

**HASBROUCK HEIGHTS  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED  
JUNE 30, 2016**

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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 Admin/Board Secretary

November 30, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Hasbrouck Heights School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements Costs Principles and Audit Requirements for federal award, and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. It is noted that a federal single audit was not required for their audit year. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is 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 Government Accounting Standards Board ("GASB") in codification section 2100. 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.

**2) EDUCATIONAL PROGRAM:** The District provides a full range of educational services appropriate to grade levels Pre-K through 12 for regular and special education handicapped youngsters serving approximately 1866 students. All schools are accredited by the New Jersey State Department of

Education. The District is served by 142 (FTE) teachers and 10 (FTE) administrators. Approximately 72.7% of the faculty has earned masters degrees.

The District provides a full range of educational services appropriate to levels Pre-K through Grade 12. These include reading, language arts, social studies, mathematics, science, computer education, remedial instructions, special education, resource room instruction, family life, physical and health education, career education, world languages and enrichment. The curriculum is aligned with the New Jersey Core Curriculum Content Standards and the Common Core Standards.

The District's Spring 2016 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	<u>Language Arts Literacy (LAL)</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	3%	16%	20%	52%	8%
Grade 4	1%	7%	29%	48%	15%
Grade 5	4%	1%	17%	65%	13%
Grade 6	5%	18%	30%	41%	6%
Grade 7	9%	15%	23%	35%	18%
Grade 8	8%	20%	21%	45%	5%
Grade 9	9%	18%	25%	34%	11%
Grade 10	20%	10%	23%	38%	10%
Grade 11	9%	21%	25%	34%	11%

	<u>Mathematics</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	2%	10%	25%	40%	23%
Grade 4	2%	14%	35%	44%	5%
Grade 5	1%	9%	23%	57%	10%
Grade 6	2%	13%	34%	45%	5%
Grade 7	4%	13%	26%	47%	9%
Grade 8	9%	24%	41%	26%	0%
Algebra I	6%	13%	16%	64%	2%
Algebra II	27%	29%	23%	21%	0%
Geometry	14%	39%	32%	13%	1%

The District completed the 2015-2016 fiscal year with an average daily enrollment of 1,859 students, which is a decrease of 11 students compared to the previous year's average daily enrollment.



The following details the changes in the student enrollment of the Hasbrouck Heights School District over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016	1,859	(0.59)%
2015	1,870	(0.48)%
2014	1,884	(0.74)%
2013	1,904	5.43%
2012	1,806	5.55%

**3) ECONOMIC CONDITION AND OUTLOOK:** The District’s primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2015-2016 school year. The District’s administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

**4) MAJOR INITIATIVES:** Specific initiatives for the 2016-2017 school year include the following accomplishments:

- Curriculum revisions
- Added supervisor to assist with program development
- Added a robotics club to the middle school
- Added readers workshop grades K thru 2
- Continued to expand our technology program by implementing a 1:1 initiative
- Addition of two science sections at the middle school level
- Implemented Google Apps for education
- Launched online administration of state assessments
- Created a new K-2 standards based report card

**5) 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 system, including that portion related to federal and state financial award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

**6) 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 state. 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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

**7) 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.

**8) DEBT ADMINISTRATION:** At June 30, 2016, the District had \$6,210,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

**9) 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.

**10) 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 on property and contents, and fidelity bonds.

**11) OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PFK O'Connor Davies 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 Federal Uniform Guidance Act and New Jersey OMB Circular NJOMB 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

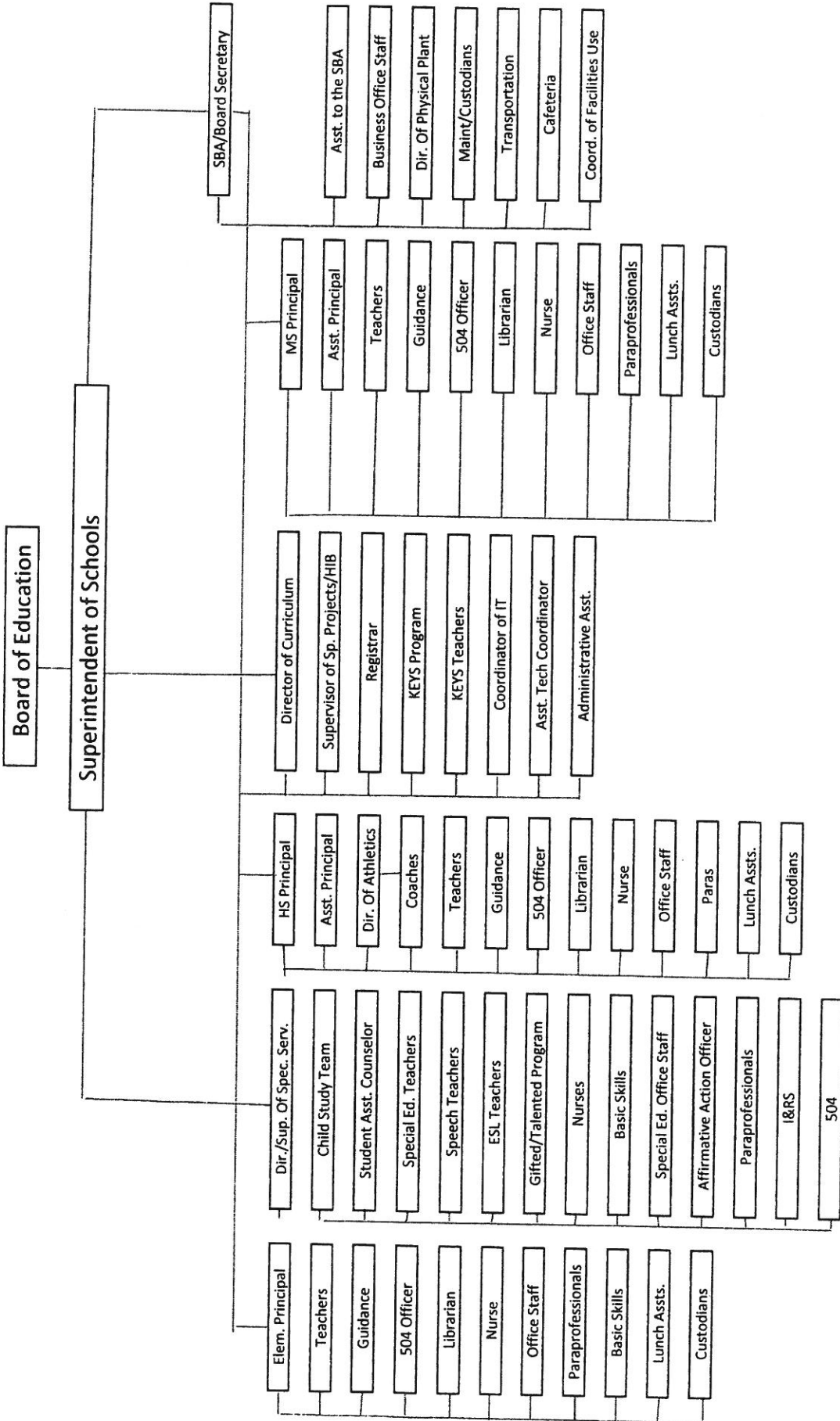
**12) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hasbrouck Heights School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and, thereby, contributing their full support to the development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

Matthew Helfant  
*Superintendent of Schools*

Dina Messery  
*Business Admin/Board Secretary*

**ORGANIZATIONAL CHART (DRAFT)**  
 Hasbrouck Heights Public Schools



HASBROUCK HEIGHTS BOARD OF EDUCATION  
HASBROUCK HEIGHTS, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Samperi– <i>President</i>	2017
Debra Bruno - <i>Vice President</i>	2017
Pat Caruso	2016
Joseph Rinke	2016
Lillian Romano	2016
Robert Salerno	2017
Alan Baker	2018
Constance Doheny	2018
Robert LaMorte	2018

Other Officials

Matthew Helfant – *Superintendent of Schools*

Dina Messery - *Board Secretary/School Business Administrator*

HASBROUCK HEIGHTS BOARD OF EDUCATION  
HASBROUCK HEIGHTS, NEW JERSEY

CONSULTANTS AND ADVISORS

**Architect**

EI Associates  
6 Ridgedale Avenue  
Cedar Knolls, New Jersey 07927

**Audit Firm**

PKF O'Connor Davies, LLP  
293 Eisenhower Parkway, Suite 270  
Livingston, New Jersey 07039

**Attorney**

Isabel Machado, Esq.  
Machado Law Group, LLC  
Clark Parkway Place  
2nd Floor  
Clark, NJ 07066

**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 School District  
County of Bergen  
Hasbrouck Heights, New Jersey**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**The Honorable President and Members  
of the Board of Education  
Hasbrouck Heights School District  
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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we have obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information and the schedules of federal and state awards, as required by the *U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey State Office of Management and Budget Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplemental sections and schedules of expenditures of federal and state awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental sections and schedules of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



**The Honorable President and Members  
of the Board of Education  
Hasbrouck Heights School District  
Page 3**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Livingston, New Jersey  
November 30, 2016



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

**REQUIRED SUPPLEMENTARY – PART I**

**HASBROUCK HEIGHTS PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
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 2015-2016 are as follows:

The district general fund balance increased by \$116,919 to \$2,441,421

Total revenues increased by \$1,000,463 in comparison to revenues from June 30, 2015

There was a refunding bond sale during the year.

General revenues accounted for \$28.2 million in revenue or 84% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$5.5 million or 16% of total revenues of \$33.7 million.

Net assets increased in the enterprise fund by \$98,712 for the year ended June 30, 2016

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

### **Enterprise Fund**

The enterprise fund uses a simpler basis of accounting than the governmental funds. While the governmental funds are strictly regulated by state laws, statutes, codes, and regulations, the enterprise fund is not. The enterprise fund is maintained on 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, 2016

Table 1 - Net Position

<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,340,777
Accounts Receivable - Net	441,098
Interfund Receivable	38,456
Capital Assets - Net	7,687,030
Contribution to Pension Plan	1,456,361
Total Assets	<u>\$ 12,963,722</u>
<b>Liabilities</b>	
Accounts Payable	\$ 936,347
Interfund Payable	38,456
Short-term Liabilities	792,659
Long-term Liabilities	13,688,764
Deferred Revenue	44,051
Total Liabilities	<u>\$ 15,500,277</u>
Deferred Inflows of Resources	
Pension Deferrals	<u>\$390,961</u>
<b>Net Position</b>	
Investment in Capital Assets	\$1,477,030
Restricted	1,543,510
Unrestricted	(5,948,056)
Total Net Assets	<u>\$ (2,927,516)</u>

Table 2 - Comparison of Revenues and Expenses

**Revenues**

**General Revenues:**

Tax Levy	\$ 27,918,125
Grants and Other Entitlements	1,632,506
Other Miscellaneous	243,357
Total Revenues	<u>\$ 29,793,988</u>

**Program Expenses**

Instruction	\$ 15,605,864
Support Services	13,186,841
Depreciation & Other	458,751
Total Expenses	<u>\$ 29,251,456</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 89% of all district operating revenues in the 2015-2016 school year. Federal, state and local grants plus miscellaneous income accounted for the remaining 11%.

Table 3 shows the distribution of all operating revenue:

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

Property Taxes:	
For General Purposes	
For Debt Service	\$27,211,837
Federal and State Aid:	706,288
Federal and State - Non-restricted	
Federal and State Aid - Restricted	3,937,251
Tuition	1,632,506
Other	69,616
Total	173,741
	<u>\$ 33,731,239</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 \$2,976,758 for the past fiscal year.

- 1 Revenues were \$144,306 less than anticipated due to decreased income from unrestricted and miscellaneous revenues.
- 2 3 The district's general fund balance increased by \$116,919 to \$2,441,421

**Capital Assets**

At the end of the fiscal year 2015-2016, the value of all district fixed assets before depreciation was \$13,911,792 . Accumulated depreciation was \$6,224,763. Table 4 provides a breakdown 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	8,856,789
Machinery and Equipment	1,996,227
Less Accumulated Depreciation	<u>(6,224,763)</u>
	<u>\$7,687,029</u>

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**



**A. DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT-  
WIDE FINANCIAL STATEMENTS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

A-1

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and equivalents	\$ 2,643,096	\$ 697,681	\$ 3,340,777
Receivables, net			
Other receivables	431,063	10,035	441,098
Restricted assets:			
Capital Reserve Account - Cash	38,456		38,456
Capital assets, net			
Nondepreciable Assets	3,058,776		3,058,776
Depreciable Assets	4,628,254		4,628,254
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contribution to Pension Plan	1,456,361		1,456,361
	<u>\$ 12,256,006</u>	<u>\$ 707,716</u>	<u>\$ 12,963,722</u>
<b>Total Assets and Defined Outflows</b>			
	<u>\$ 12,256,006</u>	<u>\$ 707,716</u>	<u>\$ 12,963,722</u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 244,271	\$	\$ 244,271
Accounts payable	490,108	61,106	551,214
Other current liabilities - interfund	38,456		38,456
Accrued interest payable	65,400		65,400
Payable to State government	75,462		75,462
Unearned revenue	6,445	37,606	44,051
Noncurrent Liabilities			
Pension liability	6,820,001		6,820,001
Due within one year	792,659		792,659
Due beyond one year	6,868,763		6,868,763
	<u>15,401,565</u>	<u>98,712</u>	<u>15,500,277</u>
<b>Total Liabilities</b>			
	<u>15,401,565</u>	<u>98,712</u>	<u>15,500,277</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension and gain on sale of bonds deferrals	390,961		390,961
	<u>390,961</u>		<u>390,961</u>
<b>NET POSITION</b>			
Net Investment in capital assets	1,477,030		1,477,030
Restricted for:			
Capital reserve	1,359,006		1,359,006
Maintenance reserve	184,504		184,504
Unassigned	(6,557,060)	609,004	(5,948,056)
	<u>(3,536,520)</u>	<u>609,004</u>	<u>(2,927,516)</u>
<b>Total Net Position</b>			
	<u>(3,536,520)</u>	<u>609,004</u>	<u>(2,927,516)</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 12,256,006</u>	<u>\$ 707,716</u>	<u>\$ 12,963,722</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, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Government Activities</b>						
<b>Instruction:</b>						
Regular	\$ 12,955,085	\$	\$ 2,061,025	\$ (10,894,060)	\$	\$ (10,894,060)
Special education	4,250,640		598,846	(3,651,794)		(3,651,794)
Other special instruction	1,206,852		146,842	(1,060,010)		(1,060,010)
<b>Support Services:</b>						
Tuition	2,819,933		419,667	(2,400,266)		(2,400,266)
Student and instruction related services	5,126,097		640,935	(4,485,162)		(4,485,162)
School administrative services	729,565			(729,565)		(729,565)
General and other administrative services	2,328,088			(2,328,088)		(2,328,088)
Central services	197,382			(197,382)		(197,382)
Plant operations and maintenance	2,269,536		50,965	(2,218,571)		(2,218,571)
Pupil transportation	827,807			(827,807)		(827,807)
Interest on long-term debt	102,060			(102,060)		(102,060)
Depreciation and amortization	356,691			(356,691)		(356,691)
<b>Total Governmental Activities</b>	<b>33,169,736</b>		<b>3,918,280</b>	<b>(29,251,456)</b>		<b>(29,251,456)</b>
<b>Business-Type Activities</b>						
Food service	503,341	375,761	143,443		15,863	15,863
Keys and other programs	425,075	468,778			43,703	43,703
<b>Total Business-Type Activities</b>	<b>928,416</b>	<b>844,539</b>	<b>143,443</b>		<b>59,566</b>	<b>59,566</b>
<b>Total Primary Government</b>	<b>\$ 34,098,152</b>	<b>\$ 844,539</b>	<b>\$ 4,061,723</b>	<b>\$ (29,251,456)</b>	<b>\$ 59,566</b>	<b>\$ (29,191,890)</b>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

