

HASBROUCK HEIGHTS SCHOOL DISTRICT

Borough of Hasbrouck Heights
Board of Education
County of Bergen
New Jersey

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

Hasbrouck Heights School District

Hasbrouck Heights, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

Prepared by
Business Office

**HASBROUCK HEIGHTS SCHOOL DISTRICT
OUTLINE OF CAFR**

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Introductory Section

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

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

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

February 27, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Hasbrouck Heights School District (the "District") for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

2) **EDUCATIONAL PROGRAM:** The District provides a full range of educational services appropriate to grade levels Pre-K through 12 for regular and special education handicapped youngsters serving approximately 1805 students. All schools are accredited by the New Jersey State Department of Education. The District is served by 139 (FTE) teachers and 10 (FTE) administrators. Approximately 72.7% of the faculty has earned masters degrees.

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

The District's Spring 2018 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	<u>Language Arts Literacy (LAL)</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	2.4%	4.8%	15.2%	61.6%	16.0%
Grade 4	0.7%	5.0%	13.4%	54.6%	26.2%
Grade 5	0.0%	8.1%	14.8%	55.0%	22.1%
Grade 6	3.0%	7.2%	30.1%	45.2%	14.5%
Grade 7	3.8%	7.6%	13.9%	41.8%	32.9%
Grade 8	4.5%	11.0%	21.9%	40.6%	21.9%
Grade 9	7.4%	14.0%	26.5%	41.2%	11.0%
Grade 10	16.8%	16.8%	18.2%	35.0%	13.3%
Grade 11	9.7%	12.4%	28.3%	44.2%	5.3%

	<u>Mathematics</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	0.8%	4.0%	15.2%	56.0%	24.0%
Grade 4	4.3%	8.5%	29.1%	52.5%	5.7%
Grade 5	2.7%	9.5%	27.0%	52.7%	8.1%
Grade 6	1.8%	17.6%	32.7%	35.8%	12.1%
Grade 7	5.1%	11.4%	20.3%	51.9%	11.4%
Grade 8	8.7%	11.3%	25.2%	49.6%	5.2%
Algebra I	10.1%	6.5%	25.4%	42.8%	15.2%
Algebra II	3.6%	25.2%	27.9%	32.4%	10.8%
Geometry	17.4%	22.1%	21.5%	37.6%	1.3%

The District completed the 2017-2018 fiscal year with an average daily enrollment of 1,800 students, which is a decrease of 50 students compared to the previous year's average daily enrollment.

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

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018	1,800	(2.73)%
2017	1,850	(0.48)%
2016	1,859	(0.59)%
2015	1,870	(0.48)%
2014	1,884	(0.74)%

3) ECONOMIC CONDITION AND OUTLOOK: The District’s primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2017-2018 school year. The District’s administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

4) MAJOR INITIATIVES: Specific initiatives for the 2017-2018 school year include the following accomplishments:

- Continued to expand our technology program by implementing a 1:1 initiative
- Implemented both Writers and Readers program in the elementary schools
- Created in district special education programs to reduce out of district placements

5) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District’s single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state financial award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

7) ACCOUNTING SYSTEMS AND REPORTS: The District’s accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in “Notes to the Financial Statements,” Note 2.

8) DEBT ADMINISTRATION: At June 30, 2018, the District had \$4,850,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

9) CASH MANAGEMENT: The investment policy of the District is guided in large part by State Statute as detailed in “Notes to the Financial Statements,” Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUPDA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

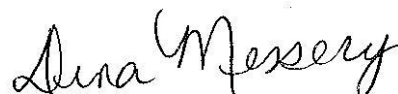
11) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of PKF O’Connor Davies was selected by the Board of Education. In addition to meeting the requirements set forth in state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

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

Respectfully submitted,

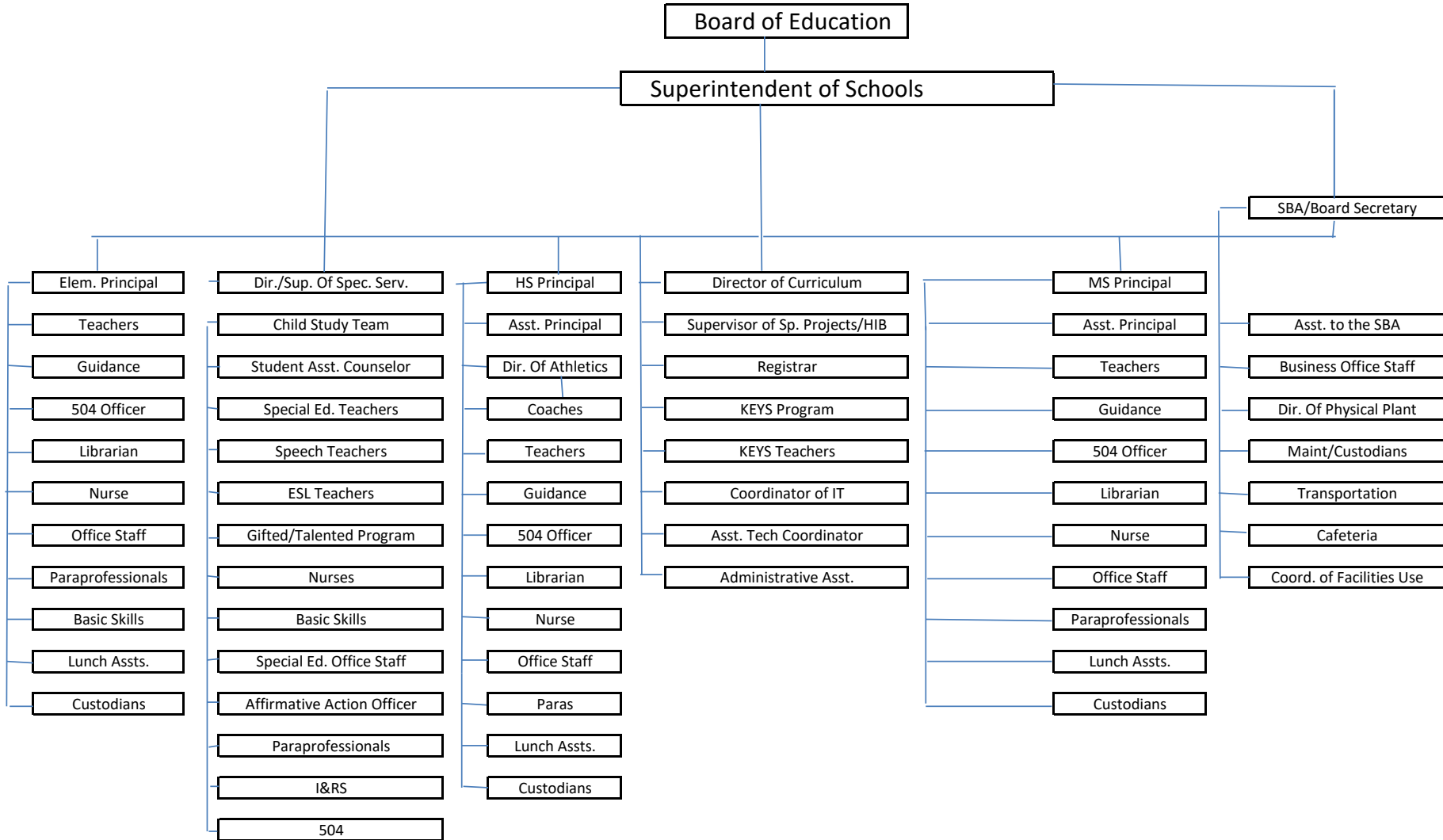


Matthew Helfant
Superintendent of Schools



Dina Messery
Business Admin/Board Secretary

ORGANIZATIONAL CHART Hasbrouck Heights Public Schools



Approved: June 23, 2005
 Revised: May 26, 2011
 Revised: July 19, 2012
 Revised: July 21, 2016

**HASBROUCK HEIGHTS BOARD OF EDUCATION
HASBROUCK HEIGHTS, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Patricia Caruso - <i>President</i>	2019
Alan Baker - <i>Vice President</i>	2018
Cara Capasso-Murray	2018
Constance Doheny	2018
Robert Faussette	2019
Jillian Ferdinand	2020
Joseph Rinke	2019
Nicole Russo	2020
Robert Salerno	2020

Other Officials

Dr. Matthew Helfant - *Superintendent of Schools*

Dina Messery - *Board Secretary/School Business Administrator*

HASBROUCK HEIGHTS BOARD OF EDUCATION
HASBROUCK HEIGHTS, NEW JERSEY

CONSULTANTS AND ADVISORS

Architect

EI Associates
6 Ridgedale Avenue
Cedar Knolls, New Jersey 07927

Audit Firm

PKF O'Connor Davies, LLP
20 Commerce Drive, Suite 301
Cranford NJ, 07016

Attorney

Isabel Machado, Esq.
Machado Law Group, LLC
1 Cleveland Place
Springfield, NJ 07081

Official Depository

Valley National Bank
1445 Valley Road
Wayne, New Jersey 07470

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by *Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey State Office of Management and Budget Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are not a required part of the basic financial statements.*

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

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

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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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 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.

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 27, 2019

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant No. 2305

Required Supplementary – Part I
Management’s Discussion and Analysis

**HASBROUCK HEIGHTS PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 - 2018 are as follows:

The district's general fund balance increased by \$1,133,021 to \$3,419,344.

Total revenues increased by \$3,060,000 in comparison to revenues from June 30, 2017.

General revenues accounted for \$41.6 million in revenue or 95% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$2.4 million or 5% of total governmental revenues of \$44.0 million.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and the Statement of Activities

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

These two statements report the district's net assets and changes in those assets. The change in net position is important because it tells the reader that, for the district as a whole, the

financial position has improved or diminished due to the increase or decrease of assets, including cash and property, or liabilities, including long term indebtedness or short term accounts payable.

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

Governmental Activities

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

Business Type Activities

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

The School District as a Whole

The District's financial position is the product of several types of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net position on June 30

	2018	2017
Assets		
Cash and Cash Equivalents	\$ 3,898,355	\$ 1,380,439
Accounts Receivable - Net	2,564,032	1,058,617
Capital Assets - Net	13,489,305	8,724,357
Total Assets	19,951,692	11,163,413
Deferred Outflows of Resources	2,330,150	2,860,448
Total Assets and Deferred Outflows	<u>\$ 22,281,842</u>	<u>\$ 14,023,861</u>
Liabilities		
Accounts Payable	\$ 677,925	\$ 764,439
Short-term Liabilities	7,394,547	988,482
Long-term Liabilities	12,748,556	14,949,715
Unearned Revenue	7,445	6,944
Total Liabilities	<u>\$ 20,828,473</u>	<u>\$ 16,709,580</u>
Deferred Inflows of Resources	<u>\$1,704,686</u>	<u>\$399,849</u>
Net Position		
Investment in Capital Assets	\$7,762,981	\$3,184,357
Restricted	2,243,510	1,643,510
Unrestricted	(10,257,808)	(7,913,435)
Total Net Position	<u>\$ (251,317)</u>	<u>\$ (3,085,568)</u>

Table 2 - Comparison of Revenues and Expenses

<u>Revenues</u>		
General Revenues:		
Tax Levy	\$ 29,021,438	\$ 28,572,770
Grants and Other Entitlements	14,720,390	12,343,467
Other Miscellaneous	283,881	581,210
Total Revenues	<u>\$ 44,025,709</u>	<u>\$ 41,497,447</u>
<u>Program Expenses</u>		
Instruction	\$ 24,629,008	\$ 23,454,433
Support Services	16,435,899	17,382,933
Interest Expense	126,551	145,051
Total Expenses	<u>\$ 41,191,458</u>	<u>\$ 40,982,417</u>

Proprietary funds. The District maintains three proprietary fund types. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service, key program and other programs all of which are considered major funds of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21 - 23 of this report

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The basic fiduciary fund financial statements can be found on pages 24 - 25 of this report.

Table 3 shows the distribution of all operating revenue for all Governmental Funds:

Table 3 - Distribution of Operating Revenue by Source

Property Taxes:	
For General Purposes	\$ 28,355,966
For Debt Service	665,472
Federal and State Aid:	
Federal and State - Non-restricted	5,835,879
Federal and State - restricted	2,564,730
Tuition	60,457
Other	223,424
Total	<u><u>\$ 37,705,928</u></u>

General Fund Budgeting Highlights

The district's budget is prepared according to New Jersey law, statues, codes and regulations. The most significant fund is the General Fund. It accounts for most of the activities and transactions. The following is a summary of major changes from amounts budgeted vs. actual revenues or appropriations. This summary excludes payments made by the state to the pension fund or taxes on-behalf of district employees. On behalf payments amounted to \$4,127,592 for the past fiscal year.

1. During July 2018, the District received additional State aid in the amount of \$312,561, of which the District was able to reduce the tax levy by \$156,281.
2. The district's general fund balance increased by \$1,133,021 to \$3,419,344.

Capital Assets

At the end of the fiscal year 2017 - 2018, the value of all district fixed assets before depreciation was \$20,411,462. Accumulated depreciation was \$6,922,157. Table 4 provides a breakdown of the present book value of fixed assets net of depreciation.

