

**SCHOOL DISTRICT
OF
SOUTH HACKENSACK**

**South Hackensack School District
South Hackensack, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

South Hackensack School District

South Hackensack, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**South Hackensack School District
Board of Education**

SOUTH HACKENSACK SCHOOL DISTRICT
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INTRODUCTORY SECTION

**SOUTH HACKENSACK BOARD OF EDUCATION
MEMORIAL SCHOOL
DYER AVENUE
SOUTH HACKENSACK, NJ 07606**

Gregorio Maceri
Superintendent

201-440-1817 phone
201-440-9156 fax

November 7, 2016

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

Dear Board Members:

The comprehensive annual financial report of the South Hackensack 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, the 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 financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The South Hackensack School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The South Hackensack School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 244 students, which is a decrease of 8 students from the previous year's enrollment.

The Honorable President and Members of
 the Board of Education
 South Hackensack School District
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2) ECONOMIC CONDITION AND OUTLOOK: The Township of South Hackensack is almost fully developed and has not experienced and does not expect to experience any significant growth in the immediate future. The South Hackensack School District is continuing to work diligently, aggressively and prudently in its efforts to provide a thorough and efficient education. Striking an acceptable balance between being thorough while at the same time being efficient has been particularly challenging because of several factors which include but are not limited to the following: greater state demands for a variety of programs and services which the state is unable to fund or to fully fund; a sagging economy and a reduction in state aid.

State legislation has fixed the maximum allowable unassigned General Fund fund balance at \$250,000. Though this is a welcome increase in the maximum allowable unassigned General Fund fund balance, it is still well below the desired amount. Unanticipated, emergency expenses and/or an unanticipated increase in out-of-district special education placements could still place a serious burden on the District and still requires administration to monitor the activity of the District very closely.

3) MAJOR INITIATIVES: During the 2015-2016 school year efforts were focused towards three main district initiatives:

- To continue the Pre-Kindergarten through grade eight STEAM program in collaboration with the South Bergen Jointure Commission (SBJC)
- To continue the Developmental Reading Assessment (DRA) Program: a comprehensive reading assessment for grades kindergarten through grade eight
- To implement the new kindergarten through grade eight mathematics series. For grades kindergarten through five, My Math ® by McGraw-Hill © and for grades six through eight MATH ® by Glencoe Math ©

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's 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 award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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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 restrictions, commitments and assignments of fund balance at June 30, 2016.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

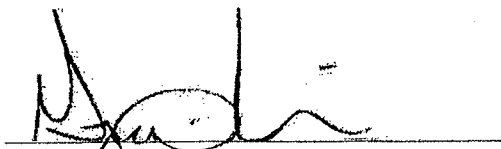
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

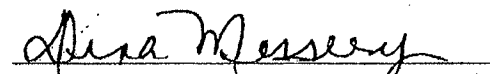
The Board is a member of the School Alliance Insurance Fund (the "SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the SAIF is included in Note 10 to the Basic Financial Statements.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 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 are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

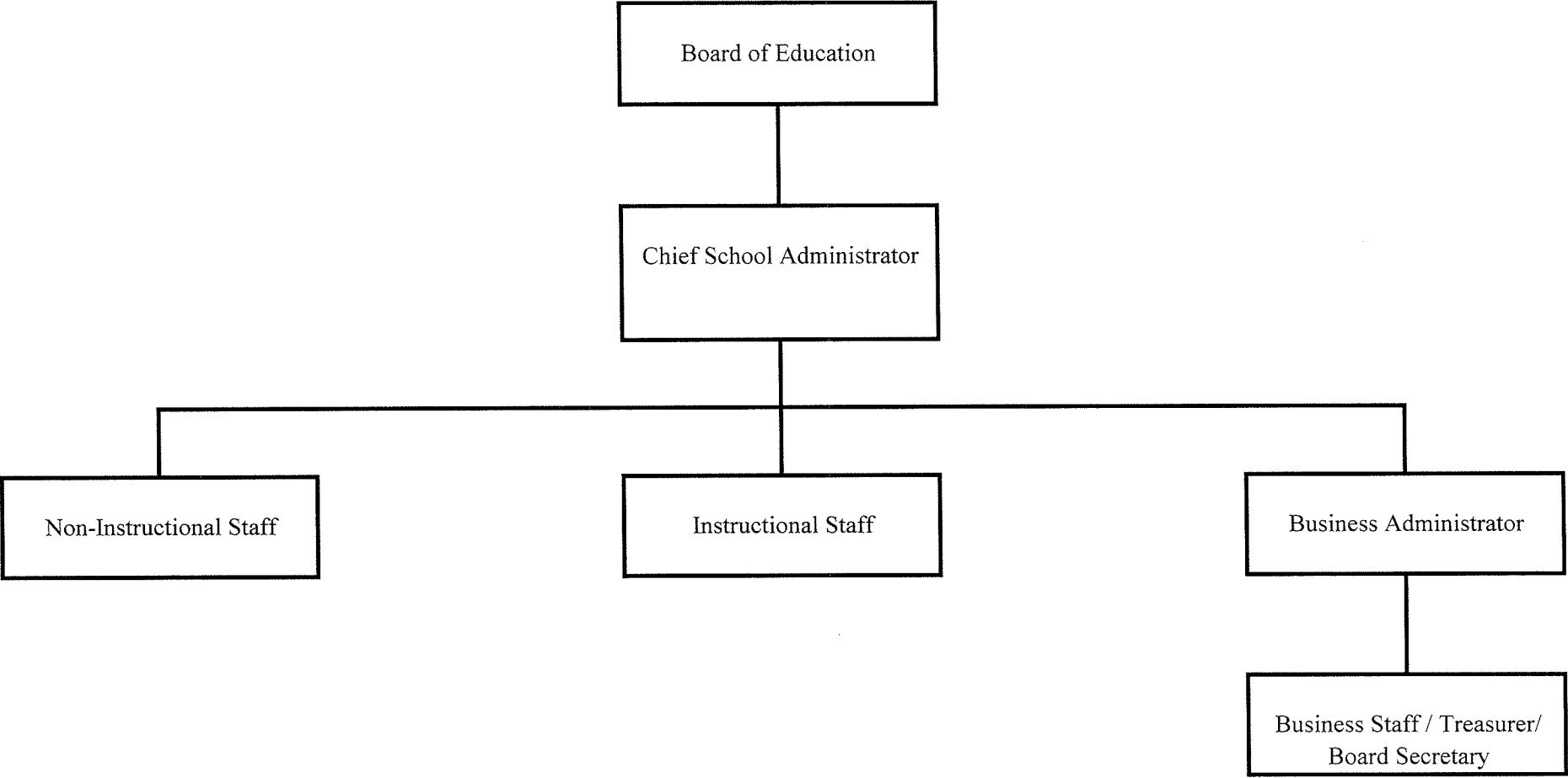
10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the South Hackensack School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,


Gregorio Maceri
Superintendent


Dina Messery
Business Administrator

SOUTH HACKENSACK BOARD OF EDUCATION
Organizational Chart
(Unit Control)



**SOUTH HACKENSACK SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Teresa Lofaro, President	2016
Yris Encarnacion, Vice President	2016
Rita Cagas	2016
Anika Davis	2017
Anthony Aquilina	2018
Luis Perdomo	2018
Maria Regan	2018

Other OfficialsTitle

Gregorio Maceri	Superintendent/Principal
Dina Messery	Business Administrator

SOUTH HACKENSACK SCHOOL DISTRICT
Consultants and Advisors

Attorney

Fogarty and Hara
21-00 Route 208 South
Fair Lawn NJ, 07410

Audit Firm

Nisivoccia LLP CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Official Depositories

PNC Bank
85 Washington Avenue
Little Ferry, NJ 07643

TD Banknorth, N.A.
225 Main Street
Little Ferry, NJ 07643

Wells Fargo
250 Huyler Street
South Hackensack, NJ 07606

Valley National Bank
20 Court Street
Hackensack, NJ 07601

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the South Hackensack School District (the "District") in the County of Bergen, as of and for the fiscal 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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 from 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 District'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 District'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
South Hackensack 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 Board of Education of the South Hackensack School District in the County of Bergen, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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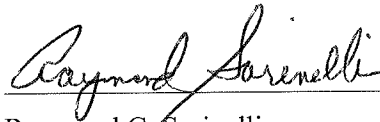
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 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.

Mount Arlington, New Jersey
November 7, 2016

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SOUTH HACKENSACK SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

This section of South Hackensack School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

- The District's net position decreased \$127,153 during the fiscal year.
- Overall revenue was \$9,562,612.
- Overall expenditures were \$9,689,765.
- Enrollment in the District decreased in the current year by 8 students.
- The District's outstanding long-term bonded debt decreased due to the paydown of \$560,000 of general obligation bonds.
- The South Hackensack School District is continuing to work diligently, aggressively and prudently in its efforts to provide a thorough and efficient education. Striking an acceptable balance between being thorough while at the same time being efficient has been particularly challenging because of several factors which include but are not limited to the following: greater state demands for a variety of programs and services which the state is unable to fund or to fully fund and a severe reduction in state aid.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and the after school program.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the Board of Education of the Township of South Hackensack's Financial Report

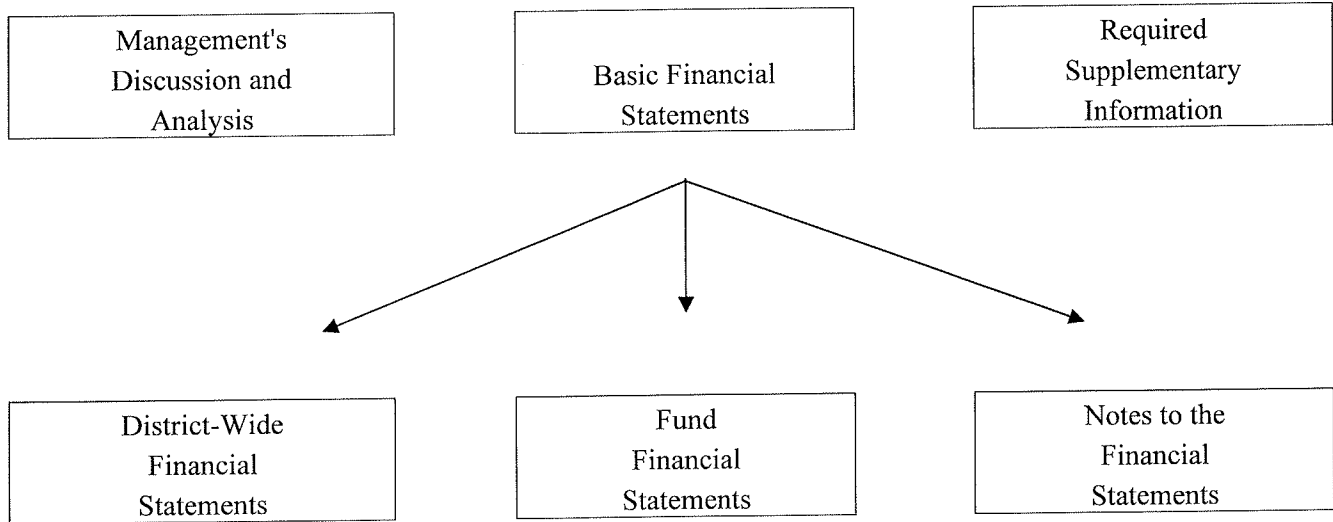


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: Food Services and the After School Program	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's Food Service and After School Program funds are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to Basic Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the totals. The depreciation factored into the District's net position for 2015/2016 is \$326,767. This same amount is also factored in as an expense in the current year's financial statements. A second factor affecting the net position was the paydown of long-term debt in the amount of \$560,000 which decreased debt and increased net position. The restricted net position increased in the current year primarily due to the increase in excess surplus, as a result of favorable operations in the General Fund in the current year.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2015/16
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Current and Other Assets	\$ 1,105,308	\$ 1,283,100	\$ 1,762	\$ 10,108	\$ 1,107,070	\$ 1,293,208	-14.39%
Capital Assets, Net	13,945,654	14,311,659	1,741	1,460	13,947,395	14,313,119	-2.56%
Total Assets	<u>15,050,962</u>	<u>15,594,759</u>	<u>3,503</u>	<u>11,568</u>	<u>15,054,465</u>	<u>15,606,327</u>	-3.54%
Deferred Outflows of Resources	<u>554,522</u>	<u>171,517</u>			<u>554,522</u>	<u>171,517</u>	223.30%
Long-Term Debt Outstanding	6,425,255	6,495,232			6,425,255	6,495,232	-1.08%
Other Liabilities	227,764	139,534			227,764	139,534	63.23%
Total Liabilities	<u>6,653,019</u>	<u>6,634,766</u>			<u>6,653,019</u>	<u>6,634,766</u>	0.28%
Deferred Inflows of Resources	<u>32,356</u>	<u>92,313</u>			<u>32,356</u>	<u>92,313</u>	-64.95%
Net Position:							
Net Investment in Capital Assets	9,735,654	9,541,659	1,741	1,460	9,737,395	9,543,119	2.04%
Restricted	697,545	858,156			697,545	858,156	-18.72%
Unrestricted	<u>(1,513,090)</u>	<u>(1,360,618)</u>	<u>1,762</u>	<u>10,108</u>	<u>(1,511,328)</u>	<u>(1,350,510)</u>	11.91%
Total Net Position	<u>\$ 8,920,109</u>	<u>\$ 9,039,197</u>	<u>\$ 3,503</u>	<u>\$ 11,568</u>	<u>\$ 8,923,612</u>	<u>\$ 9,050,765</u>	-1.40%