A-2  
Sheet 2

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
General Revenues and adjustments:			
Property taxes, levied for general purposes, net	\$ 27,211,837	\$	\$ 27,211,837
Taxes levied for debt service	706,288		706,288
Federal and State Aid - restricted	1,632,506		1,632,506
Tuition received	69,616		69,616
Miscellaneous income	173,741		173,741
Total General Revenues and Special Items	<u>29,793,988</u>		<u>29,793,988</u>
Change in Net Position	542,532	59,566	602,098
Net Position, beginning of year	<u>(4,079,052)</u>	<u>549,438</u>	<u>(3,529,614)</u>
Net Position, end of year	<u>\$ (3,536,520)</u>	<u>\$ 609,004</u>	<u>\$ (2,927,516)</u>

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

**B. FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

B-1

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and equivalents	\$ 2,608,291	\$	\$ 38,456	\$ 34,805	\$ 2,681,552
Receivable from State Government	46,303				46,303
Receivable from Federal Government		332,515			332,515
Interfund receivable				38,456	38,456
Other receivables	13,789				13,789
	<u>13,789</u>				<u>13,789</u>
Total Assets	<u>\$ 2,668,383</u>	<u>\$ 332,515</u>	<u>\$ 38,456</u>	<u>\$ 73,261</u>	<u>\$ 3,112,615</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Cash overdraft	\$	\$ 244,271	\$	\$	\$ 244,271
Accounts payable	226,963	6,338			233,301
Interfund payable			38,456		38,456
Payable to State government		75,462			75,462
Unearned revenue		6,445			6,445
Total Liabilities	<u>226,963</u>	<u>332,515</u>	<u>38,456</u>	<u>73,261</u>	<u>597,934</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital reserve	1,359,006				1,359,006
Maintenance reserve	184,504				184,504
Subsequent Year's Exp	200,000				200,000
<b>Committed to:</b>					
Other purposes	300,263				300,263
<b>Unassigned:</b>					
General fund	397,648			73,261	470,909
	<u>397,648</u>			<u>73,261</u>	<u>470,909</u>
Total Fund Balances	<u>2,441,421</u>			<u>73,261</u>	<u>2,514,681</u>
Total Liabilities and Fund Balances	<u>\$ 2,668,383</u>	<u>\$ 332,515</u>	<u>\$ 38,456</u>	<u>\$ 73,261</u>	<u>\$ 3,112,615</u>

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

Total fund balances - Governmental Funds	\$ 2,514,681
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,911,792 and the accumulated depreciation is \$6,224,763.	7,687,029
Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability decreases that fund balance.	(65,400)
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(6,820,001)
Accounts Payable	(256,807)
Deferred outflows and inflows or resources related to pension are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to pensions	1,456,361
Deferred inflows of resources related to pensions	(312,211)
Gain on Sale of Bonds	(78,750)
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.	(7,661,422)
Net assets of governmental activities	<u>\$ (3,536,520)</u>

The accompanying Notes to 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, 2016**

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 27,211,837	\$	\$	\$ 706,288	\$ 27,918,125
Tuition Charges	69,616				69,616
Interest	12,324				12,345
Rentals	48,400		21		48,400
Refund Prior Year Expenditure	25,635				25,635
Miscellaneous	106,334				106,334
<b>Total - Local Sources</b>	<b>27,474,145</b>		<b>21</b>	<b>706,288</b>	<b>28,180,454</b>
On-behalf Payments	2,976,758				2,976,758
Local Sources		875			875
State Sources	1,458,404	305,602		174,102	1,938,108
Federal Sources		635,044			635,044
<b>Total Revenues</b>	<b>31,909,307</b>	<b>941,521</b>	<b>21</b>	<b>880,390</b>	<b>33,731,239</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	8,719,704	366,612			9,086,316
Special Education Instruction	2,883,325				2,883,325
Other Special Instruction	871,575				871,575
<b>Total Instruction</b>	<b>12,474,605</b>	<b>366,612</b>			<b>12,841,217</b>
Support Services and Undistributed Costs					
Tuition	2,400,266	419,667			2,819,933
Student and Instruction Related Services	3,796,496	104,278			3,900,774
General Administrative Services	619,169				619,169
School Administrative Services	1,110,888				1,110,888
Central Services	337,171				337,171
Other Administrative Services	171,722				171,722
Plant Operations and Maintenance	2,269,535				2,269,535
Pupil Transportation	810,755				810,755
Unallocated Benefits	4,533,247	50,965			4,584,212
On-behalf Payments	2,976,758				2,976,758
Debt Service					
Principal					
Interest and Other Charges				765,000	765,000
Instructional Equipment			21	123,239	123,260
Capital Lease Payments	150,346				-
Assets Acquired under Capital Leases	72,000				150,346
Capital Outlay	122,438				72,000
<b>Total Expenditures</b>	<b>31,845,396</b>	<b>941,521</b>	<b>21</b>	<b>888,239</b>	<b>33,675,178</b>
Excess/(Deficiency) of Revenues over Expenditures	63,911			(7,849)	56,062
Other Financing Sources (Uses):					
Write off of uncollectible Accounts Receivable	(5,328)				(5,328)
Write off of accounts payable adjustments	4,349				4,349
Capital Leases (non-budgeted)	72,000				72,000
Transfer from Capital Projects Fund				21	21
Miscellaneous Adjustments	(18,012)				(18,012)
<b>Total other financing sources and uses</b>	<b>53,009</b>			<b>21</b>	<b>53,030</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and other Uses	116,919			(7,828)	109,091
Fund Balances, Beginning of Year	\$ 2,324,502	\$	\$	81,088	2,405,590
Fund Balances, End of Year	\$ 2,441,421	\$	\$	73,261	\$ 2,514,682



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**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, 2016**

Total net change in fund balances - governmental funds (B-2)	\$	109,091
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	\$	122,438
Depreciation Expense	<u>(345,441)</u>	(223,003)
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.		765,000
Amortization of Gain on Sale on Bonds		(11,250)
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:		
Issued		
Matured	<u>150,346</u>	150,346
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.		21,200
Governmental funds report district pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	256,810	
Cost of benefits earned net of employee contributions	<u>(478,392)</u>	(221,582)
In the statement of activities, certain operating expenses, e.g. compensated absences (vacations), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of the financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		(47,270)
Change in net assets of governmental activities (A-2)	<u>\$</u>	<u>542,532</u>

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

**PROPRIETARY FUNDS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-4

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Keys Program</b>	<b>Other Programs</b>	<b>Food Service</b>	<b>Total Enterprise</b>
<b>ASSETS</b>				
Current Assets				
Cash and equivalents	\$ 443,224	\$ 104,499	\$ 149,958	\$ 697,681
Accounts receivable			10,035	10,035
Total Current Assets	<u>\$ 443,224</u>	<u>\$ 104,499</u>	<u>\$ 159,993</u>	<u>\$ 707,716</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 8,447	\$	\$ 52,659	\$ 61,106
Unearned revenue	36,006	1,600		37,606
Total Current Liabilities	<u>\$ 44,454</u>	<u>\$ 1,600</u>	<u>\$ 52,659</u>	<u>\$ 98,712</u>
<b>NET POSITION</b>				
Unassigned	<u>\$ 398,771</u>	<u>\$ 102,899</u>	<u>\$ 107,334</u>	<u>\$ 609,004</u>
Total Liabilities and Net Assets	<u>\$ 443,224</u>	<u>\$ 104,499</u>	<u>\$ 159,993</u>	<u>\$ 707,716</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-5

	Business-Type Activities - Enterprise Fund			Total Enterprise
	Keys Program	Other Programs	Food Service	
Operating Revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$	\$	\$ 375,761	\$ 375,761
Daily sales - non-reimbursable programs	441,059	27,718		468,778
Total Operating Revenues	<u>441,059</u>	<u>27,718</u>	<u>375,761</u>	<u>844,539</u>
Operating Expenses				
Salaries and wages	258,559	24,821		283,380
Employee benefits	19,431	1,779		21,210
Purchased property service	2,330			2,330
Cleaning, repair and maintenance services				2,330
Utilities			9,866	9,866
Rent	22,649			22,649
Supplies and materials	48,000			48,000
Total Operating Expenses	46,617	889	493,474	540,980
Total Operating Expenses	<u>397,586</u>	<u>27,489</u>	<u>503,341</u>	<u>928,416</u>
Operating Income (Loss)	<u>43,474</u>	<u>229</u>	<u>(127,579)</u>	<u>(83,877)</u>
Nonoperating Revenues				
State Sources				
Federal Sources			4,715	4,715
Total Nonoperating Revenues			<u>138,727</u>	<u>138,727</u>
Total Nonoperating Revenues			<u>143,443</u>	<u>143,443</u>
Change in Net Position	43,474	229	15,863	59,566
Net Position, Beginning of Year	355,297	102,670	91,471	549,438
Net Position, End of Year	<u>\$ 398,771</u>	<u>\$ 102,899</u>	<u>\$ 107,334</u>	<u>\$ 609,004</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-6

	<b>Business-Type Activities -</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Keys</b>	<b>Other</b>	<b>Food</b>	<b>Total</b>
	<b>Program</b>	<b>Programs</b>	<b>Service</b>	<b>Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 477,066	\$ 29,318	\$ 375,761	\$ 882,145
Salaries and benefits	(277,990)	(26,601)		(304,590)
Recognition of prior years unearned revenue	(67,073)			(67,073)
Payments to suppliers	(115,474)	(889)	(490,757)	(607,120)
	<u>16,529</u>	<u>1,829</u>	<u>(114,996)</u>	<u>(96,638)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
Federal and State sources			142,137	142,137
			<u>142,137</u>	<u>142,137</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Transfer to general fund				
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>				
Operating Income (Loss)	43,474	229	(127,579)	(83,877)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Increase (Decrease) in Unearned Revenue	(31,066)	1,600		(29,466)
Increase (Decrease) in Accounts Payable	4,122		12,583	16,706
Total Adjustments	<u>(26,944)</u>	<u>1,600</u>	<u>12,583</u>	<u>(12,761)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 16,529</u>	<u>\$ 1,829</u>	<u>\$ (114,996)</u>	<u>\$ (96,638)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,529	1,829	27,141	45,499
Cash and cash equivalents, beginning of year	426,695	102,670	122,817	652,181
Cash and cash equivalents, end of year	<u>\$ 443,224</u>	<u>\$ 104,499</u>	<u>\$ 149,958</u>	<u>\$ 697,681</u>

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

**FIDUCIARY FUNDS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-7

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	<u>\$ 69,015</u>	<u>\$ 87,233</u>	<u>\$ 151,302</u>	<u>\$ 307,550</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings Due to Student Groups	<u>\$</u>	<u>\$ 87,233</u>	<u>\$ 151,302</u>	<u>\$ 151,302</u> <u>\$ 87,233</u>
Total Liabilities	<u>\$</u>	<u>\$ 87,233</u>	<u>\$ 151,302</u>	<u>\$ 238,535</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>\$ 69,015</u>			<u>\$ 69,015</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30,2016**

B-8

	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>	
Contributions	
Donations	\$ 700
Investment earnings:	
Interest	23
	<hr/>
<b>DEDUCTIONS</b>	
Scholarships awarded	2,000
	<hr/>
Change in net position	(1,277)
Net position, beginning of year	70,292
	<hr/>
Net position, end of year	<u>\$ 69,015</u>

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



**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-9

	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary Schools:				
Euclid	\$ 5,951	\$ 16,140	\$ 13,736	\$ 8,355
Lincoln	13,699	17,211	24,978	5,933
High School	79,592	234,777	241,790	72,579
Athletic account	<u>794</u>	<u>37,147</u>	<u>37,575</u>	<u>366</u>
Total All Schools	<u>\$ 100,037</u>	<u>\$ 305,275</u>	<u>\$ 318,079</u>	<u>\$ 87,233</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

B-10

	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 231,449	\$ 8,737,567	\$ 8,817,714	\$ 151,302
Total assets	<u>\$ 231,449</u>	<u>\$ 8,737,567</u>	<u>\$ 8,817,714</u>	<u>\$ 151,302</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	\$ 231,449	\$ 8,737,567	\$ 8,817,714	\$ 151,302
Total liabilities	<u>\$ 231,449</u>	<u>\$ 8,737,567</u>	<u>\$ 8,817,714</u>	<u>\$ 151,302</u>

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

**NOTES TO FINANCIAL STATEMENTS**

# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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

The Hasbrouck Heights School District (the "District") is a Type II District located in the County of Bergen, 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 District had an approximate enrollment at June 30, 2016 of 1,870 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 District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the 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 District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

#### **Basis of Presentation**

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

#### **Government-Wide Financial Statements**

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

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 District.

