

HACKENSACK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Hackensack, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Hackensack Board of Education

Hackensack New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

Business Office

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INTRODUCTORY SECTION



HACKENSACK PUBLIC SCHOOLS

191 Second Street, Hackensack, NJ 07601
www.hackensackschools.org

November 22, 2019

Honorable President and
Members of the Board of Education
Hackensack School District
Hackensack, New Jersey 07601

Dear Board Members:

The Comprehensive Annual Financial Report of the Hackensack School District for the Fiscal Year ended June 30, 2019, 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 (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 (4) Sections as follows:

- The Introductory Section includes this transmittal letter, the District's Organizational Chart, list of professional advisors and a list of principal officials.
- The Financial Section includes the basic Financial Statements and Schedules, required supplementary information, Management's Discussion and Analysis, as well as the Auditor's Report thereon.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section includes the Auditor's report on the internal control structure and compliance with applicable laws and regulations and finding(s) and recommendations. The District is required to undergo an Annual Single Audit in conformity with the provisions of the Title 2 U.S. Code of Regulations 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 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit section of this report.

1. REPORTING ENTITY and ITS SERVICES:

The Hackensack School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement No. 14. All funds and account groups of the District are included in this Report. The Hackensack Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular academic, technological, vocational, as well as special education for handicapped students. This District is also a receiving school District from Maywood, Rochelle Park and South Hackensack.

The District completed the 2018/19 fiscal year with an Average Daily Enrollment of 5,770 students, which is 97 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years:

<i>Fiscal Year</i>	<i>ADE</i>	<i>Number Change</i>	<i>Percent Change</i>
2018/19	5,770	97	1.98%
2017/18	5,673	(6)	-0.10%
2016/17	5,679	(11)	-0.20%
2015/16	5,690	78	1.39%
2014/15	5,612	149	2.73%
2013/14	5,463	57	1.05%
2012/13	5,406	182	3.48%
2011/12	5,224	92	1.79%
2010/11	5,132	99	1.97%
2009/10	5,033	131	2.67%
2008/09	4,902	(20)	-0.41%

For the 2018/19 school year, the District was configured as follows:

- Early Childhood Developmental Center Grades Pre-K through K
- Fairmount Elementary School Grades K through 4
- Fanny M. Hillers Elementary School Grades K through 4
- Jackson Avenue Elementary School Grades K through 4
- Nellie K. Parker Elementary School Grades K through 4
- Hackensack Middle School Grades 5 through 8
- Hackensack High School Grades 9 through 12

Based on Demographic Projections prepared in February 2015 by Whitehall Associates, the Hackensack Board of Education determined that the District is facing the need to expand in order to meet the projected growth in enrollment. In 2013, the Hackensack Board of Education approved a five (5) year lease for a school located in Hackensack from the Archdiocese of Newark to help alleviate the immediate need for space. This facility is referred to as the Hackensack Early Childhood Development Center and houses Pre-K general education and students with disabilities.

2. MAJOR INITIATIVES 2018/19: Educational Programs, Grades Pre-K-12

Our District serves students in PreK - 12, with a PreK Program, four (4) elementary schools, a middle school and one high school, with a total student population of over 5,700 students. Our program of instruction follows the New Jersey Students Learning Standards (NJSLS) and aims to provide for personalized learning, supporting the needs of individual students to address the achievement gaps. Teachers provide for engaging and rigorous learning in classroom environments that privilege problem-solving, digital learning, career-readiness skills, to prepare all students to be Future Ready.

The 2018/19 school year saw our PreK full-day program maintain enrollment with 145 full day general education preschool students. Additionally, we hired a Master Teacher and PIRT Specialist who worked on providing support to teachers in regards to curriculum, social-emotional support, and assessment. Preschool teachers implemented the GOLD and ESI-R assessments, which assisted with aligning instruction to student needs. We implemented new units of study based on student interest, and began implementing additional family nights to support family engagement.

In the area of Mathematics, during the 2018/19 school year, a major focus was on professional development activities that supported developing NJSLS aligned Benchmark Assessments to determine how well students were meeting the New Jersey Student Learning Standards for Math. Alignment was also addressed so that Go Math materials would support standards-based instruction which was extended to grade 8 students. The focus was to develop a deeper understanding of mathematical practices as per the New Jersey Student Learning Standards. This adoption of Go Math for grade 8 students will also facilitate vertical alignment with the New Jersey Student Learning Standards and provides for a more coherent program throughout the district. General Education teachers, Special Education teachers and staff also received professional training from outside consultants to support differentiated instruction based on student performance data.

Creating benchmark assessments and providing professional development for this best practice was also the focus of English Language Arts. The district staff focused on the fifth-grade transition and began looking at modifying curriculum as it determines the next steps for its instructional focus with only one year left of the Journeys Program. The focus was on more novel-based instruction aligned to standards. More emphasis was also placed on reading intervention via the Read 180 system and how teachers are responding to student performance data. Coaching sessions by outside consultants were provided for staff in grades 5 through 12. Teachers in grades 6-12 continue their novel-based approach to the teaching of reading and writing at their grade level, while incorporating more non-fiction text to support students in making the connection to content to improve writing skills. The Bilingual Department and the English Department staff worked together to focus on the language acquisition skills of English Language Learners who transitioned to the general education classroom.

In order to support the alignment of our science curriculum to New Jersey Student Learning Standards for Science, emphasis was placed on evidence based instructional practices through consistent implementation of the Claim Evidence Reasoning framework in grades 5-12 and a 9-12 implementation of the Argument Driven Inquiry instructional model. High School Teachers received Argument Driven Inquiry training in June of 2018 and again in October of 2018. The CER and ADI frameworks both support our underlying purpose of developing scientific literacy by engaging our students in grade 8 with Science and Engineering practices in addition to the Cross Cutting Concepts and Disciplinary Core ideas as outlined in the NJSLS. Instructionally, a focus was placed on strategies that reinforced the Science and Engineering Practices specifically.

The Instructional Advocacy Team (IAT) is working with HS teachers to support vocabulary acquisition in their content areas and making learning visible across content areas. Our consultant, Gravity Goldberg, has supported teachers through a book study of *Making Learning Visible*.

With the support of the MS Literacy in Context Team (LinC) and our literacy consultant, Social Studies and other content area teachers are creating common benchmarks focused on nonfiction reading skills and vocabulary acquisition. Social Studies teachers are also planning on creating and implementing Research Simulation Tasks in grades 5-8 to be implemented next school year.

In addition to our rigorous academic programs, we offer students many activities during and after school that support their growth. Our competitive and recreational sports programs, clubs and activities, such as our HS and MS Robotics Clubs, engage students in hands-on, inquiry-based learning and provide students with opportunities to learn life skills in various settings. In addition, a grade 9 engineering course entitled Introduction to STEM Principles was introduced at Hackensack High School for up to 100 students. On March 14, 2019, HMS held its first ever STEAM night.

Last year, we continued to support our Chromebook 1:1 in grades K through 12, rolling out a new cloud-based filter and classroom management tool; leveraging E-Rate funding to upgrade network equipment throughout the District; and doubling our District internet bandwidth to 2Gbps while simultaneously lowering costs using the ESCNJ/DRLAP Broadband Initiative. To enhance communication and security, we migrated from a hosted VoIP telephony system to an on-premises Mitel/Shoretel system allowing us to integrate our phones with our forthcoming Lockdown and Emergency Notification System and our public announcement systems in each building. We also replaced/upgraded obsolete security cameras and added over 140 cameras at our Middle School and High School, significantly improving coverage. In addition, we performed routine refreshes of servers, desktops, projectors, Smartboards and other classroom technology.

Facility initiatives included:

- Boiler replacement at Middle School
- Repointing chimney at Middle School
- Roof replacement kitchen cafeteria at High School
- Repointing chimney at High School
- Repointing at Fairmount School
- Masonry repairs at Parker School
- Landscaping at High School, Fairmount School, Parker School

3. 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 the adequate accounting data are 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. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's Single Audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls which now includes the prerequisite that all requisitions confirm the use of Ed Data, NJESC, State Contracts etc., the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated Budgets are adopted for the General Fund, Special Revenue Fund, and Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final Budget amount as amended for the fiscal year is reflected in the financial section.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as Reservations of Fund Balance at June 30, 2019.

5. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect Generally Accepted Accounting Principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

6. DEBT ADMINISTRATION:

At June 30, 2019, the District had \$595,000 in outstanding bonds payable and \$1,627,368 in capital leases payable. Additional information regarding the District's debt is contained in the "Notes to the Financial Statements", Note 7.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

The Board developed its 2018/19 budget under the State's funding formula. An analysis of the expenditures in the financial section of this report will show that the Board was prudent in presenting the community with an accurate picture of educational needs.

8. 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 2. The District has adopted a Cash Management Plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board completed its second year as a member of the New Jersey School Boards Association Insurance Group, North Jersey Educational Insurance Fund which self-insures Workers' Compensation and purchases general liability, auto and property insurance on a volume basis (Joint Insurance Fund).


10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants (CPA) or registered municipal accountants. The accounting firm of Lerch Vinci & Higgins, LLC was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The Auditor's Report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

11. ACKNOWLEDGMENTS:

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

Respectfully submitted,



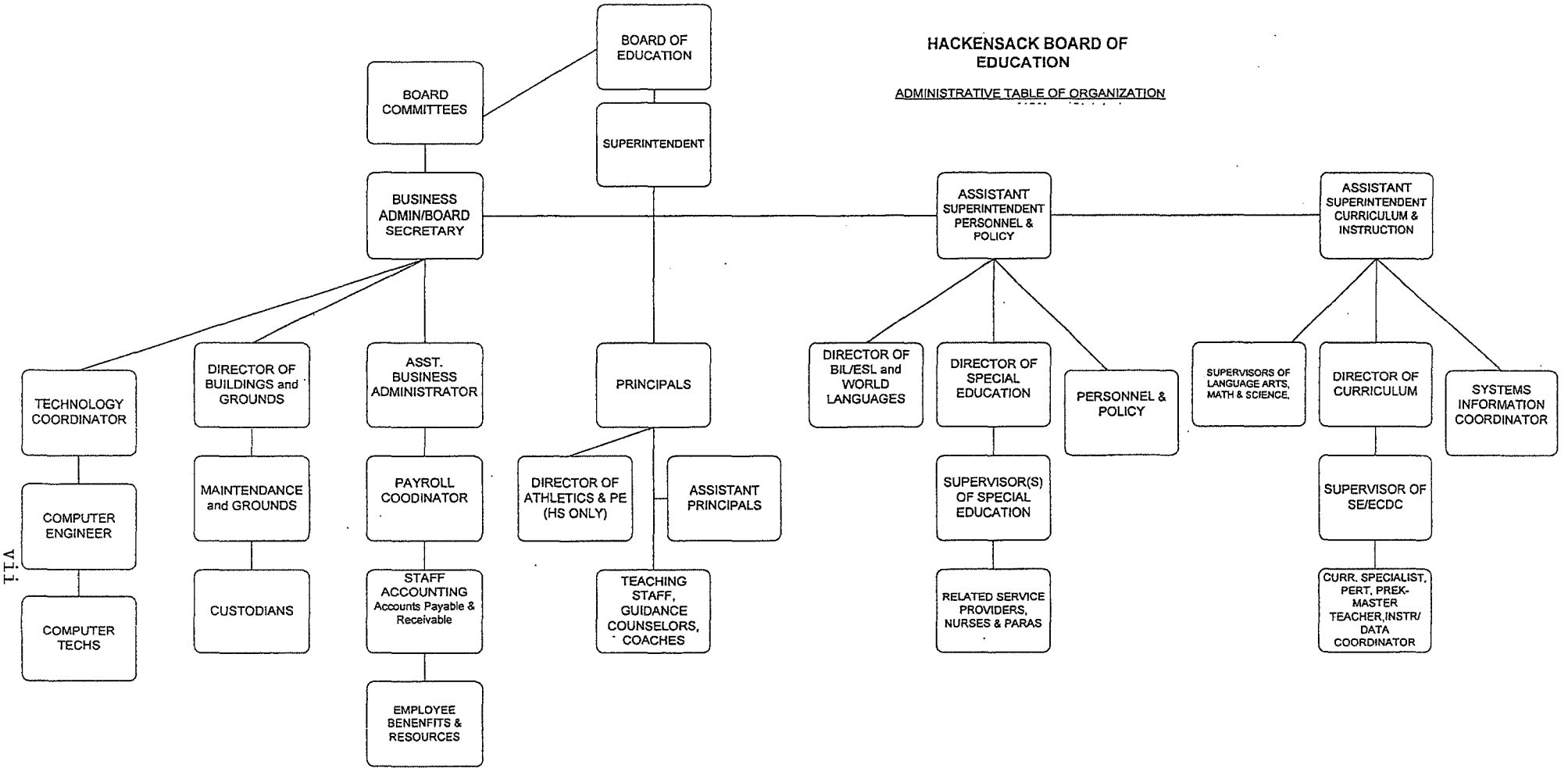
Robert Sanchez
Superintendent of Schools



Dennis R. Frohnappel, Ed.D.
Interim SBA/Board Secretary

HACKENSACK BOARD OF EDUCATION

ADMINISTRATIVE TABLE OF ORGANIZATION



T.T.A.

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2019

Members of the Board of Education

Term Expires

Lancelot Powell, President	2021
Scott James-Vickery, Vice President	2022
Leila Amirhamzeh	2020
Johanna Calle	2020
Frances Cogelja	2021
Robin Coles	2020
Ira Goodman	2022
Lara L. Rodriguez	2022
Carlos Velez	2021
Lynn Wiebe (Maywood Rep.)	

Other Officials

Rosemary Marks, Acting Superintendent

Andrea Parchment, Administrative Assistant to the Superintendent/
Director for Planning, Research & Evaluation

Adrian Pollio, School Business Administrator/Board Secretary – July 1, 2018 to
August 20, 2018

Joseph R. Amatuzzi, Interim School Business Administrator/Board Secretary – September 4, 2018 to
December 21, 2018

Dr. Dennis R. Frohnapfel, Interim School Business Administrator/Board Secretary
January 3, 2019 to June 30, 2019

HACKENSACK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2019

Board Attorney

SCARINCI/HOLLENBECK
1100 Valley Brook Ave
Lyndhurst, New Jersey 07071

Special Education Counsel

SCHENCK, PRICE, SMITH & KING, LLC
220 Park Avenue
Florham Park, New Jersey 07932

Insurance Broker/Risk Manager

OTTERSTEDT INSURANCE AGENCY, INC.
417 Boulevard
Hasbrouck Heights, New Jersey 07604

Insurance Brokerage Services-Health Benefits/Dental

BROWN & BROWN BENEFIT ADVISORS
24 Arnett Avenue, Suite 200
Lambertville, New Jersey 08530

District Auditor

LERCH, VINCI & HIGGINS, LLP
17-17 Route 208 N
Fair Lawn, New Jersey 07410

Official Depository

TD BANK
1000 MacArthur Blvd
Mahwah, NJ 07430

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees or Board of Education
Hackensack Board of Education
Hackensack, 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 Hackensack Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 Hackensack Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hackensack Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Hackensack Board of Education.

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

The introductory section, financial schedules and statistical section have 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 November 22, 2019 on our consideration of the Hackensack Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hackensack Board of Education's 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 Hackensack Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

As management of the Hackensack Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Hackensack Board of Education for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, as well as, the District's financial statements and notes to the financial statements which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year include the following:

- The assets and deferred outflows of resources of the Hackensack Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,409 (Net Position)
- The District's total net position increased by \$943,351.
- Overall District revenues were \$146,514,208. General revenues accounted for \$95,703,062 or 65% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$50,811,146 or 35% of total revenues.
- The school district had \$142,833,385 in expenses for governmental activities; only \$47,910,762 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$95,703,062 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$14,251,316. Of this amount, \$13,342,309 is fund balance restricted for specific purposes, \$1,170,127 has been assigned to year end expenditures and the remaining amount is the unassigned fund deficit of \$261,120.
- The General Fund fund balance at June 30, 2019 was \$14,093,276, a decrease of \$2,317,052 compared to the ending fund balance at June 30, 2018 of \$16,410,328.
- The General Fund unassigned budgetary fund balance at June 30, 2019 was \$17,142,946, which represents a decrease of \$542,471 when compared to the ending unassigned budgetary fund balance at June 30, 2018 of \$17,685,417.
- The District's total outstanding long-term liabilities decreased by \$6,178,593 during the current fiscal year.