Changes in Net Position. The District's combined net position was \$8,923,612 on June 30, 2016, \$127,153 or 1.40% less than it was the year before (See Figure A-3). The net investment in capital assets decreased \$194,276. The restricted net position decreased \$160,611. The unrestricted net position decreased 160,818. The net position of the business-type activities decreased by \$8,065 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2015/16
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Revenue:							
Program Revenue:							
Charges for Services			\$ 38,107	\$ 41,240	\$ 38,107	\$ 41,240	-7.60%
Grants and Contributions:							
Operating	\$ 1,545,651	\$ 1,287,258	26,670	24,700	1,572,321	1,311,958	19.85%
General Revenue:							
Property Taxes	7,694,352	7,408,094			7,694,352	7,408,094	3.86%
Federal and State Aid Not Restricted	27,739	29,331			27,739	29,331	-5.43%
Other	230,090	239,135	3		230,093	239,135	-3.78%
Total Revenue	<u>9,497,832</u>	<u>8,963,818</u>	<u>64,780</u>	<u>65,940</u>	<u>9,562,612</u>	<u>9,029,758</u>	5.90%
Expenses:							
Instruction	3,936,057	3,569,824			3,936,057	3,569,824	10.26%
Pupil and Instruction Services	3,506,916	3,231,048			3,506,916	3,231,048	8.54%
Administrative and Business	525,140	474,283			525,140	474,283	10.72%
Maintenance and Operations	634,103	593,619			634,103	593,619	6.82%
Transportation	398,724	212,126			398,724	212,126	87.97%
Other	602,904	515,299	85,921	73,380	688,825	588,679	17.01%
Total Expenses	<u>9,603,844</u>	<u>8,596,199</u>	<u>85,921</u>	<u>73,380</u>	<u>9,689,765</u>	<u>8,669,579</u>	11.77%
Transfers	(13,076)	(12,480)	13,076	12,480	-0-	-0-	0.00%
Increase/(Decrease) in Net Position	<u>\$ (119,088)</u>	<u>\$ 355,139</u>	<u>\$ (8,065)</u>	<u>\$ 5,040</u>	<u>\$ (127,153)</u>	<u>\$ 360,179</u>	-135.30%

Revenue Sources. The District's total governmental activities revenue for the 2015/2016 school year was \$9,497,832 and for the proprietary funds was \$64,780 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$7,694,352 of the total, or 81.01% (See Figure A-5). Another 16.57% came from state and federal aid for specific programs and state formula aid and the remainder from miscellaneous sources and charges for services.

Figure A-5
Sources of Revenue for Fiscal Year 2016

Governmental Activity:

Sources of Income:

	Amount	Percentage
State Formula Aid	\$ 246,682	2.60%
Property Taxes	7,694,352	81.01%
Federal and State Categorical Grants	1,326,708	13.97%
Other	230,090	2.42%
	<u>\$ 9,497,832</u>	<u>100.00%</u>

The total cost of governmental activity programs and services was \$9,603,844. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (81.65%) (See Figure A-6). The District's administrative and business activities accounted for 5.47% of total costs. The most significant contributors to the cost of maintenance and operations were energy costs (including fuel), and salaries.

Figure A-6
Expenses for Fiscal Year 2016

Governmental Activities

Expense Category:	Amount	Percentage
Instruction	\$ 3,936,057	40.98%
Pupil and Instruction Services	3,506,916	36.52%
Administrative and Business	525,140	5.47%
Maintenance and Operations	634,103	6.60%
Transportation	398,724	4.15%
Other	602,904	6.28%
	<u>\$ 9,603,844</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, greater state demands for a variety of programs and services which the state is unable to fund or to fully fund and a severe reduction in state aid has significantly affected the Board's continuing efforts to work diligently, aggressively and prudently to provide a thorough and efficient education.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented continued during the year were:

- The District has utilized aides to assist the special education students and provide more support for those students;
- Standard practice has been to maintain lower costs by seeking competitive proposals for services even if they are below the established quote threshold.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015/2016	2014/2015	2015/2016	2014/2015
Instruction	\$ 3,936,057	\$ 3,569,824	\$ 2,533,312	\$ 2,415,143
Pupil and Instruction Services	3,506,916	3,231,048	3,407,356	3,136,223
Administrative and Business	525,140	474,283	496,906	451,130
Maintenance and Operations	634,103	593,619	634,103	593,619
Transportation	398,724	212,126	383,612	197,527
Other	602,904	515,299	602,904	515,299
	<u>\$ 9,603,844</u>	<u>\$ 8,596,199</u>	<u>\$ 8,058,193</u>	<u>\$ 7,308,941</u>

- The cost of all governmental activities this year was \$9,603,844.
- The federal and state governments subsidized certain programs with grants and contributions of \$1,573,390.
- Most of the District's costs, \$7,694,352, were financed by District taxpayers.

Business-Type Activities

Net position from the District's business-type activity decreased \$8,065 (Refer to Figure A-4).

Financial Analysis of the District's Funds

Difficult economic times have had a direct impact upon the District's revenue sources. Interest from General Fund investments remained unfavorable as compared to years past. Ratables in the municipality remain more or less stable, thus generating concern for the local tax levy in the future.

These factors are likely to continue for the next few years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Allowable appropriations of fund balance.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2015/16
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Land	\$ 4,870,146	\$ 4,870,146			\$ 4,870,146	\$ 4,870,146	0.00%
Site Improvements	19,731	2,010			19,731	2,010	881.64%
Buildings and Building Improvements	8,955,857	9,400,459			8,955,857	9,400,459	-4.73%
Machinery and Equipment	99,920	39,044	\$ 1,741	\$ 1,460	101,661	40,504	150.99%
Total Capital Assets, Net	\$ 13,945,654	\$ 14,311,659	\$ 1,741	\$ 1,460	\$ 13,947,395	\$ 14,313,119	-2.56%

The current year depreciation was \$326,757 during the fiscal year. More detailed information about the District's capital assets is presented in Note 5 to the Basic Financial Statements.

Long-term Debt

At year-end, the District had \$4,210,000 in general obligation bonds – a decrease of \$560,000 from last year – as shown in Figure A-9. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

Figure A-9
Outstanding Long-Term Debt

	Total School District		Total Percentage Change 2015/16
	2015/16	2014/15	
General Obligation Bonds	\$ 4,210,000	\$ 4,770,000	-11.74%
Net Pension Liability	2,012,412	1,549,013	29.92%
Other Long Term Liabilities	202,843	176,219	15.11%
	\$ 6,425,255	\$ 6,495,232	-1.08%

- The District continued to pay down its existing debt, retiring \$560,000 of bonded debt.
- The District accrued a net amount of \$26,624 with regard to compensated absences payable as well as an increase of \$463,399 in net pension liability.

Factors Bearing on the District's Future Revenue/Expense Changes

Several factors which impact the District's future revenue/expense changes include but are not limited to the following: the amount of state aid allocated to our District; unanticipated costs associated with special education; the negotiation of individual and group contracts and health care premiums.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and customers 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 of Education Office, 1 Dyer Avenue, South Hackensack, New Jersey 07606.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 627,954	\$ 670	\$ 628,624
Receivables from Federal Government		1,073	1,073
Receivables from State Government	131,484	19	131,503
Restricted Assets:			
Cash and Cash Equivalents:			
Maintenance Reserve	245,870		245,870
Capital Reserve	100,000		100,000
Capital Assets, Net:			
Sites (Land)	4,870,146		4,870,146
Depreciable Buildings and Building Improvements and Site Improvements, Machinery and Equipment	9,075,508	1,741	9,077,249
Total Assets	<u>15,050,962</u>	<u>3,503</u>	<u>15,054,465</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	216,117		216,117
Changes in Proportions - Pensions	210,049		210,049
Difference between Expected and Actual Experience-Pensions	48,009		48,009
District Contribution Subsequent to the Measurement Date-Pens:	80,347		80,347
Total Deferred Outflows of Resources	<u>554,522</u>		<u>554,522</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	141,718		141,718
Accrued Interest Payable	63,459		63,459
Payable to State Government	12,664		12,664
Unearned Revenue	9,923		9,923
Noncurrent Liabilities:			
Due Within One Year	560,000		560,000
Due Beyond One Year	5,865,255		5,865,255
Total Liabilities	<u>6,653,019</u>		<u>6,653,019</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	32,356		32,356
Total Deferred Inflows of Resources	<u>32,356</u>		<u>32,356</u>

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	\$ 9,735,654	\$ 1,741	\$ 9,737,395
Restricted for:			
Maintenance Reserve	245,870		245,870
Capital Projects	100,000		100,000
Excess Surplus	351,675		351,675
Unrestricted/(Deficit)	<u>(1,513,090)</u>	<u>1,762</u>	<u>(1,511,328)</u>
Total Net Position	<u>\$ 8,920,109</u>	<u>\$ 3,503</u>	<u>\$ 8,923,612</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 2,868,193		\$ 776,440	\$ (2,091,753)		\$ (2,091,753)
Special Education	567,092		501,077	(66,015)		(66,015)
Other Special Instruction	346,244		97,020	(249,224)		(249,224)
Other Instruction	154,528		28,208	(126,320)		(126,320)
Support Services:						
Tuition	2,581,040		11,360	(2,569,680)		(2,569,680)
Student & Instruction Related Services	925,876		88,200	(837,676)		(837,676)
General Administrative Services	329,122			(329,122)		(329,122)
School Administrative Services	110,307		28,234	(82,073)		(82,073)
Central Services	85,711			(85,711)		(85,711)
Plant Operations and Maintenance	634,103			(634,103)		(634,103)
Pupil Transportation	398,724		15,112	(383,612)		(383,612)
Capital Outlay	31,640			(31,640)		(31,640)
Transfer of Funds to Charter School	68,703			(68,703)		(68,703)
Interest on Long-Term Debt	191,845			(191,845)		(191,845)
Unallocated Depreciation	310,716			(310,716)		(310,716)
Total Governmental Activities	9,603,844		1,545,651	(8,058,193)		(8,058,193)

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Proprietary Funds	\$ 85,921	\$ 38,107	\$ 26,670		\$ (21,144)	\$ (21,144)
Total Business-Type Activities	85,921	38,107	26,670		(21,144)	(21,144)
Total Primary Government	<u>\$ 9,689,765</u>	<u>\$ 38,107</u>	<u>\$ 1,572,321</u>	<u>\$ (8,058,193)</u>	<u>(21,144)</u>	<u>(8,079,337)</u>
General Revenues and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				6,942,507		6,942,507
Taxes Levied for Debt Service				751,845		751,845
Federal and State Aid not Restricted				27,739		27,739
Interest and Miscellaneous Income				230,090	3	230,093
Transfers				(13,076)	13,076	
Total General Revenues and Transfers				<u>7,939,105</u>	<u>13,079</u>	<u>7,952,184</u>
Change in Net Position				(119,088)	(8,065)	(127,153)
Net Position - Beginning				<u>9,039,197</u>	<u>11,568</u>	<u>9,050,765</u>
Net Position - Ending				<u>\$ 8,920,109</u>	<u>\$ 3,503</u>	<u>\$ 8,923,612</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SOUTH HACKENSACK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 625,836	\$ 2,118	\$ 627,954
Receivables from State Government	131,484		131,484
Restricted Cash and Cash Equivalents	345,870		345,870
Total Assets	\$ 1,103,190	\$ 2,118	\$ 1,105,308
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 61,371		\$ 61,371
Payable to State Government	12,664		12,664
Unearned Revenue	7,805	\$ 2,118	9,923
Total Liabilities	81,840	2,118	83,958
Fund Balances:			
Restricted:			
Maintenance Reserve	245,870		245,870
Capital Reserve	100,000		100,000
Excess Surplus - Designated for Subsequent Year's Expenditures	274,934		274,934
Excess Surplus	76,741		76,741
Assigned:			
Year-End Encumbrances	1,104		1,104
Designated for Subsequent Year's Expenditures	31,731		31,731
Unassigned:			
General Fund	290,970		290,970
Total Fund Balances	1,021,350		1,021,350
Total Liabilities and Fund Balances	\$ 1,103,190	\$ 2,118	\$ 1,105,308

Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are Different Because:
Net Position (A-1) are Different Because:

Total Fund Balances From Above	\$ 1,021,350
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$18,080,368 and the accumulated depreciation is \$4,134,714.	13,945,654
Interest on Long-Term Debt is not Accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(63,459)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,012,412)