#### **Fund Financial Statements**

During the year, the District segregates transactions related to certain 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 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 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 District's major governmental funds:

**General Fund** - The General Fund is the general operating fund of the 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 ("DOE"), the 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.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 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 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 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 District's Enterprise Fund is comprised of the Food Service Fund, After School Program and other Minor Funds.

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 position) 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 position.

#### **Fiduciary Funds**

Fiduciary Fund reporting focuses on net position and changes in net position. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the 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.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 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.

#### **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 District are included in the Statement of Net Position.

##### **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 position) 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 position.

Fiduciary funds are reported using the economic resources measurement focus.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *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, another comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, 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 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 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 District follows the pronouncements of the GASB.

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.

##### *Federal and State Assistance*

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 basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Charter schools as districts are not permitted to defer the June payments to charter schools.

##### *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.



## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44-2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

#### 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 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.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures Fund</u>	<u>General Fund</u>	<u>Special Revenue</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 31,915,387	\$ 941,521
<b>Difference - Budget-to-GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized.		
2014-2015 State aid payment recognized in 2015-2016 for GAAP statements.	70,456	
State Aid payment recognized for budgetary purposes not recognized for GAAP statements.	<u>(76,536)</u>	
<b>Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.</b>	<u>\$ 31,909,307</u>	<u>\$ 941,521</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 31,845,395	\$ 941,521
<b>Difference - Budget-to-GAAP:</b>		
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.		
<b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund expenditures, and changes in fund balances - balances - governmental funds.</b>	<u>\$ 31,845,395</u>	<u>\$ 941,521</u>

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 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 2014-15 and 2015-16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 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 position, 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 \$2,000. 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 total 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.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### Unearned Revenue

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

##### Fund Equity

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Subsequent year 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 DOE itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the 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.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The DOE 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 Position".

#### **Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the 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.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Accounting Pronouncements**

GASB has issued the following statements:

***GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*** Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in circumstances in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

***GASB Statement No. 81, Irrevocable Split-Interest Agreements*** Effective Date: The Requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged.

***GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*** Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application in encouraged.

***GASB Statement No. 79, Certain External Investment Pools and Pool Participants*** Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

***GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*** Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

***GASB Statement No. 77, Tax Abatement Disclosures*** Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

***GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

***Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

***Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*** Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

***Statement No. 72, Fair Value Measurement and Application***

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

The State Department of Education has provided guidance on these statements as of issuance date of this report.

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

Cash and cash equivalents include 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 District classifies certificates of deposit that have original maturity dates of more than three months but less than 12 months from the date of purchase, as investments. The 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.



**HASBROUCK HEIGHTS SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

As of June 30, 2016, cash and cash equivalents on deposit of the District consisted of the following:

Checking Accounts, Interest Bearing	<u>\$ 3,443,055</u>
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**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 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, 2016, the District did not have any investments on hand.

**4. CAPITAL RESERVE/MAINTENANCE ACCOUNT**

A capital reserve account was established by the District 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 District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the DOE, 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 01, 2015	<u>\$ 1,201,912</u>
Ending balance, June 30, 2016	<u>\$ 1,201,912</u>

A maintenance reserve account was established in the amount of \$126,287 on June 21, 2012. The balance as of June 30, 2016 is \$184,504.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

5. CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2016:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Capital Assets not Being Depreciated			
Land	\$ 3,058,776	\$	\$ 3,058,776
Capital Assets Being Depreciated			
Building & Site Improvements	8,783,758	73,031	8,856,789
Equipment	1,946,820	49,407	1,996,227
Total Capital Assets Being Depreciated	<u>10,730,578</u>	<u>122,438</u>	<u>10,853,016</u>
Total Assets - Historical Cost	13,789,354		13,911,792
Less: Accumulated Depreciation	<u>(5,879,322)</u>	<u>(345,441)</u>	<u>(6,224,763)</u>
Capital Assets - Net	<u>\$ 7,910,032</u>	<u>\$ (223,003)</u>	<u>\$ 7,687,029</u>

Net Capital Assets reflect an independent appraisal as of the end of the 2015-2016 school year.

6. LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in long-term debt:

	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
Bonds Payable	\$ 7,065,000	\$ 4,740,000	\$ 5,595,000	\$ 6,210,000
Capital Leases	399,523	72,000	150,346	321,177
Pension Liability	5,926,971	893,030		6,820,001
Compensated Absences Payable	1,082,975	47,270		1,130,245
	<u>\$ 14,474,469</u>	<u>\$ 5,752,300</u>	<u>\$ 5,745,346</u>	<u>\$ 14,481,423</u>

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 6. LONG-TERM DEBT (continued)

##### 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.

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.

During the fiscal year ended June 30, 2015, the Board voted and authorized the issuance of Refunding School Bonds in the amount of \$4,740,000.

The purpose of the Bonds is to (i) currently refund all of the \$4,830,000 outstanding callable principal amount of the originally issued \$8,370,000 Refunding School Bonds of the Board dated May 1, 2005 (the "2005 Bonds") and maturing from 2016 and 2023, inclusive (the "Refunded Bonds"), at par plus any unpaid accrued interest to September 10, 2015, the date fixed for redemption (the "Redemption Date"); and (ii) pay the costs of issuance of the Bonds.

A portion of the proceeds of the Bonds will be deposited upon delivery thereof in an escrow account (the "Escrow Account") for the Bonds with The Bank of New York Mellon Trust Company, N.A., Woodland Park, NJ and Dallas, TX (the "Escrow Agent"), and such proceeds will be sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds. The escrow will be gross funded and held in cash. The Board will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on the Redemption Date.

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the Board's refunding plan (the "Refunding Plan"). The Refunding Plan calls for the refunding of the principal of the Refunded Bonds, as set forth below, together with interest payable thereon to the Redemption Date. The Refunding Plan will permit the Board to restructure the annual debt service of the Refunded Bonds such that savings in both the debt service and the present value thereof will be realized.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**6. LONG-TERM DEBT (continued)**

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

June 30, 2017	\$ 670,000	\$ 155,963	\$ 825,963
June 30, 2018	690,000	138,963	828,963
June 30, 2019	710,000	121,463	811,463
June 30, 2020	735,000	103,463	813,463
June 30, 2021	760,000	84,813	819,813
June 30, 2022	785,000	65,513	825,513
June 30, 2023	815,000	45,563	830,563
June 30, 2024	845,000	24,438	839,438
June 30, 2025	200,000	2,500	817,500
	<u>\$ 6,210,000</u>	<u>\$ 742,675</u>	<u>\$ 6,952,675</u>

**Bonds Authorized but Not Issued**

As of June 30, 2016, 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, 2016:

2017		\$ 131,377
2018		102,941
2019		77,400
2020		25,070
Total Minimum Lease Payments		336,788
Less: Amount Representing		
Interest Expense		15,611
Principal Payments Due		\$ 321,177

**Gain on Refunding of Debt**

On August 15, 2015, the Refunding Bond Sale resulted in a gain of \$585,000, which will be amortized over a eight year period at \$73,125 per year.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 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 TPAF 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 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 DOE who have titles that are unclassified, professional and certified.

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

The PERS was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The 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.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 7. PENSION PLANS (continued)

##### 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, 2015 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.

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Cost to District</u>
June 30, 2015	\$261,198	100%	\$261,198
June 30, 2014	221,117	100%	221,117
June 30, 2013	242,255	100%	242,255

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS (continued)

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Total On-Behalf Payments</u>
June 30, 2015		0%	\$ 2,104,645
June 30, 2014		0%	1,293,041
June 30, 2013		0%	1,553,966

During the year ended June 30, 2016, the State of New Jersey contributed \$960,708 to the TPAF for normal pension and \$1,143,937 for post-retirement medical benefits on-behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$921,581 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the 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.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 162,701	\$
Changes of assumptions	732,414	
Net difference between projected and actual earnings on pension plan investments		109,652
Changes in proportion		202,559
Changes in proportion and differences between District contributions and proportionate share of contributions	304,437	
District contributions subsequent to the measurement date		
	<u>\$ 1,199,552</u>	<u>\$ 312,211</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**7. PENSION PLANS (continued)**

\$887,341 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ 186,217
2018	186,218
2019	186,218
2020	186,218
Thereafter	<u>142,470</u>
	<u><u>\$ 887,341</u></u>

**Actuarial Assumptions**

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

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40% based on age
Thereafter	3.15 - 5.40% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

***Mortality Rates***

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.



**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**7. PENSION PLANS (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

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

*Discount rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**7. PENSION PLANS (continued)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>At 1% Decrease (3.90%)</b>	<b>At Current Discount Rate (4.90%)</b>	<b>At 1% Increase (5.90%)</b>
District's proportionate share of the net pension liability	\$ 8,476,427	\$ 6,820,001	\$ 5,431,666

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	\$ 5,086,138,484
Collective deferred inflows of resources	\$ 478,031,236
Collective net pension liability - Local Group	\$ 22,447,996,119
District's Proportion	0.0303813351%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years.

*Teachers Pensions and Annuity Fund (TPAF)*

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016

7. PENSION PLANS (continued)

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2015 was \$77,495,161. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2015, the State's proportionate share of the TPAF net pension liability associated with the District was 0.0115794552 percent, which was a increase of 0.002310334 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$2,104,645 for contributions incurred by the State.

*Actuarial assumptions*

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**7. PENSION PLANS (continued)**

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

*Discount Rate*

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**7. PENSION PLANS (continued)**

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>At 1% Decrease (3.13%)</b>	<b>At Current Discount Rate (4.13%)</b>	<b>At 1% Increase (5.13%)</b>
State's proportionate share of the net pension liability associated with the District	\$108,812,377	\$ 77,495,161	\$64,912,130

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**Additional Information**

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	\$ 7,521,378,257
Collective deferred inflows of resources	\$ 554,399,005
Collective net pension liability - Local Group	\$63,204,270,305
 State's proportionate share associated with the District	 0.12266106406%

Collective pension expense for the plan for the measurement period ended June 30, 2015 is \$3,859,758.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2015 (the beginning of the measurement period ended June 30, 2015) is 8.5 years.

**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, 2015, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2015.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 9. HEALTH BENEFITS

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the premium. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision, etc.

The base salary of the employees determines the percent of premium cost that is contributed.

The contribution is phased in at 25% per year:

- a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect.
- b) when a CNA that is in effect on June 28, 2011 expires or is in almost any way modified.

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution, that amount is paid until the new contribution percentage is greater.

#### 10. 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 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 Position. The current portion of the compensated absences balance of the governmental funds is reported separately on the Statement of Net Position.

#### 11. 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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

**12. RISK MANAGEMENT**

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

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

**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.

**13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2016:

	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Debt Service Fund	\$ 38,456	\$
Capital Projects Fund	<hr/>	<hr/> 38,456
Total	<hr/> <u>\$ 38,456</u>	<hr/> <u>\$ 38,456</u>

**14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$2,517,957 General Fund, balance at June 30, 2016, \$1,359,006 is restricted for capital reserve; \$184,504 is restricted for maintenance reserve; \$474,183 is unreserved and undesignated. \$200,000 is restricted for subsequent year's expense and \$300,263 is committed.

**Capital Projects Fund** - There was no fund balance in the Capital Projects Fund at June 30, 2016.

**Debt Service Fund** - There is a fund balance in the Debt Service Fund at June 30, 2016 of \$73,261; \$58,384 has been designated for subsequent year expenditures.

**15. 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, 2016 was zero.

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

#### 16. 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 District'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.

#### 17. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after June 30, 2016 through the date of November 30, 2016; the District has determined the subsequent event having occurred requires disclosure in the financial statements.

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**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, 2016**

C-1  
Sheet #1

REVENUES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Local Sources:</b>					
Local Tax Levy					
Tuition	\$ 27,211,839	\$	\$ 27,211,839	\$ 27,211,837	\$ 2
Interest on Investments	5,000		5,000	69,616	(69,616)
Interest Earned on Capital Res	1,755		1,755	12,324	(7,324)
Rentals	48,000		48,000	48,400	(400)
Refund Prior Year Expenditure				25,635	(25,635)
Unrestricted Miscellaneous	65,000		65,000	106,334	(41,334)
<b>Total Local Sources</b>	<u>27,331,594</u>		<u>27,331,594</u>	<u>27,474,145</u>	<u>(144,306)</u>
<b>State Sources:</b>					
Special Education Aid	1,213,835		1,213,835	1,143,379	
Extraordinary Aid	268,258		268,258	321,105	(52,847)
Medicaid Reimbursement	18,665		18,665		18,665
TPAF Pension (On-Behalf - Non-Budgeted)				960,708	960,708
TPAF Post Retirement Med. Contrib.(On Behalf- Non Budgeted)				1,143,937	1,143,937
TPAF Social Security (Reimbursed - Non-Budgeted)				872,113	872,113
<b>Total - State Sources</b>	<u>1,500,758</u>		<u>1,500,758</u>	<u>4,441,242</u>	<u>2,942,576</u>
<b>Total Revenues</b>	<u>28,832,352</u>		<u>28,832,352</u>	<u>31,915,387</u>	<u>2,798,270</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Instruction - Regular Programs:</b>					
<b>Salaries of Teachers</b>					
Kindergarten	505,125	(502)	504,623	504,370	253
Grades 1 - 5	3,108,016	(162,491)	2,945,525	2,944,974	551
Grades 6 - 8	1,762,312	(16,616)	1,745,696	1,745,696	0
Grades 9-12	2,975,072	(150,832)	2,824,240	2,823,833	407
<b>Regular Programs - Undistributed Instruction:</b>					
Purchased Professional-Educational Services	56,700	45,948	102,648	100,731	1,917
Purchased Technical Services	83,063	20,718	103,781	102,184	1,597
Other Purchased Services - Travel	-	1,504	1,504	1,288	216
General Supplies	220,000	353,674	573,674	431,221	142,453
Textbooks	110,000	(23,736)	86,264	60,048	26,216
Other Objects	7,000	723	7,723	5,359	2,364
<b>Total Regular Programs</b>	<u>8,827,288</u>	<u>68,390</u>	<u>8,895,678</u>	<u>8,719,704</u>	<u>175,974</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