Table 4 - Fixed Assets Net of Depreciation

Land	\$	3,058,776
Construction in process		6,231,378
Building and Improvements		8,856,789
Machinery and Equipment		2,264,519
Less Accumulated Depreciation		<u>(6,922,157)</u>
	\$	<u>13,489,305</u>

Contacting the District's Financial Management

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

Basic Financial Statements

A. District Wide Financial Statements

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,654,845	\$ 714,536	\$ 2,369,381
Accounts receivable	2,564,032	7,753	2,571,785
Inventory		3,518	3,518
Restricted assets:			
Capital reserve account - cash	1,459,006		1,459,006
Maintenance reserve account - cash	784,504		784,504
Capital assets, non-depreciable	9,290,154		9,290,154
Capital assets, depreciable, net	4,199,151		4,199,151
Total assets	<u>19,951,692</u>	<u>725,807</u>	<u>20,677,499</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding bonds	75,240		75,240
Pension deferrals	2,254,910		2,254,910
Total deferred outflows of resources	<u>2,330,150</u>		<u>2,330,150</u>
LIABILITIES			
Accounts payable	542,603	84,549	627,152
Notes payable	6,225,000		6,225,000
Accrued interest payable	50,977		50,977
Payable to state government	84,345		84,345
Unearned revenue	7,445	72,527	79,972
Net pension liability	6,976,209		6,976,209
Noncurrent liabilities:			
Due within one year	1,169,547		1,169,547
Due beyond one year	5,772,347		5,772,347
Total liabilities	<u>20,828,473</u>	<u>157,076</u>	<u>20,985,549</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	<u>1,704,686</u>		<u>1,704,686</u>
NET POSITION			
Net Investment in capital assets	7,762,981		7,762,981
Restricted for:			
Capital reserve	1,459,006		1,459,006
Maintenance reserve	784,504		784,504
Unrestricted (deficit)	<u>(10,257,808)</u>	<u>568,731</u>	<u>(9,689,077)</u>
Total net position	<u>(251,317)</u>	<u>568,731</u>	<u>317,414</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business-type Activities	Total
Government Activities							
Instruction:							
Regular	\$ 17,169,122		\$ 290,931		\$ (16,878,191)		\$ (16,878,191)
Special education	5,710,487				(5,710,487)		(5,710,487)
Other special instruction	1,749,399				(1,749,399)		(1,749,399)
Support Services:							
Tuition	2,610,946		371,865		(2,239,081)		(2,239,081)
Student and instruction related services	5,527,049		108,395		(5,418,654)		(5,418,654)
General administrative services	819,369		22,522		(796,847)		(796,847)
School administrative services	2,213,726				(2,213,726)		(2,213,726)
Other administrative services	200,265				(200,265)		(200,265)
Central services	662,174				(662,174)		(662,174)
Plant operations and maintenance	3,590,178			\$ 1,609,642	(1,980,536)		(1,980,536)
Pupil transportation	812,192				(812,192)		(812,192)
Interest and other charges on long term obligations	126,551				(126,551)		(126,551)
Total Governmental Activities	<u>41,191,458</u>		<u>793,712</u>	<u>1,609,642</u>	<u>(38,788,104)</u>		<u>(38,788,104)</u>
Business-Type Activities							
Food service	584,865	\$ 395,933	169,621			\$ (19,311)	(19,311)
Keys and other programs	376,539	376,475				(64)	(64)
Total Business-Type Activities	<u>961,404</u>	<u>772,408</u>	<u>169,621</u>			<u>(19,375)</u>	<u>(19,375)</u>
Total Primary Government	<u>\$ 42,152,862</u>	<u>\$ 772,408</u>	<u>\$ 963,333</u>	<u>\$ 1,609,642</u>	<u>\$ (38,788,104)</u>	<u>\$ (19,375)</u>	<u>\$ (38,807,479)</u>
General revenues:							
Property taxes, levied for general purposes					28,355,966		28,355,966
Property taxes, levied for debt service					665,472		665,472
State and federal sources - unrestricted					12,317,036		12,317,036
Tuition					60,457		60,457
Interest Earned					71,768		71,768
Miscellaneous Income					151,656		151,656
Total General Revenues and Special Items					<u>41,622,355</u>		<u>41,622,355</u>
Change in net position					2,834,251	(19,375)	2,814,876
Net Position, beginning of year					<u>(3,085,568)</u>	<u>588,106</u>	<u>(2,497,462)</u>
Net Position, end of year					<u>\$ (251,317)</u>	<u>\$ 568,731</u>	<u>\$ 317,414</u>

B. Fund Financial Statements

Governmental Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 1,106,242	\$	\$ 548,601	\$ 2	\$ 1,654,845
Restricted cash and cash equivalents	2,243,510				2,243,510
Receivable from State Government	272,598		2,141,274		2,413,872
Receivable from Federal Government		135,146			135,146
Interfund receivable	3,002			54,869	57,871
Other Receivable	15,014				15,014
	<u>\$ 3,640,366</u>	<u>\$ 135,146</u>	<u>\$ 2,689,875</u>	<u>\$ 54,871</u>	<u>\$ 6,520,258</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 221,022	\$ 40,354	\$	\$	\$ 261,376
Note payable			6,225,000		6,225,000
Interfund payable		3,002	54,869		57,871
Payable to State government		84,345			84,345
Unearned revenue		7,445			7,445
	<u>221,022</u>	<u>135,146</u>	<u>6,279,869</u>		<u>6,636,037</u>
Total Liabilities					
Fund Balances:					
Restricted for:					
Capital reserve	1,459,006				1,459,006
Maintenance reserve	784,504				784,504
Debt Service				54,871	54,871
Assigned:					
Subsequent Year's Exp	200,000				200,000
Other purposes	597,807				597,807
Unassigned:					
Capital Projects			(3,589,994)		(3,589,994)
General fund	378,027				378,027
	<u>3,419,344</u>		<u>(3,589,994)</u>	<u>54,871</u>	<u>(115,779)</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$ 3,640,366</u>	<u>\$ 135,146</u>	<u>\$ 2,689,875</u>	<u>\$ 54,871</u>	<u>\$ 6,520,258</u>

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

Total fund balances - Governmental Funds \$ (115,779)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,411,462 and the accumulated depreciation is \$6,922,157. Including construction in progress of \$6,231,378. 13,489,305

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability decreases that fund balance. (50,977)

Some liabilities, including net pension obligations, are not due and payable in the current period and therefore are not reported in the funds.

Net pension liability (6,976,209)
Accounts payable (281,227)

Deferred outflows and inflows or resources related to pension are applicable to future periods and therefore are not reported in the funds.

Deferred outflows of resources related to pensions 2,254,910
Deferred inflows of resources related to pensions (1,704,686)

Deferred amounts on refunding 75,240

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (6,941,894)

Net position of governmental activities \$ (251,317)

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 28,355,966	\$	\$	\$ 665,472	\$ 29,021,438
Tuition Charges	60,457				60,457
Interest	54,079		17,689		71,768
Refund Prior Year Expenditure	13,466				13,466
Miscellaneous	101,010		37,180		138,190
Total - Local Sources	28,584,978		54,869	665,472	29,305,319
On-behalf Payments	4,127,592				4,127,592
State Sources	1,672,677	225,202	1,609,642	161,376	3,668,897
Federal Sources	35,610	568,510			604,120
Total Revenues	34,420,857	793,712	1,664,511	826,848	37,705,928
EXPENDITURES					
Current					
Instruction					
Regular Instruction	9,291,163	290,931			9,582,094
Special Education Instruction	3,016,578				3,016,578
Other Special Instruction	1,000,601				1,000,601
Total Instruction	13,308,342	290,931			13,599,273
Support Services and Undistributed Costs					
Tuition	2,202,510	371,865			2,574,375
Student and Instruction Related Services	3,306,271	108,395			3,414,665
General Administrative Services	571,102				571,102
School Administrative Services	1,191,414				1,191,414
Central Services	362,163				362,163
Other Administrative Services	136,167				136,167
Plant Operations and Maintenance	2,419,586				2,419,586
Pupil Transportation	765,689				765,689
Unallocated Benefits	4,782,949	22,522			4,805,471
On-behalf Payments	4,127,592				4,127,592
Debt Service					
Principal				690,000	690,000
Interest and Other Charges				151,725	151,725
Instructional Equipment	47,412				47,412
Capital Lease Payments	59,781				59,781
Assets Acquired under Capital Leases	657,917				657,917
Capital Outlay	6,858		4,902,031		4,908,889
Total Expenditures	33,945,753	793,712	4,902,031	841,725	40,483,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	475,104		(3,237,520)	(14,877)	(2,777,293)
Other Financing Sources (Uses):					
Transfers			(54,869)	54,869	
Capital Leases (non-budgeted)	657,917				657,917
Total other financing sources and uses	657,917		(54,869)	54,869	657,917
Change in Net Position	1,133,021		(3,292,389)	39,992	(2,119,376)
Fund Balances, Beginning of Year	\$ 2,286,323	\$	(297,605)	14,879	2,003,597
Fund Balances, End of Year	\$ 3,419,344	\$	\$ (3,589,994)	\$ 54,871	\$ (115,779)

HASBROUCK HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (B-2) \$ (2,119,376)

Amounts reported for governmental activities in the statement of activities (A-2)
are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded depreciation
in the period.

Capital Outlays	\$ 218,561	
Construction in progress	4,902,033	
Depreciation Expense	<u>(355,646)</u>	4,764,948

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

Principal paid on bonds	690,000	
Amortization of bond premium	30,394	
Amortization of loss on refunding	<u>(12,540)</u>	707,854

Repayment of Lease Principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net assets and
is not reported in the statement of activities:

Leases issued	(657,917)	
Leases paid	<u>403,600</u>	(254,317)

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

7,320

Certain expenses reported in the Statement of Activities do not require the use
of current financial resources and therefore are not reported as expenditures
in the governmental funds

Pension expense		(240,866)
-----------------	--	-----------

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

(31,312)

Change in net assets of governmental activities (A-2)		<u><u>\$ 2,834,251</u></u>
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Proprietary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B-4

	Business-Type Activities -			Total
	Enterprise Funds			
	Keys	Other	Food	Total
	Program	Programs	Service	Enterprise
ASSETS				
Current Assets				
Cash and equivalents	\$ 424,025	\$ 103,309	\$ 187,202	\$ 714,536
Federal and State accounts receivable			7,753	7,753
Inventories			3,518	3,518
	<u>424,025</u>	<u>103,309</u>	<u>198,473</u>	<u>725,807</u>
Total Current Assets	<u>\$ 424,025</u>	<u>\$ 103,309</u>	<u>\$ 198,473</u>	<u>\$ 725,807</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 6,769	\$	\$ 77,780	\$ 84,549
Unearned revenue	56,814		15,713	72,527
	<u>63,583</u>		<u>93,493</u>	<u>157,076</u>
Total Current Liabilities	63,583		93,493	157,076
NET POSITION				
Unrestricted	<u>360,442</u>	<u>103,309</u>	<u>104,980</u>	<u>568,731</u>
Total Liabilities and Net Position	<u>\$ 424,025</u>	<u>\$ 103,309</u>	<u>\$ 198,473</u>	<u>\$ 725,807</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B-5

	Business-Type Activities - Enterprise Fund			Total Enterprise
	Keys Program	Other Programs	Food Service	
Operating Revenues:				
Charges for services:				
Daily sales - program revenue	\$	\$	\$ 195,461	\$ 195,461
Daily sales - non-program revenue			200,472	200,472
Program revenue	<u>360,044</u>	<u>16,431</u>	<u>376,475</u>	<u>376,475</u>
Total Operating Revenues	<u>360,044</u>	<u>16,431</u>	<u>395,933</u>	<u>772,408</u>
Operating Expenses:				
Salaries and wages	255,740	14,766		270,506
Employee benefits	15,136	1,130		16,266
Other purchased professional services			74,948	74,948
Other purchased services	30,991			30,991
Rent	8,025			8,025
Supplies and materials	50,152	81		50,233
Operational expenses			205,528	205,528
Administrative expenses			31,680	31,680
Cost of Sales Program			197,160	197,160
Cost of Sales Non-Program			75,549	75,549
Miscellaneous		518		518
Total Operating Expenses	<u>360,044</u>	<u>16,495</u>	<u>584,865</u>	<u>961,404</u>
Operating (Loss)	<u>-</u>	<u>(64)</u>	<u>(188,932)</u>	<u>(188,996)</u>
Nonoperating Revenues:				
State Sources			4,989	4,989
Federal Sources			131,627	131,627
Food Distribution Program			33,005	33,005
Total Nonoperating Revenues			<u>169,621</u>	<u>37,994</u>
Change in Net Position	-	(64)	(19,311)	(19,375)
Net Position, Beginning of Year	<u>360,442</u>	<u>103,373</u>	<u>124,291</u>	<u>588,106</u>
Net Position, End of Year	<u>\$ 360,442</u>	<u>\$ 103,309</u>	<u>\$ 104,980</u>	<u>\$ 568,731</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B-6

	Business-Type Activities - Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 357,044	\$ 13,831	\$ 395,933	\$ 766,808
Salaries and benefits	(270,876)	(15,896)		(286,772)
Payments to suppliers	(87,259)	(599)	(494,890)	(582,748)
	<u>(1,091)</u>	<u>(2,664)</u>	<u>(98,957)</u>	<u>(102,712)</u>
Net Cash (Used in) Operating Activities				
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES				
Federal and State sources			170,735	170,735
			<u>170,735</u>	<u>170,735</u>
Net Cash Provided by Non Capital Financing Activities				
Net (Decrease) Increase in Cash and Cash Equivalents	(1,091)	(2,664)	71,778	68,023
Cash and cash equivalents, beginning of year	425,116	105,973	115,424	646,513
Cash and cash equivalents, end of year	<u>\$ 424,025</u>	<u>\$ 103,309</u>	<u>\$ 187,202</u>	<u>\$ 714,536</u>
Reconciliation of Operating (Loss) to Net Cash (used in) Operating Activities:				
Operating (Loss)	\$ -	\$ (64)	\$ (188,932)	\$ (188,996)
Adjustments to Reconcile Operating (Loss) to Net Cash (used in) Operating Activities				
(Decrease) Increase in Unearned Revenue	(3,000)	(2,600)	15,713	10,113
Increase in Accounts Payable	1,909		77,780	79,689
(Increase) in Inventory			(3,518)	(3,518)
Total Adjustments	<u>(1,091)</u>	<u>(2,600)</u>	<u>89,975</u>	<u>86,284</u>
Net Cash (Used In) Operating Activities	<u>\$ (1,091)</u>	<u>\$ (2,664)</u>	<u>\$ (98,957)</u>	<u>\$ (102,712)</u>

Noncash noncapital related financing activities:

The District received \$33,005 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

Fiduciary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B-7

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 65,309	\$ 101,132	\$ 125,915	\$ 227,047
LIABILITIES				
Payroll Deductions and Withholdings Due to Student Groups		\$ 101,132	\$ 125,915	\$ 125,915 101,132
Total Liabilities	\$	\$ 101,132	\$ 125,915	\$ 227,047
NET ASSETS				
Reserved for Scholarships	\$ 65,309			

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

B-8

	Private Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 22
	22
DEDUCTIONS	
Scholarships awarded	2,000
Change in net position	(1,978)
Net position, beginning of year	67,287
Net position, end of year	\$ 65,309

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

Notes to the Financial Statements

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Hasbrouck Heights School District (the "District") is a Type II District located in the County of Bergen, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2018 of 1,800 students.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Financial Statements

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional and non-instructional equipment which are classified in the Capital Outlay sub-fund.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As required by the New Jersey State Department of Education (“DOE”), the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities, state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of, or additions to, fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from the State and Federal Government, other than major capital projects, Debt Service or the Enterprise Funds, and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District’s Enterprise Fund is comprised of the Food Service Fund, Keys After School Program and other Minor Funds.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Funds

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

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

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

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

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

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

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

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

Federal and State Assistance

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

presented in, or used in preparation of, the basic financial statements. Charter schools as districts are not permitted to defer the June payments to charter schools.

Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the County Office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund, as described later. The legal level of budgetary control is established at line item accounts within each Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The transfer of appropriations was changed under N.J.S.A. 1701. Any transfers of advertised line item appropriations over 10% must be approved by the County Office and the State of New Jersey Department of Education

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the last State Aid payment for budgetary purposes only and Special Revenue Fund, as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year end, as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act ("GUDPA" or the "Act"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The Statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks, (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to a hundred and five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tuition

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the fiscal years and 2017-18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Short-Term Interfund Receivables/Payables

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

Capital Assets

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

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

The District maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except for land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5 - 25 Years
Vehicles	8 - 12 Years

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

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

Fund Balance

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

Committed Fund Balance – amounts constrained to specific purposes by the DOE itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the DOE takes the highest level action to remove or change the constraint.

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

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

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

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

Proprietary Funds Revenues and Expenses

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

Non-Monetary Transactions

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, are allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities.

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

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The District classifies certificates of deposit that have original maturity dates of more than three months but less than 12 months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3, as amended by GASB Statement No. 40.

Deposits

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

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

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

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

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

As of June 30, 2018, cash and cash equivalents on deposit of the District consisted of the following:

Checking Accounts, Interest Bearing	<u>\$ 5,789,364</u>
-------------------------------------	---------------------

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2018, the District's carrying amount of deposits was \$4,905,247 and the bank balance was \$5,789,364. Of the bank balance, \$250,000 was secured by federal depository insurance and \$4,961,371 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$577,993 held in the District's agency accounts are not covered by GUDPA.

Investments

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

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

As of June 30, 2018, the District did not have any investments on hand.

4. CAPITAL RESERVE/MAINTENANCE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the DOE, a district may increase the balance in the capital reserve by appropriating funds in the annual

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

4. CAPITAL RESERVE/MAINTENANCE ACCOUNT (continued)

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

Beginning Balance, July 1, 2017	\$ 1,159,006
Transfers in - June Deposit	<u>300,000</u>
Ending Balance, June 30, 2018	<u><u>\$ 1,459,006</u></u>

A maintenance reserve account was established in the amount of \$126,287 on June 21, 2012. The balance as of June 30, 2018 is \$784,504 after a 2018 deposit of \$300,000.

5. CAPITAL ASSETS

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Balance June 30, 2018</u>
Capital Assets not Being Depreciated			
Land	\$ 3,058,776	\$	\$ 3,058,776
Construction in Progress	<u>1,329,345</u>	<u>4,902,033</u>	<u>6,231,378</u>
	4,388,121	4,902,033	9,290,154
Capital Assets Being Depreciated			
Building & Site Improvements	8,856,789		8,856,789
Equipment	<u>2,045,958</u>	<u>218,561</u>	<u>2,264,519</u>
Total Capital Assets Being Depreciated	<u>10,902,747</u>	<u>218,561</u>	<u>11,121,308</u>
Total Assets - Historical Cost	15,290,868	5,120,594	20,411,462
Less: Accumulated Depreciation	<u>(6,566,511)</u>	<u>(355,646)</u>	<u>(6,922,157)</u>
Capital Assets - Net	<u><u>\$ 8,724,357</u></u>	<u><u>\$ 4,764,948</u></u>	<u><u>\$ 13,489,305</u></u>

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

6. LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in long-term debt:

	Balance <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2018</u>	Due within <u>One Year</u>
Bonds Payable	\$ 5,540,000		\$ 690,000	\$ 4,850,000	\$ 710,000
Plus - Issuance Premium	<u>212,211</u>		<u>30,394</u>	<u>181,817</u>	<u>30,934</u>
	5,752,211		720,394	5,031,817	740,934
Capital Leases	440,190	657,917	403,600	694,507	278,613
Pension Liability	8,561,536		1,585,327	6,976,209	-
Compensated Absences Payable	<u>1,184,258</u>	<u>31,312</u>		<u>1,215,570</u>	<u>150,000</u>
	<u>\$ 15,938,195</u>	<u>\$ 689,229</u>	<u>\$ 2,709,321</u>	<u>\$ 13,918,103</u>	<u>\$ 1,169,547</u>

Bonds Payable

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2019	\$ 710,000	121,463	\$ 831,463
June 30, 2020	735,000	103,462	838,462
June 30, 2021	760,000	84,813	844,813
June 30, 2022	785,000	65,212	850,212
June 30, 2023	815,000	45,563	860,563
June 30, 2024-2025	<u>1,045,000</u>	<u>26,937</u>	<u>1,071,937</u>
	<u>\$ 4,850,000</u>	<u>\$ 447,450</u>	<u>\$ 5,297,450</u>

Bonds and Notes Authorized

As of June 30, 2018, the District had notes issued of \$6,225,000 at an interest rate of 2.75% per annum payable July 12, 2019.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

6. LONG-TERM DEBT (continued)

Capital Leases Payable

The District is leasing several copiers, a bus and computer equipment under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2018:

Year ending June 30,	Total
2019	\$ 308,548
2020	176,755
2021	163,827
2022	76,627
2023	<u>26,567</u>
Total Minimum Lease	\$ 752,324
Less Amount Representing Interest Expense	<u>\$ (57,867)</u>
Principal Payments Due	<u>\$ 694,507</u>

7. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS).

These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next six years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

The District's actuarially determined contributions to PERS for the years ended June 30, 2018, 2017 and 2016 were \$281,227, \$277,627, and \$261,198, respectively, for each of the three years equal to the required contributions for each year.

During the year ended June 30, 2018, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$951,108 for the employer's share of social security contributions for TPAF members as calculated on their base salaries and \$3,176,474 for

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

post-retirement pension and medical benefits on behalf of the District. These amounts have been included in the fund financial statements.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$6,976,209 for its proportionate share of the net pension liability, all of which is allocated to the District's governmental activities. The District's food service enterprise fund is outsourced to a third party food service management company. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. 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 school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.0299685921 percent, which was an increase of 0.0010612160 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$520,698 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,266	
Changes of assumptions	1,405,466	\$ 1,400,313
Net difference between projected and actual earnings on pension plan investments	47,503	
Changes in proportion	356,448	304,373
District contributions subsequent to the measurement date	281,227	
	\$ 2,254,910	\$ 1,704,686

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

\$281,227 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 182,919
2020	271,221
2021	130,747
2022	(202,533)
2023	(133,357)
	<u>\$ 268,997</u>

Actuarial Assumptions

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

	<u>June 30, 2017</u>
Inflation rate	2.25%
Salary increases	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 8,654,461	\$ 6,976,209	\$ 5,578,017

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$ 6,424,455,842
Collective deferred inflows of resources	\$ 5,700,625,981
Collective net pension liability - Local Group	\$ 23,278,401,588
 District's Proportion	 0.0299685921%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

HASBROUCK HEIGHTS SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

7. PENSION PLANS (continued)

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$86,040,719. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1276121582 percent, which was an increase of 0.0076195675 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$5,960,465 for contributions incurred by the State.

Actuarial assumptions

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

	<u>June 30, 2017</u>
Inflation rate	2.25%
Salary increases	
2021 - 2026	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

Mortality Rates

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long- Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of 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 rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District 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, 2017 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ 102,219,073	\$ 86,040,719	\$ 72,712,921

Pension plan fiduciary net position

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

7. PENSION PLANS (continued)

Additional Information

Collective balances of the State Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 14,353,461,035
Deferred inflows of resources	\$ 11,992,821,439
Net pension liability	\$ 67,670,209,171
District's Proportion	0.1276121582%

Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,688,207,089.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3 and 8.5 years, respectively.

8. POST-RETIREMENT BENEFITS

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program 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 publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

HASBROUCK HEIGHTS SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

8. POST-RETIREMENT BENEFITS (continued)

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2017, 2016, and 2015 were \$1,245,337, \$1,196,002, and \$1,143,937, respectively, which equaled the required contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The net OPEB liability from New Jersey's plan is \$53,639,841,858.

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2016</u>
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	<u><u>366,078</u></u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$53,161,318, or 0.10%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

8. POST-RETIREMENT BENEFITS (continued)

Total Nonemployer OPEB Liability

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

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

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based in the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-20014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvements projections from the central year using the MP-2017 scale.

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

Healthcare Trend Assumptions

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

8. POST-RETIREMENT BENEFITS (continued)

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2016		\$ 57,105,712
Increased by:	\$ 2,565,258	
Service cost	1,683,841	
Interest cost	<u>45,341</u>	
Member contributions		<u>4,294,440</u>
		61,400,152
Decreased by:		
Changes of assumptions	7,007,505	
Gross benefit payments	<u>1,231,329</u>	
		<u>(8,238,834)</u>
Balance at June 30, 2017		<u>\$ 53,161,318</u>

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease (2.58%)	At Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 63,106,320	\$ 53,161,318	\$ 45,272,848

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 43,720,045	\$ 53,161,318	\$ 65,699,218

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

8. POST-RETIREMENT BENEFITS (continued)

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

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,532,780 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2018 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523

9. DEFERRED COMPENSATION

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

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

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.

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The district is billed quarterly for amounts due to the State.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

	Interfunds Receivable	Interfunds Payable
General Fund	\$ 3,002	
Special Revenue Fund		\$ 3,002
Capital Projects Fund		54,869
Debt Service Fund	54,869	
	<u>\$ 57,871</u>	<u>\$ 57,871</u>

12. FUND BALANCE APPROPRIATED

General Fund - Of the \$3,419,344 General Fund, balance at June 30, 2018, \$1,459,006 is restricted for capital reserve; \$784,504 is restricted for maintenance reserve; \$378,027 is unassigned. \$200,000 is assigned for subsequent year's expense and \$597,807 is assigned for other purposes.

Capital Projects Fund – There was a deficit of \$3,589,994 in the Capital Projects Fund at June 30, 2018 because the District has not yet issued bonds related to its referendum project.

Debt Service Fund - There is a fund balance in the Debt Service Fund at June 30, 2018 of \$54,871 which has been restricted for debt service expenditures.

13. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 ("CEIFA"). New Jersey school districts are required to 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 years' budget. The excess surplus fund balance at June 30, 2018 was zero.

14. CONTINGENT LIABILITIES

Litigation

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

14. CONTINGENT LIABILITIES (continued)

Federal and State Awards

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. The District 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, could have an effect on the District's programs and activities.

15. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after June 30, 2018 through the date of February 27, 2019; the District has determined the subsequent event having occurred requires disclosure in the financial statements.

Required Supplementary Information – Part II
Pensions and OPEB Schedules

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

	2018	2017	2016	2015
School District's proportion of the net pension liability	<u>0.028907377%</u>	<u>0.028907377%</u>	<u>0.030381335%</u>	<u>0.031656451%</u>
School District's proportionate share of the net pension liability	<u>\$ 6,976,209</u>	<u>\$ 8,561,536</u>	<u>\$ 6,820,001</u>	<u>\$ 4,642,698</u>
School District's covered-employee payroll	<u>\$ 2,086,600</u>	<u>\$ 2,084,989</u>	<u>\$ 2,023,905</u>	<u>\$ 2,125,036</u>
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>334.33%</u>	<u>410.63%</u>	<u>336.97%</u>	<u>218.48%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.10%</u>	<u>40.14%</u>	<u>47.93%</u>	<u>48.52%</u>

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

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

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	<u>\$ 281,227</u>	<u>\$ 277,627</u>	<u>\$ 261,198</u>	<u>\$ 260,972</u>
Contributions in relation to the contractually required contribution	<u>(281,227)</u>	<u>(277,627)</u>	<u>(261,198)</u>	<u>(260,972)</u>
Contribution deficiency (excess)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
School District's covered-employee payroll	<u>\$ 2,086,600</u>	<u>\$2,084,989</u>	<u>\$ 2,023,905</u>	<u>\$ 2,125,036</u>
Contributions as a percentage of covered-employee payroll	<u>13.48%</u>	<u>13.32%</u>	<u>12.91%</u>	<u>12.28%</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	<u>0.1276121582%</u>	<u>0.011999259%</u>	<u>0.012261064%</u>	<u>0.011579452%</u>
School District's proportionate share of the net pension liability	<u>\$ 86,040,719</u>	<u>\$ 94,393,812</u>	<u>\$ 77,495,161</u>	<u>\$ 61,888,404</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>25.41%</u>	<u>22.33%</u>	<u>28.71%</u>	<u>33.64%</u>

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

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

Covered payroll information is not presented since the TPAF is a special funding situation in which the District does not make contributions to the plan.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017.

