, 2012 through the date of November 20, 2012 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, 2012**

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 23,332,543	\$	\$ 23,332,543	\$ 23,332,543	\$ -
Tuition	94,069		94,069	167,283	73,214
Interest on Investments	12,000		12,000	8,253	(3,747)
Rentals				5,100	5,100
Refund Prior Year Expenditure Homeless				23,360	23,360
Unrestricted Miscellaneous	57,725		57,725	67,208	9,483
Total Local Sources	<u>23,496,337</u>		<u>23,496,337</u>	<u>23,603,747</u>	<u>107,410</u>
State Sources:					
Special Education Aid	649,140	234,073	883,213	883,213	-
Extraordinary Aid		254,218	254,218	254,218	-
Homeless				108,390	108,390
TPAF Pension (On-Behalf - Non-Budgeted)				349,364	349,364
TPAF Post Retirement Med. Contrib. (On Behalf- Non Budgeted)				702,312	702,312
TPAF Social Security (Reimbursed - Non-Budgeted)				851,654	851,654
Total - State Sources	<u>649,140</u>	<u>488,291</u>	<u>1,137,431</u>	<u>3,149,151</u>	<u>2,011,720</u>
Federal Sources:					
Education Jobs Fund	52,496	1,645	54,141	54,141	-
Total Revenues	<u>24,197,973</u>	<u>489,936</u>	<u>24,687,909</u>	<u>26,807,039</u>	<u>2,119,130</u>
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers					
Kindergarten	456,480	(56,547)	399,933	399,932	1
Grades 1 - 5	2,621,995	110,105	2,732,100	2,732,099	1
Grades 6 - 8	1,445,660	(100,349)	1,345,311	1,345,310	1
Grades 9-12	2,718,469	307,270	3,025,739	3,025,738	1
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	10,000	31,176	41,176	41,176	-
Purchased Technical Services	32,200	4,592	36,792	36,792	-
Other Purchased Services - Travel	-	988	988	954	34
General Supplies	189,569	75,239	264,808	244,444	20,365
Textbooks	152,421	(40,088)	112,333	87,172	25,160
Other Objects	3,000	(946)	2,054	1,920	135
Total Regular Programs	<u>7,629,794</u>	<u>331,440</u>	<u>7,961,234</u>	<u>7,915,537</u>	<u>45,697</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Learning and/or Language Disabilities:					
Salaries of Teachers	125,570	-	125,570	125,535	35
Other Salaries for Instruction	96,165	-	96,165	96,160	5
General Supplies	1,000	(500)	500	199	301
Textbooks	450	(100)	350	44	306
Total Learning and/or Language Disabilities	223,185	(600)	222,585	221,938	647
Special Education Instruction -Resource Room/Resource Center					
Salaries of Teachers	1,268,926	141,716	1,410,642	1,410,623	19
Other Salaries for Instruction	338,501	(87,126)	251,375	251,334	41
General Supplies	4,336	4,293	8,635	5,572	3,063
Textbooks	1,050	751	1,801	1,800	1
Other Objects	850	(850)	-	-	-
Total Resource Room/Resource Center	1,613,663	58,790	1,672,453	1,669,329	3,124
Special Education Instruction - Preschool Disabilities Full Time					
Salaries of Teachers	67,230	-	67,230	67,230	-
Other Salaries for Instruction	76,932	68	77,000	77,000	-
General Supplies	500	932	1,432	1,243	189
Total Preschool Disabilities Full Time	144,662	1,000	145,662	145,473	189
Special Education - Home Instruction					
Salaries of Teachers	85,000	(34,135)	50,865	50,865	-
	85,000	(34,135)	50,865	50,865	-
Special Education Instruction - Extended School Year					
Personal Services Salaries	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-
General Supplies	-	-	-	-	-
	-	-	-	-	-
Total Special Education	2,066,510	25,055	2,091,565	2,087,605	3,960
Summer School - Instruction					
Salaries of Teachers	18,738	2,078	20,816	20,816	-
Other Salaries for Instruction	12,031	(468)	11,563	11,562	1
Purchased Professional/Educational Services	12,320	(4,470)	7,850	7,850	-
General Supplies	400	(400)	-	-	-
Total Basic Skill / Remedial - Instruction	43,489	(3,260)	40,229	40,228	1
Bilingual Education - Instruction					
Salaries of Teachers	98,770	64	98,834	98,834	-
Supplies and Materials	1,100	1,926	3,026	3,025	1
Textbooks	200	(200)	-	-	-
Total Bilingual Education - Instruction	100,070	1,790	101,860	101,859	1
School Sponsored Co-Curricular Activities - Instruction					
Personal Services Salaries	154,086	10,160	164,246	164,244	2
General Supplies	8,900	(745)	8,155	8,153	2
Total School Sponsored Co-Curricular Activities - Instruction	162,986	9,415	172,401	172,398	3
School Sponsored Athletics - Instruction					
Personal Services Salaries	248,149	29,034	277,183	277,182	1
Purchased Services	44,000	(9,900)	34,100	34,098	2
Supplies and Materials	45,250	5,741	50,991	48,403	2,588
Other Objects	15,000	14,996	29,996	29,995	1
Total School Sponsored Athletics - Instruction	352,399	39,871	392,270	389,678	2,592
Total Other Instruction	658,944	47,816	706,760	704,163	2,597
Total Instruction	10,355,248	404,311	10,759,559	10,707,306	52,253

**HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	678,498	(95,756)	582,742	582,742	-
Tuition to Private Schools for the Handicapped - Within State	897,845	(40,932)	856,913	856,913	-
Tuition - Other LEAs Instate Special	454,261	115,785	570,046	570,046	-
Tuition - Co Vocational - Special	208,080	(5,974)	202,106	202,105	1
Tuition - Co Vocational - Regular	430,602	(128,096)	302,506	302,506	(0)
Tuition - Other (Charter Schools)	-	-	-	-	-
Total Undistributed Expenditures - Instruction	2,669,286	(154,973)	2,514,313	2,514,312	1
Undistributed Expenditures - Attendance & Social Work					
Salaries	56,297	1	56,298	56,297	1
Total Undistributed Attendance & Social Work	56,297	1	56,298	56,297	1
Undistributed Expenditures - Health Services					
Salaries	173,060	(2,948)	170,112	170,111	1
Purchased Professional and Technical Services	10,000	(8,000)	2,000	2,000	-
Supplies and Materials	8,200	(1,300)	6,900	6,729	171
Other Objects	1,000	1,700	2,700	2,354	346
Total Undistributed Expenditures - Health Services	192,260	(10,548)	181,712	181,194	518
Unidist. Expend. - Other Supp. Serv. Students - Speech					
Salaries	231,520	64	231,584	231,584	-
Purchased Professional - Educational Services	400,000	223,934	623,934	617,139	6,794
Supplies and Materials	2,000	5,600	7,600	7,328	272
Other Objects	2,000	(1,600)	400	-	400
Total Unidist. Exp. - Other Supp. Serv. Students - Speech	635,520	227,998	863,518	856,051	7,466
Unidist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	227,478	57,688	285,166	285,165	1
Purchased Professional - Educational Services	90,000	47,520	137,520	137,519	1
Other Purchased Service	-	-	-	-	-
General Supplies	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Other Supp. Serv. Students - Regular	317,478	105,208	422,686	422,685	1
Unidist. Expend. - Guidance					
Salaries of Other Professional Staff	343,595	31,831	375,426	375,426	-
Salaries of Secretarial and Clerical Assistants	48,538	1	48,539	48,538	1
Other Purchased Services	-	1,599	1,599	1,590	9
Supplies and Materials	250	1,279	1,529	48	1,481
Other Objects	250	-	250	-	250
Total Unidist. Expend. - Guidance	392,633	34,710	427,343	425,602	1,741
Unidist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	655,156	16,338	671,494	671,493	1
Salaries of Secretarial and Clerical Assistants	71,896	(1,334)	70,562	70,562	1
Misc Pur Serv (400-500)	500	3,410	3,910	3,910	-
Supplies and Materials	2,000	16,281	18,281	6,478	11,803
Other Objects	1,500	1,429	2,929	2,385	544
Total Unidist. Expend. - Child Study Teams	731,052	36,124	767,176	754,828	12,348
Unidist. Expend. - Educational Media Serv./School Library					
Salaries	404,862	7,952	412,814	412,813	1
Salaries of Other Professional Staff	-	-	-	-	-
Other Purchased Services	8,995	(370)	8,625	8,573	52
Supplies and Materials	23,952	(8,544)	15,408	13,119	2,289
Other Objects	300	-	300	48	252
Total Undist. Expenditures - Edu. Media Serv./School Library	438,109	(962)	437,147	434,553	2,594
Unidist. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	1,700	(50)	1,650	485	1,165
Other Objects	2,750	(1,459)	1,291	360	931
Total Instructional Staff Training Services	4,450	(1,509)	2,941	845	2,096