C-1  
 Sheet #2

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Special Education - Learning and/or Language Disabilities:</b>					
Salaries of Teachers	\$ 111,693	\$ 380	\$ 112,073	\$ 112,073	\$
Other Salaries for Instruction	84,386		84,386	84,264	122
General Supplies	1,000	(360)	640	613	27
Textbooks	500	(20)	480		480
<b>Total Learning and/or Language Disabilities</b>	<b>197,579</b>		<b>197,579</b>	<b>196,949</b>	<b>630</b>
<b>Special Education Instruction -Resource Room/Resource Center</b>					
Salaries of Teachers	1,872,916	22,110	1,895,026	1,895,021	5
Other Salaries for Instruction	433,954	21,120	455,074	455,072	2
General Supplies	8,000	(2,243)	5,757	4,447	1,310
Textbooks	1,000		1,000		1,000
Other Objects	850		850	843	7
<b>Total Resource Room/Resource Center</b>	<b>2,316,720</b>	<b>40,987</b>	<b>2,357,707</b>	<b>2,355,384</b>	<b>2,323</b>
<b>Special Education Instruction - Preschool Disabilities Full Time</b>					
Salaries of Teachers	133,344	5,818	139,162	139,153	9
Other Salaries for Instruction	84,386		84,386	84,293	93
General Supplies	4,000	(1,208)	2,792	2,791	1
Other Objects	500	(500)			
<b>Total Preschool Disabilities Full Time</b>	<b>222,230</b>	<b>4,110</b>	<b>226,340</b>	<b>226,238</b>	<b>102</b>
<b>Special Education - Home Instruction</b>					
Salaries of Teachers	55,000	(31,980)	23,020	23,020	
<b>Total Special Education - Home Instruction</b>	<b>55,000</b>	<b>(31,980)</b>	<b>23,020</b>	<b>23,020</b>	
<b>Special Education Instruction - Extended School Year</b>					
Personal Services Salaries	28,325	(4,110)	24,215	22,678	1,537
Other Salaries for Instruction	18,667		18,667	18,487	180
Purchased Professional - Educational Services	20,000	20,313	40,313	40,313	0
General Supplies	500	(242)	258	257	1
<b>Total Special Education Instruction-Extended School Year</b>	<b>67,492</b>	<b>15,961</b>	<b>83,453</b>	<b>81,735</b>	<b>1,718</b>
<b>Total Special Education</b>	<b>2,859,021</b>	<b>29,078</b>	<b>2,888,099</b>	<b>2,883,325</b>	<b>4,773</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	97,387		97,387	96,860	527
Other Salaries for Instruction					
Purchased Professional/Educational Services					
General Supplies					
<b>Total Basic Skill / Remedial - Instruction</b>	<b>97,387</b>		<b>97,387</b>	<b>96,860</b>	<b>527</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	104,412	(787)	103,625	102,125	1,500
Supplies and Materials	1,100	1,395	2,495	2,495	0
Textbooks	200	(200)			
<b>Total Bilingual Education - Instruction</b>	<b>105,712</b>	<b>408</b>	<b>106,120</b>	<b>104,620</b>	<b>1,500</b>
<b>School Sponsored Co-Curricular Activities - Instruction</b>					
Personal Services Salaries	198,421	(12,500)	185,921	185,021	900
Other Purchased Services					
General Supplies	14,500	(6,800)	7,700	5,425	2,276
Miscellaneous Expenditures	-	4,885	4,885	4,885	
<b>Total School Sponsored Co-Curricular Activities - Instruction</b>	<b>212,921</b>	<b>(14,415)</b>	<b>198,506</b>	<b>195,330</b>	<b>3,176</b>
<b>School Sponsored Athletics - Instruction</b>					
Personal Services Salaries	325,605	(8,562)	317,043	310,929	6,114
Purchased Services	45,000	300	45,300	45,287	13
Supplies and Materials	80,000	8,548	88,548	81,978	6,571
Other Objects	35,000	1,587	36,587	36,572	15
<b>Total School Sponsored Athletics - Instruction</b>	<b>485,605</b>	<b>1,873</b>	<b>487,478</b>	<b>474,765</b>	<b>12,713</b>
<b>Total Other Instruction</b>	<b>901,625</b>	<b>(12,133)</b>	<b>889,492</b>	<b>871,575</b>	<b>17,917</b>
<b>Total Instruction</b>	<b>12,587,934</b>	<b>85,335</b>	<b>12,673,269</b>	<b>12,474,605</b>	<b>198,664</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to CSSD & Reg. Day Schools	\$ 601,750	\$ 166,748	\$ 768,498	\$ 768,204	\$ 294
Tuition to Private Schools for the Handicapped - Within State	1,046,531	(435,900)	610,631	610,631	
Tuition - Other LEAs Instate Special	548,623	(153,233)	395,390	395,390	
Tuition - Co Vocational - Special	236,640	(51,839)	184,801	184,800	1
Tuition - Co Vocational - Regular	320,238	71,622	391,860	391,381	479
Tuition - Other (Charter Schools)	30,704	19,156	49,860	49,860	
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,784,486</b>	<b>(383,446)</b>	<b>2,401,040</b>	<b>2,400,266</b>	<b>774</b>
Undistributed Expenditures - Attendance & Social Work Salaries	60,558		60,558	60,392	166
<b>Total Undistributed Attendance &amp; Social Work</b>	<b>60,558</b>		<b>60,558</b>	<b>60,392</b>	<b>166</b>
Undistributed Expenditures - Health Services					
Salaries	214,335	(14,130)	200,205	200,205	
Purchased Professional and Technical Services	10,000	21,922	31,922	31,714	209
Supplies and Materials	9,000	(64)	8,936	8,936	
Other Objects	3,000	1,124	4,124	4,124	
<b>Total Undistributed Expenditures - Health Services</b>	<b>236,335</b>	<b>8,853</b>	<b>245,188</b>	<b>244,979</b>	<b>209</b>
Unidist. Expend. - Other Supp. Serv. Students - Speech Salaries	256,126	6,648	262,774	262,774	
Purchased Professional - Educational Services	668,258	402,441	1,070,699	1,070,578	121
Supplies and Materials	4,000	4,817	8,817	8,590	227
Other Objects		1,085	1,085	961	124
<b>Total Unidist. Exp. - Other Supp. Serv. Students - Speech</b>	<b>928,384</b>	<b>414,991</b>	<b>1,343,375</b>	<b>1,342,903</b>	<b>472</b>
Unidist. Expend. - Other Supp. Serv. Students - Extra Serv. Salaries	328,485	5,065	333,550	333,550	
Purchased Professional - Educational Services	90,000	9,213	99,213	99,213	
Miscellaneous					
<b>Total Other Supp. Serv. Students - Extra Serv.</b>	<b>418,485</b>	<b>14,278</b>	<b>432,763</b>	<b>432,763</b>	
Unidist. Expend. - Guidance					
Salaries of Other Professional Staff	427,075	(53,179)	373,896	373,551	345
Salaries of Secretarial and Clerical Assistants	46,801	671	47,472	47,471	1
Other Purchased Services	500		500	500	500
Supplies and Materials	500		500	247	253
Other Objects	500		500	500	500
<b>Total Unidist. Expend. - Guidance</b>	<b>475,376</b>	<b>(52,508)</b>	<b>422,868</b>	<b>421,269</b>	<b>1,599</b>
Unidist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	755,780	(74,682)	681,098	680,330	768
Salaries of Secretarial and Clerical Assistants	87,516	9,785	97,301	97,301	
Purchased Prof Ed Services					
Misc Pur Serv (400-500)	500	100	600	600	
Supplies and Materials	14,500	(2,225)	12,275	12,275	
Other Objects	1,500	1,959	3,459	3,387	72
<b>Total Unidist. Expend. - Child Study Teams</b>	<b>859,796</b>	<b>(65,063)</b>	<b>794,733</b>	<b>793,892</b>	<b>841</b>
Unidist. Expend. - Curriculum					
Salaries Supervisors of Instruction	187,705	(56,975)	130,730	130,537	193
Other Objects		639	639		639
<b>Total Curriculum</b>	<b>187,705</b>	<b>(56,336)</b>	<b>131,369</b>	<b>130,537</b>	<b>832</b>
Unidist. Expend. - Educational Media Serv./School Library					
Salaries	404,020	(49,970)	354,050	353,641	409
Other Purchased Services	6,000		6,000	5,381	619
Supplies and Materials	14,000	(9,805)	4,195	3,163	1,032
Other Objects	700		700	215	485
<b>Total Unidist. Expenditures - Edu. Media Serv./School Library</b>	<b>424,720</b>	<b>(59,775)</b>	<b>364,945</b>	<b>362,401</b>	<b>2,544</b>
Unidist. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	6,000	3,570	9,570	7,360	2,210
Other Objects					
<b>Total Instructional Staff Training Services</b>	<b>6,000</b>	<b>3,570</b>	<b>9,570</b>	<b>7,360</b>	<b>2,210</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Support Services - General Administration</b>					
Salaries					
Legal Services	\$ 236,319	\$ (7,400)	\$ 228,919	\$ 228,819	\$ 100
Audit Fees	75,000	4,687	79,687	79,687	
Purchased Technical Services	30,000	7,078	37,078	36,653	426
Communications/Telephone	19,050	6,750	25,800	23,998	1,802
BOE Other Purchased Services	154,500	(23,645)	130,855	126,621	4,236
Miscellaneous Purchased Services	2,500	(700)	1,800	1,188	612
General Supplies	57,000	27,311	84,311	84,311	
Miscellaneous Expenditures	7,000	2,000	9,000	7,629	1,371
BOE Membership Dues and Fees	16,450	1,828	18,278	18,278	
	13,250	-	13,250	11,987	1,263
<b>Total Undist. Exp. - Support Services - General Administration</b>	<b>611,069</b>	<b>17,909</b>	<b>628,978</b>	<b>619,169</b>	<b>9,810</b>
<b>Undist. Expend. - Support Services - School Administration</b>					
Salaries of Principals/Assistant Principals	611,070	86,054	697,124	697,091	33
Salaries of Other Professional Staff	116,916	102	117,018	117,017	1
Salaries of Secretarial and Clerical Assistants	234,122	24,795	258,917	255,226	3,691
Purchased Prof Ed Services		3,151	3,151	3,150	1
Other Purchased Services - Travel					
Supplies and Materials	38,000	(13,805)	24,195	22,255	1,940
Miscellaneous Expenditure	18,000	10,663	28,663	16,150	12,513
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>1,018,108</b>	<b>110,960</b>	<b>1,129,068</b>	<b>1,110,888</b>	<b>18,180</b>
<b>Undistributed Expenditures - Central Services</b>					
Personal Services Salaries	302,284	(6,844)	295,440	295,440	
Other Purchased Professional Services		14,250	14,250	14,250	
Purchased Technical Services	19,804	(5,100)	14,704	7,990	6,714
Misc. Purchased Services (400 -500 series)		350	350	305	45
Supplies and Materials	15,000	(250)	14,750	11,355	3,396
Interest on Current Loans					
Interest Lease Purchase Agreement					
Miscellaneous Expenditures	4,500	3,500	8,000	7,832	168
<b>Total Undistributed Expenditures - Central Services</b>	<b>341,588</b>	<b>5,906</b>	<b>347,494</b>	<b>337,171</b>	<b>10,323</b>
<b>Undistributed Expenditures - Admin. Info. Tech.</b>					
Salaries	23,311	34,249	57,560	53,187	4,373
Purchased Technical Services	11,000	(4,632)	6,368	6,368	1
Other Purchased Services	25,000	11,718	36,718	36,367	351
Supplies and Materials	67,000	21,346	88,346	74,420	13,926
Other Objects	2,000	(600)	1,400	1,380	20
<b>Total Undistributed Expenditures - Admin. Info. Tech</b>	<b>128,311</b>	<b>62,081</b>	<b>190,392</b>	<b>171,722</b>	<b>18,670</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undistributed Expenditures - Required Maint for School Facilities</b>					
Salaries	\$ 94,251	\$	\$ 94,251	\$ 93,762	\$ 489
Cleaning, Repair, and Maintenance Services	180,000	180,046	330,046	328,459	1,587
General Supplies	2,500	1,500	4,000	3,993	7
Other Objects	500		500		500
<b>Total Undist. Expend - Required Maint for School Facilities</b>	<b>247,251</b>	<b>181,546</b>	<b>428,797</b>	<b>426,213</b>	<b>2,584</b>
<b>Undistributed Expenditures - Custodial</b>					
Salaries	769,269	(26,665)	742,604	736,101	6,503
Salaries of Non-Instructional Aides	182,808	(43,000)	139,808	137,893	1,915
Cleaning, Repair, and Maintenance	100,000	(49,000)	51,000	40,129	10,871
Other Purchased Property Services	33,000	(7,500)	25,500	20,136	5,364
Insurance	134,550	(7,100)	127,450	126,771	679
Miscellaneous Purchased Services	96,540	1,850	98,390	96,570	1,820
General Supplies	130,000	119,557	249,557	242,596	6,961
Energy (Natural Gas)	138,500	(53,848)	84,652	76,550	8,102
Energy (Electricity)	190,000	(9,510)	180,490	180,318	172
Other Objects	15,600	(3,646)	11,954	11,954	
<b>Total Undist. Exp. - Custodial services</b>	<b>1,790,267</b>	<b>(78,862)</b>	<b>1,711,405</b>	<b>1,669,018</b>	<b>42,387</b>
<b>Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance	38,000	1,198	39,198	34,073	5,125
General Supplies	500	(500)			
Other Objects	500	-	500		500
<b>Total - Care &amp; Upkeep of Grounds</b>	<b>39,000</b>	<b>698</b>	<b>39,698</b>	<b>34,073</b>	<b>5,625</b>
<b>Undistributed Expenditures - Security</b>					
Purchased Prof Services	100,000	(1,000)	99,000	98,674	326
Cleaning, Repair, and Maintenance	42,772	(1,000)	41,772	40,814	958
General Supplies	500	250	750	743	8
Other Objects	500	(250)	250		250
<b>Total Security</b>	<b>143,772</b>	<b>(2,000)</b>	<b>141,772</b>	<b>140,230</b>	<b>1,542</b>
<b>Undistributed Expenditures - Student Transportation Services</b>					
Sal for Pupil Trans (Betwn. Home & School) - Regular	29,684		29,684	26,965	2,719
Sal for Pupil Trans (Betwn. Home & School) - Sp Ed					
Sal for Pupil Trans (Betwn. Home & School) - Other	28,000	(19,600)	8,400	8,380	20
Cleaning, Repair, & Maint. Services	14,000		14,000	11,076	2,924
Lease Purchase Payments - School Buses					
Aid in Lieu Charter Schools	2,652		2,652		2,652
Contract Serv. (Betwn. Home and School) - Vendors	62,000		62,000	58,166	3,834
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	100,068	(59,100)	40,968	40,931	37
Contract Serv. (Special Ed Students) - Joint Agrmnts	497,943	165,935	663,878	663,231	647
Transportation Supplies	10,000	(5,000)	5,000	1,990	3,010
Other Objects	1,000		1,000	16	984
<b>Total Undistributed Expend. - Student Transportation Expenses</b>	<b>745,347</b>	<b>82,235</b>	<b>827,582</b>	<b>810,755</b>	<b>16,827</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Unallocated Benefits - Employee Benefits</b>					
Social Security Contributions	\$ 328,100.00	\$ (1,773.00)	\$ 326,327.00	\$ 326,326.42	\$ 0.58
Other Retirement Contributions - PERS	293,397	(17,074)	276,323	276,322	1
Unemployment Compensation	30,000	(30,000)			
Workmen's Compensation	178,765	(36,709)	142,056	142,056	
Health Benefits	3,853,398	(278,768)	3,574,630	3,572,652	1,978
Tuition Reimbursement	50,000	537	50,537	50,536	1
Other Employee Benefits	75,778	89,577	165,355	165,354	1
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>4,809,438</u>	<u>(274,210)</u>	<u>4,535,228</u>	<u>4,533,247</u>	<u>1,981</u>
On-behalf TPAF Contributions (non-budgeted)				960,708	(960,708)
On-behalf Post Retirement Med. Contribution (non-budgeted)				1,143,937	(1,143,937)
On-behalf Social Security Contributions (non-budgeted)				872,113	(872,113)
				<u>2,976,758</u>	<u>(2,976,758)</u>
<b>Total Expenditures - Current Expense</b>	<u>28,843,930</u>	<u>16,161</u>	<u>28,860,091</u>	<u>31,500,611</u>	<u>336,238</u>
<b>Capital Outlay</b>					
Instructional Equipment		33,542	33,542	33,542	
Maintenance Equipment		16,034	16,034		16,034
Technology Equipment		15,865	15,865	15,865	
Capital Equipment/Improvements					
<b>Total Equipment</b>		<u>65,441</u>	<u>65,441</u>	<u>49,407</u>	<u>16,034</u>
<b>Facilities Acquisitions and Construction Services</b>					
Construction Services	70,131	70,388	140,519	66,173	74,347
Lease Purchase Agreements - Principal	88,818	64,070	152,888	150,346	2,542
Building other Non-lease Purchase Agreements					
Other Objects	6,858		6,858	6,858	
<b>Total Facilities Acquisitions and Construction Services</b>	<u>165,807</u>	<u>134,458</u>	<u>300,265</u>	<u>223,377</u>	<u>76,888</u>
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>				72,000	(72,000)
<b>Total Capital Projects</b>	<u>165,807</u>	<u>199,899</u>	<u>365,706</u>	<u>344,784</u>	<u>92,922</u>
<b>General Fund</b>					
Transfer of Funds to Charter Schools					
<b>Total General Fund Expenditures</b>	<u>29,009,737</u>	<u>216,060</u>	<u>29,225,797</u>	<u>31,845,395</u>	<u>429,160</u>
<b>Special Schools</b>					
Summer School - Instructions					
Salaries of Teachers					
Other Salaries - Aides					
General Supplies					
<b>Total Summer School - Instruction</b>					
<b>Total Special Schools</b>					
<b>Total General Fund Expenditures</b>	<u>29,009,737</u>	<u>216,060</u>	<u>29,225,797</u>	<u>31,845,395</u>	<u>429,160</u>
<b>Funds expended</b>					
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(177,385)</u>	<u>(216,060)</u>	<u>(393,445)</u>	<u>69,991</u>	<u>3,227,431</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out:					
Adjustment - Uncollectable				(5,328)	5,328
Adjustment - Unpaid accounts payable				4,349	(4,349)
Adjustment - Correct reserve for encumbrances				(500)	500
Adjustment - Special Ed Aid incorrectly reported in 14-15				(17,513)	17,513
Capital Leases (non-budgeted)				72,000	(72,000)
				<u>53,008</u>	<u>(53,008)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>	<u>(177,385)</u>	<u>(216,060)</u>	<u>(393,445)</u>	<u>122,999</u>	<u>3,174,423</u>
<b>Fund Balances, Beginning of Year</b>	<u>852,473</u>	<u>(229,176)</u>	<u>296,561</u>	<u>2,394,958</u>	
<b>Fund (Deficit) Balances, End of Year</b>	<u>\$ 675,088</u>	<u>\$ (445,236)</u>	<u>\$ (96,884)</u>	<u>\$ 2,517,957</u>	<u>\$ 3,174,423</u>