Hasbrouck Heights School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

		Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -		0.10%
District's proportionate share of the OPEB liability	\$	53,161,318
State's proportionate share of the OPEB liability associated with the District	\$	53,161,318
Total proportionate share of the OPEB liability associated with the District		-
Balance at June 30, 2016	\$	57,105,712
Increased by:	\$	
Service cost	2,565,258	
Interest cost	1,683,841	
Member contributions	45,341	4,294,440
Decreased by:		
Changes of assumptions	7,007,505	
Gross benefit payments	1,231,329	(8,238,834)
Balance at June 30, 2017	\$	53,161,318
Covered by employee payroll		15,512,902
Total OPEB liability as a percentage of covered employee payroll.		342.69%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Required Supplementary Information – Part III

C. Budgetary Comparison Schedules

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 28,510,909	\$ (156,281)	\$ 28,354,628	\$ 28,355,966	\$ 1,338
Tuition				60,457	60,457
Interest on Investments	5,279		5,279	54,079	48,800
Interest Earned on Capital Res	2,800		2,800		(2,800)
Interest Earned on Maint Res	500		500		(500)
Rentals	48,000		48,000		(48,000)
Unrestricted Miscellaneous	108,000		108,000	114,476	6,476
Total Local Sources	28,675,488	(156,281)	28,519,207	28,584,978	65,771
State Sources:					
Special Education Aid	997,457	459	997,916	997,916	
Extraordinary Aid	268,258		268,258	225,312	(42,946)
Categorical Security Aid	46,450		46,450	46,450	
Equalization Aid	15,478	312,102	327,580	327,580	
Transportation Aid	40,399		40,399	40,399	
Under Adequacy Aid	14,450		14,450	14,450	
PARCC Readiness Aid	19,510		19,510	19,510	
Per Pupil Growth Aid	19,510		19,510	19,510	
Professional Learning Community Aid	19,150		19,150	19,150	
TPAF Pension (On-Behalf - Non-Budgeted)				1,928,127	1,928,127
TPAF Post Retirement Med. Contrib.(On Behalf- Non Budgeted)				1,245,337	1,245,337
TPAF Long-term Disability (On Behalf- Non Budgeted)				3,020	3,020
TPAF Social Security (Reimbursed - Non-Budgeted)				951,108	951,108
Total - State Sources	1,440,662	312,561	1,753,223	5,837,869	4,084,646
Federal Sources:					
Medicaid Reimbursement	24,887		24,887	35,610	(10,723)
Total Revenues	30,141,037	156,280	30,297,317	34,458,457	4,139,694
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers					
Kindergarten	574,485	(134,940)	439,545	439,545	
Grades 1 - 5	3,159,342	(132,772)	3,026,570	3,026,570	
Grades 6 - 8	1,858,046	(57,107)	1,800,939	1,798,786	2,153
Grades 9-12	3,100,027	65,840	3,165,867	3,162,709	3,158
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	64,000	1,464	65,464	65,463	1
Purchased Technical Services	200,450	99,074	299,524	254,486	45,038
Other Purchased Services	141,843	25,220	167,063	167,032	31
General Supplies	202,000	285,358	487,358	364,920	122,438
Textbooks	60,000	(58,644)	1,356	1,356	0
Other Objects	7,000	3,380	10,380	10,299	81
Total Regular Programs	9,367,193	96,873	9,464,066	9,291,165	172,900

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education - Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 128,985	\$ (21,000)	107,985	\$ 107,595	\$ 390
Other Salaries for Instruction	89,586		89,586	84,159	5,427
General Supplies	1,000	(48)	952	519	433
Textbooks	500	(200)	300		300
Total Learning and/or Language Disabilities	220,071	(21,248)	198,823	192,273	6,550
Special Education Instruction -Resource Room/Resource Center					
Salaries of Teachers	2,082,955	17,242	2,100,197	2,076,111	24,086
Other Salaries for Instruction	468,639	(88,392)	380,247	379,844	403
General Supplies	8,000	(5,426)	2,574	1,365	1,209
Other Objects	500		500		500
Total Resource Room/Resource Center	2,560,094	(76,576)	2,483,518	2,457,320	26,198
Special Education Instruction - Preschool Disabilities Full Time					
Salaries of Teachers	158,675	3,900	162,575	162,575	
Other Salaries for Instruction	88,836	22,209	111,045	106,644	4,401
General Supplies	4,000	474	4,474	3,639	835
Total Preschool Disabilities Full Time	251,511	26,583	278,094	272,858	5,236
Special Education - Home Instruction					
Salaries of Teachers	55,000		55,000	41,890	13,110
Total Special Education - Home Instruction	55,000		55,000	41,890	13,110
Special Education Instruction - Extended School Year					
Personal Services Salaries	33,000	(13,000)	20,000	19,832	168
Other Salaries for Instruction	20,000		20,000	19,919	81
Purchased Professional - Educational Services	40,000	(27,000)	13,000	12,488	512
General Supplies	500		500		500
Total Special Education Instruction-Extended School Year	93,500	(40,000)	53,500	52,239	1,261
Total Special Education	3,180,176	(111,241)	3,068,935	3,016,580	52,355
Basic Skills/Remedial - Instruction					
Salaries of Teachers	108,880	97,870	206,750	206,750	
Total Basic Skill / Remedial - Instruction	108,880	97,870	206,750	206,750	
Bilingual Education - Instruction					
Salaries of Teachers	102,525		102,525	102,525	
Supplies and Materials	1,100		1,100		1,100
Textbooks	200	(120)	80		80
Other Objects		120	120	120	
Total Bilingual Education - Instruction	103,825		103,825	102,645	1,180
School Sponsored Co-Curricular Activities - Instruction					
Personal Services Salaries	197,127	2,169	199,296	199,294	2
General Supplies	11,000	(62)	10,938	10,937	1
Miscellaneous Expenditures	4,500	(3,183)	1,317	1,317	
Total School Sponsored Co-Curricular Activities - Instruction	212,627	(1,076)	211,551	211,548	3
School Sponsored Athletics - Instruction					
Personal Services Salaries	319,734	4,606	324,340	322,186	2,154
Purchased Services	45,000	311	45,311	42,929	2,382
Supplies and Materials	86,124	8,064	94,188	80,681	13,507
Other Objects	32,000	1,900	33,900	33,862	38
Total School Sponsored Athletics - Instruction	482,858	14,881	497,739	479,658	18,081
Total Other Instruction	908,190	111,675	1,019,865	1,000,601	19,264
Total Instruction	13,455,559	97,307	13,552,866	13,308,346	244,519

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued from Prior Page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition - Other LEAs Instate Special	\$ 703,744	\$ (77,033)	\$ 626,711	\$ 626,711	\$ -
Tuition - Co Vocational - Regular	334,746	24,372	359,118	359,118	
Tuition - Co Vocational - Special	149,184	37,716	186,900	186,900	
Tuition to CSSD & Reg. Day Schools	620,700	(126,159)	494,541	494,337	204
Tuition to Private Schools for the Handicapped - Within State	810,194	(346,317)	463,877	455,751	8,126
Tuition - Other (Charter Schools)	83,560	(3,868)	79,692	79,692	
Total Undistributed Expenditures - Instruction	2,702,128	(491,289)	2,210,839	2,202,509	8,330
Undistributed Expenditures - Attendance & Social Work					
Salaries	62,063	1	62,064	62,063	1
Total Undistributed Attendance & Social Work	62,063	1	62,064	62,063	1
Undistributed Expenditures - Health Services					
Salaries	238,373	(18,550)	219,823	219,823	
Purchased Professional and Technical Services	8,000	55,921	63,921	63,921	
Supplies and Materials	11,000	(5,428)	5,572	5,397	175
Other Objects	3,500	(873)	2,627	2,627	
Total Undistributed Expenditures - Health Services	260,873	31,070	291,943	291,768	175
Unidist. Expend. - Other Supp. Serv. Students - Speech					
Salaries	269,985	(89,021)	180,964	168,960	12,004
Purchased Professional - Educational Services	809,747	250,602	1,060,349	829,526	230,823
Supplies and Materials	7,000	2,850	9,850	9,585	265
Other Objects		650	650	231	419
Total Unidist. Exp. - Other Supp. Serv. Students - Speech	1,086,732	165,081	1,251,813	1,008,302	243,511
Unidist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	279,074	99,229	378,303	361,816	16,487
Purchased Professional - Educational Services	90,000		90,000	44,135	45,865
Total Other Supp. Serv. Students - Extra Serv.	369,074	99,229	468,303	405,951	62,352
Unidist. Expend. - Guidance					
Salaries of Other Professional Staff	394,360		394,360	376,184	18,176
Salaries of Secretarial and Clerical Assistants	31,793	(17,000)	14,793		14,793
Other Purchased Services	500	(500)			
Supplies and Materials	500		500		500
Other Objects	500	500	1,000	995	5
Total Unidist. Expend. - Guidance	427,653	(17,000)	410,653	377,179	33,474
Unidist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	580,317	66,416	646,733	622,133	24,600
Salaries of Secretarial and Clerical Assistants	97,101	(1,500)	95,601	93,891	1,710
Misc Pur Serv (400-500)	500	1,608	2,108	2,024	84
Supplies and Materials	2,000	4,041	6,041	5,512	529
Other Objects	2,000	(1,137)	863	862	1
Total Unidist. Expend. - Child Study Teams	681,918	69,428	751,346	724,422	26,924
Unidist. Expend. - Curriculum					
Salaries Supervisors of Instruction	204,689	(87,916)	116,773	114,767	2,006
Supplies and Materials	3,000		3,000		3,000
Other Objects	2,500		2,500	999	1,501
Total Curriculum	210,189	(87,916)	122,273	115,766	6,507
Unidist. Expend. - Educational Media Serv./School Library					
Salaries	348,930	(30,659)	318,271	314,780	3,491
Other Purchased Services	6,000		6,000		6,000
Supplies and Materials	14,000	590	14,590	2,635	11,955
Other Objects	700	(590)	110		110
Total Undist. Expenditures - Edu. Media Serv./School Library	369,630	(30,659)	338,971	317,415	21,556
Unidist. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	6,000	490	6,490	3,015	3,475
Other Objects	-	500	500	390	110
Total Instructional Staff Training Services	6,000	990	6,990	3,405	3,585

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Support Services - General Administration					
Salaries	\$ 262,584	\$ 9,051	\$ 271,635	\$ 271,635	\$
Legal Services	75,000	3,269	78,269	78,268	1
Audit Fees	30,000	(2,000)	28,000	28,000	
Purchased Technical Services	19,050	36,912	55,962	47,497	8,465
Communications/Telephone	53,610	(1,331)	52,279	52,279	-
BOE Other Purchased Services	2,500	250	2,750	2,750	
Miscellaneous Purchased Services	65,000	(11,922)	53,078	53,078	
General Supplies	7,000	(241)	6,759	6,758	1
Miscellaneous Expenditures	18,384	467	18,851	18,851	
BOE Membership Dues and Fees	13,250	(1,262)	11,988	11,987	1
Total Undist. Exp. - Support Services - General Administration	546,378	33,193	579,571	571,103	8,468
Undist. Expend. - Support Services - School Administration					
Salaries of Principals/Assistant Principals	729,366	15,002	744,368	744,366	2
Salaries of Other Professional Staff	123,824	1	123,825	123,824	1
Salaries of Secretarial and Clerical Assistants	271,311	(2,190)	269,121	268,987	134
Supplies and Materials	38,000	8,327	46,327	44,846	1,481
Miscellaneous Expenditure	18,000	(6,139)	11,861	9,390	2,471
Total Undist. Expend. - Support Serv. - School Administration	1,180,501	15,001	1,195,502	1,191,413	4,089
Undistributed Expenditures - Central Services					
Personal Services Salaries	326,807	6,711	333,518	333,518	
Other Purchased Professional Services		1,925	1,925	1,925	
Purchased Technical Services	19,804	(5,521)	14,283	10,291	3,992
Misc. Purchased Services (400 -500 series)		2,238	2,238	2,117	121
Supplies and Materials	10,000	2,004	12,004	12,003	1
Miscellaneous Expenditures	4,500	(845)	3,655	2,308	1,347
Total Undistributed Expenditures - Central Services	361,111	6,512	367,623	362,162	5,461
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	104,973	(24,257)	80,716	70,313	10,403
Purchased Technical Services	8,000		8,000		8,000
Other Purchased Services	4,500	10,000	14,500	10,265	4,235
Supplies and Materials	60,000	10,000	70,000	55,589	14,411
Other Objects	3,500		3,500		3,500
Total Undistributed Expenditures - Admin. Info. Tech	180,973	(4,257)	176,716	136,167	40,549

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	\$ 99,871	\$ (10,183)	89,688	\$ 89,687	\$ 1
Cleaning, Repair, and Maintenance Services	200,000	161,209	361,209	318,778	42,431
General Supplies	2,500	10,082	12,582	12,416	166
Other Objects	500	(500)			
Total Undist. Expend - Required Maint for School Facilities	302,871	160,608	463,479	420,881	42,598
Undistributed Expenditures - Custodial					
Salaries	978,947	(11,281)	967,666	951,328	16,338
Cleaning, Repair, and Maintenance	75,000	203,463	278,463	89,997	188,466
Other Purchased Property Services	33,000	(6,504)	26,496	26,435	61
Insurance	131,572	(539)	131,033	130,889	144
Miscellaneous Purchased Services	96,540	(3,800)	92,740	92,739	1
General Supplies	130,000	30,428	160,428	160,248	180
Energy (Natural Gas)	128,500	(17,526)	110,974	110,274	700
Energy (Electricity)	264,200	(52,418)	211,782	180,533	31,249
Other Objects	15,600	(2,742)	12,858	11,958	900
Total Undist. Exp. - Custodial services	1,853,359	139,081	1,992,440	1,754,401	238,039
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance	38,000	86,401	124,401	63,616	60,785
General Supplies	500	2,493	2,993	808	2,185
Other Objects	500	(500)			
Total - Care & Upkeep of Grounds	39,000	88,394	127,394	64,424	62,970
Undistributed Expenditures - Security					
Salaries		74,704	74,704	74,704	
Purchased Prof Services	50,000	1,410	51,410	51,410	
Cleaning, Repair, and Maintenance	44,340	19,650	63,990	51,074	12,916
General Supplies	500	2,207	2,707	2,693	14
Other Objects	500	(500)			
Total Security	95,340	97,471	192,811	179,881	12,930
Undistributed Expenditures - Student Transportation Services					
Sal for Pupil Trans (Betwn. Home & School) - Regular	31,336	3,046	34,382	34,382	
Sal for Pupil Trans (Betwn. Home & School) - Other	29,561	(23,046)	6,515	5,913	602
Cleaning, Repair, & Maint. Services	14,000	1,097	15,097	15,089	8
Lease Purchase Payments - School Buses		98,371	98,371	98,371	
Aid in Lieu Charter Schools	2,652	(800)	1,852		1,852
Contract Serv. (Other Betwn. Home and School) - Vendors	56,000	(1,292)	54,708	51,774	2,934
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	70,068		70,068	40,822	29,246
Contract Serv. (Special Ed Students) - Joint Agrmnts	763,413	(218,046)	545,367	512,725	32,642
Transportation Supplies	10,000		10,000	6,120	3,880
Other Objects	1,000		1,000	494	506
Total Undistributed Expend. - Student Transportation Expenses	978,030	(140,670)	837,360	765,690	71,670