HACKENSACK BOARD OF EDUCATION

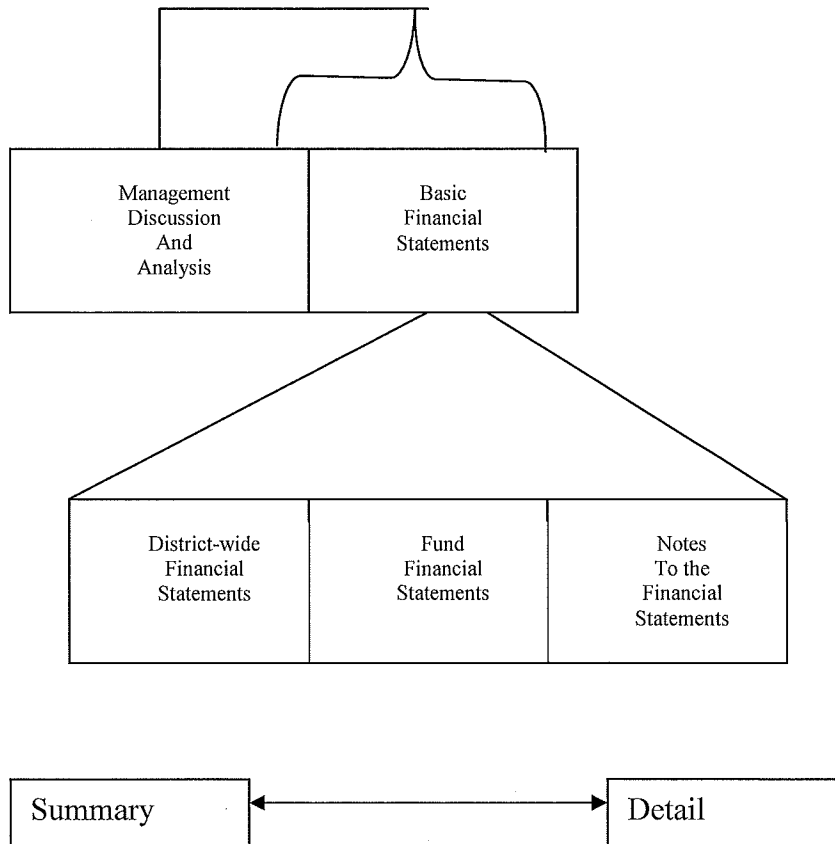
Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as student activities and payroll activities
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position. Statement of Change In Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long term; funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Statements

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

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

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

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program is included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund, for its food service (cafeteria) program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these resources to finance its operations.

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 notes to the financial statements can be found following the financial statements.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$3,409 on June 30, 2019 and a net position deficit of \$939,942 on June 30, 2018 as follows:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current Assets	\$ 16,923,064	\$ 19,095,155	\$ 1,480,674	\$ 1,170,446	\$ 18,403,738	\$ 20,265,601
Capital Assets, net of accumulated depreciation	23,631,273	20,209,932	382,705	362,579	24,013,978	20,572,511
Total Assets	<u>40,554,337</u>	<u>39,305,087</u>	<u>1,863,379</u>	<u>1,533,025</u>	<u>42,417,716</u>	<u>40,838,112</u>
Deferred Outflows of Resources	<u>6,160,799</u>	<u>10,851,160</u>	<u>-</u>	<u>-</u>	<u>6,160,799</u>	<u>10,851,160</u>
Liabilities						
Long-Term liabilities	34,514,686	40,693,279	-	-	34,514,686	40,693,279
Other Liabilities	2,695,114	3,267,575	391,937	190,258	3,087,051	3,457,833
Total Liabilities	<u>37,209,800</u>	<u>43,960,854</u>	<u>391,937</u>	<u>190,258</u>	<u>37,601,737</u>	<u>44,151,112</u>
Deferred Inflows of Resources	<u>10,971,606</u>	<u>8,442,102</u>	<u>1,763</u>	<u>-</u>	<u>10,973,369</u>	<u>8,442,102</u>
Net Position						
Net Investment in Capital Assets	23,002,316	17,704,621	382,705	326,579	23,385,021	18,031,200
Restricted	8,518,737	15,616,934	-	-	8,518,737	15,616,934
Unrestricted	<u>(32,987,323)</u>	<u>(35,568,264)</u>	<u>1,086,974</u>	<u>980,188</u>	<u>(31,900,349)</u>	<u>(34,588,076)</u>
Total Net Position	<u>\$ (1,466,270)</u>	<u>\$ (2,246,709)</u>	<u>\$ 1,469,679</u>	<u>\$ 1,306,767</u>	<u>\$ 3,409</u>	<u>\$ (939,942)</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

The District's total net position of \$3,409 at June 30, 2019 represents a \$943,351 increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2019 and 2018.

Change in Net Position For The Fiscal Years Ended June 30, 2019 and 2018

	Governmental		Business-		Total	
	Activities		Type			
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenue						
Charges for Services	\$ 7,089,863	\$ 7,651,040	\$ 471,145	\$ 427,223	\$ 7,561,008	\$ 8,078,263
Operating Grants and Contributions	40,793,399	11,603,879	2,429,239	2,241,332	43,222,638	13,845,211
Capital Grants and Contributions	27,500				27,500	-
General Revenues					-	-
Property Taxes	83,501,257	81,921,377			83,501,257	81,921,377
Unrestricted State Aid	11,552,967	44,255,893			11,552,967	44,255,893
Other	648,838	1,007,506	-	5,946	648,838	1,013,452
Total Revenues	<u>143,613,824</u>	<u>146,439,695</u>	<u>2,900,384</u>	<u>2,674,501</u>	<u>146,514,208</u>	<u>149,114,196</u>
Expenses						
Instruction						
Regular	61,409,161	51,177,811			61,409,161	51,177,811
Special Education	27,386,726	23,111,094			27,386,726	23,111,094
Other Instruction	3,738,828	3,210,306			3,738,828	3,210,306
School Sponsored Activities and Athletics	2,267,830	2,269,278			2,267,830	2,269,278
Support Services						
Student and Instruction Related Services	21,465,340	17,540,603			21,465,340	17,540,603
General Administrative Services	1,774,589	1,330,245			1,774,589	1,330,245
School Administrative Services	7,551,630	6,182,749			7,551,630	6,182,749
Central Services and Info. Technology	2,563,278	2,475,056			2,563,278	2,475,056
Plant Operations and Maintenance	11,594,792	9,730,533			11,594,792	9,730,533
Pupil Transportation	3,023,372	2,505,866			3,023,372	2,505,866
Unallocated Benefits		22,686,341				22,686,341
Capital Outlay - Non-Depreciable		836,338				836,338
Unallocated Depreciation		1,143,311				1,143,311
Interest on Long-Term Debt	57,839	48,139			57,839	48,139
Food Services	-	-	2,737,472	2,427,100	2,737,472	2,427,100
Total Expenses	<u>142,833,385</u>	<u>144,247,670</u>	<u>2,737,472</u>	<u>2,427,100</u>	<u>145,570,857</u>	<u>146,674,770</u>
Change in Net Position	780,439	2,192,025	162,912	247,401	943,351	2,439,426
Net Position, Beginning of Year	(2,246,709)	(4,118,655)	1,306,767	1,059,366	(939,942)	(3,059,289)
Prior Period Adjustment	-	(320,079)	-	-	-	(320,079)
Net Position, End of Year	<u>\$ (1,466,270)</u>	<u>\$ (2,246,709)</u>	<u>\$ 1,469,679</u>	<u>\$ 1,306,767</u>	<u>\$ 3,409</u>	<u>\$ (939,942)</u>

HACKENSACK BOARD OF EDUCATION

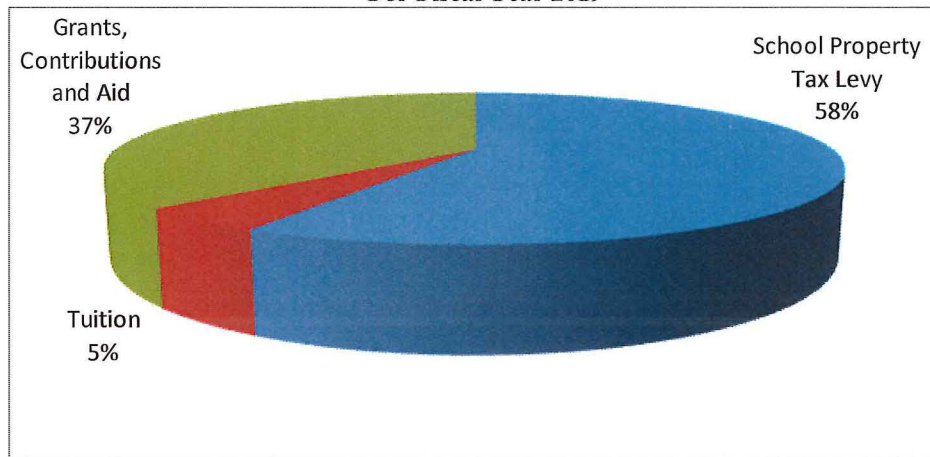
Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$143,613,824 for the fiscal year ended June 30, 2019, property taxes of \$83,501,257 represented 58% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$52,373,866 and represented 37% of revenues. In addition, charges for services from tuition and facility rental represented 5% of revenues. Miscellaneous income such as interest, prior year refunds and other miscellaneous items represented less than 1% of revenues.

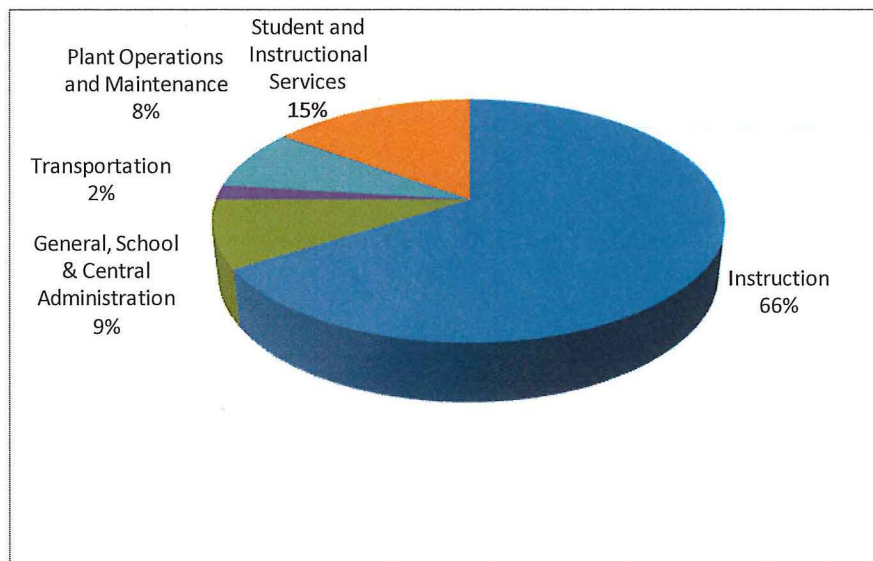
The total cost of all governmental activities programs and services was \$142,833,385 for the fiscal year ended June 30, 2019. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$94,802,545 (66%) of total expenses. Support services costs were \$47,973,001 (34%) of total expenses and interest on debt totaled \$57,839 less than 1% of total expenses.

For fiscal year 2019, total governmental activities revenues exceeded expenses increasing net position for governmental activities by \$780,439 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2019**



**Expenses by Use – Governmental Activities
For Fiscal Year 2019**



HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

Total and Net Cost of Governmental Activities. The District's total cost of services was \$142,833,385. After applying program revenues, derived from operating and capital grants and contributions of \$40,820,899 and charges for services of \$7,089,863, the net cost of services of the District is \$94,922,623 for the fiscal year ended June 30, 2019.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 61,409,161	\$ 51,177,811	\$ 36,963,595	\$ 41,179,306
Special Education	27,386,726	23,111,094	16,450,825	22,299,147
Other Instruction	3,738,828	3,210,306	2,614,025	3,210,306
School Sponsored Activities and Athletics	2,267,830	2,269,278	2,174,417	2,269,278
Support Services				
Student and Instruction Related Services	21,465,340	17,540,603	15,157,415	16,162,230
General Administrative Services	1,774,589	1,330,245	1,668,226	1,330,245
School Administrative Services	7,551,630	6,182,749	5,725,392	6,182,749
Central Services and Info. Technology	2,563,278	2,475,056	2,422,179	2,475,056
Plant Operations and Maintenance	11,594,792	9,730,533	9,298,586	9,730,533
Pupil Transportation	3,023,372	2,505,866	2,390,124	2,505,866
Unallocated Benefits		22,686,341		15,620,247
Capital Outlay - Non-Depreciable		836,338		836,338
Unallocated Depreciation		1,143,311		1,143,311
Interest on Long-Term Debt	57,839	48,139	57,839	48,139
Total	\$ 142,833,385	\$ 144,247,670	\$ 94,922,623	\$ 124,992,751

Business-Type Activities – The District's total business-type activities revenues were \$2,900,384 for the fiscal year ended June 30, 2019 and relate entirely to the District's food service (cafeteria) program operations. Charges for services of \$471,145 accounted for 16% of total revenues and operating grants and contributions of \$2,429,239 accounted for 84% of total revenues.

Total cost of all business-type activities programs and services was \$2,737,472 for the fiscal year ended June 30, 2019 and pertained entirely to food service (cafeteria) operating expenses.

For fiscal year 2019, total business-type activities revenues exceeded expenses, increasing net position by \$162,912 or 12% over the previous year.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$14,251,316 at June 30, 2019, a decrease of \$2,967,956 from last year's fund balance of \$17,219,272. The District restricted fund balances decreased \$919,449, the assigned fund balances decreased \$1,028,557 while the unassigned fund balance of the governmental funds decreased \$1,019,950 at June 30, 2019. The decrease to the unassigned fund balance was mainly the result of an accounting change on how certain delayed state aid payments received by the Districts in the subsequent fiscal year are recognized by the District.

Revenues for the District's governmental funds were \$132,058,337, while total expenditures were \$135,026,293 for the fiscal year ended June 30, 2019.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from grades Pre-K through 12 including pupil transportation, extra-curricular activities, plant operation and maintenance costs and capital outlay activities.

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 82,865,444	\$ 81,256,564	\$ 1,608,880	2%
Tuition	6,989,382	7,651,040	(661,658)	-9%
Other	748,589	1,007,506	(258,917)	-26%
State Sources	35,250,279	30,178,708	5,071,571	17%
Federal Sources	222,763	165,370	57,393	35%
Total General Fund Revenues	<u>\$ 126,076,457</u>	<u>\$ 120,259,188</u>	<u>\$ 5,817,269</u>	5%

For fiscal year 2019, total General Fund revenues increased \$5,817,269 or 5% from the previous year. Property taxes increased \$1,608,880 or 2% to support increases in operating costs. Tuition revenues decreased \$661,658 or 9% due to a decrease in enrollment from other school districts. As indicated, State aid increased \$5,071,571 or 17% mainly due to the increase in formula aid for special education, security and transportation as well as on-behalf TPAF pension contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 81,036,942	\$ 56,594,840	\$ 24,442,102	43%
Support Services	41,340,511	29,108,298	12,232,213	42%
Unallocated Benefits		29,738,496	(29,738,496)	-100%
Capital Outlay	4,809,219	2,388,765	2,420,454	101%
Debt Service	795,338	-	795,338	100%
Total Expenditures	<u>\$ 127,982,010</u>	<u>\$ 117,830,399</u>	<u>\$ 10,151,611</u>	9%

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

GENERAL FUND (Continued)

For fiscal year 2019, total General Fund expenditures increased \$10,151,611 or 9% from the previous year. Increases in regular education instruction costs out of district tuition and employee benefit costs as well as, capital outlay expenditures were the major factors for the increase in the current fiscal year.