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

GAAP Fund Balance (B-2) difference is the final State Aid payment of \$76,536 which under budgetary basis is recognized as directed by the State.

Recapitulation of Fund Balance:	
Restricted Fund Balance:	
Designated for Subsequent Year's Expenditures	\$ 200,000
Capital Reserve	1,359,006
Maintenance Reserve	184,504
Committed Fund Balance:	
Year-End Encumbrances	300,264
Unassigned Fund Balance	474,183
	2,517,957
Less: State Aid Revenue Not Recognized for GAAP basis	(76,536)
Fund Balance per Governmental Funds (GAAP)	\$ 2,441,421

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Revenues:</b>					
Local Sources	\$ 2,000	\$ 234	\$ 2,234	\$ 875	\$ 1,359
State Sources	331,090	(15,526)	315,564	305,602	9,962
Federal Sources	647,000	138,658	785,658	635,044	150,614
<b>Total Revenues</b>	<u>\$ 980,090</u>	<u>\$ 123,366</u>	<u>\$ 1,103,456</u>	<u>\$ 941,521</u>	<u>\$ 161,935</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$ 138,000	\$ 4,695	\$ 142,695	\$ 117,904	\$ 24,791
Purchased Professional Technical Services					
Purchased Professional/Educational Services	676,910	(429,493)	247,417	200,967	46,450
Other Purchased Services (400-500 series)					
General Supplies	55,360	3,976	59,336	28,962	30,375
Textbooks	21,150	(1,507)	19,643	18,779	864
Tuition	18,000	401,667	419,667	419,667	
Other Objects					
<b>Total Instruction</b>	<u>909,420</u>	<u>(20,662)</u>	<u>888,758</u>	<u>786,279</u>	<u>102,480</u>
<b>Support Services</b>					
Personal Services - Salaries	33,670	(6,607)	27,063	27,063	
Personal Services - Employee Benefits		35,024	35,024	50,965	(15,941)
Other - Employee Benefits					
Purchased Professional - Educational Services	37,000	96,263	133,263	57,444	75,819
Other Purchased Services (400-500 series)				14,406	(14,406)
General Supplies		19,348	19,348	5,365	13,983
<b>Total Support Services</b>	<u>70,670</u>	<u>144,028</u>	<u>214,698</u>	<u>155,243</u>	<u>59,455</u>
<b>Total Expenditures</b>	<u>\$ 980,090</u>	<u>\$ 123,366</u>	<u>\$ 1,103,456</u>	<u>\$ 941,521</u>	<u>\$ 161,935</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)</b>					
Fund Balances, Beginning of Year					
Fund Balances, End of Year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET-TO-GAAP RECONCILIATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

C-3

**Note A: Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.**

		<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	C-1, C-2	\$ 31,915,387	\$ 941,521
<b>Difference - Budget to GAAP:</b>			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2014-2015 State aid payment recognized in 2015-2016 for GAAP statements.		70,456	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		<u>(76,536)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	<u>\$ 31,909,307</u>	<u>\$ 941,521</u>
<b>Uses/Outflows of Resources:</b>			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1, C-2	\$ 31,845,395	\$ 941,521
<b>Difference - Budget to GAAP:</b>			
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	<u>\$ 31,845,395</u>	<u>\$ 941,521</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**L. SCHEDULES RELATED TO ACCOUNTING AND  
REPORTING FOR PENSIONS (GASB 68)**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF THE**  
**DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NEW JERSEY PUBLIC EMPLOYEES' RETIREMENTS SYSTEM (PERS)**  
**LAST TEN FISCAL YEARS (1)**

L-1

	2016	2015
School District's proportion of the net pension liability	<u>0.030381335%</u>	<u>0.031656451%</u>
School District's proportionate share of the net pension liability	<u>\$ 6,820,001</u>	<u>\$ 4,642,698</u>
School District's covered-employee payroll	<u>\$ 2,023,905</u>	<u>\$ 2,125,036</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>336.97%</u>	<u>218.48%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>42.74%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION -SCHEDULE OF CONTRIBUTIONS**  
**NEW JERSEY PUBLIC EMPLOYEES' RETIREMENTS SYSTEM (PERS)**  
**LAST TEN FISCAL YEARS (1)**

L-2

	2016	2015
Contractually required contribution	\$ 261,198	\$ 260,972
Contributions in relation to the contractually required contribution	(261,198)	(260,972)
Contribution deficiency (excess)	\$	\$
School District's covered-employee payroll	\$ 2,023,905	\$ 2,125,036
Contributions as a percentage of covered-employee payroll	12.91%	12.28%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF THE**  
**DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NEW JERSEY TEACHERS' PENSION AND ANNUITY FUND (TPAF)**  
**LAST TEN FISCAL YEARS (1)**

L-3

	2016	2015
School District's proportion of the net pension liability	0.011579452%	0.011579452%
School District's proportionate share of the net pension liability	\$ 77,495,161	\$ 61,888,404
School District's covered-employee payroll	\$ 12,620,102	\$ 15,275,552
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	614.06%	405.15%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	33.64%

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL BASED BUDGET 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, 2016**

	Nonpublic Chapter 192				Nonpublic Chapter 193					
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Compensatory Education	English as a Second Language	Transportation	Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues										
State Sources	\$ 18,779	\$ 30,123	\$ 8,603	\$ 8,275	\$ 93,909	\$ 10,008	\$ 13,175	\$ 24,059	\$ 23,531	\$ 36,286
Federal Sources										
Private Sources										
<b>Total Revenues</b>	<b>\$ 18,779</b>	<b>\$ 30,123</b>	<b>\$ 8,603</b>	<b>\$ 8,275</b>	<b>\$ 93,909</b>	<b>\$ 10,008</b>	<b>\$ 13,175</b>	<b>\$ 24,059</b>	<b>\$ 23,531</b>	<b>\$ 36,286</b>
Expenditures										
Instruction:										
Salaries of Teachers	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Purchased Professional and Technical Services										
Purchased Professional/Educational Services					93,909	10,008	13,175	24,059	23,531	36,285
Other Purchased Services										
Tuition										
General Supplies			8,603							
Textbooks	18,779									
Other Objects										
<b>Total Instruction</b>	<b>18,779</b>		<b>8,603</b>		<b>93,909</b>	<b>10,008</b>	<b>13,175</b>	<b>24,059</b>	<b>23,531</b>	<b>36,285</b>
Support Services:										
Personal Services - Salaries		27,063								
Personal Services - Employee Benefits		2,070								
Other - Employee Benefits										
Purchased Professional Educational Services				8,275						
Purchased Professional and Technical Services										
Supplies and Materials		990								
Other Purchased Services										
Miscellaneous Expenditures										
<b>Total Support Services</b>		<b>30,123</b>		<b>8,275</b>						
Facilities Acquisition and Construction Services:										
Instructional Equipment										
Total Facilities Acquisition and Construction Services										
<b>Total Expenditures</b>	<b>\$ 18,779</b>	<b>\$ 30,123</b>	<b>\$ 8,603</b>	<b>\$ 8,275</b>	<b>\$ 93,909</b>	<b>\$ 10,008</b>	<b>\$ 13,175</b>	<b>\$ 24,059</b>	<b>\$ 23,531</b>	<b>\$ 36,285</b>

HARBROUCK HEIGHTS SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

E-1  
 Sheet #2

	Title I Part A	IDEA Basic Part B	IDEA Preschool Part B	Title II A	Title III	Title III Immigrant	Whole Kids Garden Grant	Totals June 30, 2016
Revenues								
State Sources	\$ 153,558	\$ 449,000	\$ 18,881	13,605	\$ 36,988	\$ 1,866	\$	\$ 305,602
Federal Sources								635,044
Private Sources							875	875
<b>Total Revenues</b>	<b>\$ 153,558</b>	<b>\$ 449,000</b>	<b>\$ 18,881</b>	<b>\$ 13,605</b>	<b>\$ 36,988</b>	<b>\$ 1,866</b>	<b>\$ 875</b>	<b>\$ 941,521</b>
Expenditures								
Instruction:								
Salaries of Teachers	\$ 133,479	\$	\$	\$	\$ 11,069	\$	\$	144,548
Purchased Professional and Technical Services								
Purchased Professional/Educational Services								200,967
Other Purchased Services		400,786	18,881					419,667
Tuition					17,617	1,866	875	28,962
General Supplies								18,779
Textbooks								
Other Objects								
<b>Total Instruction</b>	<b>133,479</b>	<b>400,786</b>	<b>18,881</b>		<b>28,686</b>	<b>1,866</b>	<b>875</b>	<b>812,923</b>
Support Services:								
Personal Services - Salaries								27,063
Personal Services - Employee Benefits	20,079				2,171			24,320
Other - Employee Benefits								
Purchased Professional Educational Services		48,214		9,230				57,444
Purchased Professional and Technical Services					6,131			14,406
Supplies and Materials								5,365
Other Purchased Services				4,375				
Miscellaneous Expenditures								
<b>Total Support Services</b>	<b>20,079</b>	<b>48,214</b>		<b>13,605</b>	<b>8,302</b>			<b>128,598</b>
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Facilities Acquisition and Construction Services								
<b>Total Expenditures</b>	<b>\$ 153,558</b>	<b>\$ 449,000</b>	<b>\$ 18,881</b>	<b>\$ 13,605</b>	<b>\$ 36,988</b>	<b>\$ 1,866</b>	<b>\$ 875</b>	<b>\$ 941,521</b>