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 338,000	\$	\$ 338,000	\$ 329,324	\$ 8,676
Other Retirement Contributions - PERS	288,025	1,000	289,025	285,850	3,175
Unemployment Compensation	30,000	(30,000)			
Workmen's Compensation	150,000	(12,573)	137,427	108,217	29,210
Health Benefits	4,154,671	(41,699)	4,112,972	4,014,638	98,334
Tuition Reimbursement	50,000	(2,794)	47,206	42,818	4,388
Other Employee Benefits		2,099	2,099	2,099	
Total Unallocated Benefits - Employee Benefits	<u>5,010,696</u>	<u>(83,967)</u>	<u>4,926,729</u>	<u>4,782,946</u>	<u>143,783</u>
On-behalf TPAF Contributions (non-budgeted)				1,928,127	(1,928,127)
On-behalf Post Retirement Med. Contribution (non-budgeted)				1,245,337	(1,245,337)
On-behalf Long-term Disability (non-budgeted)				3,020	(3,020)
On-behalf Social Security Contributions (non-budgeted)				951,108	(951,108)
				<u>4,127,592</u>	<u>(4,127,592)</u>
Total Expenditures - Current Expense	<u>30,180,078</u>	<u>147,608</u>	<u>30,327,686</u>	<u>33,173,786</u>	<u>(2,846,101)</u>
Capital Outlay					
Instructional Equipment		68,436	68,436	26,945	41,491
School Buses - Regular		20,466	20,466	20,466	
Total Equipment	<u>-</u>	<u>88,902</u>	<u>88,902</u>	<u>47,411</u>	<u>41,491</u>
Facilities Acquisitions and Construction Services					
Construction Services	60,000		60,000		60,000
Lease Purchase Agreements - Principal	90,801	(31,020)	59,781	59,781	
Other Objects	6,858		6,858	6,858	
Total Facilities Acquisitions and Construction Services	<u>157,659</u>	<u>(31,020)</u>	<u>126,639</u>	<u>66,639</u>	<u>60,000</u>
Assets Acquired Under Capital Leases (non-budgeted)				657,917	(657,917)
Total Capital Outlay	<u>157,659</u>	<u>57,882</u>	<u>215,541</u>	<u>771,967</u>	<u>101,491</u>
Total General Fund Expenditures	<u>30,337,737</u>	<u>205,490</u>	<u>30,543,227</u>	<u>33,945,753</u>	<u>(2,744,610)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(196,700)</u>	<u>(49,210)</u>	<u>(245,910)</u>	<u>512,703</u>	<u>1,395,084</u>
Other Financing Sources:					
Capital Leases (non-budgeted)				657,917	657,917
Total Financing Sources				<u>657,917</u>	<u>657,917</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Sources	<u>(196,700)</u>	<u>(49,210)</u>	<u>(245,910)</u>	<u>1,170,620</u>	<u>(1,416,530)</u>
Fund Balances, Beginning of Year	<u>2,377,180</u>		<u>2,377,180</u>	<u>2,377,180</u>	
Fund (Deficit) Balances, End of Year	<u>\$ 2,180,480</u>	<u>\$ (49,210)</u>	<u>\$ 2,131,270</u>	<u>\$ 3,547,800</u>	<u>\$ (1,416,530)</u>
 Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,459,006	
Maintenance Reserve				784,504	
Assigned:					
Designated for Subsequent Year's Expenditures				200,000	
Year-End Encumbrances				597,807	
Unassigned Fund Balance				<u>506,483</u>	
				<u>3,547,800</u>	
Less: State Aid Revenue Not Recognized for GAAP basis				<u>(128,456)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,419,344</u>	

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 1,300	\$ 500	\$ 1,800	\$ 1,800	\$ 1,800
State Sources	335,800	(26,253)	309,547	225,202	84,345
Federal Sources	697,500	(16,709)	680,791	568,510	112,281
Total Revenues	<u>\$ 1,034,600</u>	<u>\$ (42,462)</u>	<u>\$ 992,138</u>	<u>\$ 793,712</u>	<u>\$ 198,426</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 148,000	\$ (29,218)	118,782	\$ 105,904	\$ 12,878
Purchased Professional Technical Services	46,200	(46,200)			
Purchased Professional/Educational Services	675,600	(474,000)	201,600	167,731	33,869
General Supplies	65,600	(45,108)	20,492	1,607	18,885
Textbooks	19,200	(2,493)	16,707	15,460	1,247
Tuition		409,724	409,724	371,865	37,859
Total Instruction	<u>954,600</u>	<u>(187,295)</u>	<u>767,305</u>	<u>662,567</u>	<u>104,738</u>
Support Services					
Personal Services - Salaries	30,000	4,697	34,697	26,852	7,845
Personal Services - Employee Benefits		39,555	39,555	22,522	17,033
Purchased Professional - Educational Services	50,000	86,082	136,082	68,666	67,416
Other Purchased Services (400-500 series)		12,265		12,265	
General Supplies		2,234	2,234	840	1,394
Total Support Services	<u>80,000</u>	<u>144,833</u>	<u>212,568</u>	<u>131,145</u>	<u>93,688</u>
Total Expenditures	<u>\$ 1,034,600</u>	<u>\$ (42,462)</u>	<u>\$ 979,873</u>	<u>\$ 793,712</u>	<u>\$ 198,426</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)					
Fund Balances, Beginning of Year					
Fund Balances, End of Year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

		General Fund	Special Revenue Fund
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	C-1, C-2	\$ 34,458,457	\$ 793,712
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2016-2017 State aid payment recognized in 2017-2018 for GAAP statements.		90,856	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(128,456)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 34,420,857	\$ 793,712
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1, C-2	\$ 33,945,753	\$ 793,712
Difference - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 33,945,753	\$ 793,712

Other Supplementary Information

E. Special Revenue Fund

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

E-1
Sheet #1

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Security</u>	<u>Nonpublic Chapter 192</u>		
					<u>Compensatory Education</u>	<u>English as a Second Language</u>	<u>Transportation</u>
Revenues							
State Sources	\$ 15,460	\$ 29,518	\$ 229	\$ 12,265	\$ 79,104	\$ 3,527	\$ 15,531
Federal Sources							
Private Sources							
Total Revenues	\$ 15,460	\$ 29,518	\$ 229	\$ 12,265	\$ 79,104	\$ 3,527	\$ 15,531
Expenditures							
Instruction:							
Salaries of Teachers	\$	\$	\$	\$	\$	\$	\$
Purchased Professional/Educational Services					79,104	3,527	15,531
Tuition							
General Supplies							
Textbooks	15,460						
Total Instruction	15,460				79,104	3,527	15,531
Support Services:							
Personal Services - Salaries		26,852					
Personal Services - Employee Benefits		2,054					
Purchased Professional Educational Services							
Purchased Professional and Technical Services				12,265			
Supplies and Materials		612	229				
Total Support Services		29,518	229	12,265			
Total Expenditures	\$ 15,460	\$ 29,518	\$ 229	\$ 12,265	\$ 79,104	\$ 3,527	\$ 15,531

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

E-1
Sheet #2

	Title I Part A	IDEA Basic Part B	Title II A	Nonpublic Chapter 193		
				Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues						
State Sources				\$ 16,157	\$ 19,171	\$ 34,241
Federal Sources	\$ 126,188	\$ 412,645	\$ 27,886			
Private Sources						
Total Revenues	\$ 126,188	\$ 412,645	\$ 27,886	\$ 16,157	\$ 19,171	\$ 34,241
Expenditures						
Instruction:						
Salaries of Teachers	\$ 105,312	\$	\$	\$	\$	\$
Purchased Professional/Educational Services				16,157	19,171	34,241
Tuition		371,865				
General Supplies	408					
Textbooks						
Total Instruction	\$ 105,720	\$ 371,865		16,157	19,171	34,241
Support Services:						
Personal Services - Salaries						
Personal Services - Employee Benefits	20,468					
Purchased Professional Educational Services		40,780	27,886			
Purchased Professional and Technical Services						
Supplies and Materials						
Total Support Services	20,468	40,780	27,886			
Total Expenditures	\$ 126,188	\$ 412,645	\$ 27,886	\$ 16,157	\$ 19,171	\$ 34,241

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

E-1
Sheet #3

	Title III	Totals June 30, 2018
Revenues		
State Sources	\$	\$ 225,202
Federal Sources	1,791	568,510
Total Revenues	\$ 1,791	\$ 793,712
Expenditures		
Instruction:		
Salaries of Teachers	\$ 592	\$ 105,904
Purchased Professional/Educational Services		167,731
Tuition		371,865
General Supplies	1,199	1,607
Textbooks		15,460
Total Instruction	1,791	662,567
Support Services:		
Personal Services - Salaries		26,852
Personal Services - Employee Benefits		22,522
Purchased Professional Educational Services		68,666
Purchased Professional and Technical Services		12,265
Supplies and Materials		840
Total Support Services		131,145
Total Expenditures	\$ 1,791	\$ 793,712

F. Capital Projects Fund

HASBROUCK HEIGHTS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

F-1

Issue/Project Title	Modified Appropriation	Expenditures to Date		Balance, 6/30/2018
		Prior Years Expenditures	Current Expended	
Middle/High School Mechanical Upgrades	\$ 4,327,523	\$ 852,949	\$ 2,983,131	\$ 491,443
Euclid Mechanical Upgrades	1,199,372	248,646	949,366	1,360
Lincoln Mechanical Upgrades	1,198,213	227,750	969,534	929
TOTAL	\$ 6,725,108	\$ 1,329,345	\$ 4,902,031	\$ 493,732

HASBROUCK HEIGHTS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenues and Other Financing Sources	
Interest (Due Debt Service Fund)	\$ 17,689
Premium on Notes (Due Debt Service Fund)	37,180
SDA Grant	
Local Share	
	<hr/>
Total Revenues and Other Financing Sources	<u>54,869</u>
Expenditures and Other Financing Uses	
Purchased professional services	586,432
Construction services	4,308,552
Salaries	7,046
	<hr/>
Total Expenditures and Other Financing Uses	<u>4,902,031</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(4,847,162)
Transfers out	(54,869)
Fund Balance, beginning of year	<u>5,395,763</u>
Fund Balance, end of year	<u><u>\$ 493,732</u></u>
Conversion to GAAP based financial statements:	
Fund Balance, budgetary basis above	\$ 493,732
Less:	
Long-term debt authorized but not issued	(3,895,498)
SDA grant revenue GAAP adjustment	(188,228)
Fund Balance (B-1)	<u><u>\$ (3,589,994)</u></u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
MIDDLE/HIGH SCHOOL MECHANICAL UPGRADES
FROM INCEPTION THROUGH JUNE 30, 2018

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,510,659	\$	\$ 1,510,659	\$ 1,510,659
Local Share	3,055,341	(238,477)	2,816,864	2,816,864
Total Revenues and Other Financing Sources	<u>4,566,000</u>	<u>(238,477)</u>	<u>4,327,523</u>	<u>4,327,523</u>
Expenditures and Other Financing Uses				
Salaries	22,734	7,046	29,780	
Purchased Professional Services	127,675	344,337	472,012	
Architect Services	258,448	211,944	470,392	
Construction Services	444,092	2,419,804	2,863,896	
Total Expenditures and Other Financing Uses	<u>852,949</u>	<u>2,983,131</u>	<u>3,836,080</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,713,051</u>	<u>\$ (3,221,608)</u>	<u>\$ 491,443</u>	

Additional Project Information

Project Number	2080-050-14-1001
Grant Date	6/22/2017
State Share	\$ 1,510,659
Note Authorization Date	3/8/2017
Note Authorized	\$ 4,005,710
Note Issued	\$ 4,005,710
Original Authorized Cost	\$ 4,327,523
Additional Authorized Cost	
Revised Authorized Cost	\$ 4,327,523
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	99%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2018

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
EUCLID ELEMENTARY SCHOOL MECHANICAL UPGRADES
FROM INCEPTION THROUGH JUNE 30, 2018

F-2b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 346,451	\$	\$ 346,451	\$ 346,451
Local Share	636,673	216,248	852,921	852,921
Total Revenues and Other Financing Sources	<u>983,124</u>	<u>216,248</u>	<u>1,199,372</u>	<u>1,199,372</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	4,681		4,681	
Architect Services	55,853	11,106	66,959	
Construction Services	188,112	938,260	1,126,372	
Total Expenditures and Other Financing Uses	<u>248,646</u>	<u>949,366</u>	<u>1,198,012</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 734,478</u>	<u>\$ 1,165,614</u>	<u>\$ 1,360</u>	

Additional Project Information

Project Number	2080-060-14-1002
Grant Date	4/16/2017
State Share	\$ 346,451
Note Authorization Date	
Note Authorized	\$ 986,500
Note Issued	\$ 986,500
Original Authorized Cost	\$ 983,124
Additional Authorized Cost	\$ 216,248
Revised Authorized Cost	\$ 1,199,372
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2018

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
LINCOLN ELEMENTARY SCHOOL MECHANICAL UPGRADES
INCEPTION THROUGH JUNE 30, 2018

F-2c

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 472,392	\$	\$ 472,392	\$ 472,392
Local Share	703,589	22,232	725,821	725,821
Total Revenues and Other Financing Sources	1,175,981	22,232	1,198,213	1,198,213
Expenditures and Other Financing Uses				
Purchased Professional Services	20,855	7,910	28,765	
Architect Services	55,883	11,136	67,019	
Construction Services	151,012	950,488	1,101,500	
Total Expenditures and Other Financing Uses	227,750	969,534	1,197,284	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 948,231</u>	<u>\$ 991,766</u>	<u>\$ 929</u>	