HASBROUCK HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Support Services - General Administration					
Salaries	240,762	1,598	242,360	242,360	-
Legal Services	24,000	47,884	71,884	71,884	-
Audit Fees	21,525	(1,225)	20,300	20,300	-
Purchased Technical Services	3,000	2,615	5,615	5,569	46
Communications/Telephone	151,480	(17,051)	134,429	132,809	1,620
BOE Other Purchased Services	2,500	(2,500)	-	-	-
Miscellaneous Purchased Services	21,898	(1,100)	20,798	20,760	38
General Supplies	3,000	600	3,600	3,573	27
Miscellaneous Expenditures	15,000	(475)	14,525	14,349	176
BOE Membership Dues and Fees	13,250	(1,130)	12,120	11,987	133
Total Undist. Exp. - Support Services - General Administration	496,415	29,216	525,631	523,590	2,041
Undist. Expend. - Support Services - School Administration					
Salaries of Principals/Assistant Principals	525,777	(10,996)	514,781	514,777	4
Salaries of Other Professional Staff	103,200	-	103,200	103,200	-
Salaries of Secretarial and Clerical Assistants	253,911	146	254,057	254,056	1
Other Purchased Services - Travel	-	500	500	500	-
Supplies and Materials	41,000	(2,106)	38,894	36,698	2,196
Miscellaneous Expenditure	15,486	1,606	17,092	16,681	411
Total Undist. Expend. - Support Serv. - School Administration	939,374	(10,850)	928,524	925,912	2,612
Undistributed Expenditures - Central Services					
Personal Services Salaries	247,844	6,259	254,103	253,519	584
Purchased Technical Services	27,286	(17,362)	9,924	9,544	380
Misc. Purchased Services (400 -500 series)	500	(285)	215	173	41
Supplies and Materials	8,500	21,151	29,651	17,418	12,234
Interest on Current Loans	4,921	-	4,921	4,921	-
Interest Lease Purchase Agreement	1,455	(1,000)	455	278	177
Miscellaneous Expenditures	5,000	(2,137)	2,863	2,456	407
Total Undistributed Expenditures - Central Services	295,506	6,626	302,132	288,309	13,823
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	41,674	813	42,487	42,486	1
Purchased Technical Services	20,000	(10,289)	9,711	9,711	-
Other Purchased Services	15,000	8,600	23,600	23,346	254
Supplies and Materials	50,000	11,650	61,650	56,000	5,650
Other Objects	5,000	(5,000)	-	-	-
Total Undistributed Expenditures - Admin. Info. Tech	131,674	5,774	137,448	131,543	5,905

**HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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					
Salaries	88,377	4,776	93,153	93,152	1
Cleaning, Repair, and Maintenance Services	100,000	71,652	171,652	162,124	9,528
General Supplies	10,000	(8,500)	1,500	1,400	100
Other Objects	2,500	(2,500)	-	-	-
Total Undist. Expend - Required Maint for School Facilities	200,877	65,428	266,305	256,677	9,628
Undistributed Expenditures - Custodial					
Salaries	610,839	8,598	619,437	619,433	4
Salaries of Non-Instructional Aides	97,085	(29,314)	67,771	67,770	1
Cleaning, Repair, and Maintenance	91,500	(14,000)	77,500	77,499	1
Other Purchased Property Services	33,000	(14,655)	18,345	18,343	2
Insurance	101,008	(5,499)	95,509	95,494	14
Miscellaneous Purchased Services	85,452	(852)	84,600	84,600	-
General Supplies	90,000	46,773	136,773	134,616	2,157
Energy (Electricity)	267,000	(81,616)	185,384	185,220	164
Other Objects	10,000	1,853	11,853	11,852	1
Energy (Natural Gas)	241,000	(159,879)	81,121	81,035	86
Total Undist. Exp. - Custodial services	1,626,884	(248,591)	1,378,293	1,375,863	2,429
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance	36,000	(8,549)	27,451	27,451	-
General Supplies	2,500	(2,500)	-	-	-
Other Objects	2,500	(2,500)	-	-	-
Total - Care & Upkeep of Grounds	41,000	(13,549)	27,451	27,451	-
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance	41,550	100	41,650	40,208	1,442
General Supplies	2,000	(2,000)	-	-	-
Other Objects	2,500	(2,500)	-	-	-
Total Security	46,050	(4,400)	41,650	40,208	1,442
Undistributed Expenditures - Student Transportation Services					
Sal for Pupil Trans (Betwn. Home & School) - Regular	31,265	23,247	54,512	54,512	-
Sal for Pupil Trans (Betwn. Home & School) - Sp Ed	29,621	(6,210)	23,411	23,411	-
Sal for Pupil Trans (Betwn. Home & School) - Other	48,000	(11,723)	36,277	36,276	1
Cleaning, Repair, & Maint. Services	11,500	3,757	15,257	15,256	1
Lease Purchase Payments - School Buses	11,248	195	11,443	11,443	-
Aid in Lieu Charter Schools	2,652	(1,760)	892	884	8
Contract Serv. (Betwn. Home and School) - Vendors	72,800	(27,670)	45,130	45,128	2
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	30,962	(2,827)	28,135	28,134	1
Contract Serv. (Special Ed Students) - Joint Agrmnts	453,375	13,765	467,140	467,139	1
Transportation Supplies	13,500	(1,370)	12,130	12,129	1
Other Objects	1,000	(710)	290	289	1
Total Undistributed Expend. - Student Transportation Expenses	705,923	(11,306)	694,617	694,603	14

**HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	300,314	(17,019)	283,295	283,125	170
Other Retirement Contributions - PERS	267,625	(14,609)	253,016	253,015	1
Unemployment Compensation	122,981	29,310	152,291	152,291	-
Workmen's Compensation	125,000	(44,163)	80,837	80,829	8
Health Benefits	2,927,250	(61,951)	2,865,299	2,865,292	7
Tuition Reimbursement	50,000	(9,911)	40,089	40,088	1
Other Employee Benefits	20,235	8,810	29,045	29,044	1
Total Unallocated Benefits - Employee Benefits	3,813,405	(109,533)	3,703,872	3,703,685	187
On-behalf TPAF Contributions (non-budgeted)				349,364	(349,364)
On-behalf Post Retirement Med. Contribution (non-budgeted)				702,312	(702,312)
On-behalf Social Security Contributions (non-budgeted)			-	851,654	(851,654)
				1,903,330	(1,903,330)
Total Expenditures - Current Expense	24,089,441	349,175	24,438,616	26,224,844	(1,786,230)
Capital Outlay					
Instructional Equipment	-	3,454	3,454	3,454	-
Maintenance Equipment		6,366	6,366	6,365	1
Capital Equipment/Improvements	-	62,356	62,356	23,291	39,065
Total Equipment		72,176	72,176	33,110	39,066
Facilities Acquisitions and Construction Services					
Construction Services	23,688	119,006	142,694	118,033	24,661
Lease Purchase Agreements - Principal	71,956	(51,194)	20,762	20,761	24,661
Building other Non-lease Purchase Agreements	54,183	51,640	105,823	105,822	1
Other Objects	486	-	486	486	-
Total Facilities Acquisitions and Construction Services	150,313	119,452	269,765	245,103	49,322
Assets Acquired Under Capital Leases (non-budgeted)				262,530	(262,530)
Total Capital Projects	150,313	191,628	341,941	540,743	(174,142)
General Fund					
Transfer of Funds to Charter Schools	90,399	(28,238)	62,161	62,161	-
Total General Fund Expenditures	24,330,153	512,565	24,842,718	26,827,748	(1,960,372)
Special Schools					
Summer School - Instructions					
Salaries of Teachers	-	-	-	-	-
Other Salaries - Aides	-	-	-	-	-
General Supplies	-	-	-	-	-
Total Summer School - Instruction	-	-	-	-	-
Total Special Schools	-	-	-	-	-
Total General Fund Expenditures	24,330,153	512,565	24,842,718	26,827,748	(1,960,372)
Funds expended					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(132,180)	(22,629)	(154,809)	(20,709)	158,758
Other Financing Sources (Uses):					
Operating Transfers Out:					
Adjustment to Homeless Aid Uncollectable				(57,193)	(57,193)
Capital Leases (non-budgeted)				262,530	(262,530)
				205,337	(319,723)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(132,180)	(22,630)	(154,809)	184,628	(160,965)
Fund Balances, Beginning of Year	706,595		706,595	706,595	
Fund (Deficit) Balances, End of Year	\$ 574,415	\$ (22,630)	\$ 551,786	\$ 891,223	\$ (160,965)

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

GAAP Fund Balance (B-2) difference is the final State Aid payment of \$20,574 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	\$ 108,320
Excess Surplus - Current Year	-
Capital Reserve	62
Maintenance Reserve	126,287
Reserve for Tuition	-
Committed Fund Balance:	
Year-End Encumbrances	163,716
Unassigned Fund Balance	492,838
	891,223
Less: State Aid Revenue Not Recognized for GAAP basis	(20,574)
Fund Balance per Governmental Funds (GAAP)	\$ 870,649

HASBROUCK HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - EDUCATION JOBS FUND
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund 18:					
Education Jobs Fund					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers					
Kindergarten					
Grades 1 - 5	\$ 52,496	\$ 1,645	\$ 54,141	\$ 54,141	\$ -

**HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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		\$ 8,398	8,398	\$ 2,183	\$ 6,215
State Sources	245,300	187,141	432,441	267,986	164,455
Federal Sources	541,660	92,588	634,248	586,791	47,457
Total Revenues	<u>\$ 786,960</u>	<u>\$288,128</u>	<u>\$ 1,075,088</u>	<u>\$856,960</u>	<u>\$ 218,128</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 137,760	\$ 55,374	\$ 193,134	\$ 85,657	\$ 107,477
Salaries of Other Professional Staff					
Purchased Professional/ Technical Services		16,127	16,127	16,197	(70)
Purchased Professional/Educational Services	84,300	149,777	234,077	180,831	53,246
Other Purchased Services (400-500 series)	-	4,270	4,270	-	4,270
General Supplies		34,663	34,663	32,924	1,739
Textbooks	26,500	(2,451)	24,049	21,987	2,062
Tuition	319,600	8,318	327,918	326,636	1,282
Other Objects		-	-	2,183	(2,183)
Total Instruction	<u>568,160</u>	<u>266,078</u>	<u>834,238</u>	<u>666,415</u>	<u>167,823</u>
Support Services					
Personal Services - Salaries	27,100	2,580	29,680	29,680	-
Personal Services - Employee Benefits	2,073	19,296	21,369	15,658	5,711
Other - Employee Benefits					
Purchased Professional - Educational Services	187,400	-	187,400	144,501	42,899
Other Purchased Professional Services	-	-	-	-	-
Purchased Professional and Technical Services		-	-	-	-
General Supplies	2,227	174	2,401	706	1,695
Rentals					
Contracted Services Transportation					
Tuition					
Total Support Services	<u>218,800</u>	<u>22,050</u>	<u>240,850</u>	<u>190,545</u>	<u>50,305</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		-	-	-	-
Total Facilities Acquisition and Construction Services		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 786,960</u>	<u>\$288,128</u>	<u>\$ 1,075,088</u>	<u>\$856,960</u>	<u>\$ 218,128</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)					
Fund Balances, July 1					
Fund Balances, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-3

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	\$ 26,807,039	\$ 856,960
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2010-2011 State aid payment recognized in 2011-2012 for GAAP statements.			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(20,574)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 26,786,465	\$ 856,960
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1, C-2	\$ 26,565,218	\$ 856,960
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	\$ 26,565,218	\$ 856,960

OTHER SUPPLEMENTARY INFORMATION

D. SCHOOL LEVEL SCHEDULES

E. SPECIAL REVENUE FUND

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Nonpublic Chapter 192				Nonpublic Chapter 193				
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Compensatory Education	English as a Second Language	Home Instruction	Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues									
State Sources	\$ 21,987	\$ 32,656	\$	103,637	\$ 6,896	\$ 1,830	\$ 14,521	\$ 32,512	\$ 53,947
Federal Sources									
Private Sources									
Total Revenues	\$ 21,987	\$ 32,656	\$	103,637	\$ 6,896	\$ 1,830	\$ 14,521	\$ 32,512	\$ 53,947
Expenditures									
Instruction:									
Salaries of Teachers	\$	\$	\$	\$	\$	\$	\$	\$	\$
Purchased Professional and Technical Services									
Purchased Professional/Educational Services				103,637	6,896	1,830	14,521		53,947
Other Purchased Services									
Substitution									
General Supplies									
Textbooks	21,987								
Other Objects									
Total Instruction	21,987			103,637	6,896	1,830	14,521	-	53,947
Support Services:									
Personal Services - Salaries		29,680							
Personal Services - Employee Benefits		2,270						32,512	
Purchased Professional Educational Services									
Purchased Professional and Technical Services									
Supplies and Materials		706							
Other Purchased Services									
Miscellaneous Expenditures									
Total Support Services		32,656							
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Total Facilities Acquisition and Construction Services									
Total Expenditures	\$ 21,987	\$ 32,656	\$	103,637	\$ 6,896	\$ 1,830	\$ 14,521	\$ -	\$ 53,947

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-1
Exhibit 2

IDEA

	Title I Part A	Title I 2011 Continuation	Preschool Handicapped	Preschool Handicapped ARRA	Regular Program Part B	Part B ARRA	Title II A	Title II A 2011 Carryover
Revenues								
State Sources	\$ 61,245	\$ 14,102	\$ -	\$ -	\$ 438,625	\$ -	\$ 21,464	\$ 19,235
Federal Sources								
Private Sources								
Total Revenues	\$ 61,245	\$ 14,102	\$ -	\$ -	\$ 438,625	\$ -	\$ 21,464	\$ 19,235
Expenditures								
Instruction:								
Salaries of Teachers	\$ 46,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,400	\$ 15,000
Purchased Professional and Technical Services	2,095	14,102	-	-	-	-	-	-
Purchased Professional/Educational Services					326,636		8,299	
Other Purchased Services								
Tuition								
General Supplies	6,639							
Textbooks								
Other Objects								
Total Instruction	55,381	14,102	-	-	326,636	-	20,699	15,000
Support Services:								
Personal Services - Salaries								
Personal Services - Employee Benefits	5,864	-	-	-	111,989	-	765	4,235
Purchased Professional Educational Services								
Purchased Professional and Technical Services								
Supplies and Materials								
Other Purchased Services								
Miscellaneous Expenditures								
Total Support Services	5,864	-	-	-	111,989	-	765	4,235
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Facilities Acquisition and Construction Services								
Total Expenditures	\$ 61,245	\$ 14,102	\$ -	\$ -	\$ 438,625	\$ -	\$ 21,464	\$ 19,235