See Independent Auditors' Report

**F. CAPITAL PROJECTS FUND**

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Revenues and Other Financing Sources**

Interest	\$ 21
Total Revenues and Other Financing Sources	21

**Expenditures and Other Financing Uses**

Transfer to Debt Service Fund	21
Total Expenditures and Other Financing Uses	21

Excess of Revenues and Other Financing Sources  
 over Expenditures and Other Financing Uses

Fund Balance, beginning of year

Fund Balance, end of year	\$
---------------------------	----



**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**JUNE 30, 2016**

G-1

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total Enterprise</b>
	<b>Keys Program</b>	<b>Other Programs</b>	<b>Food Service</b>	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 443,224	\$ 104,499	\$ 149,958	\$ 697,681
Accounts receivable			10,035	10,035
Total Current Assets	<u>443,224</u>	<u>104,499</u>	<u>159,993</u>	<u>707,716</u>
Total Assets	<u>\$ 443,224</u>	<u>\$ 104,499</u>	<u>\$ 159,993</u>	<u>\$ 707,716</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 8,447	\$	\$ 52,659	\$ 61,106
Deferred Revenue	<u>36,006</u>	<u>1,600</u>		<u>37,606</u>
Total Current Liabilities	44,454	1,600	52,659	98,712
<b>NET POSITION</b>				
Unrestricted	<u>398,771</u>	<u>102,899</u>	<u>107,334</u>	<u>609,004</u>
Total Net Position	<u>\$ 443,224</u>	<u>\$ 104,499</u>	<u>\$ 159,993</u>	<u>\$ 707,716</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

G-2

	<b>Business-Type Activities -</b>			<b>Total</b>
	<b>Enterprise Fund</b>			
	<b>Keys</b>	<b>Other</b>	<b>Food</b>	<b>Enterprise</b>
	<b>Program</b>	<b>Programs</b>	<b>Service</b>	
<b>Operating Revenues:</b>				
<b>Charges for services:</b>				
Daily Sales - Reimbursable Programs	\$	\$	\$ 375,761	\$ 375,761
Daily Sales - Non-Reimbursable Programs	441,059	27,718		468,778
<b>Total Operating Revenues</b>	<b>441,059</b>	<b>27,718</b>	<b>375,761</b>	<b>844,539</b>
<b>Operating Expenses</b>				
Salaries and Wages	258,559	24,821		283,380
Employee Benefits	19,431	1,779		21,210
Purchased Property Service	2,330			2,330
Other Purchased Professional Services				
Cleaning, Repair and Maintenance Services			9,866	9,866
Utilities	22,649			22,649
Rent	48,000			48,000
Supplies and Materials	46,617	889	493,474	540,980
Miscellaneous				-
<b>Total Operating Expenses</b>	<b>397,586</b>	<b>27,489</b>	<b>503,341</b>	<b>928,416</b>
<b>Operating Income (Loss)</b>	<b>43,474</b>	<b>229</b>	<b>(127,579)</b>	<b>(83,877)</b>
<b>Nonoperating Revenues</b>				
State Sources			4,715	4,715
Federal Sources			138,727	138,727
<b>Total Nonoperating Revenues</b>			<b>143,443</b>	<b>143,443</b>
<b>Other Financing Resources (Uses)</b>				
Transfers out				
<b>Change in Net Position</b>	<b>43,474</b>	<b>229</b>	<b>15,863</b>	<b>59,566</b>
<b>Net Position, Beginning of Year</b>	<b>355,297</b>	<b>102,670</b>	<b>91,471</b>	<b>549,438</b>
<b>Net Position, End of Year</b>	<b>\$ 398,771</b>	<b>\$ 102,899</b>	<b>\$ 107,334</b>	<b>\$ 609,004</b>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

G-3

	<b>Business-Type Activities - Enterprise Funds</b>			
	<u>Keys Program</u>	<u>Other Programs</u>	<u>Food Service</u>	<u>Total Enterprise</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 477,066	\$ 29,318	\$ 375,761	\$ 882,145
Salaries and Benefits	(277,990)	(26,601)		(304,590)
Recognition of Prior Years Unearned Revenue	(67,073)			(67,073)
Payments to Suppliers	(115,474)	(889)	(490,757)	(607,120)
	<u>16,529</u>	<u>1,829</u>	<u>(114,996)</u>	<u>(96,638)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
State and Federal Sources			142,137	142,137
			<u>142,137</u>	<u>142,137</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Transfer out				
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>				
Operating Income (Loss)	\$ 43,474	\$ 229	\$ (127,579)	\$ (83,877)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations				
Changes in Operating Assets and Liabilities:				
Increase (Decrease) in Unearned Revenue	(31,066)	1,600		(29,466)
Increase (Decrease) in Accounts Payable	4,122		12,583	16,706
Total Adjustments	<u>(26,944)</u>	<u>1,600</u>	<u>12,583</u>	<u>(12,761)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 16,529</u>	<u>\$ 1,829</u>	<u>\$ (114,996)</u>	<u>\$ (96,638)</u>

See Independent Auditors' Report

**INTERNAL SERVICE FUND**

## **H. FIDUCIARY FUNDS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

H-1

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 69,015	\$ 87,233	\$ 151,302	\$ 307,550
Total Assets	<u>\$ 69,015</u>	<u>\$ 87,233</u>	<u>\$ 151,302</u>	<u>\$ 307,550</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings Due to Student Groups	\$	\$ 87,233	\$ 151,302	\$ 151,302
		<u>87,233</u>		<u>87,233</u>
Total Liabilities	<u>\$</u>	<u>\$ 87,233</u>	<u>\$ 151,302</u>	<u>\$ 238,535</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>\$ 69,015</u>			<u>\$ 69,015</u>

See Independent Auditors' Report



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

H-2

	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>	
Contributions	
Donations	
Other	\$ 700
<b>Total Contributions</b>	<b>700</b>
Investment earnings:	
Interest	23
<b>Total Additions</b>	<b>723</b>
<b>DEDUCTIONS</b>	
Other	
Scholarships awarded	2,000
<b>Total Deductions</b>	<b>2,000</b>
Change in Net Position	(1,277)
Net Position, Beginning of Year	70,292
Net Position, End of Year	\$ 69,015

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

H-3

	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary Schools:				
Euclid	\$ 5,951	\$ 16,140	\$ 13,736	\$ 8,355
Lincoln	13,699	17,211	24,978	5,933
High School	79,592	234,777	241,790	72,579
Athletic Account	<u>794</u>	<u>37,147</u>	<u>37,575</u>	<u>366</u>
Total All Schools	<u>\$ 100,037</u>	<u>\$ 305,275</u>	<u>\$ 318,079</u>	<u>\$ 87,233</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
JUNE 30, 2016**

H-4

	<u>Balance July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 231,449	\$ 8,737,567	\$ 8,817,714	\$ 151,302
Total Assets	<u>\$ 231,449</u>	<u>\$ 8,737,567</u>	<u>\$ 8,817,714</u>	<u>\$ 151,302</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 231,449	\$ 8,737,567	\$ 8,817,714	\$ 151,302
Total Liabilities	<u>\$ 231,449</u>	<u>\$ 8,737,567</u>	<u>\$ 8,817,714</u>	<u>\$ 151,302</u>

See Independent Auditors' Report

## 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, 2016**

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2016		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
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			3.00%-4.25%	\$ 5,325,000	\$	\$ 5,325,000	\$
	7/1/2014	1,740,000	8/15/2016	155,000	2.00%-2.5%	1,740,000.00		150,000	\$ 1,590,000
			8/15/2017	160,000					
			8/15/2018	165,000					
			8/15/2019	170,000					
			8/15/2020	175,000					
Refunding School Bonds; Refunds school refunding bonds issued on 4/7/05	7/23/2015	4,740,000	8/15/2016	515,000	3%		4,740,000	120,000	4,620,000
			8/15/2017	530,000					
			8/15/2018	545,000					
			8/15/2019	565,000					
			8/15/2020	585,000					
			8/15/2021	605,000					
		8/15/2022	625,000						
		8/15/2023	650,000						
						<u>\$ 7,065,000</u>	<u>\$ 4,740,000</u>	<u>\$ 5,595,000</u>	<u>\$ 6,210,000</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**LONG-TERM DEBT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

I-2

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance 7/1/2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance 6/30/2016</u>
Savin Copiers (8/2014)	248,497	\$ 214,099	\$	\$ 47,380	\$ 166,719
Dell Computers (De Lage)	56,530	2,260		2,260	
Dell Computers (7/2014 - 36 month)	86,746	56,645		28,892	27,753
Dell Computers (7/2014 - 24 month)	57,679	27,147		27,147	
Dell Computers (7/2015 - 36 month)	72,000		72,000	23,153	48,847
Security Cameras	109,987	99,372		21,513	77,859
		<u>\$ 399,523</u>	<u>\$ 72,000</u>	<u>\$ 150,346</u>	<u>\$ 321,177</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Local Sources					
Local Tax Levy	\$ 706,288	\$	\$ 706,288	\$ 706,288	\$
Budgeted Fund Balance	22,704		22,704		22,704
State Sources					
Debt Service Aid	174,102		174,102	174,102	
<b>Total Revenues</b>	<b>903,094</b>		<b>903,094</b>	<b>880,390</b>	<b>22,704</b>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	645,000	120,000	765,000	765,000	
Interest	258,094	(120,000)	138,094	123,239	14,855
<b>Total Expenditures</b>	<b>903,094</b>		<b>903,094</b>	<b>888,239</b>	<b>14,855</b>
Excess of Revenues Over Expenditures				(7,849)	(7,849)
Transfer In from Capital Projects				21	
Fund Balance, Beginning of Year				81,088	
Fund Balance, End of Year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 73,261</u>	<u>\$</u>
Subsequent Year Expenditures				<u>\$ 58,384</u>	

## **INTRODUCTION TO THE STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

### Contents

### Exhibit

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

#### **Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2006.

## **J. FINANCIAL TRENDS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TWO FISCAL YEARS**  
**(accrual basis of accounting)**  
**(unaudited)**

J-1

	<u>2015</u>	<u>2016</u>
Governmental activities		
Net Investment in capital assets,		
Restricted	\$ 845,032	\$ 1,477,030
Unassigned	1,386,416	1,543,510
	<u>(6,310,500)</u>	<u>(6,557,060)</u>
Total governmental activities net position	<u>\$ (4,079,052)</u>	<u>\$ (3,536,520)</u>
Business-type activities		
Net Investment in capital assets,		
Restricted	\$	\$
Unassigned	549,438	609,004
Total business-type activities net assets	<u>\$ 549,438</u>	<u>\$ 609,004</u>
District-wide		
Net Investment in capital assets,		
Restricted	\$ 845,032	\$ 1,477,030
Unassigned	1,386,416	1,543,510
	<u>(5,761,062)</u>	<u>(5,948,056)</u>
Total district net position	<u>\$ (3,529,614)</u>	<u>\$ (2,927,516)</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CHANGES IN NET POSITION (DEFICIT)**  
**LAST TWO FISCAL YEARS**  
**(accrual basis of accounting)**  
**(unaudited)**

J-2  
Sheet #1

	2015	2016
<b>Expenses</b>		
Governmental activities		
Instruction		
Regular	\$ 11,118,742	\$ 12,955,085
Special education	3,572,400	4,250,640
Other special instruction	775,700	1,206,852
Support Services:		
Tuition	2,875,701	2,819,933
Student and instruction related services	4,236,669	5,126,097
School administrative services	1,232,176	729,565
General and other administration	1,369,359	2,525,470
Plant operations and maintenance	2,499,991	2,269,536
Pupil transportation	673,390	827,807
Interest on long-term debt/lease payment/other	750,364	458,751
<b>Total governmental activities expenses</b>	<b>29,104,492</b>	<b>33,169,736</b>
Business-type activities:		
Food service	508,418	503,341
Keys and other programs	417,212	425,075
<b>Total business-type activities expense</b>	<b>925,630</b>	<b>928,416</b>
<b>Total district expenses</b>	<b>\$ 30,030,122</b>	<b>\$ 34,098,152</b>
 <b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
Special education		
Operating grants and contributions	\$ 980,872	\$ 3,918,280
Capital grants and contributions		
<b>Total governmental activities program revenues</b>	<b>980,872</b>	<b>3,918,280</b>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CHANGES IN NET POSITION (DEFICIT)**  
**LAST TWO FISCAL YEARS**  
**(accrual basis of accounting)**  
**(unaudited)**

J-2  
Sheet #2

	2015	2016
<b>Business-type activities:</b>		
Charges for services		
Food service	\$ 360,360	\$ 375,761
Keys and other programs	468,661	468,778
Operating grants and contributions	142,350	143,443
Capital grants and contributions		
Total business type activities program revenues	971,371	987,982
Total district program revenues	\$ 1,952,243	\$ 4,906,262
 <b>Net (Expense)/Revenue</b>		
Governmental activities	\$ (28,123,620)	\$ (29,251,456)
Business-type activities	45,741	59,566
Total district-wide net expense	\$ (28,077,879)	\$ (29,191,890)
 <b>General Revenues and Other Changes in Net Position</b>		
Governmental activities:		
Property taxes levied for general purposes, net	\$ 26,544,747	\$ 27,211,837
Taxes levied for debt service	626,631	706,288
Grants and contributions	1,556,062	1,632,506
Tuition received	160,000	69,616
Cancellation of unfunded capital projects	(1,608,545)	
Miscellaneous income	183,688	173,741
Proceeds of bond sale	(1,740,000)	
Total governmental activities	25,722,583	29,793,988
Business-type activities:		
Investment earnings/other expense	(1,687)	
Total business-type activities	(1,687)	-
Total district-wide	\$ 25,720,896	\$ 29,793,988
 <b>Change in Net Position (Deficit)</b>		
Governmental activities	\$ (2,401,037)	\$ 542,532
Business-type activities	44,054	59,566
Total district	\$ (2,356,983)	\$ 602,098