SOUTH HACKENSACK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Changes in Assumptions - Pensions	\$ 216,117
Investment Gains - Pensions	(32,356)
Changes in Proportions - Pensions	210,049
Difference between Expected and Actual Experience - Pensions	48,009

Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 7).	(4,412,843)
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Net Position of Governmental Activities	\$ 8,920,109
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 6,942,507		\$ 751,845	\$ 7,694,352
Tuition	11,360			11,360
Miscellaneous	196,564			196,564
Total - Local Sources	7,150,431		751,845	7,902,276
State Sources	829,889			829,889
Federal Sources		\$ 136,371		136,371
Total Revenues	7,980,320	136,371	751,845	8,868,536
EXPENDITURES				
Current:				
Regular Instruction	1,554,710	70,055		1,624,765
Special Education Instruction	261,533	66,316		327,849
Other Special Instruction	181,297			181,297
Other Instruction	106,572			106,572
Support Services and Undistributed Costs:				
Tuition	2,581,040			2,581,040
Student & Instruction Related Services	687,814			687,814
General Administrative Services	159,724			159,724
School Administrative Services	62,305			62,305
Central Services	65,737			65,737
Plant Operations and Maintenance	628,677			628,677
Pupil Transportation	398,724			398,724

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES				
Unallocated Benefits	\$ 1,364,443			\$ 1,364,443
Debt Service:				
Principal			\$ 560,000	560,000
Interest and Other Charges			191,845	191,845
Capital Outlay	31,640			31,640
Transfer of Funds to Charter Schools	68,703			68,703
Total Expenditures	8,152,919	\$ 136,371	751,845	9,041,135
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(172,599)		-0-	(172,599)
OTHER FINANCING SOURCES/(USES)				
Transfers Out	(13,076)			(13,076)
Total Other Financing Sources/(Uses)	(13,076)			(13,076)
Net Change in Fund Balances	(185,675)			(185,675)
Fund Balance—July 1	1,207,025			1,207,025
Fund Balance—June 30	\$ 1,021,350	\$ -0-	\$ -0-	\$ 1,021,350

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SOUTH HACKENSACK SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (185,675)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 differ from depreciation in the period.

	Depreciation expense	\$ (326,383)	
	Capital Outlays	103,315	
	Disposal of Assets with Carrying Value	<u>(142,937)</u>	(366,005)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 560,000

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(463,399)
Deferred Outflows:	
Changes in Assumptions	167,408
Changes in Proportion	87,241
Difference between Expected and Actual Experience	48,009
Deferred Inflows:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	59,957

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (26,624)

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (119,088)

Exhibit B-4

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-type Activities- Enterprise Funds</u> <u>Non-Major Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 670
Accounts Receivable:	
Federal	1,073
State	19
	1,762
Total Current Assets	1,762
Capital Assets:	
Machinery and Equipment	2,960
Less: Accumulated Depreciation	(1,219)
	1,741
Total Capital Assets	1,741
Total Assets	3,503
NET POSITION:	
Net Investment in Capital Assets	1,741
Unrestricted	1,762
	3,503
Total Net Position	\$ 3,503

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds Non-Major Funds
Operating Revenue:	
Charges for Services:	
Daily Sales	\$ 9,103
After School Program	29,004
	38,107
Total Operating Revenue	38,107
Operating Expenses:	
Salaries, Benefits & Payroll Taxes	42,080
Depreciation	374
Miscellaneous Expenses	43,467
	85,921
Total Operating Expenses	85,921
Operating Income/(Loss)	(47,814)
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	2,148
National School Lunch Program	24,039
State Sources:	
School Lunch Program	483
Local Sources:	
Interest Revenue	3
	26,673
Total Non-Operating Revenue	26,673
Change in Net Position before Operating Transfers	(21,141)
Operating Transfers In:	
General Fund - Budget Appropriation	13,076
	(8,065)
Change in Net Position	(8,065)
Net Position - Beginning of Year	11,568
Net Position - End of Year	\$ 3,503

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds Non-Major Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 38,107
Payments to Employees	(42,080)
Payments to Suppliers	(43,467)
Net Cash Used for Operating Activities	(47,440)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(655)
Net Cash Used for Capital and Related Financing Activities	(655)
Cash Flows from Investing Activities:	
Interest Revenue	3
Net Cash Provided by Investing Activities	3
Cash Flows from Noncapital Financing Activities:	
Board Contribution	13,076
Federal Sources	30,356
State Sources	560
Net Cash Provided by Noncapital Financing Activities	43,992
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,100)
Cash and Cash Equivalents, July 1	4,770
Cash and Cash Equivalents, June 30	\$ 670
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Income/(Loss)	\$ (47,814)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	374
Net Cash Used for Operating Activities	\$ (47,440)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 13,439	\$ 6,668	\$ 1,162
Total Assets	13,439	6,668	1,162
LIABILITIES:			
Payroll Deductions and Withholdings	2,143		
Due to Student Groups	11,296		
Total Liabilities	13,439		
NET POSTION:			
Held in Trust for:			
Flexible Spending Claims			1,162
Unemployment Claims		6,668	
Total Net Position	\$ -0-	\$ 6,668	\$ 1,162

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

SOUTH HACKENSACK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 4,287	
Total Contributions	<u>4,287</u>	
Investment Earnings:		
Interest	21	\$ 2
Net Investment Earnings	<u>21</u>	<u>2</u>
Total Additions	<u>4,308</u>	<u>2</u>
DEDUCTIONS:		
Flexible Spending Claims		207
State of New Jersey Unemployment Claims	9,953	
Total Deductions	<u>9,953</u>	<u>207</u>
Change in Net Position	(5,645)	(205)
Net Position - Beginning of the Year	<u>12,313</u>	<u>1,367</u>
Net Position - End of the Year	<u>\$ 6,668</u>	<u>\$ 1,162</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the South Hackensack School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located within the Township of South Hackensack. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service and After School Program) Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria and after school operations. The food service fund and after school program fund are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,977,192	\$ 136,371
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	3,128	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,980,320	\$ 136,371

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,152,919	\$ 136,371
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,152,919	\$ 136,371

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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 unearned revenue 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.

I. 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.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	30 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2016.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 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.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the District-wide Statement of net position, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,021,350 General Fund fund balance at June 30, 2016, \$1,104 is assigned for encumbrances and \$31,731 is assigned for subsequent year's expenditures; \$245,870 is restricted in the maintenance reserve account; \$100,000 is restricted in the capital reserve account; \$76,741 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$274,934 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017 and \$290,970 is unassigned fund balance.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted 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 restrict 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 year's budget. The District has excess surplus in the fiscal year ending June 30, 2016 as noted above.

Unassigned fund balance in the General Fund is less on a GAAP basis than budgetary basis in the amount of \$-0- as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the related state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording these last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amount that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a maintenance reserve and a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

R. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,513,090 in governmental activities, which is due to accrued interest payable of \$63,459, compensated absences payable of \$202,843, investment gains in pensions of \$32,356, the net pension liability of \$2,012,412 offset by deferred outflows due to changes in assumptions in pensions of \$216,117, changes in proportion in pensions of \$210,049, the difference between expected and actual experience in pensions of \$48,009, as well as assigned and unassigned General Fund balances of \$323,805. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the changes in assumptions and proportions related to pensions, the difference between expected and actual experience in pensions and the District contributions subsequent to the measurement date related to pensions.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Net Position: (Cont'd)

The District had a deferred inflow of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for milk, breakfast and lunch as well as after school program fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its formal cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Cash and Cash Equivalents</u>
Checking Accounts	<u>\$ 649,893</u>	<u>\$ 345,870</u>	<u>\$ 995,763</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016 was \$995,763 and the bank balance was \$1,626,368.

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$12,684 to the capital outlay accounts. The transfer did not required approval by the County Superintendent.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,870,146			\$ 4,870,146
Total Capital Assets Not Being Depreciated	<u>4,870,146</u>			<u>4,870,146</u>
Capital Assets Being Depreciated:				
Site Improvements	47,338	\$ 31,576		78,914
Buildings and Building Improvements	12,545,399		\$ (142,937)	12,402,462
Machinery and Equipment	657,107	71,739		728,846
Total Capital Assets Being Depreciated	<u>13,249,844</u>	<u>103,315</u>	<u>(142,937)</u>	<u>13,210,222</u>
Governmental Activities Capital Assets	<u>18,119,990</u>	<u>103,315</u>	<u>(142,937)</u>	<u>18,080,368</u>
Less Accumulated Depreciation for:				
Site Improvements	(45,328)	(13,855)		(59,183)
Buildings and Building Improvements	(3,144,940)	(301,665)		(3,446,605)
Machinery and Equipment	(618,063)	(10,863)		(628,926)
	<u>(3,808,331)</u>	<u>(326,383)</u>		<u>(4,134,714)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,311,659</u>	<u>\$ (223,068)</u>	<u>\$ (142,937)</u>	<u>\$ 13,945,654</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 2,305	\$ 655		\$ 2,960
Less Accumulated Depreciation	<u>(845)</u>	<u>(374)</u>		<u>(1,219)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,460</u>	<u>\$ 281</u>	<u>\$ -0-</u>	<u>\$ 1,741</u>
Total Governmental & Business-Type Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,313,119</u>	<u>\$ (222,787)</u>	<u>\$ (142,937)</u>	<u>\$ 13,947,395</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 374
Student and Instruction Related Services	5,509
Administrative and Business	3,096
Plant Operations and Maintenance	6,688
Unallocated	<u>310,716</u>
	<u>\$ 326,383</u>

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$300,000 was established by the South Hackensack School District by board resolution on June 28, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Balance at June 30, 2015	\$ 265,453
Decreased by Board Approved Withdrawals	<u>(19,583)</u>
Balance at June 30, 2016	<u><u>\$ 245,870</u></u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Added</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 4,770,000		\$ 560,000	\$ 4,210,000
Net Pension Liability	1,549,013	\$ 463,399		2,012,412
Compensated Absences Payable	176,219	26,624		202,843
	<u>\$ 6,495,232</u>	<u>\$ 490,023</u>	<u>\$ 560,000</u>	<u>\$ 6,425,255</u>

A. 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 are general obligation bonds and are liquidated through the debt service fund.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds of 2003	02/15/23	4.000%	\$ 2,310,000
School Bonds of 2006	02/15/26	4.000% - 4.150%	1,810,000
School Bonds of 2006	02/15/17	4.125% - 4.250%	90,000
			<u>\$ 4,210,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 585,000	\$ 169,220	\$ 754,220
2018	495,000	145,595	640,595
2019	500,000	125,795	625,795
2020	500,000	105,795	605,795
2021	510,000	85,795	595,795
Thereafter:			
2022-2026	<u>1,620,000</u>	<u>159,385</u>	<u>1,779,385</u>
	<u>\$ 4,210,000</u>	<u>\$ 791,585</u>	<u>\$ 5,001,585</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had no bonds authorized but not issued.

C. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. There is no current portion of the liability for compensated absences. The entire \$202,843 is a long-term liability.

There was no liability for compensated absences payable in the District's Enterprise Fund at June 30, 2016.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$2,012,412. See Note 8 for more information on the PERS.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$79,814 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$2,012,412 for its proportionate share of the net pension liability. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0090%, which was a decrease of 0.0007% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$177,855. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 43,077	
Changes in Assumptions - 2015	5.72	173,040	
Changes in Proportion - 2014	6.44	100,233	
Changes in Proportion - 2015	5.72	109,816	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		\$ (75,020)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		42,664
District Contribution Subsequent to the Measurement Date	1	80,347	
Difference Between Expected and Actual Experience - 2015	5.72	48,009	
		<u>\$ 554,522</u>	<u>\$ (32,356)</u>

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the district contribution subsequent to measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 42,194
2017	42,194
2018	42,194
2019	67,201
2020	37,987
	\$ 231,770

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 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%

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. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>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 U.S. 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. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

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 7.9% 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 upon 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 pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

Therefore, the long-term expected rate of return on pension 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.

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 collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 2,501,182	\$ 2,012,412	\$ 1,602,631

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are 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. The following represents the membership tiers for TPAF:

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$139,991 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$769,287.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$12,599,081. 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.020%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		12,599,081
Total	\$	12,599,081

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$769,287 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows: will be amortized over 5 years.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	2,196,835,040
	<u>\$ 6,966,979,252</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 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%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. 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, 2014 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 pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. 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%

Discount Rate – TPAF

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 expected rate of return on pension plan investments of 7.9% 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 upon the average of the last five years. Based on those assumptions, the pension 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 pension 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.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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 net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 14,973,537	\$ 12,599,081	\$ 10,553,345

Pension Plan Fiduciary Net Position

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

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$ \$173,234, \$171,084 and \$130,255 for 2016, 2015 and 2014 respectively.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. 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. Health benefits are provided to the employees through the State of New Jersey Health Benefit Plan.

Property and Liability Insurance

The District maintains commercial insurance coverage for surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SAIF is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF's liabilities.