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Title II D 2010 Carryover	Title III	Title III Continuation 2011	Title IV	Title IV 2010 Carryover	BCUA Grant	MSG Varsity	Totals June 30, 2011
Revenues								
State Sources	\$ -	\$ 26,624	\$ 5,496	\$ -	\$ -	\$ -	\$ -	\$ 267,986
Federal Sources								586,791
Private Sources							2,183	2,183
Total Revenues	\$ -	\$ 26,624	\$ 5,496	\$ -	\$ -	\$ -	\$ 2,183	\$ 856,960
Expenditures								
Instruction:								
Salaries of Teachers	\$ -	\$ 9,110	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 85,657
Purchased Professional and Technical Services								16,197
Purchased Professional/Educational Services								180,831
Other Purchased Services								-
Tuition								326,636
General Supplies		15,490	2,496					32,924
Textbooks								21,987
Other Objects							2,183	2,183
Total Instruction	-	24,600	4,996	-	-	-	2,183	666,415
Support Services:								
Personal Services - Salaries								29,680
Personal Services - Employee Benefits		2,024	500					15,658
Purchased Professional Educational Services								144,501
Purchased Professional and Technical Services								-
Supplies and Materials								706
Other Purchased Services								-
Miscellaneous Expenditures								-
Total Support Services		2,024	500					190,545
Facilities Acquisition and Construction Services:								
Instructional Equipment								-
Total Facilities Acquisition and Construction Services								-
Total Expenditures	\$ -	\$ 26,624	\$ 5,496	\$ -	\$ -	\$ -	\$ 2,183	\$ 856,960

F. CAPITAL PROJECTS FUND

HASBROUCK HEIGHTS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

F-1

Issue/Project Title	Modified Appropriation	Expenditures to Date		Balance, 6/30/2012
		Prior Years	Current Years	
Middle/High School Windows Replacement	\$ 1,408,361	\$ 1,003,722	\$ 251	\$ 404,388
Middle/High School Roof Replacement	1,179,679	810,995	251	368,433
Middle/High School Generator Replacement	358,037	169,049	-	188,988
Euclid School Windows Replacement	408,872	270,855	251	137,766
Lincoln School Windows Replacement	408,872	279,917	251	128,704
Euclid School Roof Replacement	421,980	216,269	251	205,460
Lincoln School Roof Replacement	421,980	212,028	251	209,701
TOTAL:	\$ 4,607,781	\$ 2,962,835	\$ 1,506	\$ 1,643,440

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, 2012

Revenues and Other Financing Sources

State Sources - SCC Grant	\$
Amount to be provided for retirement of long-term debt	
Interest	<u>96</u>
Total Revenues and Other Financing Sources	<u>96</u>

Expenditures

Salaries	
Purchased Professional Services	
Architect Services	1,506
Construction Services	
Other Financing Uses	
Due to Debt Service Fund	<u>2,554</u>
Total Expenditures and Other Financing Uses	<u>4,060</u>

Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(3,964)</u>
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Beginning Fund Balance	<u>1,647,404</u>
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Ending Fund Balance	<u><u>\$ 1,643,440</u></u>
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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, 2012

F-2a

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 563,344	\$	\$ 563,344	\$ 563,344
Transfer from Capital Reserve				
Local Share	845,017		845,017	845,017
Total Revenues and Other Financing Sources	1,408,361		1,408,361	1,408,361
Expenditures and Other Financing Uses				
Salaries	3,966		3,966	3,966
Purchased Professional Services	105,543		105,543	105,570
Architect Services	50,938	251	51,189	171,101
Construction Services	818,547		818,547	1,127,723
Total Expenditures and Other Financing Uses	978,994	251	979,245	1,408,361
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 429,367	\$ (251)	\$ 429,116	\$

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, 2012

F-2b

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 471,872	\$	\$ 471,872	\$ 471,872
Local Share	707,807		707,807	707,807
Total Revenues and Other Financing Sources	1,179,679		1,179,679	1,179,679
Expenditures and Other Financing Uses				
Salaries	352		352	1,000
Purchased Professional Services	9,240		9,240	119,000
Architect Services	9,251	251	9,502	183,344
Construction Services	350,835		350,835	876,335
Total Expenditures and Other Financing Uses	369,678	251	369,929	1,179,679
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 810,001	\$ (251)	\$ 809,750	\$

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, 2012

F-2c

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 143,215	\$	\$ 143,215	\$ 143,215
Local Share	214,822		214,822	214,822
Total Revenues and Other Financing Sources	358,037		358,037	358,037
Expenditures and Other Financing Uses				
Salaries				500
Purchased Professional Services	6,139		6,139	6,079
Architect Services	20,815		20,815	65,097
Construction Services	142,095		142,095	286,361
Total Expenditures and Other Financing Uses	169,049	-	169,049	358,037
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 188,988	\$ -	\$ 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, 2012

F-2d

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 163,549	\$	\$163,549	\$ 163,549
Local Share	245,323		245,323	245,323
Total Revenues and Other Financing Sources	408,872		408,872	408,872
Expenditures and Other Financing Uses				
Salaries	1,934		1,934	2,042
Purchased Professional Services	12,325		12,325	12,958
Architect Services	13,020	251	13,271	70,661
Construction Services	243,576		243,576	323,211
Total Expenditures and Other Financing Uses	270,855	251	271,106	408,872
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 138,018	\$ (251)	\$137,767	\$

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, 2012

F-2e

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 163,549	\$	\$ 163,549	\$ 163,549
Local Share	245,323		245,323	245,323
Total Revenues and Other Financing Sources	408,872		408,872	408,872
Expenditures and Other Financing Uses				
Salaries	3,768		3,768	4,042
Purchased Professional Services	19,533		19,533	19,500
Architect Services	13,020	251	13,271	62,119
Construction Services	243,576		243,576	323,211
Total Expenditures and Other Financing Uses	279,897	251	280,148	408,872
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 128,975	\$ (251)	\$ 128,724	\$

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, 2012

F-2f

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 168,792	\$	\$ 168,792	\$ 168,792
Local Share	253,188		253,188	253,188
Total Revenues and Other Financing Sources	421,980		421,980	421,980
Expenditures and Other Financing Uses				
Salaries	1,088		1,088	2,000
Purchased Professional Services	6,206		6,206	38,000
Architect Services	11,900	251	12,151	88,579
Construction Services	197,075		197,075	293,401
Total Expenditures and Other Financing Uses	216,269	251	216,520	421,980
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 205,711	\$ (251)	\$ 205,460	\$

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, 2012

F-2g

	Prior Periods	Current Year	Totals	Revised Authorization Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 168,792	\$	\$ 168,792	\$ 168,792
Local Share	253,188		253,188	253,188
Total Revenues and Other Financing Sources	421,980		421,980	421,980
Expenditures and Other Financing Uses				
Salaries	1,015		1,015	2,000
Purchased Professional Services	5,641		5,641	38,000
Architect Services	11,900	251	12,151	88,579
Construction Services	193,473		193,473	293,401
Total Expenditures and Other Financing Uses	212,029	251	212,280	421,980
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 209,951	\$ (251)	\$ 209,700	\$