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS**  
**LAST FIVE FISCAL YEARS**  
 (modified accrual basis of accounting)  
 (unaudited)

J-3

	For the year ended June 30, 2016				
	2012	2013	2014	2015	2016
General Fund					
Reserved	\$ 398,385	\$ 941,405	\$ 1,234,903	\$ 1,850,318	\$ 2,043,773
Unreserved	472,264	440,295	456,169	474,184	397,648
Total general fund	<u>\$ 870,649</u>	<u>\$ 1,381,700</u>	<u>\$ 1,691,072</u>	<u>\$ 2,324,502</u>	<u>\$ 2,441,421</u>
All Other Governmental Funds					
Reserved	\$	\$	\$	\$	\$
Unreserved	1,650,480	1,662,627	1,676,884	81,088	73,261
Total all other governmental funds	<u>\$ 1,650,480</u>	<u>\$ 1,662,627</u>	<u>\$ 1,676,884</u>	<u>\$ 81,088</u>	<u>\$ 73,261</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST FOUR FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

J-4  
Sheet #1

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>				
Local Tax Levy	\$ 24,770,960	\$ 26,116,299	\$ 27,171,378	\$ 27,918,125
Other Local Revenue	409,342	371,247	335,684	262,308
State sources	4,149,515	3,990,510	4,555,988	4,914,866
Local sources	58,900	49,927	50,000	875
Federal sources	589,765	609,322	617,726	635,044
<b>Total revenue</b>	<u>29,978,482</u>	<u>31,137,305</u>	<u>32,730,776</u>	<u>33,731,218</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular Instruction	8,620,124	8,471,816	8,597,979	8,719,704
Special Education Instruction	2,259,813	2,379,806	2,906,417	2,883,325
Other	623,103	719,688	623,074	871,575
<b>Total Instruction</b>	<u>11,503,040</u>	<u>11,571,310</u>	<u>12,127,470</u>	<u>12,474,605</u>
<b>Undistributed:</b>				
Tuition	2,322,098	2,596,479	2,503,491	2,400,266
Support Services-Students	3,369,783	3,234,440	3,577,338	3,796,496
General Administration	597,516	974,938	654,037	619,169
School Administration	1,008,811	969,640	974,595	1,110,888
Other Administrative Services	112,768	102,414	422,875	508,894
Operations and Maintenance	1,835,799	2,088,368	2,089,633	2,266,962
Student Transportation	628,024	687,797	660,067	810,755
Business and Other Support Services:				
Employee Benefits	2,963,788	4,071,906	4,195,448	4,533,247
Other				
On-behalf TPAF Pension Contributions	2,378,341	1,293,041	1,215,197	2,104,645
Reimbursed TPAF Social Security Contributions	881,007	891,939	921,581	872,113
Transfers - Charter Schools	61,033		29,608	
<b>Total Undistributed</b>	<u>16,158,968</u>	<u>16,910,962</u>	<u>17,243,870</u>	<u>19,023,434</u>
<b>Capital Outlay:</b>				
Facilities Acquisition and Construction Services	110,441	224,347	388,310	139,168
Assets Acquired under Capital Leases	68,475			72,000
Instructional Equipment				49,407
Capital Lease Payment	149,565	154,775	382,243	86,781
<b>Total Capital Outlay</b>	<u>328,481</u>	<u>379,122</u>	<u>770,553</u>	<u>347,356</u>
<b>Total General Fund Expenditures</b>	<u>27,990,489</u>	<u>28,861,394</u>	<u>30,641,893</u>	<u>31,845,395</u>
<b>Special Revenue:</b>				
Federal	589,766	609,322	617,726	635,044
State	263,738	259,593	313,146	305,602
Intermediate				
Local	56,135	49,927	50,000	875
<b>Total Special Revenue Expenditures</b>	<u>909,639</u>	<u>918,842</u>	<u>980,872</u>	<u>941,521</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST FOUR FISCAL YEARS**  
(modified accrual basis of accounting)  
(unaudited)

J-4  
Sheet #2

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Service Expenditures	\$ 874,426	\$ 777,089	\$ 802,077	\$ 888,239
Total Governmental Fund Expenditures	<u>\$ 29,774,554</u>	<u>\$ 30,557,325</u>	<u>\$ 32,424,842</u>	<u>\$ 33,675,155</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	203,928	581,408	305,934	56,062.27
Other Financing Sources (Uses)				
Capital Leases (non-budgeted)	68,475		382,243	72,000
Write-off of Prior Year Revenue		(18,354)	(9,228)	(979)
Amount due to State			(32,770)	
Cancellation of Unfunded Capital Projects			(1,608,545)	
Transfers In	12,800			21
Transfers Out				(18,014)
Total Other Financing Sources (uses)	<u>81,275</u>	<u>(18,354)</u>	<u>(1,268,300)</u>	<u>53,028</u>
Net Change in Fund Balances	<u>\$ 285,203</u>	<u>\$ 563,054</u>	<u>\$ (962,366)</u>	<u>\$ 109,090</u>
Debt Service as a Percentage of Non Capital Expenditures	2.97%	2.58%	2.53%	2.67%

**Source: District records**

Note: Non capital expenditures are total expenditures less capital outlay.



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (modified accrual basis of accounting)  
 (unaudited)

Description	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	Annual Totals
Interest on Investments	\$ 12,324	\$ 8,770	\$ 8,876	\$ 7,279	\$ 167,283	\$ 116,074	\$ 20,060	\$	\$	\$	\$ 57,309
Tuition	69,616	160,000	59,380	128,504			319,323				1,020,180
Rentals	48,400	1,150	51,475	48,900			19,772				169,697
Prior Year Tuition Refunds	25,635	26,957	6,784	46,084			14,833				120,293
Miscellaneous Income	106,354	138,787	244,709	178,576	103,921	134,076	57,282				963,705
<b>Total</b>	<b>\$262,329</b>	<b>\$ 335,664</b>	<b>\$ 371,224</b>	<b>\$ 409,343</b>	<b>\$271,204</b>	<b>\$250,150</b>	<b>\$431,270</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$2,331,184</b>

Source: District records

**REVENUE CAPACITY-N/A TO CHARTER SCHOOLS**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
(unaudited)

J-6

<u>Fiscal Year Ended June 30,</u>	<u>Net Assessed Valuations</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
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%
2013	1,547,020,681	1,712,005,582	90.36%
2014	1,551,931,320	1,678,988,516	92.65%
2015	1,551,911,749	1,764,238,083	88.15%
2016	1,561,099,137	1,788,301,616	87.30%

Source: County Abstract of Ratables County Abstract of Ratables

Taxes are per \$100

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**UNAUDITED**  
(rate per \$100 of assessed value)

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>	
2007	1.074	0.643	0.173	1.89
2008	1.115	0.692	0.190	2.00
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 *	1.574	0.932	0.236	2.742
2013	1.641	0.941	0.254	2.836
2014	1.708	0.946	0.250	2.904
2015	1.767	0.947	0.272	2.986
2016	1.801	0.952	0.282	3.035

Source: Tax Collector

\* Reassessment

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND LAST YEAR  
UNAUDITED**

J-8

<u>Taxpayers</u>	<u>2015</u>		<u>2016</u>	
	<u>Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>
Prime Properties, LLC	\$ 32,385,300	2.09%	\$ 32,385,300	2.07%
Heights Plaza, Associates	23,643,500	1.52%	23,643,500	1.51%
Heights Plaza, LLC	16,628,900	1.07%	16,628,900	1.07%
Ess Prisa LLC	13,350,000	0.86%	13,350,000	0.86%
621 Route 46 Associates	13,618,100	0.88%	13,943,100	0.89%
Ottawa House Limited	11,710,000	0.75%	11,710,000	0.75%
611 Routh 46, LLC	11,100,000	0.72%	11,100,000	0.71%
Hasbrouck Motel Company	11,380,900	0.73%	11,382,900	0.73%
377 LaSalle Group LLC	8,500,000	0.66%	8,500,000	0.54%
Skyline Associates	10,522,100	0.68%	10,522,100	0.67%
<b>Total</b>	<b><u>\$ 152,838,800</u></b>	<b><u>9.96%</u></b>	<b><u>\$ 153,165,800</u></b>	<b><u>9.81%</u></b>

Source: Municipal Tax Assessor

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(unaudited)**

J-9

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 18,764,451	\$ 18,764,451	100.00%
2008	19,965,249	19,965,249	100.00%
2009	20,387,886	20,367,886	100.00%
2010	22,047,826	22,047,826	100.00%
2011	23,647,498	23,647,498	100.00%
2012	23,332,543	23,332,543	100.00%
2013	24,770,960	24,770,960	100.00%
2014	26,116,297	26,116,297	100.00%
2015	27,030,709	27,030,709	100.00%
2016	27,804,795	27,804,795	100.00%

See Independent Auditors' Report

## DEBT CAPACITY

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST FOUR FISCAL YEARS**  
(unaudited)

J-10

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Population	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Capital Leases	Activities			
2013	\$ 6,369,341	\$ 290,249	\$	6,659,590	11,960	557	
2014	5,855,000	135,474	5,990,474	12,092	495		
2015	7,065,000	399,530	7,464,530	12,165	614		
2016	6,210,000	321,177	6,531,177	12,227	534		

**Note:** Details regarding the District's outstanding debt can be found in the Notes to 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 SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
 Unaudited

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>
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%	650.73
2011	11,919	1,865,367,200	7,275,000	0.39%	610.37
2012	11,936	1,544,763,900	6,820,000	0.44%	571.38
2013	11,960	1,547,020,681	6,369,341	0.41%	532.55
2014	12,092	1,551,931,320	5,855,000	0.38%	484.20
2015	12,165	1,551,911,749	7,065,000	0.46%	580.76
2016	12,227	1,560,090,100	6,210,000	0.40%	507.89

Source: Data regarding 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 SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
(unaudited)

J-12

Net Direct Debt of District as of June 30, 2016		\$ 6,210,000
Net Overlapping Debt of School District		
Borough of Hasbrouck Heights (100%)	\$ 9,199,498	
County of Bergen - Borough's share (0.101%)	<u>942,757</u>	
		<u>10,142,255</u>
Total Direct and Overlapping Bond Debt as of June 30, 2016		<u><u>\$ 16,352,255</u></u>

Source:

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
(unaudited)

J-13

**Legal Debt Margin Calculation for Fiscal Year 2016**

		Equalized valuation basis	
	2015	\$	1,783,367,741
	2014		1,759,402,042
	2013		1,668,457,852
	(A)	<u>\$</u>	<u>3,427,859,894</u>
Average equalized valuation of taxable property	(A-3)	\$	1,142,619,965
Debt limit (4 % of average equalization value)	(B)		45,704,799 a
Net bonded school debt as of June 30, 2016	(C)		<u>6,210,000</u>
School borrow margin available	(B-C)	<u>\$</u>	<u>39,494,799</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 SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (unaudited)**

J-14

<u>Year</u>	<u>Estimated School District Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	66,096	9.40%
2012	11,936	69,919	8.80%
2013	11,960	67,240	8.60%
2014	12,092	73,536	5.00%
2015	12,165	N/A	6.50%
2016	12,227	N/A	N/A

Source: New Jersey State Department of Education

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT AND PREVIOUS FISCAL YEARS**  
(unaudited)

J-15

<u>Employer</u>	<u>2015</u>		<u>2016</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
N/A	N/A	N/A	N/A	N/A
		<u>0.00%</u>		<u>0.00%</u>

N/A - Data Not Available

## **OPERATING INFORMATION**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TWO FISCAL YEARS**  
(unaudited)

J-16

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>
Instruction		
Regular	104.4	106.4
Special Education	32.4	34.4
Other Instruction	29.0	30.0
Support Services:		
Attendance & Social Work	1.0	1.0
Health Services	3.6	3.6
Student & Instruction Related Services	3.0	3.0
Extraordinary Services	15.0	15.0
Support Services - Students Regular	6.0	6.0
Support Services - Students Special	8.4	9.0
Improvement of Instructional Services	2.0	2.0
Educational Media/School Library	4.8	4.8
General administration	2.0	2.0
School Administrative Services	10.6	12.1
Central Services	4.0	4.0
Administrative Information Technology	0.3	1.3
Plant Operations and Maintenance	14.0	15.0
Pupil Transportation	0.5	0.5
Total	<u>241.0</u>	<u>250.0</u>

Source: District Records

See Independent Auditors' Report



HASBROUCK HEIGHTS SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST THREE FISCAL YEARS  
 (unaudited)

J-17

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	1,892.0	\$ 26,675,523	\$ 14,099	-4.49%	132	14.33	1,883.5	1,811.6	-1.05%	96.18%
2015	1,875.0	27,615,185	14,728	3.52%	137	13.71	1,869.6	1,796.8	-0.74%	96.11%
2016	1,866.0	28,796,637	15,432	4.56%	142	13.14	1,859.0	1,787.7	-0.06%	96.16%

Sources: District records

Note: Enrollment based on annual October District count.