In fiscal year 2019 General Fund expenditures and other financing uses exceeded revenues by \$2,317,052. Therefore, the total fund balance of \$16,410,328 at June 30, 2018 decreased to a fund balance of \$14,093,276 at June 30, 2019. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$793,394 at June 30, 2018 to a fund deficit of \$261,120 at June 30, 2019. The District's restricted fund balances (capital reserve, maintenance reserve and excess surplus) decreased from a collective total fund balance of \$13,418,250 at June 30, 2018 to \$13,184,269 at June 30, 2019. The District's assigned fund balances (year end encumbrances and designated for subsequent expenditures) decreased from a collective total fund balance of \$2,198,684 at June 30, 2018 to \$1,170,127 at June 30, 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2019, the District had \$23,631,273 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$382,705 for business type activity. The following is a comparison of the June 30, 2019 and 2018 balances:

Capital Assets as of June 30, 2019 and 2018 (Net of Accumulated Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 68,800	\$ 68,800		
Construction in Progress	-	1,037,837		
Building and Building Improvements	21,901,404	17,485,619	\$ 127,754	\$ 137,162
Machinery and Equipment	<u>1,661,069</u>	<u>1,617,676</u>	<u>254,951</u>	<u>189,417</u>
Total Capital Assets, Net	<u>\$ 23,631,273</u>	<u>\$ 20,209,932</u>	<u>\$ 382,705</u>	<u>\$ 326,579</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2019 the District had \$34,514,686 of total outstanding long term liabilities. Of this amount, \$637,154 is for serial bonds, \$1,627,368 is for lease purchase agreements, \$3,402,465 is for compensated absences, and \$28,847,699 is for net pension liability. For fiscal year 2019 total outstanding long-term liabilities decreased by \$6,178,593. The following is a comparison of the June 30, 2019 and 2018 balances:

Outstanding Long-Term Liabilities as of June 30, 2019 and 2018

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Serial Bonds (including unamortized premium)	\$ 637,154	\$ 1,259,309
Lease Purchase Agreements	1,627,368	2,391,422
Compensated Absences	3,402,465	2,642,678
Net Pension Liability	<u>28,847,699</u>	<u>34,399,870</u>
Total Long-Term Liabilities	<u>\$ 34,514,686</u>	<u>\$ 40,693,279</u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

HACKENSACK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant difference between the budgetary basis of accounting and generally accepted accounting principles is the legally mandated revenue recognition of certain delayed or deferred state aid payments. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through the appropriation of additional state aid, reappropriation of prior year encumbrances and budget transfers to prevent over expenditures in specific line item accounts.

For fiscal year 2019 General Fund budgetary expenditures and other financing uses exceeded budgetary revenues decreasing budgetary fund balance \$542,471. However, after deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$720,067 from an unassigned fund balance of \$2,068,483 at June 30, 2018 to \$2,788,550 at June 30, 2019. In addition, the District increased its capital reserve \$212,694 from \$7,540,712 at June 30, 2018 to \$7,753,406 at June 30, 2019 while decreasing its maintenance reserve \$244,975 from \$1,010,306 at June 30, 2018 to \$765,331 at June 30, 2019. The District's total restricted excess surplus balance also decreased \$201,725 from \$4,864,922 at June 30, 2018 to \$4,663,197 at June 30, 2019. Overall assigned fund balances decreased \$1,028,557, mainly year-end encumbrances, from \$2,198,684 at June 30, 2018 to \$1,170,127 at June 30, 2019.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs special education costs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2019-2020 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related employee benefit costs.

These indicators were considered when adopting the budget for fiscal year 2019-2020. Budgeted expenditures in the General Fund increased approximately 7% to \$120,486,018 for fiscal year 2019-2020. A significant portion of this budget increase was funded from additional state aid granted to the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 information contact the Business Office, Hackensack Board of Education, 191 Second Street, Hackensack, NJ 07601.

BASIC FINANCIAL STATEMENTS

HACKENSACK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,976,449	\$ 1,242,346	\$ 16,218,795
Receivables, net	1,741,908	214,670	1,956,578
Other Restricted Assets	46,667	-	46,667
Inventory		23,658	23,658
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	158,040		158,040
Capital Assets, Not Being Depreciated	68,800		68,800
Capital Assets, Being Depreciated, Net	<u>23,562,473</u>	<u>382,705</u>	<u>23,945,178</u>
Total Assets	<u>40,554,337</u>	<u>1,863,379</u>	<u>42,417,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	8,197		8,197
Deferred Amounts on Net Pension Liability	<u>6,152,602</u>	<u>-</u>	<u>6,152,602</u>
Total Deferred Outflows of Resources	<u>6,160,799</u>	<u>-</u>	<u>6,160,799</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,104,818	379,049	2,483,867
Accrued Interest Payable	23,366		23,366
Unearned Revenue	566,930	12,888	579,818
Noncurrent Liabilities			
Due Within One Year	1,486,233		1,486,233
Due Beyond One Year	<u>33,028,453</u>	<u>-</u>	<u>33,028,453</u>
Total Liabilities	<u>37,209,800</u>	<u>391,937</u>	<u>37,601,737</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenues		1,763	1,763
Deferred Amounts on Net Pension Liability	<u>10,971,606</u>	<u>-</u>	<u>10,971,606</u>
Total Deferred Inflows of Resources	<u>10,971,606</u>	<u>1,763</u>	<u>10,973,369</u>
NET POSITION			
Net Investment in Capital Assets	23,002,316	382,705	23,385,021
Restricted for			
Capital Projects	7,753,406		7,753,406
Plant Maintenance	765,331		765,331
Unrestricted	<u>(32,987,323)</u>	<u>1,086,974</u>	<u>(31,900,349)</u>
Total Net Position	<u>\$ (1,466,270)</u>	<u>\$ 1,469,679</u>	<u>\$ 3,409</u>

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

**HACKENSACK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 61,409,161	\$ 6,247,652	\$ 18,184,649	\$ 13,265	\$ (36,963,595)		\$ (36,963,595)
Special Education	27,386,726	741,730	10,194,171		(16,450,825)		(16,450,825)
Other Instruction	3,738,828		1,124,803		(2,614,025)		(2,614,025)
School Sponsored Activities and Athletics	2,267,830		93,413		(2,174,417)		(2,174,417)
Support Services							
Student and Instruction Related Services	21,465,340		6,293,690	14,235	(15,157,415)		(15,157,415)
General Administrative Services	1,774,589		106,363		(1,668,226)		(1,668,226)
School Administrative Services	7,551,630		1,826,238		(5,725,392)		(5,725,392)
Central Services and Info. Technology	2,563,278		141,099		(2,422,179)		(2,422,179)
Plant Operations and Maintenance	11,594,792	100,481	2,195,725		(9,298,586)		(9,298,586)
Pupil Transportation	3,023,372		633,248		(2,390,124)		(2,390,124)
Interest on Long Term Debt	57,839	-	-	-	(57,839)	-	(57,839)
Total Governmental Activities	142,833,385	7,089,863	40,793,399	27,500	(94,922,623)	-	(94,922,623)
Business-Type Activities							
Food Service	2,737,472	471,145	2,429,239	-	-	\$ 162,912	162,912
Total Business-Type Activities	2,737,472	471,145	2,429,239	-	-	162,912	162,912
Total Primary Government	\$ 145,570,857	\$ 7,561,008	\$ 43,222,638	\$ 27,500	(94,922,623)	162,912	(94,759,711)
General Revenues							
Taxes:							
Property Taxes, levied for general purposes, net					82,865,444		82,865,444
Property Taxes, levied for debt service purposes, net					635,813		635,813
Unrestricted State Aid					11,552,967		11,552,967
Investment Earnings					210,977	-	210,977
Miscellaneous Income					437,861	-	437,861
Total General Revenues					95,703,062	-	95,703,062
Change in Net Position					780,439	162,912	943,351
Net Position, Beginning of Year (Restated)					(2,246,709)	1,306,767	(939,942)
Net Position, End of Year					\$ (1,466,270)	\$ 1,469,679	\$ 3,409

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

**HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 14,786,502	\$ 189,947			\$ 14,976,449
Receivables from Other Governments	1,172,548	569,360			1,741,908
Security Deposit	46,667				46,667
Restricted Assets					
Cash and Cash Equivalents with Fiscal Agent	-	-	\$ 158,040	-	158,040
Total Assets	<u>\$ 16,005,717</u>	<u>\$ 759,307</u>	<u>\$ 158,040</u>	<u>\$ -</u>	<u>\$ 16,923,064</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,586,552	\$ 228,162			\$ 1,814,714
Accrued Salaries and Wages	187,779				187,779
Payable to State Government		80,875			80,875
Payable to Federal Government		19,420			19,420
Other Liabilities	-	2,030			2,030
Unearned Revenue	138,110	428,820	-	-	566,930
Total Liabilities	<u>1,912,441</u>	<u>759,307</u>	<u>-</u>	<u>-</u>	<u>2,671,748</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	6,089,406				6,089,406
Capital Reserve-Designated for Subsequent Year's Expenditures	1,664,000				1,664,000
Maintenance Reserve	4,025				4,025
Maintenance Reserve-Designated for Subsequent Year's Expenditures	761,306				761,306
Emergency Reserve- Designated for Subsequent Year's Expenditures	2,335				2,335
Excess Surplus	1,712,365				1,712,365
Excess Surplus-Designated for Subsequent Year's Expenditures	2,950,832				2,950,832
Capital Projects			158,040		158,040
Assigned Fund Balance					
Year End Encumbrances	1,170,127				1,170,127
Unassigned Fund Balance	(261,120)	-	-	-	(261,120)
Total Fund Balances	<u>14,093,276</u>	<u>-</u>	<u>158,040</u>	<u>-</u>	<u>14,251,316</u>
Total Liabilities and Fund Balances	<u>\$ 16,005,717</u>	<u>\$ 759,307</u>	<u>\$ 158,040</u>	<u>\$ -</u>	<u>\$ 16,923,064</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

HACKENSACK BOARD OF EDUCATION
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 AS OF JUNE 30, 2019

Total Fund Balances (Exhibit B-1) \$ 14,251,316

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$56,550,765 and the accumulated depreciation is \$32,919,492. 23,631,273

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 8,197

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 6,152,602	
Deferred Inflows of Resources	<u>(10,971,606)</u>	(4,819,004)

The district has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (23,366)

Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds Payable, Net	(637,154)	
Lease-Purchase Agreements	(1,627,368)	
Compensated Absences	(3,402,465)	
Net Pension Liability	<u>(28,847,699)</u>	<u>(34,514,686)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ (1,466,270)

HACKENSACK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<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					
Property Tax Levy	\$ 82,865,444			\$ 635,813	\$ 83,501,257
Tuition	6,989,382				6,989,382
Rentals	100,481				100,481
Interest	210,247		\$ 730		210,977
Miscellaneous	437,861	-	-	-	437,861
Total - Local Sources	90,603,415	-	730	635,813	91,239,958
State Sources	35,250,279	\$ 2,122,946			37,373,225
Federal Sources	222,763	3,222,391	-	-	3,445,154
Total Revenues	126,076,457	5,345,337	730	635,813	132,058,337
EXPENDITURES					
Current					
Regular Instruction	51,858,479	2,940,284			54,798,763
Special Education Instruction	23,895,914	1,517,021			25,412,935
Other Instruction	3,171,663	119,078			3,290,741
School-Sponsored Activities and Athletics	2,110,886				2,110,886
Support Services					
Student and Instruction Related Services	18,141,946	1,118,389			19,260,335
General Administrative Services	1,069,431		658,115		1,727,546
School Administrative Services	6,707,138				6,707,138
Central Services and Info. Technology	2,327,566				2,327,566
Plant Operations and Maintenance	10,091,133				10,091,133
Pupil Transportation	3,003,297				3,003,297
Debt Service					
Principal	764,054			580,000	1,344,054
Interest	31,284			55,813	87,097
Capital Outlay	4,809,219	27,500	28,083	-	4,864,802
Total Expenditures	127,982,010	5,722,272	686,198	635,813	135,026,293
Excess (Deficiency) of Revenues Over Expenditures	(1,905,553)	(376,935)	(685,468)	-	(2,967,956)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	411,499			411,499
Transfers Out	(411,499)	-	-	-	(411,499)
Total Other Financing Sources and Uses	(411,499)	411,499	-	-	-
Net Change in Fund Balances	(2,317,052)	34,564	(685,468)	-	(2,967,956)
Fund Balance, Beginning of Year (Restated)	16,410,328	(34,564)	843,508	-	17,219,272
Fund Balance , End of Year	\$ 14,093,276	\$ -	\$ 158,040	\$ -	\$ 14,251,316

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**HACKENSACK BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ (2,967,956)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 4,864,802	
Depreciation Expense	<u>(1,443,461)</u>	
		3,421,341

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Net Increase in Compensated Absences	(759,787)	
Net Increase in Pension Expense	<u>(286,471)</u>	
		(1,046,258)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Principal Repayments		
Bond Principal	580,000	
Lease Purchase Agreements	<u>764,054</u>	
		<u>1,344,054</u>

In the statement of activities, certain amounts related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these amounts either provide or use current resources. These amounts represent the current year amortization of the costs related to the issuance of long term debt.

Deferred Amounts on Refunding of Debt	(8,200)	
Original Issue Premium	<u>42,155</u>	
		33,955

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.

Increase in accrued interest		<u>(4,697)</u>
------------------------------	--	----------------

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 780,439**

**HACKENSACK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

		Business-Type Activities
		<u>Enterprise Fund</u> <u>Food Services</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	1,242,346
Intergovernmental Receivable		196,499
Other Accounts Receivable		18,171
Inventory		<u>23,658</u>
Total Current Assets		<u>1,480,674</u>
Capital Assets		
Building and Building Improvements		188,123
Machinery and Equipment		583,802
Less: Accumulated Depreciation		<u>(389,220)</u>
Total Capital Assets, Net		<u>382,705</u>
Total Assets		<u>1,863,379</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		379,049
Unearned Revenue		<u>12,888</u>
Total Current Liabilities		<u>391,937</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Commodities Revenue		<u>1,763</u>
Total Deferred Inflows of Resources		<u>1,763</u>
NET POSITION		
Investment in Capital Assets		382,705
Unrestricted		<u>1,086,974</u>
Total Net Position	\$	<u>1,469,679</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**HACKENSACK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs- School Lunch Program	\$ 295,589
Non-Reimbursable Programs	175,556
	471,145
 Total Operating Revenues	 471,145
 OPERATING EXPENSES	
Salaries and Benefits	1,223,593
Cost of Sales - Reimbursable Programs	1,054,083
Cost of Sales - Non-Reimbursable Programs	71,382
Purchased Management Services	107,130
Other Purchased Services	88,403
Insurance	89,236
Repairs and Maintenance	20,785
Supplies	20,707
Miscellaneous	27,866
Depreciation	34,287
	34,287
 Total Operating Expenses	 2,737,472
 Operating Loss	 (2,266,327)
 NONOPERATING REVENUES	
State Sources	
School Lunch Program	29,516
Federal Sources	
National School Breakfast Program	721,922
National School Lunch Program	1,479,812
National School Snack Program	65,606
Food Distribution Program	132,383
	132,383
 Total Nonoperating Revenues	 2,429,239
 Change in Net Position	 162,912
 Net Position, Beginning of Year	 1,306,767
 Net Position, End of Year	 \$ 1,469,679

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**HACKENSACK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 483,443
Cash Payment for Salaries and Benefits	(1,223,593)
Cash Payments to Suppliers for Goods and Services	<u>(1,159,079)</u>
Net Cash Used by Operating Activities	<u>(1,899,229)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>2,536,515</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,536,515</u>
Cash Flows from Capital and Related Financial Activities	
Purchase of Capital Assets	<u>(90,413)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(90,413)</u>
Net Increase in Cash and Cash Equivalents	546,873
Cash and Cash Equivalents, Beginning of Year	<u>695,473</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,242,346</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ <u>(2,266,327)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	34,287
Non Cash Federal Assistance - Food Distribution Program (USDA Commodities)	132,383
Change in Assets, Liabilities and Deferred Inflows of Resources (Increase)/Decrease in Other Accounts Receivable	(590)
(Increase)/Decrease in Inventory	(2,424)
Increase/(Decrease) in Accounts Payable	188,791
Increase (Decrease) in Unearned Revenue	12,888
Increase/(Decrease) in Deferred Commodities Revenue	<u>1,763</u>
Total Adjustments	<u>367,098</u>
Net Cash Used by Operating Activities	<u>\$ (1,899,229)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 134,146

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 106,367	\$ 54,661	\$ 887,090
Total Assets	<u>106,367</u>	<u>54,661</u>	<u>\$ 887,090</u>
LIABILITIES			
Intergovernmental Payable - State	\$ 16,056		
Accrued Salaries and Wages			\$ 5,173
Payroll Deductions and Withholdings			599,788
Due to Student Groups	<u>-</u>	<u>-</u>	<u>282,129</u>
Total Liabilities	<u>16,056</u>	<u>-</u>	<u>\$ 887,090</u>
NET POSITION			
Held in Trust for Unemployment Claims	90,311		
Held in Trust for Private Purpose Scholarships	<u>-</u>	<u>\$ 54,661</u>	
Total Net Position	<u>\$ 90,311</u>	<u>\$ 54,661</u>	

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 87,371	
Investment Earnings		
Interest	1,228	\$ 317
	<hr/>	<hr/>
Total Additions	88,599	317
DEDUCTIONS		
Scholarship Awards		11,500
Unemployment Contributions	215,681	-
	<hr/>	<hr/>
Total Deductions	215,681	11,500
Change in Net Position	(127,082)	(11,183)
Net Position, Beginning of Year (Restated)	217,393	65,844
	<hr/>	<hr/>
Net Position, End of Year	\$ 90,311	\$ 54,661
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hackensack Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and a Borough of Maywood Representative and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed 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 Hackensack Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase Agreements for specific capital projects and acquisitions.

5. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	7-20
Furniture, Equipment and Vehicles	5-20

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. *Pensions*

In the district-wide financial statements and proprietary fund types 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 the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this 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.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2D).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2E).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes

Emergency Reserve – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education which were designated and appropriated in the adopted 2019/2020 District budget certified for taxes. (See Note 2F).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was appropriated in the 2019/2020 original budget certified for taxes.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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 to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. Tuition Revenues and Expenditures

Tuition Revenues –Tuition charges were established by the Board of Education based on estimated costs. Certain tuition charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures –Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original general fund budget by \$8,497,832. The increase was funded by additional state aid and grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs – Home Instruction			
Purchased Professional & Educational Services	\$28,200	\$29,270	\$1,070
Unallocated Benefits – Employee Benefits			
Social Security Contributions	1,244,424	1,385,790	141,220

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$261,120 in the General Fund as of June 30, 2019 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2018/2019 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$261,120 in the General Fund is less than the delayed state aid payments at June 30, 2019.

D. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$	7,540,712
Increased by			
Interest Earnings	\$	37,388	
Deposits Approved by Board Resolution		<u>2,425,306</u>	
Total Increases			<u>2,462,694</u>
			10,003,406
Decreased by:			
Withdrawals Approved in District Budget		<u>2,250,000</u>	
Balance, June 30, 2019		\$	<u><u>7,753,406</u></u>

The withdrawals from the capital reserve were for use in department approved facilities projects consistent with the district's Long Range Facilities Plan. \$1,664,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

E. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$	1,010,306
Increased by			
Interest Earnings		<u>5,025</u>	
			1,015,331
Decreased by:			
Withdrawals Approved in District Budget		<u>250,000</u>	
Balance, June 30, 2019		\$	<u><u>765,331</u></u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,228,144. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$761,306 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 2,310
Increased by	
Interest Earnings	<u>25</u>
Balance, June 30, 2019	<u><u>\$ 2,335</u></u>

The balance of \$2,335 of the emergency reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

G. Transfers to Capital Outlay

During the 2018/2019 school year, the District transferred \$486,999 to the non-equipment capital outlay accounts. The transfer was made from other available budget accounts to supplement capital projects previously approved by the voters in the budget certified for taxes.

H. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2019 is \$4,663,197. Of this amount, \$2,950,832 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$1,712,365 will be appropriated in the 2020/2021 original budget certified for taxes.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$17,424,953 and bank and brokerage firm balances of the Board's deposits amounted to \$19,287,212. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 19,287,212</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2019, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds, nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 569,360	\$ 194,049	\$ 763,409
State	\$ 174,570		2,450	177,020
Local	997,978		-	997,978
Accounts	-	-	18,171	18,171
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	1,172,548	569,360	214,670	1,956,578
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 1,172,548</u>	<u>\$ 569,360</u>	<u>\$ 214,670</u>	<u>\$ 1,956,578</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Prepaid Property Tax Levy	\$ 138,110
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>428,821</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 566,931</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 68,800			\$ 68,800
Construction in Progress	<u>1,037,837</u>	<u>-</u>	<u>\$ 1,037,837</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,106,637</u>	<u>-</u>	<u>1,037,837</u>	<u>68,800</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	44,821,729	\$ 5,533,226		50,354,955
Machinery and Equipment	<u>5,757,597</u>	<u>369,413</u>	<u>-</u>	<u>6,127,010</u>
Total Capital Assets Being Depreciated	<u>50,579,326</u>	<u>5,902,639</u>	<u>-</u>	<u>56,481,965</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(27,336,110)	(1,117,441)		(28,453,551)
Equipment	<u>(4,139,921)</u>	<u>(326,020)</u>	<u>-</u>	<u>(4,465,941)</u>
Total Accumulated Depreciation	<u>(31,476,031)</u>	<u>(1,443,461)</u>	<u>-</u>	<u>(32,919,492)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,103,295</u>	<u>4,459,178</u>	<u>-</u>	<u>23,562,473</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,209,932</u>	<u>\$ 4,459,178</u>	<u>\$ 1,037,837</u>	<u>\$ 23,631,273</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 188,123			\$ 188,123
Equipment	<u>493,389</u>	<u>\$ 90,413</u>	<u>-</u>	<u>583,802</u>
Total Capital Assets Being Depreciated	<u>681,512</u>	<u>90,413</u>	<u>-</u>	<u>771,925</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(50,961)	(9,408)		(60,369)
Equipment	<u>(303,972)</u>	<u>(24,879)</u>	<u>-</u>	<u>(328,851)</u>
Total Accumulated Depreciation	<u>(354,933)</u>	<u>(34,287)</u>	<u>-</u>	<u>(389,220)</u>
Total Capital Assets, Being Depreciated, Net	<u>326,579</u>	<u>56,126</u>	<u>-</u>	<u>382,705</u>
Business-Type Activities Capital Assets, Net	<u>\$ 326,579</u>	<u>\$ 56,126</u>	<u>\$ -</u>	<u>\$ 382,705</u>

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 66,481
Special Education	29,163
Other Instruction	3,670
School-Sponsored Activities and Athletics	<u>54,886</u>
 Total Instruction	 <u>154,200</u>
 Support Services	
Student and Instruction Related Services	22,141
General Administrative Services	1,305
School Administrative Services	8,186
Central Services & Info. Technology	92,258
Plant Operations and Maintenance	1,149,563
Pupil Transportation	<u>15,808</u>
 Total Support Services	 <u>1,289,261</u>
 Total Governmental Funds	 <u>1,443,461</u>
 Business-Type Activities:	
Food Service Fund	<u>34,287</u>
 Total Depreciation Expense-Business-Type Activities	 <u>\$ 34,287</u>

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Purposes</u>	<u>Remaining Commitment</u>
Asbestos Abatement & Installation of VG Program	\$ 116,000

E. Interfund Receivables, Payables, and Transfers

Interfund transfers

	<u>Transfer In:</u>
	Special <u>Revenue</u>
Transfer Out: General Fund	\$ <u>411,499</u>

The above transfer was the result of revenues earned in one fund to finance expenditures in another fund.

F. Leases

Operating Leases

The District leases various office and medical equipment and a school building under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2019 were \$706,773. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2020	660,215
2021	666,534
2022	678,159
2023	<u>674,450</u>
Total	<u>\$ 2,679,358</u>

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

The District has entered into lease purchase agreements totaling \$3,224,000 for the purchase of a phone system, chrombooks and various information technology supplies. The leases are for terms of 4 to 5 years.

The unexpended proceeds from the lease-purchase agreements in the amount of \$158,040 at June 30, 2019 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2020	796,370
2021	560,291
2022	170,656
2023	<u>170,656</u>
Total minimum lease payments	1,697,973
Less: amount representing interest	<u>(70,605)</u>
Present value of minimum lease payments	<u>\$ 1,627,368</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$5,550,000, 2009 Refunding Bonds, due in annual installments of \$595,000 through May 1, 2020, interest at 4.75%	<u>\$595,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	<u>595,000</u>	<u>28,263</u>	<u>623,263</u>
Total	<u>\$ 595,000</u>	<u>\$ 28,263</u>	<u>\$ 623,263</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 228,279,753
Less: Net Debt	<u>595,000</u>
Remaining Borrowing Power	<u>\$ 227,684,753</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, <u>July 1, 2018</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,175,000		\$ 580,000	\$ 595,000	\$ 595,000
Add: Unamortized Premium	<u>84,309</u>	-	<u>42,155</u>	<u>42,154</u>	-
Total Bonds Payable	1,259,309	-	622,155	637,154	595,000
Lease-Purchase Agreements	2,391,422		764,054	1,627,368	761,633
Compensated Absences	2,642,678	\$ 861,321	101,534	3,402,465	129,600
Net Pension Liability	<u>34,399,870</u>	-	<u>5,552,171</u>	<u>28,847,699</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 40,693,279</u>	<u>\$ 861,321</u>	<u>\$ 7,039,914</u>	<u>\$ 34,514,686</u>	<u>\$ 1,486,233</u>

For the governmental activities, the liabilities for lease-purchase agreements, compensated absences and net pension obligations are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District is a member of the New Jersey School Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund is on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	None	\$ 87,371	\$ 215,681	\$ 90,311
2018	None	84,289	126,136	217,393
2017	None	81,338	95,985	257,844

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District has not estimated arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 1,457,332	\$ 8,944,877	\$ 85,576
2018	1,368,986	6,740,148	76,045
2017	1,355,054	4,972,665	67,381

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$4,646, \$15,314 and \$6,531, respectively for PERS and the State contributed \$5,564, \$6,526 and \$7,864, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,495,018 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$28,847,699 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was .14651 percent, which was a decrease of .00127 percent from its proportionate share measured as of June 30, 2017 of .14778 percent.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,743,803 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 550,130	\$ 148,748
Changes of Assumptions	4,753,623	9,223,960
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		270,593
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>848,849</u>	<u>1,328,305</u>
Total	<u>\$ 6,152,602</u>	<u>\$ 10,971,606</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ (1,050,026)
2021	(1,050,026)
2022	(1,050,026)
2023	(1,050,027)
2024	<u>(618,899)</u>
	<u>\$ (4,819,004)</u>

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District’s total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</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 Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$16,572,151 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$284,273,493. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .44685 percent, which was an increase of .00476 percent from its proportionate share measured as of June 30, 2017 of .44209 percent.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Estate	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%

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 336,005,870</u>	<u>\$ 284,273,493</u>	<u>\$ 241,388,613</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$4,057,382, \$4,353,318 and \$4,143,361, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$7,985,595. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$163,344,104. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .35424 percent, which was an increase of .01149 percent from its proportionate share measured as of June 30, 2017 of .34275 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 183,851,793
Changes Recognized for the Fiscal Year:	
Service Cost	6,786,487
Interest on the Total OPEB Liability	6,750,033
Differences Between Expected and Actual Experience	(11,082,850)
Changes of Assumptions	(18,744,553)
Gross Benefit Payments	(4,367,763)
Contributions from the Member	150,957
Net Changes	<u>\$ (20,507,689)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 163,344,104</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**HACKENSACK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 193,105,982	\$ 163,344,104	\$ 139,686,484

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 135,013,415	\$ 163,344,104	\$ 200,812,524

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Hackensack Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 5 RESTATEMENTS

The financial statements as of June 30, 2018 have been adjusted to reflect certain unrecorded transactions and corrections to account balances from the amounts reported in previously issued financial statements as follows.

Governmental Activities

The financial statement as of June 30, 2018 of the governmental activities have been restated to reflect the cash and cash equivalents with fiscal agents and available resources related to lease purchase agreements totaling \$843,508, the unrecorded liability in the amount of \$1,129,023 for obligations under lease purchase agreements and the adjustment due to the prior year delayed state and payment in the special revenue fund in the amount of \$34,564. The effect of these restatements is a decrease in net position for governmental activities by \$320,079 from a net position deficit of \$1,926,630 as previously reported to a net position deficit of \$2,246,709.

Governmental Funds

The financial statements as of June 30, 2018 of the governmental funds have been restated to reflect the adjustment for the unexpended funds held with the Fiscal Agent from lease-purchase agreements in the capital projects fund of \$843,508 and the adjustment due to the prior year delayed state aid payment of \$34,564 in the special revenue fund. The effect of these restatements is an increase in fund balance of governmental funds by \$808,944 from \$16,410,328 as previously reported to \$17,219,272.

Fiduciary Funds

The financial statements as of June 30, 2018 of the Private Purpose Scholarship Trust Fund has been restated to exclude funds not held in the District's name or federal employee identification number and not under the Boards' control in the amount of \$11,969. The effect of this restatement is a decrease in net position of \$11,969 from \$77,813 as previously reported to \$65,844.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 82,865,444		\$ 82,865,444	\$ 82,865,444	
Tuition from Individuals	20,000		20,000	49,327	\$ 29,327
Tuition from Other LEA's	8,106,176		8,106,176	6,940,055	(1,166,121)
Rentals	-		-	100,481	100,481
Interest on Emergency Reserve	25		25	25	-
Interest on Maintenance Reserve	1,000		1,000	5,025	4,025
Interest on Capital Reserve	10,000		10,000	37,388	27,388
Interest on Investments				167,809	167,809
Unrestricted Miscellaneous	400,000	-	400,000	437,861	37,861
Total Local Sources	91,402,645	-	91,402,645	90,603,415	(799,230)
State Sources					
Categorical Transportation Aid	682,382		682,382	682,382	
Categorical Special Education Aid	2,875,902	\$ 1,911,936	4,787,838	4,787,838	-
Equalization Aid	11,394,979	234,526	11,629,505	11,629,505	
Categorical Security Aid	768,019	1,353,538	2,121,557	2,121,557	
Extraordinary Aid	750,000		750,000	1,300,737	550,737
On-behalf TPAF Pension System Contributions-Normal Costs & Accrued Liabilities (Non-Budget)				8,761,476	8,761,476
On-behalf TPAF Pension System Contributions-NCGI (Non-Budget)				183,401	183,401
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				4,057,382	4,057,382
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				5,564	5,564
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	3,495,018	3,495,018
Total State Sources	16,471,282	3,500,000	19,971,282	37,024,860	17,053,578
Federal Sources					
Medicaid Reimbursement	150,434	-	150,434	222,763	72,329
Total Federal Sources	150,434	-	150,434	222,763	72,329
Total Revenues	108,024,361	3,500,000	111,524,361	127,851,038	16,326,677
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	89,661	\$ (89,600)	61	-	61
Kindergarten	1,113,812	(12,600)	1,101,212	1,076,460	24,752
Grades 1-5	9,959,407	(92,728)	9,866,679	9,829,943	36,736
Grades 6-8	6,483,395	292,900	6,776,295	6,687,342	88,953
Grades 9-12	10,359,573	-	10,359,573	10,289,105	70,468
Regular Program - Home Instruction					
Salaries of Teachers	20,454	-	20,454	5,914	14,540
Purchased Professional-Educational Services	18,200	10,000	28,200	29,270	(1,070)
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	369,734	155,010	524,744	467,474	57,270
Purchased Professional-Educational Services	877,116	253,450	1,130,566	1,090,568	39,998
Purchased Technical Services	162,605	(29,000)	133,605	43,613	89,992
Other Purchased Services	1,184,092	43,067	1,227,159	1,154,122	73,037
General Supplies	1,939,927	(73,414)	1,866,513	1,562,777	303,736
Textbooks	115,513	(14,816)	100,697	96,058	4,639
Other Objects	7,050	-	7,050	637	6,413
Total Regular Programs	32,700,539	442,269	33,142,808	32,333,283	809,525