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, 2012**

G-1

	Business-Type Activities - Enterprise Funds			
	<u>Keys Program</u>	<u>Other Programs</u>	<u>Food Service</u>	<u>Total Enterprise</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 302,206	\$ 162,527	\$ 42,205	\$ 506,938
Accounts receivable			7,039	7,039
Total Current Assets	<u>302,206</u>	<u>162,527</u>	<u>49,244</u>	<u>513,977</u>
Total Assets	<u>\$ 302,206</u>	<u>\$ 162,527</u>	<u>\$ 49,244</u>	<u>\$ 513,977</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 4,729	\$ 7,361	\$ 26,113	\$ 38,203
Deferred Revenue	<u>30,799</u>	<u>22,285</u>		<u>53,084</u>
Total Current Liabilities	35,528	29,646	26,113	91,287
NET ASSETS				
Unrestricted	<u>266,678</u>	<u>132,881</u>	<u>23,130</u>	<u>422,689</u>
Total Net Assets	<u>\$ 302,206</u>	<u>\$ 162,527</u>	<u>\$ 49,244</u>	<u>\$ 513,977</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

G-2

	Business-Type Activities - Enterprise Fund			Total Enterprise
	Keys Program	Other Programs	Food Service	
Operating Revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$	\$	\$ 401,654	\$ 401,654
Daily sales - non-reimbursable programs	309,145	163,435		472,580
Total Operating Revenues	309,145	163,435	401,654	874,234
Operating Expenses				
Salaries and Wages	133,340	117,395		250,735
Employee Benefits	10,200	3,679		13,879
Purchased property service	1,800			1,800
Other purchased professional services	-	470	19,783	20,253
Cleaning, repair and maintenance services				
Utilities	24,004			24,004
Supplies and Materials	26,037	15,343	522,827	564,207
Miscellaneous	2,741	976	-	3,717
Total Operating Expenses	198,122	137,863	542,610	878,595
Operating Income (Loss)	111,023	25,572	(140,956)	(4,361)
Nonoperating Revenues				
State Sources			5,350	5,350
Federal Sources			122,216	122,216
Interest and Investment Revenue			-	-
Total Nonoperating Revenues			127,565	127,565
Change in Net Assets	111,023	25,572	(13,391)	123,204
Net Assets, Beginning of Year	155,655	107,309	36,521	299,485
Net Assets, End of Year	<u>\$ 266,678</u>	<u>\$ 132,881</u>	<u>\$ 23,130</u>	<u>\$ 422,689</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

G-3

	Business-Type Activities - Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 339,944	\$ 185,720	\$ 401,549	\$ 927,213
Salaries & Benefits	(143,540)	(121,074)		(264,614)
Recognition of prior years deferred revenue	(50,710)	(17,960)		(68,670)
Payments to Suppliers	(51,993)	(9,424)	(547,893)	(609,310)
Net Cash Provided By Operating Activities	<u>93,701</u>	<u>37,262</u>	<u>(146,344)</u>	<u>(15,381)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State and Federal Sources			127,776	127,776
Net Cash Provided by (Used For) Non-Capital Financing Activities			<u>127,776</u>	<u>127,776</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Return of interfund			(467,960)	
Interest and investment revenue				-
Net Cash Provided by Non-Capital Financing Activities			<u>(467,960)</u>	<u>(467,960)</u>
Net Increase in Cash and Cash Equivalents	93,701	37,262	(486,528)	(355,565)
Cash and Cash Equivalents - Beginning of Year	<u>208,505</u>	<u>125,269</u>	<u>528,733</u>	<u>862,507</u>
Cash and Cash Equivalents - End of Year	<u>\$ 302,206</u>	<u>\$ 162,531</u>	<u>\$ 42,205</u>	<u>\$ 506,942</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	111,023	25,576	(140,956)	(4,357)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations				
Decrease in Accounts Receivable		-	(105)	(105)
Decrease in Deferred Revenue	(19,911)	4,325		(15,586)
Increase (Decrease) in Accounts Payable	2,589	7,361	(5,283)	4,667
Decrease in Interfunds Payable				-
Total Adjustments	<u>(17,322)</u>	<u>11,686</u>	<u>(5,388)</u>	<u>(11,024)</u>
Net Cash Provided By Operating Activities	<u>\$ 93,701</u>	<u>\$ 37,262</u>	<u>\$ (146,344)</u>	<u>(15,381)</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, 2012**

H-1

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 34,981	\$ 110,069	\$ 260,620	\$ 405,670
Total Assets	<u>\$ 34,981</u>	<u>\$ 110,069</u>	<u>\$ 260,620</u>	<u>\$ 405,670</u>
LIABILITIES				
Payroll Deductions and Withholdings \$		\$	\$ 260,620	\$ 260,620
Due to Student Groups		<u>110,069</u>		<u>110,069</u>
Total Liabilities		<u>\$ 110,069</u>	<u>\$ 260,620</u>	<u>\$ 370,689</u>
NET ASSETS				
Reserved for Scholarships	<u>\$ 34,981</u>			<u>\$ 34,981</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-2

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Contributions	
Donations	\$ -
Other	
Total contributions	-
Investment earnings:	
Interest	25
Total additions	25
DEDUCTIONS	
Other	121
Scholarships awarded	750
Total deductions	871
Change in net assets	(846)
Net assets, beginning of year	35,827
Net assets, end of year	\$ 34,981

**HASBROUCK HEIGHTS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

H-3

	<u>Balance July 1,2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30,2012</u>
Elementary Schools:				
Euclid	\$ 1,436	\$ 15,055	\$ 13,785	\$ 2,706
Lincoln	7,611	23,276	17,353	13,534
High School	104,453	212,788	223,529	93,712
Athletic account	896	27,700	28,479	117
Total All Schools	<u>\$ 114,396</u>	<u>\$ 278,819</u>	<u>\$ 283,146</u>	<u>\$ 110,069</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-4

	<u>Balance</u> <u>July 1,2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30,2012</u>
ASSETS:				
Cash and cash equivalents	\$ 227,607	\$ 7,390,653	\$ 7,357,640	\$ 260,620
Total assets	<u>\$ 227,607</u>	<u>\$ 7,390,653</u>	<u>\$ 7,357,640</u>	<u>\$ 260,620</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 227,607	\$ 7,390,653	\$ 7,357,640	\$ 260,620
Total liabilities	<u>\$ 227,607</u>	<u>\$ 7,390,653</u>	<u>\$ 7,357,640</u>	<u>\$ 260,620</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, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding			Interest Rate	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
			Date	Amount	Amount					
N.J. Economic Development Authority Loans	8/18/1993	\$ 354,200	7/15/2011	22,700		1.50% and 5.288%	\$ 70,542	\$	22,700	\$ 47,842
			7/15/2012	23,501						
			7/15/2013	24,341						
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	455,000		3.00%-4.25%	7,275,000		455,000	6,820,000
			8/15/2012	475,000						
			8/15/2013	490,000						
			8/15/2014	530,000						
			8/15/2015	495,000						
			8/15/2016	520,000						
						<u>\$ 7,345,542</u>	<u>\$</u>	<u>\$ 477,700</u>	<u>\$ 6,867,842</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, 2012