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TWO FISCAL YEARS  
(unaudited)**

J-18

	<u>2015</u>	<u>2016</u>	
<b><u>District Building</u></b>			
<b><u>Elementary</u></b>			
Square Feet	33,317	33,317	
Capacity (students)	425	425	
Enrollment	439	439	
Square Feet	33,317	33,317	
Capacity (students)	425	425	
Enrollment	446	439	
			423,641.00
<b><u>Middle/High School</u></b>			
			141,213.67
Square Feet	103,681	103,681	
Capacity (students)	850	850	
Enrollment	990	990	
Number of Schools at June 30, 2016			
Elementary = 2	2	2	
Middle School = 1	1	1	
Senior High School = 1	1	1	
	<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 SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**  
**LAST TWO FISCAL YEARS**  
(unaudited)

J-19

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

<u>*School Facilities</u>	<u>School Number</u>	<u>2015</u>	<u>2016</u>
Hasbrouck Heights Middle/High School	50	\$ 176,635	\$ 254,185
Euclid	60	58,878	84,728
Lincoln	80	58,878	84,728
Total School Facilities		<u>\$ 294,391</u>	<u>\$ 423,641</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 SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
(unaudited)**

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Ins. Fund (SAIF)		
Commercial Property - Blanket Building and Contents, Flood, Earthquake	\$ 53,480,717	\$ 1,000
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Commercial Inland Marine Coverage	Various	
Board of Education Legal Liability-Darwin National-PGU	5,000,000	10,000/30,000
Crime	500,000	1,000
Umbrella Liability - SAIF Insurance AL/GL only	15,000,000	
Boiler and Machinery - SAIF (Hartford Steam)	100,000,000	1,000
Environmental Impairment Liability	1,000,000	1,000
Ace Illinois Insurance Company	25,000,000	Policy Aggregate
Student and Athletic Insurance	25,000	
Full Excess	5,000,000	
Additional Excess Liability Policy		
Fireman's Fund	50,000,000	
Foreign Liability	1,000,000	
Workers Compensation - Sober VII JIF	Pool Limits	
Official Bonds		
Dina Messery, Board Secretary/Business Admin.	25,000	
Robyn Scholz, Assistant to the Business Admin.	10,000	

See Independent Auditors' Report

**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***

**Independent Auditors' Report**

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

We have audited, in accordance with the 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, the regulatory basis financial statements of the various funds of the Hasbrouck Heights School District, Bergen County, New Jersey (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 30, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basis financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

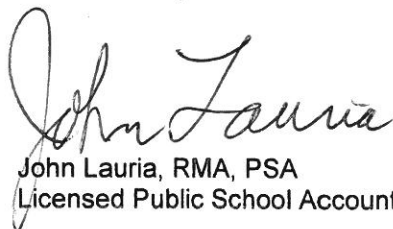
As part of obtaining reasonable assurance about whether the District's basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

We noted certain matters that we reported to the management of the District in a separate letter.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Livingston, New Jersey  
November 30, 2016

A handwritten signature in cursive script that reads "John Lauria".

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

**Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Uniform  
Guidance and New Jersey OMB Circular 15-08**

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

**Report on Compliance for Each Major Program**

We have audited the Hasbrouck Heights School District, Bergen County, New Jersey's (the "District") compliance with the types of compliance requirements described in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards and *New Jersey OMB Circular 15-08 Compliance Supplements* that could have a direct and material effect on each of the District's major programs for the year ended June 30, 2016. The District's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements and *New Jersey OMB Circular 15-08 Compliance Supplements* (collectively, "OMB Uniform Guidance"). Those standards and OMB Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2016.



### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, 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 the 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 a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Uniform Guidance**

We have audited the basis financial statements of the District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 30, 2016, which contained an unmodified opinion on those financial statements on the basis of generally accepted accounting principles. Our audit was conducted for the purpose of forming an opinion on the basis financial statements as a whole. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Uniform Guidance and is not a required part of the basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole

Livingston, New Jersey  
November 30, 2016



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

HARBROUCK HEIGHTS SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

K-3  
 Schedule A

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Program	FEIN #	Award Amount	Grant Period	Pass Through Identification Number	Pass Through to Subrecipients	Accounts Receivable	Balance, June 30, 2016 Deferred Revenue	Due To Grantor	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Accounts Receivable	Balance, June 30, 2016 Deferred Revenue	Due To Grantor
U.S. Department of Education																
Through State Department of Education:																
Special Revenue Fund:																
I.D.E.A. Part B Basic	84.027	H027A150100	\$ 430,267	8/1/14-8/31/15			\$ 125,247	\$	\$	125,247			\$	\$	\$	\$
I.D.E.A. Part B Basic	84.027	H027A150100	482,608	8/1/15-8/31/16			241,518			448,000				207,482		
I.D.E.A. Part B Preschool	84.173	H173A150114	17,409	8/1/14-8/31/15			5,567			18,881				336		
I.D.E.A. Part B Preschool	84.173	H173A150114	18,481	8/1/15-8/31/16			18,545			467,881				207,816		
Subtotal Special Education Cluster							130,814			390,877						
Title I, Part A	84.010A	S010A150030	175,117	8/1/14-8/31/15			128,316			128,624		308		56,872		
Title I, Part A	84.010A	S010A150030	182,082	8/1/15-8/31/16			70,041			126,913						
Title II, Part A	84.367A	S367A150029	87,248	8/1/14-8/31/15			2,778			2,778				4,192		
Title II, Part A	84.367A	S367A150029	72,388	8/1/15-8/31/16			9,413			13,605						
Title III, No Child Left Behind	84.385A	S385A150030	39,092	8/1/14-8/31/15			26,351			26,351				35,121		
Title III, No Child Left Behind	84.385A	S385A150030	53,897	8/1/15-8/31/16			1,867			35,888				1,868		
Title III, Immigrant	84.385A	S385A150030	14,612	8/1/15-8/31/16						1,868						
Total Special Revenue Fund							288,866		838,149	641,254	308			316,879		
U.S. Department of Agriculture																
Passes-through State Department of Ed																
Enterprise Fund:																
National School Lunch Program	10.555	1616IN1904189		8/1/15-8/31/16			8,457		128,022	138,727				9,706		
National School Lunch Program	10.555			7/1/13-6/30/14					8,457							
Total Special Revenue Fund							8,457		137,479	138,727				9,706		
Total Federal Financial Awards							\$ 298,914		\$ 767,228	\$ 786,822	\$ 308			\$ 316,879		

HANCOCK HILLSIDE SCHOOLS DISTRICT  
 STATE FINANCIAL AID  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

K-4  
 Schedule B

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Pass Through Identification Number	Pass Through to Subrecipients	Balance, June 30, 2015 Accounts Receivable	Due To Grantor	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Repayment of Prior Year Balance	Balance, June 30, 2016 Accounts Receivable	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Expenditures
General Funds:																	
Special Education Aid	16-495-034-5120-089	\$ 997,404.00	7/1/15-6/30/16			\$ 997,404.00		\$ 997,404.00					\$ 997,404.00				\$ 997,404.00
Extracurricular Aid	16-100-034-5120-473	321,105.00	7/1/15-6/30/16			321,105.00		321,105.00					321,105.00				321,105.00
Transportation Aid	16-495-034-5120-014	35,899.00	7/1/15-6/30/16			35,899.00		35,899.00					35,899.00				35,899.00
Equalization Aid	16-495-034-5120-078	16,038.00	7/1/15-6/30/16			16,038.00		17,500.00				23,085.00	40,587.00				40,587.00
Security Aid	16-495-034-5120-084	40,587.00	7/1/15-6/30/16			16,885.00		18,985.00				53,471.00	53,471.00				53,471.00
Other State Aids	16-495-034-5120-084	53,471.00	7/1/15-6/30/16			53,471.00		53,471.00					53,471.00				53,471.00
Other State Aids	14-495-034-5120-096	14,451.00	7/1/15-6/30/16														960,708.00
On-behalf TPAF Pension Contributions	15-495-034-5095-003	662,878.00	7/1/14-6/30/15			980,708.00		1,143,337.00				46,300.00	1,143,337.00				1,143,337.00
On-behalf TPAF Social Security Contributions	15-495-034-5094-002	1,052,320.00	7/1/14-6/30/15			975,117.00		975,117.00				122,833.00	975,117.00				975,117.00
On-behalf TPAF Social Security Contributions	15-495-034-5094-006	918,416.23	7/1/15-6/30/16			918,416.23		918,416.23					918,416.23				918,416.23
On-behalf TPAF Social Security Contributions	921,381.03	7/1/14-6/30/15				4,121,371.00		4,121,371.00					4,121,371.00				4,121,371.00
<b>Total General Funds</b>						<b>321,112.00</b>	<b>448</b>	<b>4,121,371.00</b>	<b>4,637,548.00</b>		<b>26,424.00</b>	<b>122,833.00</b>	<b>4,887,645.00</b>		<b>48,817.00</b>	<b>174,102.00</b>	<b>4,887,645.00</b>
Special Revenue Funds:																	
Handicapped Services:																	
Textbook Aid	15-100-034-5120-064	21,151.00	7/1/14-6/30/15				448	19,640.00	18,779.00		448		18,779.00		864.00		18,779.00
Complementary Education	15-100-034-5120-066	19,643.00	7/1/15-6/30/16				6,450	118,444.00	83,899.00		6,450		83,899.00		24,535.00		83,899.00
Complementary Education	15-100-034-5120-067	118,444.00	7/1/15-6/30/16				1,461	10,971.00	10,008.00		1,461		10,008.00		863.00		10,008.00
English as a Second Language	15-100-034-5120-067	10,971.00	7/1/14-6/30/15				1,350	13,175.00	13,175.00		1,350		13,175.00		0.00		13,175.00
Transportation	15-100-034-5120-067	13,175.00	7/1/15-6/30/16				2,512	26,732.00	24,059.00		2,512		24,059.00		2,873.00		24,059.00
Supplemental Instruction	15-100-034-5120-066	26,732.00	7/1/15-6/30/16				4,866	31,375.00	23,531.00		4,866		23,531.00		7,845.00		23,531.00
Examination and Classification	15-100-034-5120-066	36,819.00	7/1/14-6/30/15				8,088	46,820.00	36,285.00		8,088		36,285.00		10,535.00		36,285.00
Examination and Classification	15-100-034-5120-066	31,215.00	7/1/15-6/30/16				363	30,960.00	30,123.00		363		30,123.00		837.00		30,123.00
Corrective Speech	15-100-034-5120-066	46,820.00	7/1/15-6/30/16				65	8,600.00	8,275.00		65		8,275.00		325.00		8,275.00
Corrective Speech	33,872.00	7/1/14-6/30/15															
Nursing Services	15-100-034-5120-070	30,960.00	7/1/14-6/30/15														
Security Aid	15-100-034-5120-075	8,600.00	7/1/15-6/30/16				65	8,844.00	8,603.00		65		8,603.00		341.00		8,603.00
Technology	15-100-034-5120-377	11,960.00	7/1/14-6/30/15					315,644.00	286,747.00		26,424.00		286,747.00		48,817.00		286,747.00
Technology	8,844.00	7/1/13-6/30/14															
<b>Total Special Revenue Funds</b>						<b>174,102.00</b>	<b>174,102.00</b>	<b>174,102.00</b>	<b>174,102.00</b>		<b>174,102.00</b>	<b>174,102.00</b>	<b>174,102.00</b>		<b>174,102.00</b>	<b>174,102.00</b>	<b>174,102.00</b>
Debt Service Fund:																	
Debt Service Aid	16-495-034-5120-075	174,102.00	7/1/14-6/30/15					4,416.00	4,416.00			329.00	4,416.00				4,416.00
State Department of Agriculture	16-100-010-3150-023	4,578.00	7/1/15-6/30/16					4,933.140	4,933.140			123,189.00	4,933.140		48,817.00		4,933.140
Enterprise Fund - Lunch Program	16-100-010-3150-023	4,480.00	7/1/14-6/30/15			272.00	26,424.00	8,265.961	4,933.140		26,424.00	123,189.00	4,933.140		48,817.00		4,933.140
National School Lunch Program	16-100-010-3150-023	4,480.00	7/1/14-6/30/15			387,448.00	26,424.00	8,265.961	4,933.140		26,424.00	123,189.00	4,933.140		48,817.00		4,933.140
<b>Total State Financial Aids</b>						<b>387,448.00</b>	<b>26,424.00</b>	<b>8,265,961.00</b>	<b>4,933,140.00</b>		<b>26,424.00</b>	<b>123,189.00</b>	<b>4,933,140.00</b>		<b>48,817.00</b>	<b>174,102.00</b>	<b>4,933,140.00</b>
Less: On-behalf TPAF Pension System Contribution																	
Total for State Financial Assistance - Major Grant Determination																	

**HASBROUCK HEIGHTS SCHOOL DISTRICT****NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

JUNE 30, 2016

**1. GENERAL**

The accompanying schedules of expenditures of federal and state awards include the activity of all federal awards and state financial assistance programs of the Board of Education, Hasbrouck Heights 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 federal and state awards 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 Uniform Guidance. 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 \$(6,080) 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:

## HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2016

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 4,487,545	\$ 4,487,545
Special Revenue Fund	647,255	266,747	914,002
Debt Service Fund		174,102	174,102
Food Service Fund	<u>138,727</u>	<u>4,746</u>	<u>143,473</u>
Total Awards and Financial Assistance	<u><u>785,982</u></u>	<u><u>4,933,140</u></u>	<u><u>5,719,122</u></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, 2016.

**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, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**7. SCHOOL WIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in OMB Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal awards. The following funds by program are included in schoolwide programs in the 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 III: *Language*  
 Title III *Immigrant*

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

**Section I - Summary of Auditor's Results****Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- |  |       |     |   |               |
|--|-------|-----|---|---------------|
| 1) Material weakness(es) identified?   | _____ | Yes | _____ <input checked="" type="checkbox"/> | No            |
| 2) Were significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | _____ <input checked="" type="checkbox"/> | 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 | _____ <input checked="" type="checkbox"/> | No |
| 2) Were significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | _____ <input checked="" type="checkbox"/> | No |

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance?

\_\_\_\_\_ Yes \_\_\_\_\_  No

Identification of major Programs:

CFDA Number(s)Name of Federal Program

84.173

Title I – Special Education

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

\$750,000.00

Auditee qualified as low-risk auditee?

\_\_\_\_\_  Yes \_\_\_\_\_ No

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

**State Awards**

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

\$750,000

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:UnmodifiedAny audit findings disclosed that are required to be reported  
in accordance with NJOMB Circular Letter 05-08?
 Yes     No

Identification of major programs:

State Grant/Project Number(s)Name of State Program

495-034-5120-089

Special Education Aid

**Section II - Financial Statement Findings**

NONE



HASBROUCK HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Section III - Summary of Auditor's Results*

a) **Federal Award Findings and Questioned Costs:**

b) **State Award Findings and Questioned Costs:**

NONE

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FISCAL YEAR ENDED JUNE 30, 2016**

**Section IV:**

**a) Federal Award Findings and Questioned Costs:**

NONE

**b) State Award Findings and Questioned Costs:**

NONE