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit report for the fiscal year ended June 30, 2016 was not available as of the date of this report. Selected financial information for the SAIF as of June 30, 2015 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 35,565,090
Net Position	\$ 7,171,390
Total Revenue	\$ 38,392,884
Total Expenses	\$ 36,335,763
Change in Net Position	\$ 2,057,121
Member Dividends	\$ -0-

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Financial Statements for SAIF are available at SAIF's Executive Director's Office:

Risk and Loss Managers Inc.
51 Everett Drive, Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -0-	\$ 21	\$ 4,287	\$ 9,953	\$ 6,668
2014-2015	-0-	13	4,226	2,212	12,313
2013-2014	-0-	9	4,128	2,802	10,286

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

During the year ended June 30, 2016, the District had no interfunds.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit 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:

Lincoln Investment Planning Inc.
Fidelity Investments

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

NOTE 15. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2016:

	<u>Governmental Funds General Fund</u>	<u>District Contribution Subsequent to Measurement Date</u>	<u>Total Governmental Activities</u>
Vendors	\$ 61,371		\$ 61,371
Due to State of New Jersey		\$ 80,347	\$ 80,347
	<u>\$ 61,371</u>	<u>\$ 80,347</u>	<u>\$ 141,718</u>

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business, including a claim regarding employment matters. The Board does not believe that the ultimate outcome of these cases will have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal 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 of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES (Cont'd)

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$5,290,000 School Bonds dated February 15, 2003, its \$3,195,000 School Bonds dated February 15, 2006 and its \$700,000 School Bonds dated November 26, 2006. The amount of liability at June 30, 2016, if any, is unknown.

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Total Governmental Funds
\$ 1,104	\$ 1,104

NOTE 17. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$50,000 on June 9, 2014 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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 State Department of Education, 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. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance July 1, 2015	\$ 100,000
Balance June 30, 2016	\$ 100,000

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH HACKENSACK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0082734344%	0.0089647725%
District's proportionate share of the net pension liability	\$ 1,549,013	\$ 2,012,412
District's covered employee payroll	\$ 614,510	\$ 598,518
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	252.07%	336.23%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOUTH HACKENSACK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
Contractually required contribution	\$ 68,205	\$ 79,814
Contributions in relation to the contractually required contribution	<u>(68,205)</u>	<u>(79,814)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 598,518	\$ 565,500
Contributions as a percentage of covered employee payroll	11.40%	14.11%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOUTH HACKENSACK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.0187787499%	0.0199339075%
State's proportionate share of the net pension liability attributable to the District	\$ 10,036,631	\$ 12,599,081
District's covered employee payroll	\$ 1,851,834	\$ 1,926,453
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	541.98%	654.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOUTH HACKENSACK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 540,065	\$ 769,287
Contributions in relation to the contractually required contribution	<u>(107,770)</u>	<u>(139,991)</u>
Contribution deficiency/(excess)	<u>\$ 432,295</u>	<u>\$ 629,296</u>
District's covered employee payroll	\$ 1,926,453	\$ 1,923,384
Contributions as a percentage of covered employee payroll	5.59%	7.28%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,942,502		\$ 6,942,502	\$ 6,942,507	\$ 5
Tuition	12,800		12,800	11,360	(1,440)
Miscellaneous	167,597		167,597	196,564	28,967
Total - Local Sources	<u>7,122,899</u>		<u>7,122,899</u>	<u>7,150,431</u>	<u>27,532</u>
State Sources:					
Special Education Categorical Aid	203,132		203,132	203,132	
Extraordinary Aid	50,000		50,000	89,060	39,060
Homeless Tuition				33,526	33,526
Categorical Security Aid	20,749		20,749	20,749	
Categorical Transportation Aid	13,033		13,033	13,033	
PARCC Readiness Aid	3,320		3,320	3,320	
Per Pupil Growth Aid	3,320		3,320	3,320	
Nonpublic Transportation				1,910	1,910
On-Behalf TPAF Pension Contributions (Non-Budgeted)				145,486	145,486
TPAF Post-Retirement Medical Benefits (On-Behalf - Non-Budgeted)				173,234	173,234
TPAF Social Security (Reimbursed - Non-Budgeted)				139,991	139,991
Total State Sources	<u>293,554</u>		<u>293,554</u>	<u>826,761</u>	<u>533,207</u>
TOTAL REVENUES	<u>7,416,453</u>		<u>7,416,453</u>	<u>7,977,192</u>	<u>560,739</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 71,091	\$ 13,406	\$ 84,497	\$ 84,431	\$ 66
Kindergarten - Salaries of Teachers	140,571		140,571	140,568	3
Grades 1-5 - Salaries of Teachers	630,761	(3,737)	627,024	625,750	1,274
Grades 6-8 - Salaries of Teachers	427,943	13,483	441,426	441,426	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	31,000	(2,884)	28,116	27,802	314
Purchased Professional-Educational Services	66,586	39,121	105,707	105,707	
Purchased Technical Services	20,000	5,703	25,703	25,703	
Other Purchased Services (400-500 series)	28,050	(1,140)	26,910	26,571	339
General Supplies	87,102	(19,000)	68,102	66,760	1,342
Textbooks	32,069	(27,863)	4,206	4,206	
Other Objects	4,498	1,585	6,083	5,786	297
Total Regular Programs - Instruction	<u>1,539,671</u>	<u>18,674</u>	<u>1,558,345</u>	<u>1,554,710</u>	<u>3,635</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	<u>261,533</u>		<u>261,533</u>	<u>261,533</u>	
Total Resource Room/Resource Center	<u>261,533</u>		<u>261,533</u>	<u>261,533</u>	
Total Special Education - Instruction	<u>261,533</u>		<u>261,533</u>	<u>261,533</u>	

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 107,492	\$ (17,271)	\$ 90,221	\$ 90,220	\$ 1
Total Basic Skills/Remedial - Instruction	<u>107,492</u>	<u>(17,271)</u>	<u>90,221</u>	<u>90,220</u>	<u>1</u>
Bilingual Education - Instruction:					
Salaries of Teachers	91,134	(49)	91,085	91,077	8
General Supplies	350	(350)			
Total Bilingual Education - Instruction	<u>91,484</u>	<u>(399)</u>	<u>91,085</u>	<u>91,077</u>	<u>8</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	28,865	4,504	33,369	33,369	
Purchased Services (300-500 series)	28,500	(12,766)	15,734	15,732	2
Supplies and Materials	12,777	10,198	22,975	22,788	187
Transfer to Cover Deficit (Agency Funds)	3,000		3,000	3,000	
Total School-Sponsored Cocurricular Activities - Instruction	<u>73,142</u>	<u>1,936</u>	<u>75,078</u>	<u>74,889</u>	<u>189</u>
Summer School - Instruction:					
Salaries of Teachers	14,000	5,340	19,340	19,340	
Total Summer School - Instruction	<u>14,000</u>	<u>5,340</u>	<u>19,340</u>	<u>19,340</u>	

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Community Services Programs/Operations:					
Salaries	\$ 17,000	\$ (3,725)	\$ 13,275	\$ 12,343	932
Total Community Services Programs/Operations	<u>17,000</u>	<u>(3,725)</u>	<u>13,275</u>	<u>12,343</u>	<u>932</u>
Total Instruction	<u>2,104,322</u>	<u>4,555</u>	<u>2,108,877</u>	<u>2,104,112</u>	<u>4,765</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	1,347,756	(167,500)	1,180,256	1,180,221	35
Tuition to Other LEAs Within the State - Special	619,149	195,623	814,772	813,818	954
Tuition to County Vocational School District - Regular	55,566	(11,916)	43,650	43,650	
Tuition to County Vocational School District - Special		29,376	29,376	29,376	
Tuition to CSSD & Reg. Day Schools	357,730	(5,639)	352,091	352,091	
Tuition to Private Schools for the Handicapped - Within State	159,195	2,689	161,884	161,884	
Total Undistributed Expenditures - Instruction	<u>2,539,396</u>	<u>42,633</u>	<u>2,582,029</u>	<u>2,581,040</u>	<u>989</u>
Attendance & Social Work:					
Salaries	<u>4,738</u>		<u>4,738</u>	<u>4,680</u>	<u>58</u>
Total Attendance and Social Work	<u>4,738</u>		<u>4,738</u>	<u>4,680</u>	<u>58</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 68,913	\$ (13,716)	\$ 55,197	\$ 55,123	\$ 74
Purchased Professional and Technical Services	10,000	(1,920)	8,080	8,080	
Other Purchased Services (400-500 series)	712	500	1,212	1,195	17
Supplies and Materials	5,750	(4,604)	1,146	1,146	
Total Health Services	<u>85,375</u>	<u>(19,740)</u>	<u>65,635</u>	<u>65,544</u>	<u>91</u>
Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	90,000	(4,994)	85,006	85,006	
Supplies and Materials	541	1,005	1,546	1,546	
Total Speech, OT, PT and Related Services	<u>90,541</u>	<u>(3,989)</u>	<u>86,552</u>	<u>86,552</u>	
Other Support Services - Students - Extraordinary Services:					
Salaries	198,000	(44,973)	153,027	152,470	557
Total Other Support Services - Students - Extraordinary Services	<u>198,000</u>	<u>(44,973)</u>	<u>153,027</u>	<u>152,470</u>	<u>557</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Child Study Teams:					
Purchased Professional - Educational Services	\$ 251,000	\$ 28,963	\$ 279,963	\$ 279,963	
Supplies and Materials	3,000	(1,965)	1,035	1,035	
Total Child Study Teams	<u>254,000</u>	<u>26,998</u>	<u>280,998</u>	<u>280,998</u>	
Improvement of Instruction Services:					
Salaries of Secretarial and Clerical Assistants	96,750	(443)	96,307	96,307	
Total Improvement of Instruction Services	<u>96,750</u>	<u>(443)</u>	<u>96,307</u>	<u>96,307</u>	
Educational Media Services/School Library:					
Supplies and Materials	1,000	(1,000)			
Total Educational Media Services/School Library	<u>1,000</u>	<u>(1,000)</u>			
Instructional Staff Training Services:					
Purchased Professional - Educational Services	2,500	(1,237)	1,263	1,263	
Total Instructional Staff Training Services	<u>2,500</u>	<u>(1,237)</u>	<u>1,263</u>	<u>1,263</u>	

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - General Administration:					
Salaries	\$ 93,590	\$ 6,500	\$ 100,090	\$ 100,090	
Legal Services	10,000	(4,646)	5,354	2,153	\$ 3,201
Audit Fees	24,150	1,430	25,580	25,580	
Other Purchased Professional Services	3,990	50	4,040	4,040	
Communications/Telephone	14,496	357	14,853	13,737	1,116
Miscellaneous Purchased Services (400-500)	3,000	2,028	5,028	4,983	45
General Supplies	1,885	(165)	1,720	1,703	17
Miscellaneous Expenditures	3,240	(471)	2,769	2,768	1
BOE Membership Dues and Fees	4,500	197	4,697	4,670	27
Total Support Services - General Administration	<u>158,851</u>	<u>5,280</u>	<u>164,131</u>	<u>159,724</u>	<u>4,407</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	52,760		52,760	52,760	
Other Purchased Services (400-500 series)	7,750	67	7,817	7,647	170
Supplies and Materials	2,475		2,475	1,898	577
Total Support Services - School Administration	<u>62,985</u>	<u>67</u>	<u>63,052</u>	<u>62,305</u>	<u>747</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 53,770	\$ (255)	\$ 53,515	\$ 53,312	\$ 203
Purchased Professional Services	910	1,855	2,765	1,841	924
Purchased Technical Services	6,799	(650)	6,149	6,147	2
Miscellaneous Purchased Services (400-500)	2,800	43	2,843	2,565	278
Supplies and Materials	800	412	1,212	1,212	
Miscellaneous Expenditures	750	(55)	695	660	35
Total Central Services	<u>65,829</u>	<u>1,350</u>	<u>67,179</u>	<u>65,737</u>	<u>1,442</u>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	54,000	26,206	80,206	79,555	651
General Supplies	500	(240)	260	259	1
Total Required Maintenance for School Facilities	<u>54,500</u>	<u>25,966</u>	<u>80,466</u>	<u>79,814</u>	<u>652</u>
Custodial Services:					
Salaries	306,399	37,600	343,999	343,764	235
Purchased Professional and Technical Services	5,000	(2,503)	2,497	2,453	44
Cleaning, Repair and Maintenance Services	15,000	(4,600)	10,400	10,256	144
Other Purchased Property Services	11,500	2,141	13,641	13,641	
Insurance	33,275	(1,329)	31,946	31,420	526