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance 7/1/2011</u>	<u>Issued or Adjusted</u>	<u>Matured</u>	<u>Balance 6/30/2012</u>
Kansas State Lease	233,748	16,439	-	16,439	-
Savin Copiers	130,686	124,894	-	23,901	100,993
Savin 9060 Copier	114,993	90,658	(72,391)	18,267	-
Savin 9060 Copier (5/2012)	58,350		58,350	1,705	56,645
Savin 9228 Copier	9,958	8,805	-	1,824	6,981
Savin 9228 Copier (9/2011)	8,414		8,414	1,217	7,197
Dell Computers	100,625		100,625	19,637	80,988
Apple iPads	167,532		167,532	48,997	118,535
		<u>\$ 240,796</u>	<u>\$ 262,530</u>	<u>\$ 131,987</u>	<u>\$ 371,339</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 LONG-TERM DEBT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 544,231	\$	\$ 544,231	\$ 544,231	\$
State Sources					
Debt Service Aid	183,195		183,195	183,195	
Total Revenues	727,426		727,426	727,426	
EXPENDITURES					
Regular Debt Service					
Principal	477,701	-	477,701	477,700	1
Interest	322,501	-	322,501	318,016	4,485
Total Expenditures	800,202	-	800,202	795,716	4,486
Deficiency of Revenues Under Expenditures	(72,776)	-	(72,776)	(68,290)	(4,486)
Transfers In (from Capital Projects)		-	-	2,554	
Fund Balance, Beginning of Year				72,776	
Fund Balance, End of Year	\$ (72,776)	\$	\$ (72,776)	\$ 7,040	\$

INTRODUCTION TO THE STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

FINANCIAL TRENDS

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

Exhibit J-1

	<u>2011</u>	<u>2012</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 9,131,083	\$ 8,866,227
Restricted	1,952,692	2,048,865
Unrestricted	447,942	440,295
Total governmental activities net assets	<u>\$ 11,531,717</u>	<u>\$ 11,355,387</u>
Business-type activities		
Invested in capital assets, net of related debt	\$	\$
Restricted		
Unrestricted	299,485	422,689
Total business-type activities net assets	<u>\$ 299,485</u>	<u>\$ 422,689</u>
District-wide		
Invested in capital assets, net of related debt	\$ 9,131,083	\$ 8,866,227
Restricted	1,952,692	2,048,865
Unrestricted	747,427	862,984
Total district net assets	<u>\$ 11,831,202</u>	<u>\$ 11,778,076</u>

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

Exhibit J-2
Page 1

	<u>2011</u>	<u>2012</u>
Expenses		
Governmental activities		
Instruction		
Regular	\$ 11,153,083	\$ 9,688,415
Special education	2,570,068	2,580,175
Other Special instruction	1,189,939	837,943
Support Services:		
Tuition	2,594,241	2,514,312
Student & instruction related services	3,562,726	3,658,864
School administrative services	589,208	764,733
General and Other administration	1,649,898	1,647,304
Plant operations and maintenance	1,988,990	2,000,457
Pupil transportation	712,384	738,513
Business and other support services	21,945	62,161
Interest on long-term debt	425,023	323,844
Lease Payment		131,987
Capital Outlay		242,909
Unallocated depreciation	1,036,184	1,043,606
Total governmental activities expenses	<u>27,493,689</u>	<u>26,235,223</u>
Business-type activities:		
Food service	483,752	542,610
Keys and Other Programs	325,328	335,981
Total business-type activities expense	<u>809,080</u>	<u>878,591</u>
Total district expenses	<u>\$ 28,302,769</u>	<u>\$ 27,113,814</u>
 Program Revenues		
Governmental activities:		
Charges for services:		
Special Education		
Operating grants and contributions	1,493,580	2,760,240
Capital grants and contributions		
Total governmental activities program revenues	<u>1,493,580</u>	<u>2,760,240</u>

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

Exhibit J-2
Page 2

	<u>2011</u>	<u>2012</u>
Business-type activities:		
Charges for services		
Food service	395,356	401,654
Keys and Other Programs	391,163	472,575
Operating grants and contributions	95,560	127,566
Capital grants and contributions		
Total business type activities program revenues	<u>882,079</u>	<u>1,001,795</u>
Total district program revenues	<u>\$ 2,375,659</u>	<u>\$ 3,762,035</u>
Net (Expense)/Revenue		
Governmental activities	\$ (26,000,109)	\$ (26,235,223)
Business-type activities	72,999	123,204
Total district-wide net expense	<u>\$ (25,927,110)</u>	<u>\$ (26,112,019)</u>
General Revenues and Other Changes in Net Assets		
Governmental activities:		
Property taxes levied for general purposes, net	\$ 23,039,193	\$ 23,332,543
Taxes levied for debt service	608,305	544,321
Grants and contributions	1,793,567	1,908,636
Tuition Received	116,074	167,283
Investment Earnings		8,349
Rentals		5,100
Refund Prior Years Expenditures		23,360
Miscellaneous income	134,076	69,301
Transfers		
Total governmental activities	<u>25,691,215</u>	<u>26,058,893</u>
Business-type activities:		
Investment earnings	931	-
Transfers		
Total business-type activities	<u>931</u>	<u>-</u>
Total district-wide	<u>\$ 25,692,146</u>	<u>\$ 26,058,893</u>
Change in Net Assets		
Governmental activities	\$ (308,894)	\$ (176,330)
Business-type activities	73,930	123,204
Total district	<u>\$ (234,964)</u>	<u>\$ (53,126)</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 279,556	\$ 101,562	\$ 232,512	\$ 398,385
Unreserved	195,053	369,745	474,083	472,264
Total general fund	<u>\$ 474,609</u>	<u>\$ 471,307</u>	<u>\$ 706,595</u>	<u>\$ 870,649</u>
All Other Governmental Funds				
Reserved	\$	\$ 520,055	\$	\$
Unreserved	(10,248)	1,752,823	1,720,180	1,650,480
Total all other governmental funds	<u>\$ (10,248)</u>	<u>\$ 2,272,878</u>	<u>\$ 1,720,180</u>	<u>\$ 1,650,480</u>

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

Exhibit J-4

27514156

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Local Tax Levy	\$ 20,929,442	\$ 22,047,826	\$ 23,647,498	\$ 23,876,774
Other Local Revenue	361,294	431,270	248,168	271,300
State sources	3,735,986	5,658,712	2,714,365	3,311,772
Local sources	1,000	1,636	1,982	-
Federal sources	449,407	911,924	572,782	54,141
Total revenue	<u>25,477,129</u>	<u>29,051,368</u>	<u>27,184,795</u>	<u>27,513,987</u>
Expenditures				
Instruction				
Regular instruction	7,737,721	7,544,117	7,821,972	8,581,952
Special education instruction	1,633,410	2,310,932	1,893,079	2,087,605
Other	205,149	644,817	933,142	704,163
School-Sponsored/Other Instructional	416,762			
Total Instruction	<u>9,993,042</u>	<u>10,499,866</u>	<u>10,648,193</u>	<u>11,373,720</u>
Undistributed:				
Instructional Staff Training	2,152,110	2,500,593	2,594,241	2,514,312
Support Services-Students	2,632,980	2,595,787	2,670,723	3,132,058
General Administration	500,469	988,907	925,574	523,589
School Administration	1,375,112	854,428	839,525	925,912
Other Administrative Services				131,543
Operations and Maintenance	1,893,317	1,888,343	1,697,285	1,700,198
Student Transportation	671,416	667,723	669,885	694,603
Business and Other Support Services:				
Employee Benefits	2,969,633	3,299,123	3,542,107	3,321,779
Other				
On-behalf TPAF Pension Contributions	745,108	727,571	753,657	349,364
Reimbursed TPAF Social Security Contributions	815,644	921,837	830,269	702,312
Transfers - Charter Schools				62,161
Total Undistributed	<u>13,755,789</u>	<u>14,444,312</u>	<u>14,523,266</u>	<u>14,057,831</u>
Capital Outlay:				
Equipment				
Increase in Capital Reserve	15,062			
Facilities Acquisition and Construction Services	162,977	2,654,286	662,822	278,213
Assets Acquired under Capital Leases		130,140		
Capital Lease Payment		69,131		262,530
Total Capital Outlay	<u>178,039</u>	<u>2,853,557</u>	<u>662,822</u>	<u>540,743</u>
Total General Fund Expenditures	<u>23,926,870</u>	<u>27,797,735</u>	<u>25,834,281</u>	<u>25,972,294</u>
Special Revenue:				
Federal	449,407	842,450	572,782	586,791
State	235,454	262,507	272,829	267,986
Intermediate				
Local	1,000	1,636	1,982	2,183
Total Special Revenue Expenditures	<u>685,861</u>	<u>1,106,593</u>	<u>847,593</u>	<u>856,960</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Service Expenditures	768,978	803,521	820,331	795,716
Total Governmental Fund Expenditures	25,381,709	29,707,849	27,502,205	27,624,970
Excess (Deficiency) of revenues over (under) expenditures	95,420	(656,481)	(317,410)	(110,983)
Other Financing sources (uses)				
Premium on Promissory Note in Capital Projects Fund		25,620		
Capital leases (non-budgeted)		130,140		262,530
Amount to be provided for retirement of long-term debt		2,764,668		
Interest earned in Capital Projects Fund		15,880		
Adjustment to Homeless Aid Uncollectible				(57,193)
Transfers In			8,757	2,554
Transfers Out			(8,757)	(2,554)
Total other financing sources (uses)		<u>2,936,308</u>	<u>(8,757)</u>	<u>205,337</u>
Net change in fund balances	<u>95,420</u>	<u>2,279,827</u>	<u>(317,410)</u>	<u>94,354</u>
Debt service as a percentage of non capital expenditures	3.05%	2.99%	3.06%	2.94%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