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 925,690	\$ (17,900)	\$ 907,790	\$ 854,083	\$ 53,707
Other Salaries for Instruction	747,425	17,500	764,925	717,452	47,473
General Supplies	22,680	(8,756)	13,924	6,708	7,216
Textbooks	2,000	-	2,000	-	2,000
		-			-
Total Learning and/or Language Disabilities	<u>1,697,795</u>	<u>(9,156)</u>	<u>1,688,639</u>	<u>1,578,243</u>	<u>110,396</u>
		-			-
Behavior Disabilities					
Salaries of Teachers	348,915	6,150	355,065	346,604	8,461
Other Salaries for Instruction	95,688	4,259	99,947	95,661	4,286
General Supplies	26,175	(17,600)	8,575	4,399	4,176
Textbooks	2,000	-	2,000	-	2,000
		-			-
Total Behavior Disabilities	<u>472,778</u>	<u>(7,191)</u>	<u>465,587</u>	<u>446,664</u>	<u>18,923</u>
Multiple Disabilities					
Salaries of Teachers	815,596	(67,100)	748,496	712,250	36,246
Other Salaries for Instruction	560,011	(47,480)	512,531	505,888	6,643
General Supplies	41,950	6,500	48,450	46,872	1,578
Textbooks	700	-	700	-	700
Total Multiple Disabilities	<u>1,418,257</u>	<u>(108,080)</u>	<u>1,310,177</u>	<u>1,265,010</u>	<u>45,167</u>
Resource Room/ Resource Center					
Salaries of Teachers	4,642,310	(319,704)	4,322,606	4,266,869	55,737
Other Salaries for Instruction	2,232,382	(208,361)	2,024,021	1,746,525	277,496
General Supplies	5,650	-	5,650	4,508	1,142
Textbooks	2,000	-	2,000	794	1,206
Total Resource Room/Resource Center	<u>6,882,342</u>	<u>(528,065)</u>	<u>6,354,277</u>	<u>6,018,696</u>	<u>335,581</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	-	1,121	1,121	1,121	-
Total Preschool Disabilities - Part Time	<u>-</u>	<u>1,121</u>	<u>1,121</u>	<u>1,121</u>	<u>-</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	724,015	165,400	889,415	849,902	39,513
Other Salaries for Instruction	418,950	292,871	711,821	669,984	41,837
General Supplies	41,403	(1,000)	40,403	32,600	7,803
Other Objects	1,500	-	1,500	-	1,500
Total Preschool Disabilities - Full Time	<u>1,185,868</u>	<u>457,271</u>	<u>1,643,139</u>	<u>1,552,486</u>	<u>90,653</u>
Home Instruction					
Salaries of Teachers	60,000	123,694	183,694	183,694	-
Purchased Professional-Educational Services	20,000	24,600	44,600	38,920	5,680
Total Home Instruction	<u>80,000</u>	<u>148,294</u>	<u>228,294</u>	<u>222,614</u>	<u>5,680</u>
Total Special Education	<u>11,737,040</u>	<u>(45,806)</u>	<u>11,691,234</u>	<u>11,084,834</u>	<u>606,400</u>

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Bilingual Education					
Salaries of Teachers	\$ 2,144,308	\$ (252,424)	\$ 1,891,884	\$ 1,824,906	\$ 66,978
Other Salaries for Instruction	121,104	-	121,104	119,199	1,905
General Supplies	3,300	(390)	2,910	2,497	413
Textbooks	7,380	2,258	9,638	9,368	270
Total Bilingual Education	2,276,092	(250,556)	2,025,536	1,955,970	69,566
School Sponsored Co/Extra Curricular Activities					
Salaries	201,583	(17,480)	184,103	163,491	20,612
Purchased Services	104,150	300	104,450	6,078	98,372
Supplies and Materials	19,555	330	19,885	9,951	9,934
Other Objects	1,000	4,670	5,670	5,670	-
Total School Sponsored Co/Extra Curricular Activities	326,288	(12,180)	314,108	185,190	128,918
School-Sponsored Athletics - Instruction					
Salaries	910,427	198,700	1,109,127	941,628	167,499
Purchased Services	391,594	(595)	390,999	389,465	1,534
Supplies and Materials	82,100	19,800	101,900	99,023	2,877
Other Objects	44,465	5,500	49,965	46,881	3,084
Total School-Sponsored Athletics - Instruction	1,428,586	223,405	1,651,991	1,476,997	174,994
Summer School - Instruction					
Salaries of Teachers	17,388	10,200	27,588	27,543	45
Total Summer School - Instruction	17,388	10,200	27,588	27,543	45
Instructional Alternative Education Program - Instruction					
Salaries of Teachers	122,400	(34,350)	88,050	82,431	5,619
Other Salaries for Instruction	30,000	(28,000)	2,000	-	2,000
Total Instructional Alternative Education Program - Instruction	152,400	(62,350)	90,050	82,431	7,619
Total Instruction	48,638,333	304,982	48,943,315	47,146,248	1,797,067
Instruction					
Tuition to Other LEAs Within the State-Regular	50,000	45,100	95,100	69,108	25,992
Tuition to Other LEAs Within the State-Special	1,273,402	(15,300)	1,258,102	1,257,500	602
Tuition to County Vocational School District - Regular	563,747	(42,000)	521,747	500,632	21,115
Tuition to County Vocational School District - Special	300,184	12,000	312,184	312,184	-
Tuition to CSSD & Regional Day Schools	2,914,060	(180,000)	2,734,060	2,713,695	20,365
Tuition to APSSD Within the State	2,742,042	494,895	3,236,937	3,182,063	54,874
Tuition - State Facilities	40,747	-	40,747	40,747	-
Total Undistributed Expenditures - Instruction	7,884,182	314,695	8,198,877	8,075,929	122,948

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	-	\$ 5,000	\$ 5,000	\$ 1,042	\$ 3,958
Total Attendance and Social Work Services	-	5,000	5,000	1,042	3,958
Health Services					
Salaries	\$ 945,036	(63,200)	881,836	789,024	92,812
Purchased Professional and Technical Services	46,130	46,000	92,130	47,782	44,348
Other Purchased Services	31,498	2,830	34,328	33,071	1,257
Supplies and Materials	10,382	2,170	12,552	11,072	1,480
Total Health Services	1,033,046	(12,200)	1,020,846	880,949	139,897
Speech, OT, PT & Related Services					
Salaries	1,653,110	(21,600)	1,631,510	1,602,486	29,024
Purchased Professional-Educational Services	581,332	452,820	1,034,152	924,620	109,532
Supplies and Materials	6,150	175	6,325	5,694	631
Other Objects	1,175	(175)	1,000	-	1,000
Total Speech, OT, PT & Related Services	2,241,767	431,220	2,672,987	2,532,800	140,187
Other Support Serv. Students- Extra Serv.					
Salaries	951,369	(170,900)	780,469	727,192	53,277
Purchased Professional-Educational Services	777,500	389,500	1,167,000	1,056,709	110,291
Supplies and Materials	16,710	-	16,710	15,286	1,424
Total Other Support Serv. Students- Extra Serv.	1,745,579	218,600	1,964,179	1,799,187	164,992
Guidance					
Salaries of Other Professional Staff	1,361,063	(100,000)	1,261,063	1,249,554	11,509
Salaries of Secretaries and Clerical Assistants	178,887	(11,800)	167,087	160,088	6,999
Other Purchased Professional and Technical Services	39,600	470	40,070	25,543	14,527
Other Purchased Services	3,800	(1,100)	2,700	1,439	1,261
Supplies and Materials	4,275	300	4,575	4,214	361
Total Guidance	1,587,625	(112,130)	1,475,495	1,440,838	34,657
Child Study Teams					
Salaries of Other Professional Staff	3,215,380	23,780	3,239,160	3,174,810	64,350
Salaries of Secretaries and Clerical Assistants	327,438	-	327,438	300,922	26,516
Purchased Professional-Educational Services	123,860	(45,780)	78,080	78,080	-
Other Purchased Professional and Technical Services	20,400	604	21,004	21,003	1
Miscellaneous Purchased Services	2,000	-	2,000	1,632	368
Supplies and Materials	53,430	(21,576)	31,854	29,926	1,928
Other Objects	2,448	472	2,920	1,070	1,850
Total Child Study Teams	3,744,956	(42,500)	3,702,456	3,607,443	95,013
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	1,231,439	(161,650)	1,069,789	1,019,545	50,244
Salaries of Other Professional Staff	262,448	217,400	479,848	472,444	7,404
Salaries of Secretaries and Clerical Assistants	230,257	(68,900)	161,357	151,899	9,458
Purchased Professional-Educational Services	3,000	-	3,000	2,500	500
Other Purchased Services	19,365	420	19,785	16,651	3,134
Supplies and Materials	12,360	1,545	13,905	12,770	1,135
Other Objects	2,420	992	3,412	1,186	2,226
Total Improvement of Instructional Services	1,761,289	(10,193)	1,751,096	1,676,995	74,101

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 561,939	-	\$ 561,939	\$ 538,706	\$ 23,233
Purch. Professional and Technical Services	4,800	-	4,800	795	4,005
Other Purchased Services	30,515	\$ (2,261)	28,254	24,703	3,551
Supplies and Materials	32,912	-	32,912	27,201	5,711
Total Educational Media Serv./School Library	<u>630,166</u>	<u>(2,261)</u>	<u>627,905</u>	<u>591,405</u>	<u>36,500</u>
Instructional Staff Training Services					
Purchased Professional-Educational Services	24,600	9,520	34,120	26,545	7,575
Other Purchased Services	52,915	(22,725)	30,190	12,688	17,502
Supplies and Materials	2,850	-	2,850	402	2,448
Total Instructional Staff Training Services	<u>80,365</u>	<u>(13,205)</u>	<u>67,160</u>	<u>39,635</u>	<u>27,525</u>
Support Services General Administration					
Salaries	233,935	(14,064)	219,871	219,870	1
Legal Services	196,000	195,798	391,798	379,126	12,672
Audit Fees	47,000	(1,000)	46,000	46,000	-
Architectural/Engineering Services	5,000	(5,000)	-	-	-
Other Purchased Professional Services	79,585	34,667	114,252	114,252	-
Communications/Telephone	203,605	(160,540)	43,065	41,885	1,180
BOE Other Purchased Services	6,330	(5,559)	771	761	10
Misc Purchased Services	25,000	13,524	38,524	33,470	5,054
General Supplies	11,400	(751)	10,649	10,649	-
BOE In-House Training/Meeting Supplies	2,500	2,020	4,520	4,520	-
Miscellaneous Expenditures	8,384	(2,668)	5,716	5,716	-
BOE Membership Dues and Fees	28,624	2,649	31,273	31,273	-
Total Support Services General Administration	<u>847,363</u>	<u>59,076</u>	<u>906,439</u>	<u>887,522</u>	<u>18,917</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	3,285,928	(32,914)	3,253,014	3,205,943	47,071
Salaries of Other Professional Staff		83,985	83,985	83,692	293
Salaries of Secretarial and Clerical Assistants	1,040,907	127,779	1,168,686	1,157,614	11,072
Purch. Professional and Technical Services		15,000	15,000	13,461	1,539
Other Purchased Services	12,170	19,719	31,889	7,196	24,693
Supplies and Materials	16,305	8,401	24,706	19,404	5,302
Other Objects	9,342	-	9,342	3,912	5,430
Total Support Services School Administration	<u>4,364,652</u>	<u>221,970</u>	<u>4,586,622</u>	<u>4,491,222</u>	<u>95,400</u>
Central Services					
Salaries	766,007	(53,000)	713,007	691,297	21,710
Purchased Professional Services	3,000	(2,100)	900	-	900
Purchased Professional Services - Public Relations Cost		18,000	18,000	9,750	8,250
Purchased Technical Services	18,335	100	18,435	18,396	39
Miscellaneous Purchased Services	6,670	(2,710)	3,960	2,280	1,680
Supplies and Materials	13,775	(5,100)	8,675	7,158	1,517
Miscellaneous Expenditures	8,160	(1,870)	6,290	4,838	1,452
Total Central Services	<u>815,947</u>	<u>(46,680)</u>	<u>769,267</u>	<u>733,719</u>	<u>35,548</u>

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 581,730	\$ 109,916	\$ 691,646	\$ 691,633	\$ 13
Purchased Professional Services	14,400	-	14,400	10,892	3,508
Other Purchased Services	331,654	(36)	331,618	312,748	18,870
Supplies and Material	2,120	-	2,120	1,907	213
Total Admin. Info. Technology	929,904	109,880	1,039,784	1,017,180	22,604
Required Maintenance for School Facilities					
Salaries	266,745	88,900	355,645	297,032	58,613
Cleaning, Repair and Maint. Serv.	690,313	305,004	995,317	770,208	225,109
General Supplies	143,200	100,000	243,200	191,749	51,451
Total Required Maintenance for School Fac.	1,100,258	493,904	1,594,162	1,258,989	335,173
Custodial Services					
Salaries	3,260,264	292,084	3,552,348	3,353,845	198,503
Salaries of Non-Instructional Aides	198,781	(130,000)	68,781	-	68,781
Purchased Professional and Technical Services	127,420	-	127,420	87,710	39,710
Cleaning, Repair and Maint. Serv.	591,076	(337,300)	253,776	199,093	54,683
Rental of Land and Building Other Than Lease Purchase Agmt.	704,654	-	704,654	688,789	15,865
Other Purchased Property Services	135,000	-	135,000	107,024	27,976
Insurance	544,052	(43,030)	501,022	475,017	26,005
Miscellaneous Purchased Services	10,000	-	10,000	2,000	8,000
General Supplies	399,000	10,000	409,000	378,797	30,203
Energy (Natural Gas)	300,900	258,700	559,600	533,603	25,997
Energy (Electricity)	787,600	(131,200)	656,400	632,050	24,350
Other Objects	700	4,428	5,128	125	5,003
Total Custodial Services	7,059,447	(76,318)	6,983,129	6,458,053	525,076
Care and Upkeep of Grounds					
Salaries	155,663	(38,000)	117,663	104,472	13,191
Cleaning, Repair and Maint. Serv.	43,000	44,576	87,576	58,032	29,544
General Supplies	42,000	7,424	49,424	36,586	12,838
Total Care and Upkeep of Grounds	240,663	14,000	254,663	199,090	55,573
Security					
Salaries	142,612	(63,560)	79,052	78,938	114
Purch. Professional and Technical Services	559,008	-	559,008	348,941	210,067
Cleaning, Repair, and Maintenance Services	40,000	438,354	478,354	254,033	224,321
General Supplies	12,700	(5,502)	7,198	5,298	1,900
Total Security	754,320	369,292	1,123,612	687,210	436,402
Student Transportation Services					
Salaries for Pupil Trans (Other Than Between Home & School)	53,840	1,500	55,340	46,200	9,140
Management Fee (ESC and CTSA Transportation Program)	125,000	(100,000)	25,000	-	25,000
Other Purchased Professional and Technical Services	2,500	-	2,500	-	2,500
Cleaning, Repair, and Maintenance Services	20,500	2,000	22,500	17,381	5,119
Contract Services-Aid in Lieu Payments - Charter School	20,000	-	20,000	16,759	3,241
Contract Services (Between Home and School)-Vendors	3,000	-	3,000	-	3,000
Contract Services (Oth Than Between Home and School)-Vendors	389,617	20,250	409,867	281,012	128,855
Contract Services (Between Home and School)-Joint Agreements	3,150	-	3,150	-	3,150
Contract Services (Special Ed Students)-Vendors	10,000	-	10,000	89	9,911
Contract Services (Special Ed Students)-Joint Agreements	162,000	(130,000)	32,000	1,264	30,736
Contract Services (Special Ed Students)-ESCs and CTSAAs	1,817,640	880,000	2,697,640	2,619,976	77,664
Miscellaneous Purchased Services - Transportation	2,000	-	2,000	1,491	509
Other Objects	6,000	-	6,000	367	5,633
Total Student Transportation Services	2,615,247	673,750	3,288,997	2,984,539	304,458