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Custodial Services: (Cont'd)					
Miscellaneous Purchased Services	\$ 7,000	\$ 169	\$ 7,169	7,169	
General Supplies	18,393	5,166	23,559	23,559	
Energy (Electricity)	150,002	(33,401)	116,601	116,601	
Total Custodial Services	<u>546,569</u>	<u>3,243</u>	<u>549,812</u>	<u>548,863</u>	<u>\$ 949</u>
Student Transportation Services:					
Contracted Services:					
Between Home & School - Vendors	36,720	16,545	53,265	53,265	
Other Than Between Home & School - Vendors	20,400	(7,039)	13,361	13,336	25
Regular Students - ESCs & CTSAs	24,004	(12,158)	11,846	11,845	1
Special Ed Students - ESCs & CTSAs	242,243	69,416	311,659	311,659	
Aid in Lieu of Payments - Non Public School	7,072	1,547	8,619	8,619	
Total Student Transportation Services	<u>330,439</u>	<u>68,311</u>	<u>398,750</u>	<u>398,724</u>	<u>26</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	\$ 65,000	\$ 1,776	\$ 66,776	\$ 64,921	\$ 1,855
Other Retirement Contributions - PERS	82,551	(2,737)	79,814	79,812	2
Workmen's Compensation	27,000	(1,705)	25,295	25,295	
Health Benefits	775,496	(71,087)	704,409	704,402	7
Tuition Reimbursement	12,000	(5,400)	6,600	6,600	
Other Employee Benefits	25,000	(298)	24,702	24,702	
Unused Sick Payment to Terminated/Retired Staff-mass severance	41,988	(41,988)			
Total Unallocated Benefits	<u>1,029,035</u>	<u>(121,439)</u>	<u>907,596</u>	<u>905,732</u>	<u>1,864</u>
TPAF Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				145,486	(145,486)
TPAF Post-Retirement Medical Benefits (On-Behalf - Non-Budgeted)				173,234	(173,234)
TPAF Social Security (Reimbursed - Non-Budgeted)				139,991	(139,991)
Total On-Behalf Contributions				<u>458,711</u>	<u>(458,711)</u>
Total Personal Services - Employee Benefits	<u>1,029,035</u>	<u>(121,439)</u>	<u>907,596</u>	<u>1,364,443</u>	<u>(456,847)</u>

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Total Undistributed Expenses	\$ 5,520,508	\$ (18,973)	\$ 5,501,535	\$ 5,948,464	\$ (446,929)
 TOTAL CURRENT EXPENDITURES	 <u>7,624,830</u>	 <u>(14,418)</u>	 <u>7,610,412</u>	 <u>8,052,576</u>	 <u>(442,164)</u>
 CAPITAL OUTLAY:					
Equipment:					
Required Maintenance for School Facilities		12,684	12,684	12,684	
Total Equipment		<u>12,684</u>	<u>12,684</u>	<u>12,684</u>	
 Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	18,956		18,956	18,956	
Operation and Maintenance of Plant	9,940	(9,940)			
Total Facilities Acquisition and Construction Services	<u>28,896</u>	<u>(9,940)</u>	<u>18,956</u>	<u>18,956</u>	
 TOTAL CAPITAL OUTLAY	 <u>28,896</u>	 <u>2,744</u>	 <u>31,640</u>	 <u>31,640</u>	
Transfer of Funds to Charter School	39,111	29,832	68,943	68,703	240
TOTAL EXPENDITURES	<u>7,692,837</u>	<u>18,158</u>	<u>7,710,995</u>	<u>8,152,919</u>	<u>(441,924)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(276,384)</u>	 <u>(18,158)</u>	 <u>(294,542)</u>	 <u>(175,727)</u>	 <u>118,815</u>
 Other Financing (Uses):					
Operating Transfer Out:					
Transfer to Food Service Fund	(11,652)	(1,424)	(13,076)	(13,076)	
Total Other Financing (Uses)	<u>(11,652)</u>	<u>(1,424)</u>	<u>(13,076)</u>	<u>(13,076)</u>	

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (288,036)	\$ (19,582)	\$ (307,618)	\$ (188,803)	\$ 118,815
Fund Balance, July 1	1,210,153		1,210,153	1,210,153	
Fund Balance, June 30	\$ 922,117	\$ (19,582)	\$ 902,535	\$ 1,021,350	\$ 118,815
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				274,934	
Excess Surplus				76,741	
Maintenance Reserve				245,870	
Capital Reserve				100,000	
Assigned Fund Balance:					
Year End Encumbrances				1,104	
Year End Designated for Subsequent Year's Expenditures				31,731	
Unassigned Fund Balance				290,970	
				1,021,350	
Fund Balance per Governmental Funds (GAAP)				\$ 1,021,350	

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 1,000	\$ 1,000	\$ 1,000	
Federal Sources	\$ 118,230	17,977	136,207	135,371	\$ (836)
Total Revenues	118,230	18,977	137,207	136,371	(836)
EXPENDITURES:					
Instruction					
Salaries	53,003	(2,224)	50,779	50,779	
Purchased Professional and Technical Services		3,409	3,409	2,573	836
Tuition	65,227	(31,911)	33,316	33,316	
General Supplies		2,500	2,500	2,500	
Total Instruction	118,230	(28,226)	90,004	89,168	836
Support Services					
Personal Services - Employee Benefits		13,203	13,203	13,203	
Purchased Professional/Educational Services		33,000	33,000	33,000	
Total Support Services		46,203	46,203	46,203	
Facilities Acquisition and Construction Services					
Non-Instructional Equipment		1,000	1,000	1,000	
Total Facilities Acquisition and Construction Services		1,000	1,000	1,000	
Total Expenditures	118,230	18,977	137,207	136,371	836
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Exhibit C-3

SOUTH HACKENSACK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,977,192	\$ 136,371
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	3,128	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,980,320	\$ 136,371
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 8,152,919	\$ 136,371
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,152,919	\$ 136,371

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

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

	<u>IDEA</u>		<u>No Child Left Behind</u>	
	<u>Part B</u>	<u>Preschool</u>	<u>Title I</u>	<u>Title II, Part A</u>
REVENUE:				
Federal Sources	\$ 63,759	\$ 2,557	\$ 60,906	\$ 8,149
Total Revenue	<u>63,759</u>	<u>2,557</u>	<u>60,906</u>	<u>8,149</u>
EXPENDITURES:				
Instruction:				
Salaries			44,430	6,349
Purchased Professional and Technical Services			2,424	149
Tuition	30,759	2,557		
General Supplies			2,500	
Total Instruction	<u>30,759</u>	<u>2,557</u>	<u>49,354</u>	<u>6,498</u>
Support Services:				
Personal Services - Employee Benefits			11,552	1,651
Purchased Professional/Educational Services	33,000			
Total Support Services	<u>33,000</u>		<u>11,552</u>	<u>1,651</u>
Equipment:				
Non-Instructional Equipment				
Total Equipment				
Total Expenditures	<u>\$ 63,759</u>	<u>\$ 2,557</u>	<u>\$ 60,906</u>	<u>\$ 8,149</u>

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

	<u>Community Development Block Grant Barrier Free Accessibility at Memorial School</u>	<u>Totals June 30, 2016</u>
REVENUE:		
Federal Sources	\$ 1,000	\$ 136,371
Total Revenue	<u>1,000</u>	<u>136,371</u>
EXPENDITURES:		
Instruction:		50,779
Salaries		2,573
Purchased Professional and Technical Services		33,316
Tuition		2,500
General Supplies		<u>2,500</u>
Total Instruction		<u>89,168</u>
Support Services:		
Personal Services - Employee Benefits		13,203
Purchased Professional/Educational Services		<u>33,000</u>
Total Support Services		<u>46,203</u>
Equipment:		
Non-Instructional Equipment	<u>1,000</u>	<u>1,000</u>
Total Equipment	<u>1,000</u>	<u>1,000</u>
Total Expenditures	<u>\$ 1,000</u>	<u>\$ 136,371</u>

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

Exhibit G-1

SOUTH HACKENSACK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Non-Major Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 670
Accounts Receivable:	
Federal	1,073
State	19
	<hr/>
Total Current Assets	1,762
	<hr/>
Capital Assets:	
Machinery and Equipment	2,960
Less: Accumulated Depreciation	<u>(1,219)</u>
	<hr/>
Total Capital Assets	1,741
	<hr/>
Total Assets	3,503
	<hr/>
NET POSITION:	
Net Investment in Capital Assets	1,741
Unrestricted	<u>1,762</u>
	<hr/>
Total Net Position	<u>\$ 3,503</u>

Exhibit G-2

SOUTH HACKENSACK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Major Funds</u>
Operating Revenue:	
Charges for Services:	
Daily Sales	\$ 9,103
After School Program Fees	29,004
	38,107
Total Operating Revenue	
Operating Expenses:	
Salaries, Benefits & Payroll Taxes	42,080
Depreciation	374
Miscellaneous Expenses	43,467
	85,921
Total Operating Expenses	
Operating Income/(Loss)	(47,814)
Non-Operating Revenue:	
Federal Sources:	
School Breakfast Program	2,148
National School Lunch Program	24,039
State Sources:	
School Lunch Program	483
Local Sources:	
Interest Revenue	3
	26,673
Total Non-Operating Revenue	
Change in Net Position before Operating Transfers	(21,141)
Operating Transfers In:	
General Fund - Budget Appropriation	13,076
	(8,065)
Change in Net Position	
Net Position - Beginning of Year	11,568
Net Position - End of Year	\$ 3,503

Exhibit G-3

SOUTH HACKENSACK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Non-Major Funds
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 38,107
Payments to Employees	(42,080)
Payments to Suppliers	(43,467)
	(47,440)
Net Cash Used for Operating Activities	(47,440)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(655)
	(655)
Net Cash Used for Capital and Related Financing Activities	(655)
Cash Flows from Investing Activities:	
Interest Revenue	3
	3
Net Cash Provided by Investing Activities	3
Cash Flows from Noncapital Financing Activities:	
Board Contribution	13,076
Federal Sources	30,356
State Sources	560
	43,992
Net Cash Provided by Noncapital Financing Activities	43,992
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,100)
Cash and Cash Equivalents, July 1	4,770
Cash and Cash Equivalents, June 30	\$ 670
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Income/(Loss)	\$ (47,814)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	374
	374
Net Cash Used for Operating Activities	\$ (47,440)

FIDUCIARY FUNDS

SOUTH HACKENSACK SCHOOL DISTRICT
 FIDUCIARY FUND
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2016

	Agency		Unemployment Compensation Trust	Flexible Spending Trust	Total
	Student Activities	Payroll			
ASSETS:					
Cash and Cash Equivalents	\$ 11,296	\$ 2,143	\$ 6,668	\$ 1,162	\$ 21,269
Total Assets	11,296	2,143	6,668	1,162	21,269
LIABILITIES:					
Payroll Deductions and Withholdings		2,143			2,143
Due to Student Groups	11,296				11,296
Total Liabilities	11,296	2,143			13,439
NET POSITION:					
Held in Trust for:					
Flexible Spending Claims				1,162	1,162
Unemployment Claims			6,668		6,668
Total Net Position	\$ -0-	\$ -0-	\$ 6,668	\$ 1,162	\$ 7,830

Exhibit H-2

SOUTH HACKENSACK SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$ 4,287	
Total Contributions	<u>4,287</u>	
Investment Earnings:		
Interest	21	\$ 2
Net Investment Earnings	<u>21</u>	<u>2</u>
Total Additions	<u>4,308</u>	<u>2</u>
DEDUCTIONS:		
Flexible Spending Claims		207
State of New Jersey Unemployment Claims	9,953	
Total Deductions	<u>9,953</u>	<u>207</u>
Change in Net Position	(5,645)	(205)
Net Position - Beginning of the Year	<u>12,313</u>	<u>1,367</u>
Net Position - End of the Year	<u>\$ 6,668</u>	<u>\$ 1,162</u>

Exhibit H-3

SOUTH HACKENSACK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 10,338	\$ 76,345	\$ 75,387	\$ 11,296
Total Assets	<u>\$ 10,338</u>	<u>\$ 76,345</u>	<u>\$ 75,387</u>	<u>\$ 11,296</u>
LIABILITIES:				
Due to Student Groups	\$ 10,338	\$ 76,345	75,387	\$ 11,296
Total Liabilities	<u>\$ 10,338</u>	<u>\$ 76,345</u>	<u>\$ 75,387</u>	<u>\$ 11,296</u>

SOUTH HACKENSACK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Memorial Elementary School	\$ 9,625	\$ 69,743	\$ 68,105	\$ 11,263
Student Athletics	713	6,602	7,282	33
Total	<u>\$ 10,338</u>	<u>\$ 76,345</u>	<u>\$ 75,387</u>	<u>\$ 11,296</u>

SOUTH HACKENSACK SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS:				
Cash and Cash Equivalents	\$ 6,610	\$ 3,183,648	\$ 3,188,115	\$ 2,143
Total Assets	\$ 6,610	\$ 3,183,648	\$ 3,188,115	\$ 2,143
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 6,610	\$ 3,183,648	\$ 3,188,115	\$ 2,143
Total Liabilities	\$ 6,610	\$ 3,183,648	\$ 3,188,115	\$ 2,143

LONG-TERM DEBT

SOUTH HACKENSACK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FISCAL YEAR ENDED JUNE 30, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2016		Interest Rate	Balance June 30, 2015	Retired or Matured	Balance June 30, 2016
			Date	Amount				
Memorial Elementary School Addition	02/15/03	\$ 5,290,000	02/15/17-23	\$ 330,000	4.000 %	\$ 2,620,000	\$ 310,000	\$ 2,310,000
Memorial Elementary School Addition	02/15/06	3,195,000	02/15/17-18	165,000	4.000 %	1,970,000	160,000	1,810,000
			02/15/19-20	170,000	4.000 %			
			02/15/21-22	180,000	4.000 %			
			02/15/23	190,000	4.000 %			
			02/15/24	190,000	4.050 %			
			02/15/25	200,000	4.100 %			
			02/15/26	200,000	4.150 %			
Memorial Elementary School Addition	11/21/06	700,000	02/15/17	90,000	4.250 %	180,000	90,000	90,000
						<u>\$ 4,770,000</u>	<u>\$ 560,000</u>	<u>\$ 4,210,000</u>

SOUTH HACKENSACK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

SOUTH HACKENSACK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 751,845		\$ 751,845	\$ 751,845	
Total Revenues	<u>751,845</u>		<u>751,845</u>	<u>751,845</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	191,845		191,845	191,845	
Redemption of Principal	560,000		560,000	560,000	
Total Regular Debt Service	<u>751,845</u>		<u>751,845</u>	<u>751,845</u>	
Total Expenditures	<u>751,845</u>		<u>751,845</u>	<u>751,845</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	<u>-0-</u>		<u>-0-</u>	<u>-0-</u>	
Fund Balance/(Defecit), June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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 the 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.