Additional Project Information

Project Number	2080-080-14-1005
Grant Date	6/22/2017
State Share	\$ 472,392
Note Authorization Date	3/8/2016
Note Authorized	\$ 1,109,109
Note Issued	\$ 1,109,109
Original Authorized Cost	\$ 1,198,213
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,198,213
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2018

H. Fiduciary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

H-1

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 65,309	\$ 101,132	\$ 125,915	\$ 227,047
Total Assets	<u>\$ 65,309</u>	<u>\$ 101,132</u>	<u>\$ 125,915</u>	<u>\$ 227,047</u>
LIABILITIES				
Payroll Deductions and Withholdings Due to Student Groups		<u>\$ 101,132</u>	\$ 125,915	\$ 125,915 <u>101,132</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 101,132</u>	<u>\$ 125,915</u>	<u>\$ 227,047</u>
NET ASSETS				
Reserved for Scholarships	<u>\$ 65,309</u>			

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

H-2

	Private Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 22
Total Additions	22
DEDUCTIONS	
Scholarships awarded	2,000
Total Deductions	2,000
Change in Net Position	(1,978)
Net Position, Beginning of Year	67,287
Net Position, End of Year	\$ 65,309

HASBROUCK HEIGHTS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

H-3

	<u>Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
Elementary Schools:				
Euclid	\$ 10,754	\$ 11,437	\$ 17,740	\$ 4,451
Lincoln	4,005	15,635	17,040	2,600
High School	66,730	237,294	213,219	90,805
Athletic Account	<u>1,380</u>	<u>37,874</u>	<u>35,978</u>	<u>3,276</u>
Total All Schools	<u>\$ 82,869</u>	<u>\$ 302,240</u>	<u>\$ 283,977</u>	<u>\$ 101,132</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 275,715	\$ 9,196,160	\$ 9,345,960	\$ 125,915
Total Assets	<u>\$ 275,715</u>	<u>\$ 9,196,160</u>	<u>\$ 9,345,960</u>	<u>\$ 125,915</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 275,715	\$ 9,196,160	\$ 9,345,960	\$ 125,915
Total Liabilities	<u>\$ 275,715</u>	<u>\$ 9,196,160</u>	<u>\$ 9,345,960</u>	<u>\$ 125,915</u>

I. Long-Term Debt

HASBROUCK HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2018		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
\$1,740,000 School Bonds	7/1/2014	\$ 1,740,000	8/15/2018	\$ 165,000	2.00%-2.50%	\$ 1,435,000	\$ 160,000	\$ 1,275,000
			8/15/2019	170,000				
			8/15/2020	175,000				
			8/15/2021	180,000				
			8/15/2022	190,000				
			8/15/2023	195,000				
			8/15/2024	200,000				
Refunding School Bonds; Refunds school refunding bonds issued on 4/7/05	7/23/2015	4,740,000	8/15/2018	545,000	3.00%	4,105,000.00	530,000	3,575,000
			8/15/2019	565,000				
			8/15/2020	585,000				
			8/15/2021	605,000				
			8/15/2022	625,000				
			8/15/2023	650,000				
						<u>\$ 5,540,000</u>	<u>\$ 690,000</u>	<u>\$ 4,850,000</u>

See Independent Auditors' Report

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Matured or Canceled</u>	<u>Balance June 30, 2018</u>
Savin Copiers (2014)	\$ 248,497	\$ 117,546	\$ -	\$ 117,546	\$ -
Savin Copiers (2017)	20,483	19,309		2,704	16,605
Savin Copiers (2018)	245,358		245,358	22,574	222,784
School Bus (2017)	93,940		93,940	20,466	73,474
Dell Computers (2015)	72,000	24,947		24,947	
Dell Computers (2016)	231,195	157,012		76,720	80,292
Dell Computers (2016)	96,229	65,352		31,933	33,419
Dell Computers (2017)	318,618		318,618	84,549	234,070
Security Cameras	109,987	56,024		22,161	33,863
		<u>\$ 440,190</u>	<u>\$ 657,917</u>	<u>\$ 403,600</u>	<u>\$ 694,507</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 665,472	\$	\$ 665,472	\$ 665,472	\$
State Sources					
Debt Service Aid	161,376		161,376	161,376	
Total Revenues	<u>826,848</u>		<u>826,848</u>	<u>826,848</u>	
EXPENDITURES					
Regular Debt Service					
Principal	770,637	(80,637)	690,000	690,000	
Interest	71,088	80,637	151,725	151,725	
Total Expenditures	<u>841,725</u>		<u>841,725</u>	<u>841,725</u>	
(Deficiency) of Revenues Under Expenditures	(14,877)		(14,877)	(14,877)	
Other Financing Sources:					
Transfers in				54,869	54,869
(Deficiency) Excess of Revenues and Other Sources (Under) Over Expenditures	(14,877)	-	(14,877)	39,992	54,869
Fund Balance, Beginning of Year	<u>14,879</u>		<u>14,879</u>	<u>14,879</u>	
Fund Balance, End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 54,871</u>	<u>\$ 54,869</u>

Statistical Section

Statistical Section
Unaudited

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

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.

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.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

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

J-1

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets,	\$ 8,081,016	\$ 9,096,426	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981
Restricted	219,305	584,608	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510
Unrestricted	(862,123)	2,159,577	447,942	440,295	174,487	403,169	(6,310,500)	(6,557,060)	(7,913,435)	(10,257,808)
Total governmental activities net position	\$ 7,438,198	\$ 11,840,611	\$ 11,531,717	\$ 11,355,387	\$ 2,858,334	\$ 4,037,579	\$ (4,079,052)	\$ (3,536,520)	\$ (3,085,568)	\$ (251,317)
Business-type activities										
Net Investment in capital assets,	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted										
Unrestricted	225,274	225,555	299,485	422,669	476,639	505,384	549,438	609,004	588,105	568,731
Total business-type activities net assets	\$ 225,274	\$ 225,555	\$ 299,485	\$ 422,669	\$ 476,639	\$ 505,384	\$ 549,438	\$ 609,004	\$ 588,105	\$ 568,731
District-wide										
Net Investment in capital assets,	\$ 8,081,016	\$ 9,096,426	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981
Restricted	219,305	584,608	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510
Unrestricted	(636,849)	2,385,132	747,427	862,984	651,126	908,553	(5,761,062)	(5,948,056)	(7,325,330)	(9,689,077)
Total district net position	\$ 7,663,472	\$ 12,066,166	\$ 11,831,202	\$ 11,778,076	\$ 3,334,973	\$ 4,542,963	\$ (3,529,614)	\$ (2,927,516)	\$ (2,497,463)	\$ 317,414

Source: CAFR Schedule A-1 and District Records
GASB 68 was implemented during the 2015 Fiscal Year, which required
restatement of the beginning balance.

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

J-2
 Sheet #1

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,607,501	\$ 9,802,342	\$ 11,153,083	\$ 9,688,415	\$ 11,712,322	\$ 11,898,575	\$ 11,118,742	\$ 12,955,085	\$ 16,442,957	\$ 17,169,122
Special education	1,895,434	2,659,113	2,570,068	2,580,175	3,219,855	3,369,768	3,572,400	4,250,640	5,562,604	5,710,487
Other special education				837,943	663,788	954,998	775,700	1,206,852	1,448,872	1,749,399
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	2,152,110	2,500,593	2,594,241	2,514,312	2,659,415	2,947,018	2,875,701	2,819,933	2,984,551	2,610,946
Student and instruction related services	2,953,777	2,936,178	3,562,726	3,658,864	4,777,808	4,716,062	4,236,669	5,126,097	6,053,709	5,527,049
School administrative services	559,450	981,448	589,208	764,733	1,267,248	1,203,928	1,232,176	729,565	2,063,849	2,213,726
General and other administration	1,535,267	1,080,893	1,649,898	1,647,304	1,277,420	1,113,537	1,369,359	2,525,470	1,585,115	1,681,808
Plant operations and maintenance	2,018,370	2,026,498	1,988,990	2,000,457	2,172,803	2,452,148	2,499,991	2,269,536	3,037,806	3,590,178
Pupil transportation	687,600	681,930	712,384	738,513	653,674	701,864	673,390	827,807	921,197	812,192
Business and other support services	-	-	21,945	62,161	61,033					
Interest on long-term debt/lease payment/other	277,297	301,286	425,023	455,831	371,769	581,807	750,364	458,751	540,009	126,551
Unallocated depreciation/amortization/other	188,398	946,799	1,036,184	1,043,606	9,651,199				341,748	
Total governmental activities expenses	<u>22,577,313</u>	<u>24,644,149</u>	<u>27,493,689</u>	<u>26,235,223</u>	<u>38,488,334</u>	<u>29,939,705</u>	<u>29,104,492</u>	<u>33,169,736</u>	<u>40,982,417</u>	<u>41,191,458</u>
Business-type activities:										
Food service	354,029	434,716	483,752	542,610	459,545	479,702	508,418	503,341	517,246	584,865
Keys and other programs	-	382,859	325,328	335,981	540,595	435,643	417,212	425,075	417,174	376,539
Total business-type activities expense	<u>354,029</u>	<u>817,575</u>	<u>809,080</u>	<u>878,591</u>	<u>1,000,140</u>	<u>915,345</u>	<u>925,630</u>	<u>928,416</u>	<u>934,420</u>	<u>961,404</u>
Total district expenses	<u>\$ 22,931,342</u>	<u>\$ 25,461,724</u>	<u>\$ 28,302,769</u>	<u>\$ 27,113,814</u>	<u>\$ 39,488,474</u>	<u>\$ 30,855,050</u>	<u>\$ 30,030,122</u>	<u>\$ 34,098,152</u>	<u>\$ 41,916,837</u>	<u>\$ 42,152,862</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 2,246,611	\$ 2,754,365	\$ 1,493,580	\$ 2,760,240	\$ 3,346,953	\$ 918,842	\$ 980,872	\$ 3,918,280	\$ 10,301,427	\$ 793,712
Capital grants and contributions		1,843,113							531,738	1,609,642
Total governmental activities program revenues	<u>2,246,611</u>	<u>4,597,478</u>	<u>1,493,580</u>	<u>2,760,240</u>	<u>3,346,953</u>	<u>918,842</u>	<u>980,872</u>	<u>3,918,280</u>	<u>10,833,165</u>	<u>2,403,354</u>

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

J-2
 Sheet #2

	Year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	\$ 403,924	\$ 443,211	\$ 395,356	\$ 401,654	\$ 368,943	\$ 382,324	\$ 360,360	\$ 375,761	\$ 393,830	\$ 395,933
Keys and other programs		373,561	391,163	472,575	566,585	431,099	468,661	468,778	379,319	376,475
Operating grants and contributions			95,560	127,566	131,362	130,667	142,350	143,443	140,373	169,621
Capital grants and contributions										
Total business type activities program revenues	<u>403,924</u>	<u>816,772</u>	<u>882,079</u>	<u>1,001,795</u>	<u>1,066,890</u>	<u>944,090</u>	<u>971,371</u>	<u>987,982</u>	<u>913,522</u>	<u>942,029</u>
Total district program revenues	<u>\$ 3,335,325</u>	<u>\$ 5,414,250</u>	<u>\$ 2,375,659</u>	<u>\$ 3,762,035</u>	<u>\$ 4,413,843</u>	<u>\$ 1,862,932</u>	<u>\$ 1,952,243</u>	<u>\$ 4,906,262</u>	<u>\$ 4,831,802</u>	<u>\$ 3,345,383</u>
Net (Expense)/Revenue										
Governmental activities	\$ (20,330,702)	\$ (20,046,671)	\$ (26,000,109)	\$ (26,235,223)	\$ (35,141,381)	\$ (29,020,863)	\$ (28,123,620)	\$ (29,355,301)	\$ (30,289,625)	\$ (38,788,104)
Business-type activities	49,895	(803)	72,999	123,204	66,750	28,745	45,741	59,566	(20,898)	(19,375)
Total district-wide net expense	<u>\$ (20,280,807)</u>	<u>\$ (20,047,474)</u>	<u>\$ (25,927,110)</u>	<u>\$ (26,112,019)</u>	<u>\$ (35,074,631)</u>	<u>\$ (28,992,118)</u>	<u>\$ (28,077,879)</u>	<u>\$ (29,295,735)</u>	<u>\$ (30,310,523)</u>	<u>\$ (38,807,479)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 20,367,886	\$ 21,430,551	\$ 23,039,193	\$ 23,332,543	\$ 24,154,512	\$ 25,506,891	\$ 26,544,747	\$ 27,211,837	\$ 27,951,872	\$ 28,355,966
Taxes levied for debt service	561,556	617,275	608,305	544,321	616,448	609,408	626,631	706,288	620,898	665,472
Grants and contributions	1,939,780	1,969,988	1,793,567	1,908,636	1,392,326	3,730,917	1,556,062	1,632,506	2,182,413	12,317,036
Tuition received	212,694	319,323	116,074	167,283	128,504	59,380	160,000	69,615	45,914	60,457
Cancellation of unfunded capital projects							(1,608,545)			
Investment Earnings	73,933	20,060		8,349	7,278					71,768
Rentals		19,772		5,100						
Refund Prior Years Expenditures		14,833		23,360						
Miscellaneous income	74,667	57,282	134,076	69,301	332,460	293,513	183,688	173,742	535,296	151,656
Total governmental activities	<u>23,230,516</u>	<u>24,449,084</u>	<u>25,691,215</u>	<u>26,058,893</u>	<u>26,631,528</u>	<u>30,200,109</u>	<u>27,462,583</u>	<u>29,793,988</u>	<u>31,336,393</u>	<u>41,622,355</u>
Business-type activities:										
Investment earnings/other expense		1,084	931				(1,687)			
Transfers										
Total business-type activities		<u>1,084</u>	<u>931</u>				<u>(1,687)</u>			
Total district-wide	<u>\$ 23,230,516</u>	<u>\$ 24,450,168</u>	<u>\$ 25,692,146</u>	<u>\$ 26,058,893</u>	<u>\$ 26,631,528</u>	<u>\$ 30,200,109</u>	<u>\$ 27,460,896</u>	<u>\$ 29,793,988</u>	<u>\$ 31,336,393</u>	
Change in Net Position (Deficit)										
Governmental activities	\$ 2,899,814	\$ 4,402,413	\$ (308,894)	\$ (176,330)	\$ (8,509,853)	\$ 1,179,246	\$ (661,037)	\$ 438,686	\$ 515,030	\$ 2,834,251
Business-type activities	49,895	281	73,930	123,204	66,750	28,745	44,054	59,566	(20,898)	(19,375)
Total district	<u>\$ 2,949,709</u>	<u>\$ 4,402,694</u>	<u>\$ (234,964)</u>	<u>\$ (53,126)</u>	<u>\$ (8,443,103)</u>	<u>\$ 1,207,991</u>	<u>\$ (616,983)</u>	<u>\$ 498,252</u>	<u>\$ 494,132</u>	<u>\$ 2,814,876</u>