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

Description	2012	2011	2010	2009	2008	2007	2006	2005	2004	2005	Annual Totals
Interest on Investments	\$	\$	\$ 20,060	\$	\$	\$	\$	\$	\$	\$	\$ 20,060
Interest on Capital Reserve Funds											
Tuition	167,283	116,074	319,323								602,680
Rentals			19,772								19,772
Prior Year Tuition Refunds											
Other Prior Year Refunds			14,833								14,833
Miscellaneous Income	103,921	134,076	57,282								295,279
Facility Usage Fees											
OT/PT Fees											
Prior Year Credit Orders From:											
Accounts Payable											
Total	\$ 271,204	\$ 250,150	\$ 431,270	\$	\$	\$	\$	\$	\$	\$	\$ 952,624

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
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%
2012	1,544,763,900	1,654,808,677	93.35%

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

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
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
2012		0.732*		

Source: Tax Collector

* As introduced

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

Exhibit J-8

Taxpayers	2012		2011	
	Assessed Valuation	As a % of District's Net Assessed Valuation	Assessed Valuation	As a % of District's Net Assessed Valuation
Prime Properties, LLC	\$ 32,385,300	2.10%	\$ 38,003,000	2.03%
Heights Plaza, Associates	23,643,500	1.53%	24,500,000	1.31%
Heights Plaza, LLC	16,628,900	1.08%	15,817,000	0.84%
Ess Prisa LLC	13,350,000	0.86%	15,503,000	0.83%
621 Route 46 Associates	14,470,600	0.94%	14,470,600	0.77%
Ottawa House Limited	11,710,000	0.76%	12,980,000	0.70%
611 Routh 46, LLC	11,621,200	0.75%	11,900,000	0.64%
Hasbrouck Motel Company	11,380,900	0.74%	11,500,000	0.61%
377 LaSalle Group LLC	10,290,700	0.67%	11,450,200	0.61%
Skyline Associates	10,522,100	0.68%	9,920,000	0.53%
Total	\$ 156,003,200	10.11%	\$ 166,043,800	8.87%

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
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	20,387,886	100.00%
2010	22,047,826	22,047,826	100.00%
2011	23,647,498	23,647,498	100.00%
2012	23,332,543	23,332,543	100.00%

DEBT CAPACITY

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
2010	\$ 7,813,430	\$ 217,575			\$ 8,031,005	11,445	\$ 702
2011	7,345,542	240,796			7,586,338	11,856	\$ 640
2012	6,867,842	371,339			7,239,181	11,919	\$ 607

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>
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	11,856	1,872,097,822	7,715,000	0.41%	N/A
2011	11,919	1,865,367,200	7,275,000	0.39%	N/A
2012	N/A	1,544,763,900	6,820,000	0.44%	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, 2012
(unaudited)**

Exhibit J-12

Net Direct Debt of School District as of June 30, 2012		\$ 6,820,000
Net Overlapping Debt of School District		
Hasbrouck Heights Borough (100%)	\$ 8,872,118	
County of Bergen - Borough's share (0.0918%)	<u>641,143</u>	
		<u>9,513,261</u>
Total Direct and Overlapping Bond Debt as of June 30, 2012		<u><u>\$ 16,333,261</u></u>

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

Legal Debt Margin Calculation for Fiscal Year 2012

		Equalized valuation basis	
		2011	\$ 1,763,106,994
		2010	\$ 1,838,566,333
		2009	1,917,296,970
		[A]	<u>\$ 5,518,970,297</u>
	Average equalized valuation of taxable property	[A/3]	\$ 1,839,656,766
	Debt limit (4 % of average equalization value)	[B]	73,586,271 a
	Net bonded school debt as of June 30, 2012	[C]	<u>6,820,000</u>
	School borrow margin available	[B-C]	<u>\$ 66,766,271</u>

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

a 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>
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	63,198	8.50%
2010	11,856	65,486	8.80%
2011	11,919	N/A	9.40%
2012	N/A	N/A	9.80%

Source: New Jersey State Department of Education

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

Exhibit J-15

Employer	2012		2011	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
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>2011</u>	<u>2012</u>
Instruction		
Regular	105.1	95.3
Special education	24.8	22.0
Other instruction	24.5	26.6
Support Services:		
Attendance & Social Work	3.4	1.0
Health Services	3.0	3.0
Student & Instruction related services	3.0	3.0
Extraordinary Services	10.0	11.0
Support Services - Students Regular	5.0	4.5
Support Services - Students Special	8.2	8.7
Improvement of Instructional Services	1.0	0.0
Educational Media/School Library	4.5	4.5
General administration	3.0	2.0
School administrative services	9.5	10.3
Central services	4.8	4.5
Administrative Information Technology	0.5	0.5
Plant operations and maintenance	15.5	12.0
Pupil transportation	1.5	1.5
Total	<u>227.3</u>	<u>210.4</u>

Source: District Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	1654.0	\$ 24,944,178	\$ 15,081	1.85%	130	12.72	1662.0	1596.5	2.94%	96.06%
2011	1712.0	25,171,459	14,703	-2.51%	130	13.17	1710.6	1638.6	2.92%	95.80%
2012	1770.0	26,224,844	14,816	0.77%	117	15.13	1805.7	1734.6	5.56%	96.10%

Sources: District records

Note: Enrollment based on annual October district count.

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

Exhibit J-18

	<u>2011</u>	<u>2012</u>
<u>District Building</u>		
<u>Elementary</u>		
Square Feet	33,317	33,317
Capacity (students)	425	425
Enrollment	367	394
Square Feet	33,317	33,317
Capacity (students)	425	425
Enrollment	412	454
<u>Middle/High School</u>		
Square Feet	103,681	103,681
Capacity (students)	850	850
Enrollment	859	944
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>2011</u>	<u>2012</u>
Hasbrouck Heights Middle/High School	50	\$ 144,429	\$ 154,006
Euclid	60	48,143	51,335
Lincoln	80	48,143	51,336
Total School Facilities		<u>\$ 240,715</u>	<u>\$ 256,677</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, 2012
(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, 2012, and have issued our report thereon dated November 20, 2012. 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.

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(973) 535-2880

832 McLean Avenue, Yonkers, NY 10704
(914) 237-3676

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 20, 2012.