SOUTH HACKENSACK SCHOOL DISTRICT
 NET POSITION BY COMPONENT
 LAST TEN FISCAL YEARS
 UNAUDITED
 (Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 8,429,901	\$ 8,414,250	\$ 8,415,239	\$ 8,453,480	\$ 8,666,773	\$ 8,796,658	\$ 8,970,547	\$ 9,325,033	\$ 9,541,659	\$ 9,735,654
Restricted	629,972	654,570	653,192	372,229	577,062	725,815	738,846	760,827	858,156	697,545
Unrestricted/(Deficit)	(48,426)	3,008	(256,906)	(215,185)	(62,268)	(44,259)	29,520	(1,401,802)	(1,360,618)	(1,513,090)
Total Governmental Activities Net Position	\$ 9,011,447	\$ 9,071,828	\$ 8,811,525	\$ 8,610,524	\$ 9,181,567	\$ 9,478,214	\$ 9,738,913	\$ 8,684,058	\$ 9,039,197	\$ 8,920,109
Business-Type Activities:										
Net Investment in Capital Assets				\$ 2,228	\$ 2,074	\$ 1,921	\$ 1,768	\$ 1,615	\$ 1,460	\$ 1,741
Unrestricted	\$ 3,345	\$ 2,697	\$ 3,092	3,507	2,736	5,627	8,502	4,913	10,108	1,762
Total Business-Type Activities Net Position	\$ 3,345	\$ 2,697	\$ 3,092	\$ 5,735	\$ 4,810	\$ 7,548	\$ 10,270	\$ 6,528	\$ 11,568	\$ 3,503
District-Wide:										
Net Investment in Capital Assets	\$ 8,429,901	\$ 8,414,250	\$ 8,415,239	\$ 8,455,708	\$ 8,668,847	\$ 8,798,579	\$ 8,972,315	\$ 9,326,648	\$ 9,543,119	\$ 9,737,395
Restricted	629,972	654,570	653,192	372,229	577,062	725,815	738,846	760,827	858,156	697,545
Unrestricted/(Deficit)	(45,081)	5,705	(253,814)	(211,678)	(59,532)	(38,632)	38,022	(1,396,889)	(1,350,510)	(1,511,328)
Total District Net Position	\$ 9,014,792	\$ 9,074,525	\$ 8,814,617	\$ 8,616,259	\$ 9,186,377	\$ 9,485,762	\$ 9,749,183	\$ 8,690,586	\$ 9,050,765	\$ 8,923,612

* Restated

Source: South Hackensack School District Financial Reports.

SOUTH HACKENSACK SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,343,966	\$ 1,371,449	\$ 1,702,339	\$ 1,863,565	\$ 2,013,839	\$ 2,047,118	\$ 2,009,057	\$ 2,047,188	\$ 2,554,379	\$ 2,868,193
Special Education	294,249	212,332	354,946	417,710	281,136	419,549	420,638	435,034	523,319	567,092
Other Special Instruction	85,377	95,904	167,426	129,216	127,433	153,476	187,664	234,229	333,761	346,244
Other Instruction	56,038	74,156	120,058	124,974	65,905	105,661	111,534	105,922	158,365	154,528
Support Services:										
Tuition			1,922,455	2,287,849	2,212,743	2,292,339	2,177,122	2,231,382	2,355,015	2,581,040
Student & Instruction Related Services	2,077,506	2,327,428	723,192	750,989	681,154	631,894	832,916	850,366	876,033	925,876
General Administrative Services	185,795	190,420	186,119	147,270	174,658	192,387	203,676	172,415	285,034	329,122
School Administrative Services	115,179	122,594	163,419	164,730	137,901	136,583	163,836	87,451	108,359	110,307
Central Services	65,397	89,545	165,769	133,975	146,947	142,310	131,764	73,540	80,890	85,711
Plant Operations and Maintenance	444,848	570,265	649,888	658,812	672,489	671,602	691,859	766,591	593,619	634,103
Pupil Transportation	407,674	353,372	366,998	339,083	212,006	227,670	287,780	272,839	212,126	398,724
Unallocated Depreciation	1,123,170	1,003,196	292,060	292,058	292,060	36,718	24,437	18,956	299,608	310,716
Capital Outlay	1,224,157	342,160	68,306	210,965	22,850	259,213	252,226	226,246	18,956	31,640
Interest on Long-term Debt	316,170	341,174	435,194	299,563	282,923	297,167	286,952	295,835	196,735	191,845
Transfer of Funds to Charter School										68,703
Total Governmental Activities Expenses	7,739,526	7,093,995	7,318,169	7,820,759	7,324,044	7,613,687	7,781,461	7,817,994	8,596,199	9,603,844
Business-Type Activities:										
Proprietary Funds	33,378	36,455	38,347	41,077	28,505	30,306	70,908	84,386	73,380	85,921
Total Business-Type Activities Expenses	33,378	36,455	38,347	41,077	28,505	30,306	70,908	84,386	73,380	85,921
Total District Expenses	7,772,904	7,130,450	7,356,516	7,861,836	7,352,549	7,643,993	7,852,369	7,902,380	8,669,579	9,689,765

SOUTH HACKENSACK SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 73,470	\$ 113,365	\$ 91,507	\$ 92,335	\$ 59,433	\$ 13,919				
Operating Grants and Contributions	962,833	875,073	650,426	725,453	604,598	662,110	\$ 797,562	\$ 775,872	\$ 1,287,258	\$ 1,545,651
Total Governmental Activities Program Revenues	1,036,303	988,438	741,933	817,788	664,031	676,029	797,562	775,872	1,287,258	1,545,651
Business-Type Activities:										
Charges for Services	5,139	5,349	5,375	4,469	1,284	3,749	40,871	40,523	41,240	38,107
Operating Grants and Contributions	6,695	7,946	11,030	14,982	15,459	18,004	18,898	24,734	24,700	26,670
Total Business-Type Activities Revenues	11,834	13,295	16,405	19,451	16,743	21,753	59,769	65,257	65,940	64,777
Total District Program Revenues	1,048,137	1,001,733	758,338	837,239	680,774	697,782	857,331	841,129	1,353,198	1,610,428
Net (Expense)/Revenue										
Governmental Activities	(6,703,223)	(6,105,557)	(6,576,236)	(7,002,971)	(6,660,013)	(6,937,658)	(6,983,899)	(7,042,122)	(7,308,941)	(8,058,193)
Business-Type Activities	(21,544)	(23,160)	(21,942)	(21,626)	(11,762)	(8,553)	(11,139)	(19,129)	(7,440)	(21,144)
Total District Net (Expense)/Revenue	(6,724,767)	(6,128,717)	(6,598,178)	(7,024,597)	(6,671,775)	(6,946,211)	(6,995,038)	(7,061,251)	(7,316,381)	(8,079,337)

SOUTH HACKENSACK SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,619,765	\$ 6,009,252	\$ 5,413,270	\$ 5,956,267	\$ 6,312,727	\$ 6,370,952	\$ 6,370,952	\$ 6,475,489	\$ 6,665,448	\$ 6,942,507
Taxes Levied for Debt Service			464,970	681,481	719,735	661,510	661,644	747,670	742,646	751,845
Federal and State Aid not Restricted	47,051	59,355	148,912	73,099		71,084	19,789	20,924	29,331	27,739
Interest and Miscellaneous Income	392,505		311,113	115,387	209,429	142,049	206,073	194,406	239,135	230,090
Other Financing Sources	(700,000)	119,837								
Transfers	(22,190)	(22,506)	(22,332)	(24,264)	(10,835)	(11,290)	(13,860)	(15,387)	(12,480)	(13,076)
Total Governmental Activities	5,337,131	6,165,938	6,315,933	6,801,970	7,231,056	7,234,305	7,244,598	7,423,102	7,664,080	7,939,105
Business-Type Activities:										
Miscellaneous Income	7	6	5	5	2	1	1			3
Transfers	22,190	22,506	22,332	24,264	10,835	11,290	13,860	15,387	12,480	13,076
Total Business-Type Activities	22,197	22,512	22,337	24,269	10,837	11,291	13,861	15,387	12,480	13,079
Total District	5,359,328	6,188,450	6,338,270	6,826,239	7,241,893	7,245,596	7,258,459	7,438,489	7,676,560	7,952,184
Change in Net Position:										
Governmental Activities	(1,366,092)	60,381	(260,303)	(201,001)	571,043	296,647	260,699	380,980	355,139	(119,088)
Business-Type Activities	653	(648)	395	2,643	(925)	2,738	2,722	(3,742)	5,040	(8,065)
Total District	\$ (1,365,439)	\$ 59,733	\$ (259,908)	\$ (198,358)	\$ 570,118	\$ 299,385	\$ 263,421	\$ 377,238	\$ 360,179	\$ (127,153)

Source: South Hackensack School District Financial Reports.

SOUTH HACKENSACK SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved/Restricted			\$ 120,162	\$ 88,668	\$ 370,763	\$ 619,700	\$ 736,872	\$ 760,228	\$ 858,156	\$ 690,128
Assigned					253,388	215,862	233,758	19,268	72,374	40,252
Unassigned					250,522	250,522	266,975	264,564	276,495	290,970
Unreserved	\$ 382,159	\$ 457,611	346,760	303,059						
Total General Fund	\$ 382,159	\$ 457,611	\$ 466,922	\$ 391,727	\$ 874,673	\$ 1,086,084	\$ 1,237,605	\$ 1,044,060	\$ 1,207,025	\$ 1,021,350
All Other Governmental Funds:										
Reserved/Restricted					\$ 153,718	\$ 78,800	\$ 1,974	\$ 599		
Unreserved, Reported in:										
Capital Projects Fund	\$ 311,193	\$ 374,768	\$ 489,206	\$ 278,241						
Debt Service Fund	318,779	279,802	43,824	5,320						
Total All Other Governmental Funds	\$ 629,972	\$ 654,570	\$ 533,030	\$ 283,561	\$ 153,718	\$ 78,800	\$ 1,974	\$ 599	\$ -0-	\$ -0-
Total Governmental Funds:										
Reserved/Restricted			\$ 120,162	\$ 88,668	\$ 524,481	\$ 698,500	\$ 738,846	\$ 760,827	\$ 858,156	\$ 690,128
Assigned					253,388	215,862	233,758	19,268	72,374	40,252
Unassigned					250,522	250,522	266,975	264,564	276,495	290,970
Unreserved	\$ 1,012,131	\$ 1,112,181	879,790	586,620						
Total Governmental Funds	\$ 1,012,131	\$ 1,112,181	\$ 999,952	\$ 675,288	\$ 1,028,391	\$ 1,164,884	\$ 1,239,579	\$ 1,044,659	\$ 1,207,025	\$ 1,021,350

Source: South Hackensack School District Financial Reports.