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

J-3

June 30,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	195,053	369,745								
Restricted for	279,553	101,562	232,512	398,385	941,405	1,234,903	1,850,318	2,043,773	1,643,510	2,243,510
Assigned to										797,807
Unassigned			474,083	472,264	440,295	456,169	474,184	397,648	642,813	378,027
Total general fund	<u>\$ 474,606</u>	<u>\$ 471,307</u>	<u>\$ 706,595</u>	<u>\$ 870,649</u>	<u>\$ 1,381,700</u>	<u>\$ 1,691,072</u>	<u>\$ 2,324,502</u>	<u>\$ 2,441,421</u>	<u>\$ 2,286,323</u>	<u>\$ 3,419,344</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund (deficit)										
Capital projects fund (deficit)	\$ (19,218)	\$ 1,671,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,589,994)
Debt service fund (deficit)	8,970	81,746								
Restricted for:										
Capital projects fund		520,055								
Debt service fund										
Assigned to										
Capital projects fund			1,647,404	1,643,440	1,641,973	1,640,566			(297,605)	
Debt services fund			72,776	7,040	20,654	36,318	81,088	73,261	14,879	54,871
Total all other governmental funds	<u>\$ (10,248)</u>	<u>\$ 2,272,878</u>	<u>\$ 1,720,180</u>	<u>\$ 1,650,480</u>	<u>\$ 1,662,627</u>	<u>\$ 1,676,884</u>	<u>\$ 81,088</u>	<u>\$ 73,261</u>	<u>\$ (282,726)</u>	<u>\$ (3,535,123)</u>

Source: CAFR Schedule B-1 and District Income

GASB No. 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in difference classifications from those presented in prior years. Prior years have not been restated above, nor are they required to be.

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

J-4
Sheet #1

	For the year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local Tax Levy	\$ 20,929,442	\$ 22,047,826	\$ 23,647,498	\$ 23,876,774	\$ 24,770,960	\$ 26,116,299	\$ 27,171,378	\$ 27,918,125	\$ 28,572,770	\$ 29,021,438
Other Local Revenue	361,294	431,270	248,168	271,300	409,342	371,247	335,684	262,309	290,155	229,012
State sources	3,735,986	5,658,712	2,714,365	3,311,772	4,208,415	4,040,437	4,605,988	4,915,741	14,729,012	7,796,489
Local Sources	1,000	1,636	1,982	-	-	-	-	-	-	-
Federal sources	449,407	911,924	572,782	54,141	589,765	609,322	617,726	635,044	652,012	604,120
Total revenue	25,477,129	29,051,368	27,184,795	27,513,987	29,978,482	31,137,305	32,730,776	33,731,219	44,243,949	37,651,059
Expenditures										
Instruction										
Regular Instruction	7,737,721	7,544,117	7,821,972	8,581,952	8,620,124	8,471,816	8,597,979	8,719,704	9,431,728	9,291,163
Special Education Instruction	1,633,410	2,310,932	1,893,079	2,087,605	2,259,813	2,379,806	2,906,417	2,883,326	3,031,456	3,016,578
Other	205,149	644,817	933,142	704,163	623,103	719,688	623,074	871,575	890,041	1,000,601
School-Sponsored/Other Instructional	416,762	-	-	-	-	-	-	-	-	-
Total Instruction	9,993,042	10,499,866	10,648,193	11,373,720	11,503,040	11,571,310	12,127,470	12,474,605	13,353,225	13,308,342
Undistributed:										
Tuition	2,152,110	2,500,593	2,594,241	2,514,312	2,322,098	2,596,479	2,503,491	2,400,266	2,630,433	2,202,510
Support Services-Students	2,632,980	2,595,787	2,670,723	3,132,058	3,369,783	3,234,440	3,577,338	3,796,496	3,767,996	3,306,271
General Administration	500,469	988,907	925,574	523,589	597,516	974,938	654,037	619,169	592,594	571,102
School Administration	1,375,112	854,428	839,525	925,912	1,008,811	969,640	974,595	1,110,888	1,154,133	1,191,414
Other Administrative Services				131,543	112,768	102,414	422,875	508,894	472,831	498,330
Operations and Maintenance	1,893,317	1,888,343	1,697,285	1,700,198	1,835,799	2,088,368	2,089,633	2,266,962	2,350,207	2,419,586
Student Transportation	671,416	667,723	669,885	694,603	628,024	687,797	660,067	810,755	891,781	765,689
Business and Other Support Services:										
Employee Benefits	2,969,633	3,299,123	3,542,107	3,321,779	2,963,788	4,071,906	4,195,448	4,533,247	4,637,833	4,782,949
On-behalf TPAF Pension Contributions	745,108	727,571	753,657	349,364	2,378,341	1,293,041	1,215,197	2,104,645	2,631,388	3,176,484
Reimbursed TPAF Social Security										
Contributions	815,644	921,837	830,269	702,312	881,007	891,939	921,581	872,113	967,307	951,108
Transfers - Charter Schools				62,161	61,033		29,608			
Total Undistributed	13,755,789	14,444,312	14,523,266	14,057,831	16,158,968	16,910,962	17,243,870	19,023,435	20,096,503	19,865,443
Capital Outlay:										
Equipment										
Increase in Capital Reserve	15,062									47,412
Facilities Acquisition and Construction										
Services	162,977	2,654,286	662,822	278,213	110,441	224,347	388,310	139,168	47,051	66,639
Assets Acquired under Capital Leases		130,140			68,475			72,000	347,907	657,917
Assets Acquired under Mortgages		69,131								
Capital projects								49,407	1,329,345	4,902,031
Capital Lease Payment				262,530	149,565	154,775	382,243	86,781	90,801	
Total Capital Outlay	178,039	2,853,557	662,822	540,743	328,481	379,122	770,553	347,356	1,815,104	5,673,999
Total General and Capital Expenditures	23,926,870	27,797,735	25,834,281	25,972,294	27,990,489	28,861,394	30,141,893	31,845,396	35,264,832	25,539,442
Special Revenue:										
Federal	449,407	842,450	572,782	586,791	589,766	609,322	617,726	635,044	648,731	568,510
State	235,454	262,507	272,829	267,986	263,738	259,593	313,146	305,602	256,632	225,202
Local	1,000	1,636	1,982	2,183	56,135	49,927	50,000	875		
Total Special Revenue Expenditures	685,861	1,106,593	847,593	856,960	909,639	918,842	980,872	941,521	905,363	793,712

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

J-4
Sheet #2

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Service Expenditures	\$ 768,978	\$ 803,521	\$ 820,331	\$ 795,716	\$ 874,426	\$ 777,089	\$ 802,077	\$ 888,239	\$ 840,550	\$ 841,725
Total Governmental Fund Expenditures	<u>\$ 25,381,709</u>	<u>\$ 29,707,849</u>	<u>\$ 27,502,205</u>	<u>\$ 27,624,970</u>	<u>\$ 29,774,554</u>	<u>\$ 30,557,325</u>	<u>\$ 32,424,842</u>	<u>\$ 33,675,155</u>	<u>\$ 36,699,443</u>	<u>\$ 40,483,221</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	95,420	(656,481)	(317,410)	(110,983)	203,928	581,408	305,934	56,062	7,544,506	(2,832,162)
Other Financing Sources (Uses)										
Premium on Promissory Note in Cap Projects Adjustments		25,620								37,180
Capital Leases (non-budgeted)		130,140		262,530	68,475		382,243	72,000	291,055	657,917
Proceeds from refunding							(32,770)			
Cancellation of Unfunded Capital Projects							(1,608,545)			
Write-off of Prior year Revenue						(18,354)	(9,228)	(979)		
Interest earned in Capital Projects Fund		15,880								17,689
Transfers In			8,757	2,554	12,800			21	(500,000)	
Transfers Out			(8,757)	(2,554)				(18,014)	500,000	
Total Other Financing Sources (uses)	<u>-</u>	<u>2,936,308</u>	<u>(8,757)</u>	<u>262,530</u>	<u>81,275</u>	<u>(18,354)</u>	<u>(1,268,300)</u>	<u>53,028</u>	<u>638,962</u>	<u>712,786</u>
Net Change in Fund Balances	<u>\$ 95,420</u>	<u>\$ 2,279,827</u>	<u>\$ (317,410)</u>	<u>\$ 151,547</u>	<u>\$ 285,203</u>	<u>\$ 563,054</u>	<u>\$ (962,366)</u>	<u>\$ 109,090</u>	<u>\$ 8,183,468</u>	<u>\$ (2,119,376)</u>
Debt Service as a Percentage of Non Capital Expenditures	3.05%	2.72%	3.06%	2.94%	2.97%	2.58%	2.53%	2.67%	2.29%	2.08%

Source: CAFR Schedule B-2

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

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

J-5

Description	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Annual Totals
Interest on Investments	\$ 54,079	\$ 13,948	\$ 12,324	\$ 8,770	\$ 8,876	\$ 7,279	\$	\$	\$ 20,060		\$ 125,336
Tuition	60,457	45,914	69,616	160,000	59,380	128,504	167,283	116,074	319,323		1,126,551
Rentals		500	48,400	1,150	51,475	48,900			19,772		170,197
Prior Year Tuition Refunds	13,466	50,156	25,635	26,957	6,784	46,084			14,833		183,915
Miscellaneous Income	101,010	179,635	106,334	138,787	244,709	178,576	103,921	134,076	57,282		1,244,330
Total	\$ 229,012	\$290,153	\$ 262,309	\$ 335,664	\$ 371,224	\$409,343	\$271,204	\$ 250,150	\$431,270	\$ -	\$2,850,329

Source: District records

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

J-6

Fiscal Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2009	\$ 1,867,662,044	\$ 1,945,451,054	96.26%
2010	1,872,097,822	1,928,211,589	97.35%
2011	1,865,367,200	1,833,104,560	101.76%
2012	1,544,763,900	1,654,808,677	93.35%
2013	1,547,020,681	1,712,005,582	90.36%
2014	1,551,931,320	1,678,988,516	92.65%
2015	1,551,911,749	1,764,238,083	88.15%
2016	1,561,099,137	1,788,301,616	87.30%
2017	1,679,791,800	1,764,762,500	95.19%
2018	1,718,394,708	1,788,729,980	96.07%

Source: County Abstract of Ratables

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

J-7

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
2009	\$ 1.150	\$ 0.719	\$0.201	\$ 2.070
2010	1.221	0.746	0.202	2.169
2011	1.273	0.765	0.205	2.243
2012	1.574	0.932	0.236	2.742
2013	1.641	0.941	0.254	2.836
2014	1.708	0.946	0.250	2.904
2015	1.767	0.947	0.272	2.986
2016	1.801	0.952	0.282	3.035
2017	1.704	0.888	0.264	2.856
2018	1.705	0.892	0.255	2.852

Source: Tax Collector

HASBROUCK HEIGHTS SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
UNAUDITED

J-8

<u>Taxpayers</u>	2009		2018	
	Assessed Valuation	As a % of District's Net Assessed Valuation	Assessed Valuation	As a % of District's Net Assessed Valuation
Prime Properties, LLC	\$ 38,003,000	2.05%	\$ 37,275,000	2.17%
Heights Plaza, Associates	27,099,400	1.46%	27,534,500	1.60%
Heights Plaza, LLC	11,790,000	0.63%	22,057,700	1.28%
Ess Prisa LLC	15,503,000	0.83%	13,976,300	0.81%
621 Route 46 Associates	14,470,600	0.78%	15,772,700	0.92%
Ottawa House Limited	12,980,000	0.70%	14,896,800	0.87%
611 Routh 46, LLC	11,900,000	0.64%	13,030,800	0.76%
Hasbrouck Motel Company	11,500,000	0.62%	12,915,000	0.75%
Touro Unic. College of Med. Inc.	11,450,200	0.62%	12,090,000	0.70%
Skyline Associates	9,920,000	0.53%	12,108,300	0.70%
Total	\$ 154,696,200	8.33%	\$ 181,657,100	10.56%

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2009	\$ 20,387,886	\$ 20,367,886	100.00%
2010	22,047,826	22,047,826	100.00%
2011	23,647,498	23,647,498	100.00%
2012	23,332,543	23,332,543	100.00%
2013	24,770,960	24,770,960	100.00%
2014	26,116,297	26,116,297	100.00%
2015	27,030,709	27,030,709	100.00%
2016	27,804,795	27,804,795	100.00%
2017	28,572,770	28,572,770	100.00%
2018	29,021,438	29,021,438	100.00%

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

J-10

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita ^a
	General Obligation Bonds	Capital Leases	Bond Anticipation Note			
2009	\$ 8,342,703	\$ 222,826	\$ -	\$ 8,565,529	11,410	\$ 751
2010	7,813,430	217,575		8,031,005	11,445	702
2011	7,345,542	240,796		7,586,338	11,856	640
2012	6,867,842	371,339		7,239,181	11,919	607
2013	6,369,341	290,249		6,659,590	11,960	557
2014	5,855,000	135,474		5,990,474	12,092	495
2015	7,065,000	399,530		7,464,530	12,165	614
2016	6,210,000	321,177		6,531,177	12,227	534
2017	5,540,000	440,190		5,980,190	12,182	491
2018	4,850,000	694,507	6,225,000	11,769,507	12,277	959

Note: Details regarding the District's outstanding debt can be found in the Notes to Financial Statements.