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.

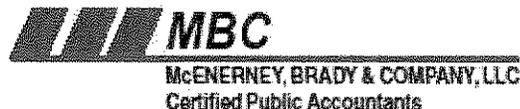
McEnerney, Brady & Company, LLC

McEnerney, Brady & Company, LLC
Certified Public Accountants

John Lauria

John Lauria, RMA
Licensed Public School Accountant #208700

Livingston, New Jersey
November 20, 2012



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, 2012. 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, 2012.

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

John Lauria, RMA
Licensed Public School Accountant #208700

Livingston, New Jersey
November 20, 2012

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor Program Title	Federal CDE Program	Award Amount	Grant Period	Balance, June 30, 2011		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2012	
				Accounts Receivable	Due To Grantor					Deferred Revenue	Accounts Receivable
U.S. Department of Education Passed - Through State Department of Education											
Education Jobs Fund	84.41	54,141	7/1/11-6/30/12	\$ -	\$ -	\$ 18,242.00	\$ 54,141.00	\$ -	\$ -	\$ 37,899.00	\$ -
Special Revenue Fund:											
I.D.E.A. Part B	84.027	403,985	9/1/10-8/31/11	105,983		105,983	438,625			125,623	
I.D.E.A. Part B	84.027	439,475	9/1/11-8/31/12	4,844		4,844					
I.D.E.A. Part B, Basic ARRA	84.391	415,223	9/1/09-8/31/10	3,423		3,423					
I.D.E.A., Preschool ARRA	84.392	15,024	9/1/09-8/31/10	28,507		28,507	14,102			14,102	
Title I, Part A	84.010	76,452	9/1/10-8/31/11			31,942	61,245			29,303	
Title I, Part A	84.010	81,182	9/1/11-8/31/12		1,146				1,146		
Title I, Part A Basic Continuation	84.010	22,506	9/1/09-8/31/10	22,981		25,381	19,235			16,895	
Title II, Part A	84.168	42,578	9/1/11-8/31/11			14,821	21,464			21,464	
Title II, Part A	84.168	40,221	9/1/10-8/31/12	9,325		3,535	5,489				
Title III, No Child Left Behind	84.000	18,392	9/1/10-8/31/11				26,624			23,089	
Title III	84.000	32,570	9/1/11-8/31/12		16				16		
Title III, No Child Left Behind - Continuation	84.000	24,438	9/1/09-8/31/10			531,438	586,731		1,132	236,415	
Total Special Revenue Fund				175,063	1,162				1,132	236,415	
U.S. Department of Agriculture Passed through State Department of Ed											
Enterprise Fund											
National School Lunch Program	10.555	90,941	7/1/10-6/20/11	6,569		6,569	122,399			8,752	
National School Lunch Program	10.555	57,930	7/1/11-6/20/12	6,569		132,216	122,389			6,752	
Total Enterprise Fund				13,138		138,785	244,788			15,504	
Total Federal Financial Awards				\$ 188,201	\$ 1,178	\$ 327,463	\$ 783,331	\$ -	\$ 1,152	\$ 275,067	\$ -

HARRIACK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2011		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2012		MEMO
				Accounts Receivable	Due To Grantor					Accounts Receivable	Deferred Revenue	
State Department of Education:												
General Funds:												
Special Education Aid	12-495-034-5120-089	883,213	7/1/11-6/30/12	\$	\$	883,039	\$ 883,213	\$	\$	\$ 20,574	\$	\$ 883,213
Expenditure Aid	12-495-034-5120-044	254,218	7/1/11-6/30/12			254,218	254,218					254,218
Homeless Aid		145,873	7/1/11-6/30/12	145,873		88,390		57,183				
On-behalf TEAF Pension Contributions	12-495-034-5095-001	1,051,676	7/1/11-6/30/12			1,051,676	1,051,676					1,051,676
On-behalf TEAF Social Security Contributions	12-495-034-5095-002	830,289	7/1/11-6/30/12	41,104		41,104				42,847		851,054
On-behalf TEAF Social Security Contributions	12-495-034-5095-002	851,054	7/1/11-6/30/12	185,677		809,807	851,054	67,183		63,421		3,540,761
Total General Funds						3,106,824	3,040,761			1,830		
Special Revenue Funds												
NJ Nonpublic Aid:												
Feedback Aid	12-100-034-5120-084	24,049	7/1/11-6/30/12			24,049	21,987		1,506	2,062		21,986
Compensatory Education	11-100-034-5120-067	115,027	7/1/11-6/30/12	1,535			103,637			84,868		103,637
Compensatory Education	12-100-034-5120-067	188,569	7/1/11-6/30/12			188,505			1,965			188,505
English as a Second Language	11-100-034-5120-067	11,101	7/1/11-6/30/12			18,104	6,886			11,208		6,886
English as a Second Language	12-100-034-5120-067	18,103	7/1/11-6/30/12	1,516		1,516						1,516
Home Instruction		1,516	7/1/11-6/30/12				1,516					1,516
Home Instruction		1,830	7/1/11-6/30/12				1,830		4,100			1,830
Headstart Services	11-100-034-5120-066	20,637	7/1/11-6/30/12		4,100							14,537
Supplemental Instruction	12-100-034-5120-066	23,566	7/1/11-6/30/12			23,566	14,521		5,742			32,512
Supplemental Instruction	11-100-034-5120-066	39,188	7/1/11-6/30/12			37,036	32,512		4,464			32,512
Examination and Classification	12-100-034-5120-066	32,525	7/1/11-6/30/12									32,525
Examination and Classification	11-100-034-5120-066	56,016	7/1/11-6/30/12		4,464							53,947
Corrective Speech	12-100-034-5120-068	101,101	7/1/11-6/30/12			101,067	53,947		1,067			53,947
Corrective Speech	11-100-034-5120-070	31,453	7/1/11-6/30/12			24,351	32,856					32,856
Nursing Services	12-100-034-5120-070	31,451	7/1/11-6/30/12	1,516		420,910	297,955		18,934			297,955
Nursing Services												
Total Special Revenue Funds						420,910	297,955		18,934			297,955
Dept Service Fund:												
Dept Service Aid	12-465-034-5120-125	183,195	7/1/11-6/30/12			183,195	183,195					183,195
SDA	65-2957 Rtu GS-2993	437,006	7/1/11-6/30/12			437,006	437,006					437,006
State Department of Agriculture												
Enterprise Fund	11-100-010-3350-023	4,619	7/1/11-6/30/12	574		574	5,350			287		5,350
National School Lunch Program (State share)	10-100-010-3350-023	5,350	7/1/11-6/30/12	574		5,637	5,350			287		5,350
National School Lunch Program (State share)												
Total Enterprise Funds						4,183,278	3,934,297		18,934			3,934,297
Total State Financial Awards						4,183,278	3,934,297		18,934			3,934,297

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE

JUNE 30, 2012

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:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last 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 \$-0- 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	\$ 54,141	\$ 3,040,761	\$ 3,094,902
Special Revenue Fund	586,791	267,986	854,777
Debt Service Fund	-	620,201	620,201
Food Service Fund	122,399	5,350	127,749
Total Awards and Financial Assistance	<u>\$ 763,331</u>	<u>\$ 3,934,298</u>	<u>\$ 4,697,629</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, 2012.

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, 2012. 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, 2012.

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, 2012

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:

CFDA Number(s)

Name of Federal Program

84.010
10.555

Title I A
National School Lunch Program

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, 2012

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
495-034-5120-089

TPAF Social Security
Special Education

Section II - Financial Statement Findings

NONE

HASBROUCK HEIGHTS BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Section IV:

a) Federal Award Findings and Questioned Costs:

NONE

b) State Award Findings and Questioned Costs:

NONE