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 1,110,224	\$ 134,200	\$ 1,244,424	\$ 1,385,644	\$ (141,220)
Other Retirement Contributions-PERS	1,553,401	(69,000)	1,484,401	1,338,790	145,611
Other Retirement Contributions - Regular	55,000	35,500	90,500	85,576	4,924
Unemployment Compensation	25,000	-	25,000	-	25,000
Workmen's Compensation	708,647	-	708,647	593,463	115,184
Health Benefits	13,930,861	19,930	13,950,791	12,754,745	1,196,046
Tuition Reimbursement	7,956	-	7,956	7,520	436
Other Employee Benefits	78,889	-	78,889	3,593	75,296
Unused Sick Payment to Terminated/Retired Staff	120,000	-	120,000	101,534	18,466
	<u>17,589,978</u>	<u>120,630</u>	<u>17,710,608</u>	<u>16,270,865</u>	<u>1,439,743</u>
On-behalf TPAF Pension System Contributions- Normal Costs & Accrued Liability (Non-Budget)				8,761,476	(8,761,476)
On-behalf TPAF Pension System Contributions-NCGI Cost (Non-Budget)				183,401	(183,401)
On-behalf TPAF Contributions-Post Retirement Medical Contributions (Non-Budget)				4,057,382	(4,057,382)
On-behalf TPAF Contributions-Long-Term Disability Insurance Contributions (Non-Budget)				5,564	(5,564)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	3,495,018	(3,495,018)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,502,841</u>	<u>(16,502,841)</u>
Total TPAF On-Behalf					
Total Undistributed Expenditures	<u>57,026,754</u>	<u>2,716,530</u>	<u>59,743,284</u>	<u>72,137,453</u>	<u>(12,394,169)</u>
Interest Earned on Maintenance Reserve	1,000		1,000		1,000
Interest Earned on Current Expense Emergency Reserve	25	-	25	-	25
	<u>1,025</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>1,025</u>
Total Expenditures - Current Expenditures	<u>105,666,112</u>	<u>3,021,512</u>	<u>108,687,624</u>	<u>119,283,701</u>	<u>(10,596,077)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction	65,000	20,035	85,035	58,442	26,593
Undistributed Expenditures-Central Services	246,800	7,342	254,142	253,368	774
Undistributed Expenditures-Care and Upkeep of Grounds	-	2,020	2,020	2,020	-
Undistributed Expenditures-Security	55,635	(35,640)	19,995	-	19,995
	<u>367,435</u>	<u>(6,243)</u>	<u>361,192</u>	<u>313,830</u>	<u>47,362</u>
Total Equipment					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	160,000	(134,428)	25,572	25,572	-
Construction Services	2,090,000	2,662,596	4,752,596	4,489,084	263,512
Other Objects	-	14,233	14,233	11,043	3,190
Assessment for Debt Service on SDA Funding	37,812	-	37,812	37,812	-
	<u>2,287,812</u>	<u>2,542,401</u>	<u>4,830,213</u>	<u>4,563,511</u>	<u>266,702</u>
Total Facilities Acquisition and Construction Services					
Interest Deposit to Capital Reserve	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Capital Outlay	<u>2,665,247</u>	<u>2,536,158</u>	<u>5,201,405</u>	<u>4,877,341</u>	<u>324,064</u>

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
TRANSFER OF FUNDS TO CHARTER SCHOOL	\$ 3,761,233	75,374	\$ 3,836,607	3,820,968	\$ 15,639
Total Expenditures	112,092,592	5,633,044	117,725,636	127,982,010	(10,256,374)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,068,231)	(2,133,044)	(6,201,275)	(130,972)	6,070,303
Other Financing Sources (Uses) Transfers Out - Special Revenue Fund	(411,499)	-	(411,499)	(411,499)	-
Total Other Financing Sources (Uses)	(411,499)	-	(411,499)	(411,499)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(4,479,730)	(2,133,044)	(6,612,774)	(542,471)	6,070,303
Fund Balance, Beginning of Year	17,685,417	-	17,685,417	17,685,417	-
Fund Balance, End of Year	\$ 13,205,687	\$ (2,133,044)	\$ 11,072,643	\$ 17,142,946	\$ 6,070,303

Recapitulation of Fund Balance

Restricted Fund Balance		
Capital Reserve		\$ 6,089,406
Capital Reserve - Designated for Subsequent Year's Expenditures (2019/20 Budget)		1,664,000
Maintenance Reserve		4,025
Maintenance Reserve - Designated for Subsequent Year's Expenditures (2019/20 Budget)		761,306
Emergency Reserve - Designated for Subsequent Year's Expenditures (2019/20 Budget)		2,335
Excess Surplus		1,712,365
Excess Surplus - Designated for Subsequent Year's Expenditures (2019/20 Budget)		2,950,832
Assigned Fund Balance		
Year-End Encumbrances		1,170,127
Unassigned Fund Balance		2,788,550
Reconciliation to Governmental Funds Statements (GAAP):		
Less: Final State Aid Payments Not Recognized on GAAP Basis		(3,049,670)
Fund Balance Per Governmental Funds (GAAP)		\$ 14,093,276

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 2,568,603	1,120,669	\$ 3,689,272	\$ 3,222,391	\$ (466,881)
State	1,021,009	1,744,119	2,765,128	2,088,382	(676,746)
Local Sources		-			
Miscellaneous	2,500	-	2,500	-	(2,500)
	<u>3,592,112</u>	<u>2,864,788</u>	<u>6,456,900</u>	<u>5,310,773</u>	<u>(1,146,127)</u>
Total Revenues	<u>3,592,112</u>	<u>2,864,788</u>	<u>6,456,900</u>	<u>5,310,773</u>	<u>(1,146,127)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,296,089	315,269	1,611,358	1,407,630	203,728
Other Salaries for Instruction	329,954	76,685	406,639	325,739	80,900
Purchased Professional Services & Technical Services	408,290	(156,219)	252,071	121,489	130,582
Purchased Professional - Educational Services		15,000	15,000		15,000
Other Purchased Services	1,261,330	470,844	1,732,174	1,674,764	57,410
General Supplies	152,587	475,958	628,545	527,626	100,919
Textbooks		5,500	5,500	5,317	183
Other Objects	-	24,848	24,848	14,072	10,776
	<u>3,448,250</u>	<u>1,227,885</u>	<u>4,676,135</u>	<u>4,076,637</u>	<u>599,498</u>
Total Instruction	<u>3,448,250</u>	<u>1,227,885</u>	<u>4,676,135</u>	<u>4,076,637</u>	<u>599,498</u>
Support Services					
Salaries	191,202	524,483	715,685	639,886	75,799
Salaries of Other Professional Staff		140,000	140,000	101,551	38,449
Salaries of Community Involvement Specialist		15,000	15,000	9,430	5,570
Personal Services-Employee Benefits	364,159	166,347	530,506	499,746	30,760
Purchased Professional and Technical Services		177,255	177,255	164,028	13,227
Purchased Professional-Educational Services	-	65,453	65,453	41,900	23,553
Other Purchased Professional Services		61,500	61,500		61,500
Cleaning, Repair & Maintenance Services		203,314	203,314	16,625	186,689
Purchased Property Services		178	178	178	-
Other Purchased Services		110,635	110,635	84,602	26,033
Travel		19,318	19,318	4,617	14,701
Miscellaneous Purchased Services		2,575	2,575	2,575	-
Supplies and Materials	-	103,731	103,731	44,940	58,791
Other Objects	-	8,098	8,098	8,057	41
	<u>555,361</u>	<u>1,597,887</u>	<u>2,153,248</u>	<u>1,618,135</u>	<u>535,113</u>
Total Support Services	<u>555,361</u>	<u>1,597,887</u>	<u>2,153,248</u>	<u>1,618,135</u>	<u>535,113</u>

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		24,781	24,781	13,265	11,516
Noninstructional Equipment	-	14,235	14,235	14,235	-
Total Facilities and Acquisitions	-	39,016	39,016	27,500	11,516
Total Expenditures	4,003,611	2,864,788	6,868,399	5,722,272	1,146,127
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(411,499)	-	(411,499)	(411,499)	-
Other Financing Sources Transfers In- General Fund	411,499	-	411,499	411,499	-
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	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation to Governmental Fund Statements (GAAP)					
Less State Aid Revenue Not recognized on GAAP Basis				-	
Fund Balance (GAAP)				\$ -	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 127,851,038	(C-2) \$ 5,310,773
Difference - Budget to GAAP:		
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2017/2018) State Aid and Extraordinary Aid)	1,275,089	34,564
State Aid payment recognized for Budgetary purposes, not recognized for GAAP statements (2018/2019) State Aid and Extraordinary Aid)	<u>(3,049,670)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 126,076,457</u>	(B-2) <u>\$ 5,345,337</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 127,982,010</u>	(C-2) <u>\$ 5,722,272</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 127,982,010</u>	(B-2) <u>\$ 5,722,272</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	.14651%	.14778%	0.15253%	0.15729%	0.15186%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 28,847,699</u>	<u>\$ 34,399,870</u>	<u>\$ 45,174,987</u>	<u>\$ 35,307,561</u>	<u>\$ 28,431,870</u>
District's Covered Payroll	\$ 10,242,211	\$ 10,242,211	\$ 10,236,731	\$ 10,162,144	\$ 10,591,162
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	281.65%	335.86%	441.30%	347.44%	268.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	90.77%	100.77%	94.63%	52.08%

* 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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Five Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,457,332	\$ 1,368,986	\$ 1,355,054	\$ 1,352,238	\$ 1,251,891
Contributions in Relation to the Contractually Required Contribution	<u>1,457,332</u>	<u>1,368,986</u>	<u>1,355,054</u>	<u>1,352,238</u>	<u>1,251,891</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,242,211	\$ 10,242,211	\$ 10,236,731	\$ 10,162,144	\$ 10,591,162
Contributions as a Percentage of Covered Payroll	14.23%	13.37%	13.24%	13.31%	11.82%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 284,273,493</u>	<u>\$ 298,074,439</u>	<u>\$ 346,252,662</u>	<u>\$ 271,402,578</u>	<u>\$ 237,261,570</u>
Total	<u>\$ 284,273,493</u>	<u>\$ 298,074,439</u>	<u>\$ 346,252,662</u>	<u>\$ 271,402,578</u>	<u>\$ 237,261,570</u>
District's Covered Payroll	\$ 47,951,474	\$ 47,937,259	\$ 47,008,379	\$ 45,628,720	\$ 44,861,914
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%

* 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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 6,786,487	\$ 8,179,939
Interest on Total OPEB Liability	6,750,033	5,836,471
Changes of Benefit Terms	-	
Differences Between Expected and Actual Experience	(11,082,850)	
Changes of Assumptions	(18,744,553)	(24,707,925)
Gross Benefit Payments	(4,367,763)	(4,258,398)
Contribution from the Member	<u>150,957</u>	<u>156,805</u>
Net Change in Total OPEB Liability	(20,507,689)	(14,793,108)
Total OPEB Liability - Beginning	<u>183,851,793</u>	<u>198,644,901</u>
Total OPEB Liability - Ending	<u>\$ 163,344,104</u>	<u>\$ 183,851,793</u>
District's Proportionate Share of OPEB Liability	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>163,344,104</u>	<u>183,851,793</u>
Total OPEB Liability - Ending	<u>\$ 163,344,104</u>	<u>\$ 183,851,793</u>
District's Covered Payroll	<u>\$ 58,193,685</u>	<u>\$ 58,179,470</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HACKENSACK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

HACKENSACK BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	ESEA Title I	ESEA Title II-A	ESEA Title III	ESEA Title III Immigrant	ESEA Title IV	ESEA Reallocated Title I	IDEA Basic	IDEA Preschool	Perkins Grant	Preschool Education Aid	Total to Page 2
REVENUES											
Intergovernmental											
State										\$ 1,667,387	\$ 1,667,387
Federal	\$ 1,148,769	\$ 196,635	\$ 103,716	\$ 27,953	\$ 76,162	\$ 102,971	\$ 1,457,536	\$ 74,397	\$ 34,252	-	3,222,391
Total Revenues	\$ 1,148,769	\$ 196,635	\$ 103,716	\$ 27,953	\$ 76,162	\$ 102,971	\$ 1,457,536	\$ 74,397	\$ 34,252	\$ 1,667,387	\$ 4,889,778
EXPENDITURES											
Instruction											
Salaries	\$ 387,697		\$ 83,399						\$ 1,124	\$ 903,693	\$ 1,375,913
Other Salaries for Instruction				\$ 21,200	\$ 16,540					322,562	322,562
Purchased Professional and Technical Services	30,043	\$ 13,060								-	80,843
Other Purchased Services	67,444					72,815	\$ 1,442,624	\$ 74,397	17,484	-	1,674,764
General Supplies	229,101		14,479						5,287	274,942	523,809
Textbooks											-
Other Objects	10,469	-	-	-	-	-	-	-	1,658	-	12,127
Total Instruction	724,754	13,060	97,878	21,200	16,540	72,815	1,442,624	74,397	25,553	1,501,197	3,990,018
Support Services											
Salaries	252,929	116,000		3,372	562	3,333					376,196
Salaries of Other Professional Staff										101,551	101,551
Salaries of Community Involvement Specialist										9,430	9,430
Personnel Services - Employee Benefits	74,490	9,541								392,873	476,904
Purchased Professional and Technical Services	65,348	35,646	5,000		54,385						160,379
Purchased Professional-Education Services										20,000	20,000
Cleaning, Repair, & Maintenance Services										16,625	16,625
Purchased Property Service									178		178
Other Purchased Services	11,005	18,579		3,381	4,675	26,823	14,912		821		80,196
Travel	51	3,809								707	4,567
Miscellaneous Purchased Services										2,575	2,575
Supplies and Materials	20,192	-	838	-	-	-	-	-	4,118	10,010	35,158
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	424,015	183,575	5,838	6,753	59,622	30,156	14,912	-	5,117	553,771	1,283,759
Facilities and Acquisitions											
Instructional Equipment									3,582	9,683	13,265
Non-Instructional Equipment										14,235	14,235
Total Facilities and Acquisitions									3,582	23,918	27,500
Total Expenditures	\$ 1,148,769	\$ 196,635	\$ 103,716	\$ 27,953	\$ 76,162	\$ 102,971	\$ 1,457,536	\$ 74,397	\$ 34,252	\$ 2,078,886	\$ 5,301,277
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures										(411,499)	(411,499)
Other Financing Sources											
Transfers In- General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,499	\$ 411,499

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Total from Page 1	Non-Public Ch. 192 Comp. Educ.	Non-Public Ch. 193			Non-Public Textbook	Non-Public Technology	Non-Public Nursing	Non-Public Security	Family Friendly	School-Based Youth Program	Total
			Exam & Class	Corr. Speech	Suppl. Instruction							
REVENUES												
Intergovernmental												
State	\$ 1,667,387	\$ 27,759	\$ 11,108	\$ 2,702	\$ 9,516	\$ 5,317	\$ 3,649	\$ 10,185	\$ 7,875	\$ 43,300	\$ 299,584	\$ 2,088,382
Federal	3,222,391	-	-	-	-	-	-	-	-	-	-	3,222,391
Total Revenues	\$ 4,889,778	\$ 27,759	\$ 11,108	\$ 2,702	\$ 9,516	\$ 5,317	\$ 3,649	\$ 10,185	\$ 7,875	\$ 43,300	\$ 299,584	\$ 5,310,773
EXPENDITURES												
Instruction												
Salaries	\$ 1,375,913									\$ 31,717		\$ 1,407,630
Other Salaries for Instruction	322,562									3,177		325,739
Purchased Professional and Technical Services	80,843	\$ 27,759		\$ 2,702				\$ 10,185				121,489
Other Purchased Services	1,674,764											1,674,764
General Supplies	523,809									3,817		527,626
Textbooks	-					\$ 5,317						5,317
Other Objects	12,127	-	-	-	-	-	-	-	-	-	\$ 1,945	14,072
Total Instruction	3,990,018	27,759	-	2,702	-	5,317	-	10,185	-	38,711	1,945	4,076,637
Support Services												
Salaries	376,196									1,783	261,907	639,886
Salaries of Other Professional Staff	101,551											101,551
Salaries of Community Involvement Specialist	9,430											9,430
Personnel Services - Employee Benefits	476,904									2,806	20,036	499,746
Purchased Professional and Technical Services	160,379						\$ 3,649					164,028
Purchased Professional-Education Services	20,000		\$ 11,108		\$ 9,516						1,276	41,900
Cleaning, Repair, & Maintenance Services	16,625											16,625
Purchased Property Service	178											178
Other Purchased Services	80,196										4,406	84,602
Travel	4,567										50	4,617
Miscellaneous Purchased Services	2,575											2,575
Supplies and Materials	35,158								\$ 7,875		1,907	44,940
Other Objects	-	-	-	-	-	-	-	-	-	-	8,057	8,057
Total Support Services	1,283,759	-	11,108	-	9,516	-	3,649	-	7,875	4,589	297,639	1,618,135
Facilities and Acquisitions												
Instructional Equipment	13,265											13,265
Non-Instructional Equipment	14,235											14,235
Total Facilities and Acquisitions	27,500	-	-	-	-	-	-	-	-	-	-	27,500
Total Expenditures	\$ 5,301,277	\$ 27,759	\$ 11,108	\$ 2,702	\$ 9,516	\$ 5,317	\$ 3,649	\$ 10,185	\$ 7,875	\$ 43,300	\$ 299,584	\$ 5,722,272
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(411,499)	-	-	-	-	-	-	-	-	-	-	(411,499)
Other Financing Sources												
Transfers In- General Fund	\$ 411,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 411,499