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
 Unaudited

J-11

<u>Fiscal Year Ended June 30,</u>	<u>Estimated School District Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2009	11,445	\$1,867,662,044	\$ 8,145,000	0.44%	\$ 711.66
2010	11,856	1,872,097,822	7,715,000	0.41%	650.73
2011	11,919	1,865,367,200	7,275,000	0.39%	610.37
2012	11,936	1,865,367,200	6,820,000	0.37%	571.38
2013	11,936	1,544,763,900	6,369,341	0.41%	533.62
2014	12,022	1,551,931,320	5,855,000	0.38%	487.02
2015	12,165	1,551,911,749	7,065,000	0.46%	580.76
2016	12,227	1,561,099,137	6,210,000	0.40%	507.89
2017	12,182	1,679,791,800	5,540,000	0.33%	454.77
2018	12,277	1,718,394,708	4,850,000	0.28%	395.05

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

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018
(unaudited)

J-12

Net Direct Debt of District as of June 30, 2018		
Bonds issued	\$ 4,850,000	
Bond Anticipation Note	<u>6,225,000</u>	
		\$ 11,075,000
Net Overlapping Debt of School District		
Borough of Hasbrouck Heights (100%)	8,498,998	
County of Bergen - Borough's share (0.101%)	<u>1,217,081</u>	
		<u>9,716,079</u>
Total Direct and Overlapping Bond Debt as of June 30, 2018		<u><u>\$ 20,791,079</u></u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
(unaudited)

J-13

Equalized valuation basis

2017	\$	1,818,148,316
2016		1,843,997,932
2015		1,783,367,741
		(A) <u>\$ 5,445,513,989</u>

Average equalized valuation of taxable property	(A-3)	\$	1,815,171,330
Debt limit (4 % of average equalization value)	(B)		72,606,853
Net school debt as of June 30, 2018	(C)		11,075,000
School borrow margin available	(B-C)	\$	61,531,853

2018

Debt limit	\$	72,606,853
Net school debt		11,075,000
School borrowing margin available	\$	61,531,853
Total net debt applicable to the limit as a percentage of debt limit		15.253%

Source:

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

- a Limit set by NJSA 18A:24-19 for a K through 12 District; other limits apply to other districts

HASBROUCK HEIGHTS SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

J-14

<u>Year</u>	<u>Estimated School District Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	11,445	\$ 63,198	8.50%
2010	11,856	65,486	8.80%
2011	11,919	66,096	9.40%
2012	11,936	69,919	8.80%
2013	11,960	67,240	8.60%
2014	12,092	73,536	5.00%
2015	12,165	75,849	6.50%
2016	12,227	77,187	4.60%
2017	12,182	N/A	4.20%
2018	12,277	N/A	N/A

Source: New Jersey State Department of Education

N/A - Data Not Available

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

J-15

	2009		2018	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
N/A	N/A	N/A	N/A	N/A
		0.00%		
			0.00%	

N/A - Data Not Available

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

J-16

<u>Function/Program</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>2017</u>	<u>2018</u>
Instruction										
Regular	144.0	105.1	105.1	95.3	95.3	104.6	104.4	106.4	106.0	106.2
Special Education	0.0	24.8	24.8	22.0	22.0	27.4	32.4	34.4	32.4	33.0
Other Instruction	0.0	24.5	24.5	26.6	26.6	26.0	29.0	30.0	31.0	40.0
Support Services:										
Attendance & Social Work	0.0	3.4	3.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Health Services	0.0	3.0	3.0	3.0	3.0	3.6	3.6	3.6	3.6	3.6
Student & Instruction Related Services	20.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Extraordinary Services	0.0	10.0	10.0	11.0	11.0	17.0	15.0	15.0	14.5	14.0
Support Services - Students Regular	0.0	5.0	5.0	4.5	4.5	6.0	6.0	6.0	6.0	5.0
Support Services - Students Special	0.0	8.2	8.2	8.7	8.7	8.8	8.4	9.0	9.0	9.0
Improvement of Instructional Services	0.0	1.0	1.0	0.0	0.0	0.0	2.0	2.0	2.0	1.0
Educational Media/School Library	0.0	4.5	4.5	4.5	4.5	4.8	4.8	4.8	4.8	3.8
General administration	3.0	3.0	3.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0
School Administrative Services	9.0	9.5	9.5	10.3	10.3	10.6	10.6	12.1	12.1	12.1
Central Services	5.0	4.8	4.8	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	1.0	0.5	0.5	0.5	0.5	0.3	0.3	1.3	1.3	1.3
Plant Operations and Maintenance	15.5	15.5	15.5	12.0	12.0	14.0	14.0	15.0	15.0	14.3
Pupil transportation	1.5	1.5	1.5	1.5	1.5	0.5	0.5	0.5	0.0	0.5
Other support services	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Total	<u>205.0</u>	<u>227.3</u>	<u>227.3</u>	<u>210.4</u>	<u>210.4</u>	<u>234.6</u>	<u>241.0</u>	<u>250.0</u>	<u>248.7</u>	<u>254.8</u>

Source: District Records

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

J-17

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Senior High School	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	1,615.0	\$ 23,912,886	\$ 14,807	-6.39%	140	12:01	11:01	11:01	1,614.5	1,547.2	0.57%	95.80%
2010	1,654.0	24,944,178	15,081	1.85%	130	13:01	12:01	12:01	1,662.0	1,596.5	2.94%	96.06%
2011	1,712.0	26,005,864	15,190	0.72%	130	13:01	12:01	12:01	1,710.6	1,638.6	2.92%	95.80%
2012	1,770.0	26,224,844	14,816	0.77%	117	15.13	15.13	15.13	1,805.7	1,734.6	5.56%	96.10%
2013	1,896.0	27,988,994	14,762	-0.37%	134	14.15	14.15	14.15	1,903.5	1,821.7	5.42%	95.70%
2014	1,892.0	26,675,523	14,099	-4.49%	132	14.33	14.33	14.33	1,883.5	1,811.6	-0.74%	96.18%
2015	1,875.0	27,615,185	14,728	3.52%	137	13.71	13.71	13.71	1,869.6	1,796.8	-0.48%	96.11%
2016	1,866.0	28,523,853	15,286	3.79%	142	13.14	13.14	13.14	1,859.0	1,787.7	-0.59%	96.16%
2017	1,849.0	29,472,818	15,940	1.62%	141	13.11	13.11	13.11	1,850.1	1,771.9	-0.48%	95.77%
2018	1,805.0	29,839,905	16,092	0.95%	139	12.97	12.97	12.97	1,799.6	1,727.2	-2.73%	95.98%

Note: Enrollment based on annual October District count.

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

J-18

	<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>2017</u>	<u>2018</u>	
<u>District Building</u>											
<u>Elementary</u>											
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425	425
Enrollment	386	371	367	394	455	448	439	439	387	387	387
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425	425
Enrollment	387	421	412	454	469	455	446	439	414	414	414
<u>Middle/High School</u>											
Square Feet	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681
Capacity (students)	850	850	850	850	850	850	850	850	850	850	850
Enrollment	844	862	859	944	999	989	990	990	1,048	1,048	1,048
Number of Schools at June 30, 2018											
Elementary = 2	2	2	2	2	2	2	2	2	2	2	2
Middle School =1	1	1	1	1	1	1	1	1	1	1	1
Senior High School = 1	1	1	1	1	1	1	1	1	1	1	1
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

Source: District Facilities Office

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN FISCAL YEARS
(unaudited)

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

<u>*School Facilities</u>	<u>School Number</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>2017</u>	<u>2018</u>
Hasbrouck Heights Middle/High School	50	\$ 196,325	\$ 162,483	\$ 144,429	\$ 154,006	\$ 200,817	\$ 211,204	\$ 176,635	\$ 254,185	\$ 286,350	\$ 252,529
Euclid	60	65,441	54,161	48,143	51,335	66,939	70,401	58,878	84,728	95,450	84,176
Lincoln	80	65,441	54,161	48,143	51,336	66,939	70,401	58,878	84,728	95,450	84,176
Total School Facilities		<u>\$ 327,207</u>	<u>\$ 270,805</u>	<u>\$ 240,715</u>	<u>\$ 256,677</u>	<u>\$ 334,695</u>	<u>\$ 352,006</u>	<u>\$ 294,391</u>	<u>\$ 423,641</u>	<u>\$ 477,250</u>	<u>\$ 420,881</u>

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

Source: District records

HASBROUCK HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
(unaudited)

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - School Alliance Ins. Fund (SAIF)		
Commercial Property - Blanket Building and Contents, Flood, Earthquake	\$53,728,293	\$2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Commercial Inland Marine Coverage	Various	
Board of Education Legal Liability-Darwin National-PGU	5,000,000	5,000
Crime Coverage (Blanket Dishonesty)	500,000	1,000
Auto Physical Damage Coverage		1,000
 Umbrella Liability - SAIF Insurance AL/GL only	 15,000,000	
 Boiler and Machinery - SAIF (Hartford Steam)	 100,000,000	 2,500
 Environmental Impairment Liability Ace Illinois Insurance Company	 1,000,000 25,000,000	 1,000 Policy Agregate
 Student and Athletic Insurance Full Excess	 25,000 5,000,000	
 Additional Excess Liability Policy New Jersey Unsgared Xs Proram	 30,000,000	
 Foreign Liability	 1,000,000	
 Workers Compensation - Sober VII JIF	 Pool Limits	
 Official Bonds		
Dina Messery, Board Secretary/Business Admin.	25,000	
Robyn Scholz, Assistant to the Business Admin.	10,000	

Single Audit Section

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing
Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2019.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 27, 2019

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant No. 2305

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey's (the "District") compliance with the types of compliance requirements described in OMB *Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplemental Requirements* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Uniform Guidance, and New Jersey 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 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and 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 federal and state programs for the year ended June 30, 2018.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 27, 2019

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant No. 2305

**HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CDFA Program	FEIN #	Award Amount	Grant Period		Balance, June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2018											
				From	To	Accounts Receivable	Deferred Revenue	Due To Grantor				Accounts Receivable	Deferred Revenue	Due To Grantor									
U.S. Department of Education Passed - Through State Department of Education:																							
Medical Assistance Program (SEM)	93.778	1805NJ5	\$ 35,610	07/01/2017	06/30/2018				\$ 35,610	\$ 35,610													
Total General Fund									35,610	35,610													
Special Revenue Fund:																							
I.D.E.A. Part B Basic	84.027	H027A180100	435,638	07/01/2017	06/30/2018				317,503	412,645			\$ 95,142										
I.D.E.A. Part B Basic	84.027	H027A170100	442,854	07/01/2016	06/30/2017	\$ 31,165			31,165	-													
Title I, Part A	84.010A	S010A180030	148,300	07/01/2017	06/30/2018				86,184	126,188			40,004										
Title I, Part A	84.010A	S010A170030	185,160	07/01/2016	06/30/2017	35,549			35,550	-	\$ 1												
Title II, Part A	84.367A	S367A180029	27,886	07/01/2017	06/30/2018				27,886	27,886													
Title II, Part A	84.367A	S367A170029	57,755	07/01/2016	06/30/2017	6,803			6,803	-													
Title III, No Child Left Behind	84.365A	S365A10030	1,791	07/01/2017	06/30/2018				1,791	1,791													
Title III, No Child Left Behind	84.365A	S365A10030	59,384	07/01/2016	06/30/2017	27,392			27,392	-													
Title III, Immigrant	84.365A	S365A10030	10,323	07/01/2016	06/30/2017	870			870	-													
Total Special Revenue Fund						101,779			535,144	568,510	1		135,146										
U.S. Department of Agriculture Passed-through State Department of Ed																							
Enterprise Fund:																							
National School Lunch Program	10.555	18181NJ304199	131,627	07/01/2017	06/30/2018				124,168	131,627			7,459										
National School Lunch Program	10.555	17171NJ304199	135,688	07/01/2016	06/30/2017	8,572			8,572	-													
Food Donation Program (NC)	10.555	1818NJ304N1099	33,005	07/01/2017	06/30/2018				33,005	33,005													
Total Enterprise Fund						8,572			165,745	164,632			7,459										
Total Federal Financial Awards						\$ 110,351			\$ 736,499	\$ 768,752	\$ 1		\$ 142,605										

(NC) - Non-cash transaction.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2018

1. GENERAL

The accompanying schedules of expenditures of federal and state awards include the activity of all federal awards and state financial assistance programs of the Board of Education, Hasbrouck Heights School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(37,600) for the general fund and \$-0- for the special revenue fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2018

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 5,800,269	\$ 35,610	\$ 5,835,879
Special Revenue Fund	225,202	568,010	793,212
Capital Projects Fund	1,609,642		1,609,642
Debt Service Fund	161,376		161,376
Food Service Fund	<u>4,989</u>	<u>164,632</u>	<u>169,621</u>
 Total Awards and Financial Assistance	 <u>\$ 7,801,478</u>	 <u>\$ 768,252</u>	 <u>\$ 8,569,730</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The Hasbrouck Heights School District had no loans outstanding as of June 30, 2018.

6. OTHER

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2018.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2018 amounted to \$3,176,484. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

7. INDIRECT COSTS

The District did not use 10% of the de minimis indirect cost rate.

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?

_____ Yes √ No

Federal Awards Section

Internal control over major programs:

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

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

Unmodified

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

_____ Yes √ No

Identification of major Programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program</u>
84.027	S027A170100	Special Education – Individuals with Disabilities (IDEA)

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

\$750,000

Auditee qualified as low-risk auditee?

 √ Yes _____ No

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Awards

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

Auditee qualified as low-risk auditee? √ Yes _____ No

Internal control over major programs:

1) Material weakness(es) identified _____ Yes √ No

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes √ None Reported

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

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

Identification of major programs:

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5094-003 Various	Reimbursed TPAF Social Security Schools Development Authority (SDA) Grant

Dollar Threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? √ Yes _____ No

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section II - Financial Statement Findings

No Financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Section III - Summary of Auditors' Results

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

a) Federal Award Findings and Questioned Costs:

No Compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

b) State Award Findings and Questioned Costs:

No Compliance or internal control findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

HASBROUCK HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2018

Section IV:

a) Federal Award Findings and Questioned Costs:

NONE

b) State Award Findings and Questioned Costs:

NONE