SOUTH HACKENSACK SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax Levy	\$ 5,619,765	\$ 6,009,252	\$ 5,878,240	\$ 6,637,748	\$ 7,032,462	\$ 7,032,462	\$ 7,032,596	\$ 7,223,159	\$ 7,408,094	\$ 7,694,352
Tuition Charges	73,470	113,365	91,507	92,355	59,433	13,919	17,312	14,080	21,505	11,360
Miscellaneous	392,505	119,837	312,113	115,387	210,429	142,049	206,073	194,406	239,135	196,564
State Sources	810,186	836,470	695,818	636,538	446,055	576,936	681,680	653,976	741,461	829,889
Federal Sources	199,698	97,958	102,520	161,994	157,543	156,258	116,699	128,740	121,328	136,371
Total Revenues	7,095,624	7,176,882	7,080,198	7,644,022	7,905,922	7,921,624	8,054,360	8,214,361	8,531,523	8,868,536
Expenditures:										
Instruction:										
Regular Instruction	1,343,966	1,371,449	1,262,080	1,395,253	1,421,816	1,419,195	1,420,099	1,507,077	1,572,149	1,624,765
Special Education Instruction	294,249	212,332	266,440	321,801	212,200	297,494	305,713	325,216	321,316	327,849
Other Special Instruction	85,377	95,904	118,986	89,589	86,894	102,275	125,334	164,507	190,026	181,297
Other Instruction	56,038	74,156	100,200	96,479	53,218	80,542	89,352	86,966	110,309	106,572
Support Services:										
Tuition	1,588,318	1,782,483	1,922,455	2,287,849	2,212,743	2,292,339	2,177,122	2,231,382	2,355,015	2,581,040
Student & Instruction Related Services	489,188	544,945	584,017	590,053	545,363	567,567	643,926	716,723	683,579	687,814
General Administrative Services	185,795	190,420	134,715	135,817	148,137	164,182	170,120	146,593	143,494	159,724
School Administrative Services	115,179	122,594	134,633	137,697	111,752	108,104	115,318	65,711	66,520	62,305
Central Services	65,397	89,545	121,682	121,002	121,146	120,227	105,716	59,497	63,192	65,737
Plant Operations and Maintenance	444,848	570,265	562,802	567,214	579,063	568,767	592,757	671,186	589,638	628,677
Pupil Transportation	407,674	353,372	364,314	334,494	205,647	227,670	287,780	272,839	212,126	398,724
Unallocated Benefits	925,010	978,478	823,907	931,234	938,608	1,029,183	1,157,711	1,224,202	1,287,112	1,364,443
Capital Outlay	1,462,611	(37,791)	68,306	215,245	181,052	59,076	36,324	172,950	18,956	31,640
Transfer of Funds to Charter Schools										68,703
Debt Service:										
Principal	295,000	365,000	385,000	415,000	435,000	465,000	485,000	515,000	530,000	560,000
Interest and Other Charges	316,170	341,174	320,558	305,695	289,345	272,220	253,533	234,045	213,245	191,845
Total Expenditures	8,074,820	7,054,326	7,170,095	7,944,422	7,541,984	7,773,841	7,965,805	8,393,894	8,356,677	9,041,135

SOUTH HACKENSACK SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 UNAUDITED
 (Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (979,196)	\$ 122,556	\$ (89,897)	\$ (300,400)	\$ 363,938	\$ 147,783	\$ 88,555	\$ (179,533)	\$ 174,846	\$ (172,599)
Other Financing Sources (Uses)										
Transfers In			4,610	710	76,179	196	77,488			
Transfers Out	(22,190)	(22,506)	(26,942)	(24,974)	(87,014)	(11,486)	(91,348)	(15,387)	(12,480)	(13,076)
Total Other Financing Sources (Uses)	(22,190)	(22,506)	(22,332)	(24,264)	(10,835)	(11,290)	(13,860)	(15,387)	(12,480)	(13,076)
Net Change in Fund Balances	<u>\$ (1,001,386)</u>	<u>\$ 100,050</u>	<u>\$ (112,229)</u>	<u>\$ (324,664)</u>	<u>\$ 353,103</u>	<u>\$ 136,493</u>	<u>\$ 74,695</u>	<u>\$ (194,920)</u>	<u>\$ 162,366</u>	<u>\$ (185,675)</u>
Debt Service as a Percentage of Noncapital Expenditures	10.2 %	11.1 %	11.0 %	10.3 %	10.9 %	10.6 %	10.3 %	10.0 %	9.8 %	9.1 %

Source: South Hackensack School District Financial Reports.

SOUTH HACKENSACK SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refunds</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
2007	\$ 282,692	\$ 115,164	\$ 1,200	\$ 73,470	\$ 1,650	\$ 474,176
2008	64,400	7,587	47,850	113,365		233,202
2009	10,776	3,934	99,460	91,507	9,589	215,266
2010	3,312	7,315	104,050	92,355		207,032
2011	1,773	26,871	163,765	59,433	16,551	268,393
2012	1,462	21,287	117,140	13,919	1,964	155,772
2013	1,213	14,828	176,950	17,312	13,082	223,385
2014	734	9,166	174,250	14,080	10,256	208,486
2015	1,842	15,016	183,120	21,505	39,157	260,640
2016	3,502	7,143	185,919	11,360		207,924

Source: South Hackensack School District Financial Reports.

SOUTH HACKENSACK SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Value	Add: Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 5,357,400	\$ 116,651,200	\$ 44,726,300	\$ 214,006,000	\$ 380,740,900	\$ 357,013	\$ 381,097,913	\$ 39,114,200	\$ 1.35	\$ 510,182,010
2007	5,227,400	117,567,400	44,689,700	214,258,700	381,743,200	314,148	382,057,348	39,114,200	1.52	577,246,806
2008	5,227,400	118,039,900	44,447,700	212,519,100	380,234,100	278,020	380,512,120	39,114,200	1.56	678,983,474
2009	4,254,900	118,021,100	43,825,900	216,848,100	382,950,000	268,118	383,218,118	39,006,700	1.63	750,993,782
2010	* 4,085,400	198,705,100	74,445,100	374,085,600	651,321,200	786,602	652,107,802	58,707,700	1.05	740,497,681
2011	4,085,400	198,320,300	74,427,800	372,509,100	649,342,600	549,928	649,892,528	58,707,700	1.08	715,128,735
2012	4,049,400	198,161,200	71,280,600	359,675,500	633,166,700	559,528	633,726,228	58,707,700	1.13	680,426,705
2013	9,716,900	199,291,800	65,610,800	350,047,700	624,667,200	9,122	624,676,322	58,707,700	1.12	698,498,445
2014	* 9,250,900	164,409,300	63,262,500	332,344,600	569,267,300	10,000	569,277,300	54,164,200	1.30	618,590,728
2015	* 8,944,800	166,387,000	64,155,700	337,270,500	576,758,000	10,000	576,768,000	54,173,300	1.31	613,468,843

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.
 Reassessment occurs when ordered by the County Board of Taxation.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100 of assessed value.

* Revaluation Year

Source: Township of South Hackensack Tax Assessor.

Exhibit J-7

SOUTH HACKENSACK SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	South Hackensack School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Township of South Hackensack	Bergen County	
2006	\$ 1.22	\$ 0.13	\$ 1.35	\$ 1.36	\$ 0.25	\$ 2.95
2007	1.36	0.16	1.52	1.33	0.27	3.12
2008	1.44	0.12	1.56	1.39	0.33	3.28
2009	1.46	0.17	1.63	1.45	0.38	3.46
2010	* 0.94	0.11	1.05	0.89	0.22	2.16
2011	0.98	0.10	1.08	0.89	0.22	2.19
2012	1.02	0.11	1.13	0.92	0.23	2.28
2013	0.99	0.13	1.12	0.99	0.25	2.36
2014	* 1.17	0.13	1.30	1.19	0.24	2.72
2015	* 1.18	0.13	1.31	1.18	0.25	2.74

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

* Revaluation Year

Source: Township of South Hackensack Tax Collector and School Business Administrator.

SOUTH HACKENSACK SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Valuation Taxable		Taxable Assessed Value	% of Total District Net Valuation Taxable
30 Wesley St LLC	\$ 15,733,000	2.52 %	Alsan Realty Company L.P.	\$ 17,052,600	4.46 %
Forsgate Ventures IX LLC	14,740,000	2.36 %	Wesley Investments, LLC	10,377,500	2.72 %
SVC Chippewa LLC	12,900,000	2.07 %	Marschall Warehouse Co	8,321,300	2.18 %
Bldg Phillips LLC	10,400,000	1.66 %	Forsgate Ventures IX	6,845,300	1.79 %
Treco Enterprises	10,331,000	1.65 %	Bldg. Phillips, LLC	6,785,500	1.78 %
Mahopac Partners LLC	10,319,000	1.65 %	Forsgate Ventures IV LLC	6,626,300	1.73 %
Forsgate Ventures IV LLC	9,178,700	1.47 %	LVM C/O V. Madis	6,526,400	1.71 %
Alfred Sanzari Enterprises	8,990,000	1.44 %	Treco Enterprises	6,184,500	1.62 %
Huyler Strategies, LLC	8,836,000	1.41 %	Mt Laurel LLC	5,837,400	1.53 %
Naturex Inc. Corporation	8,404,000	1.35 %	Mahopac Partners, LLC	5,818,300	1.52 %
Total	<u>\$ 109,831,700</u>	<u>17.58 %</u>	Total	<u>\$ 80,375,100</u>	<u>21.04 %</u>

N/A - Not Available

Source: Township of South Hackensack Tax Assessor.

Exhibit J-9

SOUTH HACKENSACK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 5,619,765	\$ 5,619,765	100.00 %	- 0 -
2008	6,009,252	6,009,252	100.00 %	- 0 -
2009	5,878,240	5,878,240	100.00 %	- 0 -
2010	6,637,748	6,637,748	100.00 %	- 0 -
2011	7,032,462	7,032,462	100.00 %	- 0 -
2012	7,032,462	7,032,462	100.00 %	- 0 -
2013	7,032,596	7,032,596	100.00 %	- 0 -
2014	7,223,159	7,223,159	100.00 %	- 0 -
2015	7,408,094	7,408,094	100.00 %	- 0 -
2016	7,694,352	7,694,352	100.00 %	- 0 -

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: South Hackensack School District records, including the Certificate and Report of School Taxes (A4F Form)

Exhibit J-10

SOUTH HACKENSACK SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities General Obligation Bonds	Business -Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
2007	\$ 8,365,000	- 0 -	\$ 8,365,000	5.86 %	3,693.16
2008	8,000,000	- 0 -	8,000,000	5.28 %	3,544.53
2009	7,615,000	- 0 -	7,615,000	4.93 %	3,381.44
2010	7,200,000	- 0 -	7,200,000	4.62 %	3,023.94
2011	6,765,000	- 0 -	6,765,000	4.28 %	2,827.00
2012	6,300,000	- 0 -	6,300,000	3.71 %	2,593.66
2013	5,815,000	- 0 -	5,815,000	3.43 %	2,381.24
2014	5,300,000	- 0 -	5,300,000	3.09 %	2,145.75
2015	4,770,000	- 0 -	4,770,000	2.78 %	1,931.17
2016	4,210,000	- 0 -	4,210,000	2.32 %	1,707.91

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

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

Source: South Hackensack School District Financial Reports.

Exhibit J-11

SOUTH HACKENSACK SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 8,365,000	- 0 -	\$ 8,365,000	2.19 %	\$ 3,693.16
2008	8,000,000	- 0 -	8,000,000	2.09 %	3,544.53
2009	7,615,000	- 0 -	7,615,000	2.00 %	3,381.44
2010	7,200,000	- 0 -	7,200,000	1.88 %	3,023.94
2011	6,765,000	- 0 -	6,765,000	1.04 %	2,827.00
2012	6,300,000	- 0 -	6,300,000	0.97 %	2,593.66
2013	5,815,000	- 0 -	5,815,000	0.92 %	2,381.24
2014	5,300,000	- 0 -	5,300,000	0.85 %	2,145.75
2015	4,770,000	- 0 -	4,770,000	0.84 %	1,931.17
2016	4,210,000	- 0 -	4,210,000	0.73 %	1,707.91

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: South Hackensack School District Financial Reports.