**HACKENSACK BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 402,999	631,555	1,034,554	\$ 903,693	\$ 130,861
Other Salaries for Instruction	329,954	72,592	402,546	322,562	79,984
Purchased Professional-Educational Services		15,000	15,000	-	15,000
General Supplies	<u>8,622</u>	<u>312,961</u>	<u>321,583</u>	<u>274,942</u>	<u>46,641</u>
Total Instruction	<u>741,575</u>	<u>1,032,108</u>	<u>1,773,683</u>	<u>1,501,197</u>	<u>272,486</u>
Support Services					
Salaries of Other Professional Staff		140,000	140,000	101,551	38,449
Salaries of Community Involvement Spec		15,000	15,000	9,430	5,570
Personal Services - Employee Benefits	318,582	74,291	392,873	392,873	-
Other Purchased Professional - Education Service		25,000	25,000	20,000	5,000
Other Purchased Professional Services		61,500	61,500		61,500
Cleaning, Repair & Maintenance Services		203,314	203,314	16,625	186,689
Travel		3,500	3,500	707	2,793
Miscellaneous Purchased Services		2,575	2,575	2,575	-
Supplies and Materials	<u>-</u>	<u>24,724</u>	<u>24,724</u>	<u>10,010</u>	<u>14,714</u>
Total Support Services	<u>318,582</u>	<u>549,904</u>	<u>868,486</u>	<u>553,771</u>	<u>314,715</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	-	21,199	21,199	9,683	11,516
Noninstructional Equipment	<u>-</u>	<u>14,235</u>	<u>14,235</u>	<u>14,235</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>35,434</u>	<u>35,434</u>	<u>23,918</u>	<u>11,516</u>
Total Expenditures	<u>\$ 1,060,157</u>	<u>\$ 1,617,446</u>	<u>\$ 2,677,603</u>	<u>\$ 2,078,886</u>	<u>\$ 598,717</u>

Calculation of Budget Carryover

Total revised 2018-2019 Preschool Education Aid Allocation	\$ 2,250,608
Cancelled Prior Year Accounts Payable	-
General Fund Contribution	411,499
Add: Actual ECPA/PEA Carryover (June 30, 2018)	<u>48,127</u>
Total Preschool Ed. Aid Funds Available for 2018-2019 Budget	2,710,234
Less: 2018-2019 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>2,677,603</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	32,631
Add: June 30, 2019 Unexpended Preschool Education Aid	<u>598,717</u>
2018-2019 C/O - Preschool Education Aid Programs	<u>\$ 631,348</u>
2018-19 Preschool Education Aid C/O Budgeted in 2019-2020	<u>\$ -</u>

CAPITAL PROJECTS FUND

**HACENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/ Project Title</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Project Balance June 30, 2019</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Acquisition of Chromebooks & Various Information Technology Items	\$ 1,500,730	\$ 1,456,492	\$ -	\$ 44,238
Acquisition of Phone System	<u>800,000</u>	<u>-</u>	<u>686,198</u>	<u>113,802</u>
	<u>\$ 2,300,730</u>	<u>\$ 1,456,492</u>	<u>\$ 686,198</u>	<u>\$ 158,040</u>
				Fund Balance, June 30, 2019 - GAAP Basis
				<u>\$ 158,040</u>
				<u>Recapitulation of Fund Balance</u>
				Restricted for Capital Projects
				Available for Capital Projects
				<u>158,040</u>
				Total Fund Balance - Restricted for Capital Projects
				<u>\$ 158,040</u>

**HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources	
Interest on Investments	730
Total Revenues and Other Financing Sources	730
 Expenditures and Other Financing Uses	
General Supplies	658,115
Equipment	28,083
Total Expenditures and Other Financing Uses	686,198
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(685,468)
Fund Balance- Beginning (Restated)	843,508
Fund Balance- Ending	\$ 158,040
 <u>Reconciliation to GAAP</u>	
Fund Balance, End of Year - Budgetary Basis	\$ 158,040
Fund Balance, June 30, 2019- GAAP	\$ 158,040

HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION OF CHROMEBOOKS AND VARIOUS INFORMATION TECHNOLOGY ITEMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 1,500,000	-	\$ 1,500,000	\$ 1,500,000
Interest Earnings	-	730	730	730
	<u>1,500,000</u>	<u>730</u>	<u>1,500,730</u>	<u>1,500,730</u>
Expenditures and Other Financing Uses				
General Supplies/Equipment	1,456,492	-	1,456,492	1,500,730
	<u>1,456,492</u>	<u>-</u>	<u>1,456,492</u>	<u>1,500,730</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 43,508</u>	<u>\$ 730</u>	<u>\$ 44,238</u>	<u>\$ -</u>

**HACKENSACK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
ACQUISITION OF PHONE SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Lease Proceeds	\$ 800,000	-	\$ 800,000	\$ 800,000
Total Revenues and Other Financing Sources	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
Expenditures and Other Financing Uses				
General Supplies	-	658,115	658,115	658,115
Equipment	<u>-</u>	<u>28,083</u>	<u>28,083</u>	<u>141,885</u>
Total Expenditures and Other Financing Uses	<u>-</u>	<u>686,198</u>	<u>686,198</u>	<u>800,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 800,000</u>	<u>\$ (686,198)</u>	<u>\$ 113,802</u>	<u>\$ -</u>

ENTERPRISE FUND

EXHIBIT G-1

**HACKENSACK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 282,129	\$ 604,961	\$ 887,090
Total Assets	<u>\$ 282,129</u>	<u>\$ 604,961</u>	<u>\$ 887,090</u>
LIABILITIES			
Accrued Salaries and Wages		\$ 5,173	\$ 5,173
Payroll Deductions and Withholdings		599,788	599,788
Due to Student Groups	<u>\$ 282,129</u>	<u>-</u>	<u>282,129</u>
Total Liabilities	<u>\$ 282,129</u>	<u>\$ 604,961</u>	<u>\$ 887,090</u>

**HACKENSACK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
ELEMENTARY/MIDDLE SCHOOL				
Fairmount Avenue School	\$ 1,139	\$ 1,712	\$ 1,080	\$ 1,771
Jackson Avenue School	2,578	2,269	2,189	2,658
Fanny M Hillers School	1,145	1,682	2,009	818
Nellie Parker School	6,174	5,306	4,795	6,685
Nellie Parker School Donation	1,470			1,470
MIDDLE SCHOOL				
Middle School	40,908	26,505	47,225	20,188
HIGH SCHOOL				
High School	223,029	187,120	214,067	196,082
Varsity	13,362	35,009	39,620	8,751
ATHLETIC				
Athletic Department	<u>48,583</u>	<u>10,966</u>	<u>15,843</u>	<u>43,706</u>
Total - All Schools	<u>\$ 338,388</u>	<u>\$ 270,569</u>	<u>\$ 326,828</u>	<u>\$ 282,129</u>

**HACKENSACK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2019</u>
ASSETS				
Cash	\$ 702,585	\$ 67,281,099	\$ 67,378,723	\$ 604,961
Total Assets	<u>\$ 702,585</u>	<u>\$ 67,281,099</u>	<u>\$ 67,378,723</u>	<u>\$ 604,961</u>
LIABILITIES				
Accrued Salaries and Wages	\$ 130,022	\$ 39,109,833	\$ 39,234,682	\$ 5,173
Payroll Deductions and Withholdings	<u>572,563</u>	<u>28,171,266</u>	<u>28,144,041</u>	<u>599,788</u>
Total Liabilities	<u>\$ 702,585</u>	<u>\$ 67,281,099</u>	<u>\$ 67,378,723</u>	<u>\$ 604,961</u>

LONG-TERM DEBT

HACKENSACK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Improvement Bond	9/9/2009	\$ 5,550,000	5/1/2020	595,000	4.75 %	\$ 1,175,000	\$ -	\$ 580,000	\$ 595,000
Totals						\$ 1,175,000	\$ -	\$ 580,000	\$ 595,000
								Paid by Budget Appropriation	\$ 580,000

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Restated Balance July 1, 2018 (Restated)</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
<u>CAPITAL LEASES</u>						
Phone System	\$ 800,000	2.934%	\$ 800,000	-	\$ 164,657	\$ 635,343
<u>LEASE-PURCHASE AGREEMENTS</u>						
2016 Chromebooks	924,000	1.400%	462,399	-	229,588	232,811
2017 Chromebooks and Various Information Technology Items	1,500,000	1.7560%	<u>1,129,023</u>	<u>-</u>	<u>369,809</u>	<u>759,214</u>
			<u>\$ 2,391,422</u>	<u>\$ -</u>	<u>\$ 764,054</u>	<u>\$ 1,627,368</u>

**HACKENSACK BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 635,813	-	\$ 635,813	\$ 635,813	-
Total Revenues	<u>635,813</u>	<u>-</u>	<u>635,813</u>	<u>635,813</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	580,000	-	580,000	580,000	-
Interest	<u>55,813</u>	<u>-</u>	<u>55,813</u>	<u>55,813</u>	<u>-</u>
Total Expenditures	<u>635,813</u>	<u>-</u>	<u>635,813</u>	<u>635,813</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

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

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

HACKENSACK BOARD OF EDUCATION
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
									(Restated)	
Governmental Activities										
Net Investment in Capital Assets	\$ 13,384,709	\$ 13,922,495	\$ 14,383,804	\$ 15,447,155	\$ 17,935,592	\$ 17,953,621	\$ 18,092,071	\$ 17,223,376	\$ 17,704,621	\$ 23,002,316
Restricted	5,742,198	4,985,228	6,775,148	9,354,947	8,721,596	8,136,312	10,816,135	12,657,948	15,616,934	8,518,737
Unrestricted	(1,319,876)	(501,070)	(1,321,681)	(1,264,109)	(1,577,122)	(26,614,963)	(30,453,813)	(33,999,979)	(35,568,264)	(32,987,323)
Total Governmental Activities Net Position	<u>\$ 17,807,031</u>	<u>\$ 18,406,653</u>	<u>\$ 19,837,271</u>	<u>\$ 23,537,993</u>	<u>\$ 25,080,066</u>	<u>\$ (525,030)</u>	<u>\$ (1,545,607)</u>	<u>\$ (4,118,655)</u>	<u>\$ (2,246,709)</u>	<u>\$ (1,466,270)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 143,633	\$ 156,752	\$ 190,280	\$ 344,984	\$ 346,164	\$ 318,696	\$ 291,668	\$ 326,094	\$ 326,579	\$ 382,705
Unrestricted	614,875	652,095	687,511	392,514	149,704	442,639	575,117	733,272	980,188	1,086,974
Total Business-Type Activities Net Position	<u>\$ 758,508</u>	<u>\$ 808,847</u>	<u>\$ 877,791</u>	<u>\$ 737,498</u>	<u>\$ 495,868</u>	<u>\$ 761,335</u>	<u>\$ 866,785</u>	<u>\$ 1,059,366</u>	<u>\$ 1,306,767</u>	<u>\$ 1,469,679</u>
District-wide										
Net Investment in Capital Assets	\$ 13,528,342	\$ 14,079,247	\$ 14,574,084	\$ 15,792,139	\$ 18,281,756	\$ 18,272,317	\$ 18,383,739	\$ 17,549,470	\$ 18,031,200	\$ 23,385,021
Restricted	5,742,198	4,985,228	6,775,148	9,354,947	8,721,596	8,136,312	10,816,135	12,657,948	15,616,934	8,518,737
Unrestricted	(705,001)	151,025	(634,170)	(871,595)	(1,427,418)	(26,172,324)	(29,878,696)	(33,266,707)	(34,588,076)	(31,900,349)
Total District Net Position	<u>\$ 18,565,539</u>	<u>\$ 19,215,500</u>	<u>\$ 20,715,062</u>	<u>\$ 24,275,491</u>	<u>\$ 25,575,934</u>	<u>\$ 236,305</u>	<u>\$ (678,822)</u>	<u>\$ (3,059,289)</u>	<u>\$ (939,942)</u>	<u>\$ 3,409</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Source: District financial statements