Exhibit J-12

SOUTH HACKENSACK SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Township of South Hackensack	\$ 4,255,902	100.00 %	\$ 4,255,902
Bergen County General Obligation Debt	963,604,537	0.48%	<u>4,594,959</u>
Subtotal, Overlapping Debt			8,850,861
South Hackensack School District Direct Debt			<u>4,210,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 13,060,861</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of South Hackensack. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

Exhibit J-13

SOUTH HACKENSACK SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2013	\$ 641,605,588
2014	626,808,302
2015	603,492,728
	<u>\$ 2,573,307,867</u>
Average Equalized Valuation of Taxable Property	<u>\$ 623,968,873</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 18,719,066
Net Bonded School Debt at June 30, 2016	<u>4,210,000</u>
Legal Debt Margin	<u>\$ 14,509,066</u>

	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 17,308,385	\$ 19,592,536	\$ 19,592,536	\$ 21,025,786	\$ 21,510,433
Total Net Debt Applicable to Limit	<u>8,365,000</u>	<u>8,000,000</u>	<u>7,615,000</u>	<u>7,200,000</u>	<u>6,765,000</u>
Legal Debt Margin	<u>\$ 8,943,385</u>	<u>\$ 11,592,536</u>	<u>\$ 11,592,536</u>	<u>\$ 11,977,536</u>	<u>\$ 13,825,786</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.33 %	40.83 %	38.87 %	34.24 %	31.45 %

	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 21,035,933	\$ 20,777,367	\$ 27,193,422	\$ 19,625,234	\$ 18,719,066
Total Net Debt Applicable to Limit	<u>6,300,000</u>	<u>5,815,000</u>	<u>5,300,000</u>	<u>4,770,000</u>	<u>4,210,000</u>
Legal Debt Margin	<u>\$ 14,735,933</u>	<u>\$ 14,735,933</u>	<u>\$ 21,893,422</u>	<u>\$ 14,855,234</u>	<u>\$ 14,509,066</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.95 %	27.99 %	19.49 %	24.31 %	22.49 %

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

Exhibit J-14

SOUTH HACKENSACK SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Year</u>	<u>Township Population^a</u>	<u>Bergen County Per Capita Personal Income^b</u>	<u>Township Personal Income^c</u>	<u>Township Unemployment Rate^d</u>
2007	2,257	\$ 67,113	\$ 151,474,041	4.60 %
2008	2,252	68,541	154,354,332	6.00 %
2009	2,258	64,388	145,388,104	10.60 %
2010	2,381	65,486	155,922,166	10.90 %
2011	2,393	66,096	158,167,728	10.70 %
2012	2,429	69,919	169,833,251	10.90 %
2013	2,442	69,495	169,706,790	6.60 %
2014	2,470	73,536	181,633,920	6.60 %
2015	2,470 *	73,536 **	181,633,920 ***	6.60 %
2016	2,470 *	73,536 **	181,633,920 ***	6.60 %

* Latest population data available (2014) was used for calculation purposes.

** Latest Bergen County per capita personal income available (2014) was used for calculation purposes.

*** Latest personal income available (2014) was used for calculation purposes.

Sources:

- ^a Population information provided by the US Department of Census - Population Division.
- ^b Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^c Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

SOUTH HACKENSACK SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2014		Employer	2005	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	Total	N/A	N/A

N/A - Information is not available.

NOTE: The District was unsuccessful in its attempt to obtain information regarding the principal employers of the Township.

SOUTH HACKENSACK SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	22.00	22.00	22.00	22.00	22.00	22.00	20.00	21.00	21.00	21.00
Special Education	3.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00
Other Instruction	8.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00	8.00
Support Services:										
General Administrative Services	4.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00
Central Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Plant Operations and Maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	<u>43.00</u>	<u>43.00</u>	<u>43.00</u>	<u>43.00</u>	<u>42.00</u>	<u>43.00</u>	<u>40.00</u>	<u>40.00</u>	<u>40.00</u>	<u>40.00</u>

Source: South Hackensack School District Personnel Records.

SOUTH HACKENSACK SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	246	\$ 6,001,039	\$ 24,394	19.20 %	22	1:10.7	230	230	-6.50 %	100.00 %
2008	219	6,385,943	29,160	19.53 %	22	1:10.6	219	210	-4.78 %	95.89 %
2009	227	6,396,231	28,177	-3.37 %	22	1:10.5	227	217	3.65 %	95.59 %
2010	237	7,008,482	29,572	4.95 %	25	1:10.5	236	226	3.96 %	95.76 %
2011	217	6,636,587	30,583	3.42 %	23	1:10.6	219	211	-7.20 %	96.35 %
2012	255	6,977,545	27,363	-10.53 %	25	1:10.1	255	243	16.44 %	95.29 %
2013	249	7,190,948	28,879	5.54 %	24	1:10.4	248	235	-2.75 %	94.76 %
2014	254	7,471,899	29,417	1.86 %	24	1:10.4	255	246	2.82 %	96.47 %
2015	252	7,594,476	30,137	2.45 %	24	1:10.4	252	243	-1.18 %	96.43 %
2016	244	8,257,650	33,843	12.30 %	24	1:10.4	254	243	0.79 %	95.67 %

Note: Enrollment based on annual October District count.

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Cost per pupil is calculated based upon the enrollment and operating expenditures presented above which may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: South Hackensack School District Records.

SOUTH HACKENSACK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
Memorial School (2004):										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (Students)	295	295	295	295	295	295	295	295	295	295
Enrollment	230	219	227	237	217	255	249	254	252	244
<u>Number of Schools at June 30, 2016:</u>										
Elementary = 1										

NOTE: Enrollment is based on the annual October District count.

Source: South Hackensack School District Facilities Office.

SOUTH HACKENSACK SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

School Facilities*	Project # (s)	Fiscal Year Ending June 30,									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Memorial Elementary School	N/A	\$ 15,500	\$ 42,919	\$ 59,857	\$ 58,760	\$ 53,008	\$ 59,321	\$ 82,084	\$ 110,425	\$ 53,764	\$ 79,814

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

Source: South Hackensack School District Records.

SOUTH HACKENSACK SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund:		
General Liability:		
General Aggregate	\$ 50,000,000	
Each Occurrence	5,000,000	
Production/Completed Operations	5,000,000	
Personal Injury	5,000,000	
Fire Damage	2,500,000	
Medical Expense	5,000	
Employee Benefits Liability	5,000,000	
Aggregate	5,000,000	
Sexual Molestation Limit	3,000,000	
Commercial Property Coverage:		
Property Building & Contents Replacement		
Cost Values	15,445,983	2,500
Earthquake	25,000,000	
Flood (Zones A or V)	25,000,000	
Flood (Zones non A or V)	10,000,000	
Boiler and Machinery	100,000,000	2,500
Crime:		1,000
Employee Dishonesty with Faithful Performance	500,000	
Forgery & Alteration	50,000	
Theft - Inside & Outside	50,000	
Computer Fraud	50,000	
Automobile Coverage:		1,000
Combined Single Limit	5,000,000	
Hired/Non-Owned	5,000,000	
Uninsured/Underinsured	15/30/5,000	
Per Occurrence	Included in Limit	
Excess Liability:		
Each Occurrence	5,000,000	
E & O/Each Loss	5,000,000	
Each Policy Year	5,000,000	

SOUTH HACKENSACK SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Leaders - Ace American Insurance:		
Practices Liability:		
Each Claim/Each Insured	\$ 5,000,000	
Aggregate/Each Insured	5,000,000	
Each Claim/All Insureds	10,000,000	
Maximum Policy Aggregate	20,000,000	
Retention - SLLL		5,000
Retention - EPL		5,000
Environmental - Ace/Illinois Union Insurance Company		
Each Claim Limit	1,000,000	
Legal defense Expense Limit	25,000,000	
SIR - Per Pollution Condition		10,000

Source: South Hackensack School District Records.

SINGLE AUDIT SECTION



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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
 South Hackensack School District
 County of Bergen, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Hackensack School District in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 District'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 the 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.

The Honorable President and Members
of the Board of Education
South Hackensack School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 7, 2016
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the South Hackensack School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state 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 state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
South Hackensack School District
Page 2

Opinion on Each Major State 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 state programs for the fiscal 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 7, 2016

NISIVOCIA LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Balance at June 30, 2016		Amounts Provided to Subrecipients
			From	To		Unearned Revenue/ (Accounts Receivable)	Unearned Revenue					
U.S. Department of Agriculture -												
Passed-through State Department of Agriculture:												
Enterprise Fund:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	N/A	7/1/14	6/30/15	1,914	\$ (432)	\$ 432					
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	22,326	(4,810)	4,810					
School Breakfast Program	10.553	N/A	7/1/15	6/30/16	2,148		1,983	\$ (2,148)	\$ (165)			
National School Lunch Program	10.555	N/A	7/1/15	6/30/16	24,039		23,130	(24,039)	(909)			
Total Child Nutrition Cluster						(5,242)	30,355	(26,187)	(1,074)			
Total Enterprise Fund						(5,242)	30,355	(26,187)	(1,074)			
Total U.S. Department of Agriculture						(5,242)	30,355	(26,187)	(1,074)			
Passed-through State Department of Education:												
Special Revenue:												
No Child Left Behind:												
Title I	84.010A	NCLB-4870-15	7/1/14	6/30/15	44,312	(3,994)	3,994					
Title II Part A	84.278A	NCLB-4870-15	7/1/14	6/30/15	8,691	(799)	799					
Title I	84.010A	NCLB-4870-16	7/1/15	6/30/16	61,559		60,906	(60,906)				
Title II Part A	84.278A	NCLB-4870-16	7/1/15	6/30/16	8,332		8,149	(8,149)				
						(4,793)	73,848	(69,055)				
U.S. Department of Education -												
Passed-through State Department of Education:												
Special Revenue:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA-4870-16	7/1/15	6/30/16	63,759		\$ 63,759	\$ (63,759)				
I.D.E.A. Part B, Preschool	84.173	IDEA-4870-16	7/1/15	6/30/16	2,557		2,557	(2,557)				
Total Department of Education							66,316	(66,316)				
U.S. Department of Housing and Urban Development -												
Passed-through Bergen County Department of Community Development:												
Special Revenue:												
Community Development Block Grant	14.218	N/A	7/1/14	6/30/15	1,000	10			10			
Community Development Block Grant	14.218	N/A	7/1/15	6/30/16	1,000		1,000	(1,000)				
Total U.S. Department of Housing and Urban Development						10	1,000	(1,000)	10			
Total Special Revenue Fund						(4,783)	141,164	(136,371)	10			
TOTAL FEDERAL AWARDS						\$ (10,025)	\$ 171,519	\$ (162,558)	\$ (1,064)	\$ -0-	\$ -0-	

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SOUTH HACKENSACK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at	Cash Received	Budgetary Expenditures	Balance at	MEMO	
		From	To		June 30, 2015 (Accounts Receivable)			June 30, 2016 GAAP (Accounts Receivable)	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:										
General Fund:										
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	\$ 203,132		\$ 203,132	\$ (203,132)			\$ 203,132
Extraordinary Aid	16-495-034-5120-044	7/1/15	6/30/16	89,060			(89,060)	\$ (89,060)	\$ (89,060)	89,060
Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15	6/30/16	1,910			(1,910)	(1,910)	(1,910)	1,910
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	20,749		20,749	(20,749)			20,749
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	13,033		13,033	(13,033)			13,033
PARCC Readiness Aid	16-495-034-5120-098	7/1/15	6/30/16	3,320		3,320	(3,320)			3,320
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	3,320		3,320	(3,320)			3,320
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	7/1/15	6/30/16	139,991		133,003	(139,991)	(6,988)	(6,988)	139,991
Homeless Tuition Reimbursement	Not Available	7/1/15	6/30/16	33,526			(33,526)	(33,526)	(33,526)	33,526
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	203,132	\$ (2,609)	2,609				203,132
Extraordinary Aid	15-100-034-5120-473	7/1/14	6/30/15	78,046	(78,046)	78,046				78,046
Nonpublic School Transportation Costs	15-495-034-5120-014	7/1/14	6/30/15	1,577	(1,577)	1,577				1,577
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	20,749	(266)	266				20,749
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	13,033	(169)	169				13,033
PARCC Readiness Aid	15-495-034-5120-098	7/1/14	6/30/15	3,320	(42)	42				3,320
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	3,320	(42)	42				3,320
Reimbursed TPAF Social Security Aid	15-495-034-5095-002	7/1/14	6/30/15	139,233	(6,890)	6,890				139,233
Homeless Tuition Reimbursement	Not Available	7/1/14	6/30/15	8,705	(8,705)	8,705				8,705
Total General Fund State Aid					(98,346)	474,903	(508,041)	(131,484)	(131,484)	979,156
Enterprise Fund:										
State School Lunch Program	16-100-010-3350-023	7/1/15	6/30/16	483		464	(483)	(19)	(19)	483
State School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	457	(96)	96				457
Total Enterprise Fund					(96)	560	(483)	(19)	(19)	940
Total State Department of Education					(98,442)	475,463	(508,524)	(131,503)	(131,503)	980,096
TOTAL STATE AWARDS					\$ (98,442)	\$ 475,463	\$ (508,524)	\$ (131,503)	\$ (131,503)	\$ 980,096

N/A - Not Available

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES FEDERAL AND STATE AWARDS

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, South Hackensack School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District had elected to use the 10 percent de minimus indirect cost rate as allowed under The Uniform Guidance.

NOTE 4. 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 those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

SOUTH HACKENSACK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,128 for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Contributions and Post Retirement Contributions revenue of \$139,991 and \$173,234 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		\$ 829,889	\$ 829,889
Special Revenue Fund	\$ 136,371		136,371
Proprietary Fund	26,187	483	26,670
Total Financial Assistance	\$ 162,558	\$ 830,372	\$ 992,930

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for fiscal year end June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The Schedule of Expenditures of State Awards shows total expenditures of \$507,766, the inclusion of expenditures for TPAF Pension and TPAF Post-Retirement Medical Benefits, not included on the Schedule of Expenditures of State Awards, but included in the calculation of determination of a state single audit, subjects the District to a state single audit. The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
State Aid Public:				
Special Education				
Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 203,132	\$ 203,132
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	20,749	20,749
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,320	3,320
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,320	3,320

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

SOUTH HACKENSACK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable as federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SOUTH HACKENSACK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no prior audit findings.