HACKENSACK BOARD OF EDUCATION
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 37,187,411	\$ 34,070,608	\$ 35,664,211	\$ 33,789,219	\$ 33,354,824	\$ 39,560,046	\$ 45,499,116	\$ 48,403,666	\$ 47,378,571	\$ 61,409,161
Special Education	7,028,221	7,904,628	8,511,975	11,115,653	11,333,736	12,925,784	15,010,597	17,289,908	16,621,434	27,386,726
Other Instruction	2,127,599	2,035,260	2,036,424	2,051,464	2,328,603	2,753,555	3,224,878	3,449,483	3,210,306	3,738,828
School Sponsored Activities and Athletics	1,434,801	1,224,741	1,361,102	2,033,545	1,881,660	1,744,437	1,970,847	2,227,997	2,269,278	2,267,830
Support Services:										
Tuition	6,469,010	6,533,987	5,872,964	5,753,383	5,850,284	5,300,618	6,044,410	6,678,148	7,000,963	
Student & Instruction Related Services	10,646,432	12,042,453	13,060,606	13,630,248	13,795,797	15,296,922	17,791,998	19,302,967	17,540,603	21,465,340
General Administrative Services	1,189,885	1,131,062	946,725	877,269	962,018	4,824,863	1,065,390	1,177,771	1,330,245	1,774,589
School Administrative Services	4,169,690	4,554,281	4,253,322	3,807,103	3,738,373	1,231,913	5,356,535	6,175,303	6,182,749	7,551,630
Central Administration and Info. Technology	1,374,370	1,518,228	1,565,419	1,627,556	1,995,738	2,229,429	2,377,684	2,489,029	2,475,056	2,563,278
Plant Operations and Maintenance	6,802,338	6,949,843	6,644,370	6,741,300	7,620,236	9,401,587	9,758,225	10,227,734	9,730,533	11,594,792
Pupil Transportation	1,819,573	1,609,196	1,914,443	1,833,554	1,978,391	2,407,699	2,794,002	3,087,134	2,505,866	3,023,372
Unallocated Benefits	6,543,098	5,511,656	7,866,070	9,345,453	8,331,799	9,993,897	12,469,212	15,852,579	22,686,341	
Allocated Benefits	5,785,254	5,932,855	5,817,476	6,305,195	8,397,609	8,032,117				
Special Schools										
Charter Schools	691,043	663,317	881,134	1,287,670	2,478,864	2,990,864	2,637,660	3,185,751	3,287,937	
Interest on Long-Term Debt	174,538	233,263	206,380	186,561	165,390	145,108	127,381	114,440	82,095	57,839
Unallocated Depreciation	644,696	686,487	914,767	976,090	1,104,117	1,161,461	1,115,703	1,142,749	1,143,311	
Amortization and Capital Lease Obligations	471,560	1,041,263	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	(33,956)	
Capital Outlay - Nondepreciable	258,309	76,830	52,665	125,489	243,549	64,638	37,814	1,128,571	836,338	
Total Governmental Activities Expenses	<u>94,817,828</u>	<u>93,719,958</u>	<u>97,536,097</u>	<u>101,452,796</u>	<u>105,527,032</u>	<u>120,030,982</u>	<u>127,247,496</u>	<u>141,899,274</u>	<u>144,247,670</u>	<u>142,833,385</u>
Business-Type Activities:										
Food service	1,928,573	2,095,850	2,238,297	2,519,991	2,699,334	2,336,040	2,422,862	2,400,207	2,427,100	2,737,472
Total Business-Type Activities Expense	<u>1,928,573</u>	<u>2,095,850</u>	<u>2,238,297</u>	<u>2,519,991</u>	<u>2,699,334</u>	<u>2,336,040</u>	<u>2,422,862</u>	<u>2,400,207</u>	<u>2,427,100</u>	<u>2,737,472</u>
Total District Expenses	<u>\$ 96,746,401</u>	<u>\$ 95,815,808</u>	<u>\$ 99,774,394</u>	<u>\$ 103,972,787</u>	<u>\$ 108,226,366</u>	<u>\$ 122,367,022</u>	<u>\$ 129,670,358</u>	<u>\$ 144,299,481</u>	<u>\$ 146,674,770</u>	<u>\$ 145,570,857</u>
Program Revenues										
Governmental Activities:										
Charges for Services										\$ 7,089,863
Operating Grants and Contributions	5,716,280	3,961,723	4,052,372	4,190,989	4,007,107	3,778,533	4,368,622	3,852,009	4,537,785	40,793,399
Capital Grants and Contributions	305,552	106,337	232,061	125,124	7,390	9,112	4,254	4,285	2,875	27,500
Total Governmental Activities Program Revenues	<u>\$ 6,021,832</u>	<u>\$ 4,068,060</u>	<u>\$ 4,284,433</u>	<u>\$ 4,316,113</u>	<u>\$ 4,014,497</u>	<u>\$ 3,787,645</u>	<u>\$ 4,372,876</u>	<u>\$ 3,856,294</u>	<u>\$ 4,540,660</u>	<u>\$ 47,910,762</u>
Business-Type Activities:										
Charges for services										
Food Service	\$ 447,814	\$ 420,974	\$ 428,259	\$ 424,644	\$ 478,178	\$ 438,598	\$ 335,273	\$ 437,568	\$ 427,223	\$ 471,145
Operating Grants and Contributions	1,710,133	1,725,137	1,878,859	1,921,521	1,977,656	2,138,555	2,187,382	2,155,209	2,241,332	2,429,239
Capital Grants and Contributions										
Total Business Type Activities Program Revenues	<u>2,157,947</u>	<u>2,146,111</u>	<u>2,307,118</u>	<u>2,346,165</u>	<u>2,455,834</u>	<u>2,577,153</u>	<u>2,522,655</u>	<u>2,592,777</u>	<u>2,668,555</u>	<u>2,900,384</u>
Total District Program Revenues	<u>\$ 8,179,779</u>	<u>\$ 6,214,171</u>	<u>\$ 6,591,551</u>	<u>\$ 6,662,278</u>	<u>\$ 6,470,331</u>	<u>\$ 6,364,798</u>	<u>\$ 6,895,531</u>	<u>\$ 6,449,071</u>	<u>\$ 7,209,215</u>	<u>\$ 50,811,146</u>
Net (Expense)/Revenue										
Governmental Activities	<u>\$ (88,795,996)</u>	<u>\$ (89,651,898)</u>	<u>\$ (93,251,664)</u>	<u>\$ (97,136,683)</u>	<u>\$ (101,512,535)</u>	<u>\$ (116,243,337)</u>	<u>\$ (122,874,620)</u>	<u>\$ (138,042,980)</u>	<u>\$ (139,707,010)</u>	<u>\$ (94,922,623)</u>
Business-Type Activities	<u>229,374</u>	<u>50,261</u>	<u>68,821</u>	<u>(173,826)</u>	<u>(243,500)</u>	<u>241,113</u>	<u>99,793</u>	<u>192,570</u>	<u>241,455</u>	<u>162,912</u>
Total District-Wide Net Expense	<u>\$ (88,566,622)</u>	<u>\$ (89,601,637)</u>	<u>\$ (93,182,843)</u>	<u>\$ (97,310,509)</u>	<u>\$ (101,756,035)</u>	<u>\$ (116,002,224)</u>	<u>\$ (122,774,827)</u>	<u>\$ (137,850,410)</u>	<u>\$ (139,465,555)</u>	<u>\$ (94,759,711)</u>

HACKENSACK BOARD OF EDUCATION
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes levied for general purposes, net	\$ 61,239,258	\$ 63,715,174	\$ 66,302,510	\$ 68,520,822	\$ 71,216,667	\$ 73,389,592	\$ 74,857,383	\$ 79,062,039	\$ 81,256,564	\$ 82,865,444
Property taxes levied for debt service	792,436	1,064,132	804,445	572,182	654,712	757,906	725,525	696,645	664,813	635,813
Unrestricted grants and contributions	17,217,310	17,246,250	20,398,040	23,271,486	21,970,153	33,950,195	38,124,112	47,401,576	51,319,112	11,552,967
Tuition Received	6,281,947	6,944,414	6,900,539	7,859,900	8,543,020	8,492,535	7,943,156	8,129,712	7,651,040	
Investment earnings	95,646	58,647	966	4,630	320	4,241	10,786	16,446	33,630	210,977
Miscellaneous income	312,863	154,399	275,782	608,385	669,736	697,352	198,585	161,514	973,876	437,861
Transfers						(21,554)	(5,504)			
Total Governmental Activities	85,939,460	89,183,016	94,682,282	100,837,405	103,054,608	117,270,267	121,854,043	135,467,932	141,899,035	95,703,062
Business-Type Activities:										
Investment earnings		78	123	163	199	152	153	11		-
Miscellaneous Income				33,370	1,671	2,648			5,946	
Transfers						21,554	5,504			
Total Business-Type Activities	-	78	123	33,533	1,870	24,354	5,657	11	5,946	-
Total District-Wide	\$ 85,939,460	\$ 89,183,094	\$ 94,682,405	\$ 100,870,938	\$ 103,056,478	\$ 117,294,621	\$ 121,859,700	\$ 135,467,943	\$ 141,904,981	\$ 95,703,062
Change in Net Position										
Governmental Activities	\$ (2,856,536)	\$ (468,882)	\$ 1,430,618	\$ 3,700,722	\$ 1,542,073	\$ 1,026,930	\$ (1,020,577)	\$ (2,575,048)	\$ 2,192,025	\$ 780,439
Business-Type Activities	229,374	50,339	68,944	(140,293)	(241,630)	265,467	105,450	192,581	247,401	162,912
Total District	\$ (2,627,162)	\$ (418,543)	\$ 1,499,562	\$ 3,560,429	\$ 1,300,443	\$ 1,292,397	\$ (915,127)	\$ (2,382,467)	\$ 2,439,426	\$ 943,351

Source: District financial statements

HACKENSACK BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 4,909,752									
Unreserved	1,249,410									
Restricted		\$ 2,628,645	\$ 3,768,021	\$ 1,911,097	\$ 4,430,263	\$ 8,136,294	\$ 10,200,658	\$ 11,020,459	\$ 13,418,250	\$ 13,184,269
Committed		510,533	262,350							-
Assigned		889,496	1,855,896	6,884,100	4,291,196	2,613,807	615,459	1,637,489	2,198,684	1,170,127
Unassigned		1,598,726	1,306,634	1,488,724	1,300,578	843,264	1,089,606	935,090	793,394	(261,120)
Total General Fund	<u>\$ 6,159,162</u>	<u>\$ 5,627,400</u>	<u>\$ 7,192,901</u>	<u>\$ 10,283,921</u>	<u>\$ 10,022,037</u>	<u>\$ 11,593,365</u>	<u>\$ 11,905,723</u>	<u>\$ 13,593,038</u>	<u>\$ 16,410,328</u>	<u>\$ 14,093,276</u>
All Other Governmental Funds										
Reserved										
Unreserved	832,446									
Restricted										
Committed				\$ 418,023						\$ 158,040
Assigned		956,554	888,881	141,727	137	18	18			
Unassigned										
Total All Other Governmental Funds	<u>\$ 832,446</u>	<u>\$ 956,554</u>	<u>\$ 888,881</u>	<u>\$ 559,750</u>	<u>\$ 137</u>	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,040</u>

Source: District financial statements

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

HACKENSACK BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property Tax levy	\$ 62,031,694	\$ 64,779,306	\$ 67,106,955	\$ 69,093,004	\$ 71,871,379	\$ 74,147,498	\$ 75,582,908	\$ 79,758,684	\$ 81,921,377	\$ 83,501,257
Tuition	6,281,947	6,944,414	6,900,539	7,859,900	8,543,020	8,492,535	7,943,156	8,129,712	7,651,040	6,989,382
Interest Earnings	95,646	58,647	966	4,630	320	4,241	10,786	16,446	33,630	210,977
Miscellaneous	321,074	162,610	279,599	621,355	670,620	697,352	198,585	161,514	973,876	538,342
State Sources	16,665,590	18,424,074	21,158,521	24,087,294	22,731,077	23,976,186	25,595,547	27,118,735	31,428,514	37,373,225
Federal Sources	6,565,341	2,882,025	3,520,135	3,498,111	3,252,689	3,316,277	3,853,908	3,097,730	3,456,224	3,445,154
Total Revenues	91,961,292	93,251,076	98,966,715	105,164,294	107,069,105	110,634,089	113,184,890	118,282,821	125,464,661	132,058,337
Expenditures										
Instruction										
Regular Instruction	34,449,221	30,903,308	32,198,345	30,756,018	31,158,011	32,526,740	33,726,562	33,224,664	34,661,348	54,798,763
Special Education Instruction	6,421,294	7,077,148	7,580,750	9,957,533	10,463,045	10,245,356	10,450,990	10,962,493	11,313,451	25,412,935
Other Instruction	1,945,035	1,823,109	1,813,458	1,838,113	2,150,846	2,178,302	2,234,337	2,193,068	2,176,804	3,290,741
School Sponsored Activities and Athletics	1,345,485	1,131,868	1,253,065	1,864,498	1,770,382	1,476,210	1,510,947	1,599,235	1,725,248	2,110,886
Support Services:										
Instruction - Tuition	6,469,010	6,533,987	5,872,964	5,753,383	5,850,284	5,300,618	6,044,410	6,678,148	7,000,963	
Attendance and Social Work Services	426,066	180,928	170,564	9,045	10,400	10,000	10,000	10,025	12,500	
Health Services	903,832	913,268	855,428	861,884	890,880	941,811	966,533	967,420	927,182	
Student & Inst. Related Services	8,667,093	9,962,348	10,950,983	11,639,734	12,048,869	11,652,786	12,227,179	12,395,976	11,999,909	19,260,335
General Administrative Services	1,135,434	1,065,655	899,140	835,180	3,453,363	3,822,606	872,452	929,077	1,091,233	1,727,546
School Administrative Services	3,815,545	4,082,427	3,792,230	3,409,905	929,071	1,120,063	3,705,997	3,906,676	4,195,262	6,707,138
Central Services and Info. Technology	1,269,576	1,381,949	1,414,568	1,483,117	1,872,608	1,844,386	1,706,302	1,682,347	1,794,776	2,327,566
Plant Operations and Maintenance	6,486,289	6,529,339	6,200,809	6,321,376	7,311,018	8,396,580	8,065,046	7,958,977	7,981,821	10,091,133
Pupil Transportation	1,819,573	1,608,981	1,914,443	1,826,799	1,974,200	2,394,399	2,768,977	3,063,355	2,483,988	3,003,297
Allocated Employee Benefits	5,785,254	5,932,855	5,817,476	6,305,195	8,397,609	8,032,117				
Unallocated Employee Benefits	5,095,877	6,379,972	6,914,814	6,714,485	4,956,683	5,321,619	13,556,417	14,129,465	15,227,477	
TPAF Pension/Social Security	5,948,156	5,976,421	7,334,294	9,217,396	8,203,459	9,428,672	10,994,683	12,463,706	14,511,019	-
Charter Schools	691,043	663,317	881,134	1,287,670	2,478,864	2,990,864	2,637,660	3,185,751	3,287,937	
Capital Outlay	2,494,355	1,982,112	764,785	1,510,974	3,187,147	600,172	663,011	1,472,478	2,391,640	4,864,802
Debt service:										
Principal	710,000	630,000	630,000	620,000	615,000	610,000	595,000	585,000	580,000	1,344,054
Interest and other charges	188,273	237,988	209,637	190,100	168,863	148,025	130,525	111,663	84,813	87,097
Total Expenditures	96,066,411	94,996,980	97,468,887	102,402,405	107,890,602	109,041,326	112,867,028	117,519,524	123,447,371	135,026,293
Excess (Deficiency) of Revenues over (under) Expenditures	(4,105,119)	(1,745,904)	1,497,828	2,761,889	(821,497)	1,592,763	317,862	763,297	2,017,290	(2,967,956)
Other Financing sources (uses)										
Transfers in	3,065	768		219,312	162,248	461,344	388,929	377,450	411,499	411,499
Transfers out	(3,065)	(768)		(219,312)	(162,248)	(482,898)	(394,433)	(377,450)	(411,499)	(411,499)
Capital Leases (Non-Budgeted)		1,338,250						924,000	800,000	-
Total Other Financing Sources (Uses)	-	1,338,250	-	-	-	(21,554)	(5,504)	924,000	800,000	-
Net Change in Fund Balances	\$ (4,105,119)	\$ (407,654)	\$ 1,497,828	\$ 2,761,889	\$ (821,497)	\$ 1,571,209	\$ 312,358	\$ 1,687,297	\$ 2,817,290	\$ (2,967,956)
Debt service as a percentage of noncapital expenditures	0.96%	0.93%	0.87%	0.80%	0.75%	0.70%	0.65%	0.60%	0.55%	1.10%

* Noncapital expenditures are total expenditures less capital outlay and debt service.

Source: District financial statements

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Refunds	Miscellaneous	Total
2010	\$ 95,646	\$ 6,281,947		\$ 57,486	\$ 242,311	\$ 6,677,390
2011	58,647	6,944,414	\$ 52,489	1,484	99,658	7,156,692
2012	966	6,900,539	66,928	143,976	64,878	7,177,287
2013	4,630	7,859,900	54,388	110,847	443,031	8,472,796
2014	320	8,543,020	40,104	119,359	510,255	9,213,058
2015	4,241	8,492,535	30,450	14,087	652,815	9,194,128
2016	56,293	4,943,156	141,642		10,356	5,151,447
2017	52,652	8,129,712	122,978	647		8,305,989
2018	126,613	7,651,040	62,300	11,535	807,058	8,658,546
2019	210,247	6,989,382	100,481		437,861	7,737,971

Source: District financial statements

HACKENSACK BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 57,531,800	\$ 2,704,803,000			\$ 1,929,082,100	\$ 323,600,400	\$ 969,174,000	\$ 5,984,191,300	\$ 28,273,057	\$ 6,012,464,357	\$ 6,130,487,593	\$ 1.038
2011	39,988,200	2,000,415,500			1,794,497,900	296,636,910	913,359,000	5,044,897,510	26,094,565	5,070,992,075	5,781,824,970	1.300
2012	47,731,400	1,998,662,800			1,740,230,570	295,561,200	891,042,000	4,973,227,970	21,534,684	4,994,762,654	5,746,741,785	1.363
2013	48,369,100	1,995,196,200			1,718,956,070	288,435,400	879,727,000	4,930,683,770	21,534,684	4,952,218,454	5,607,198,120	1.424
2014	47,055,600	1,974,545,090			1,752,931,970	283,867,900	882,157,400	4,940,557,960		4,940,557,960	5,312,764,739	1.478
2015	48,420,800	1,964,113,450			1,721,451,400	277,317,000	862,744,900	4,874,047,550		4,874,047,550	5,508,010,175	1.551
2016	42,509,300	1,883,698,300			1,926,523,500	315,236,600	994,241,400	5,162,209,100		5,162,209,100	5,162,209,100	1.491
2017	57,910,900	1,941,114,800			1,913,353,700	322,384,000	1,025,760,400	5,260,523,800		5,260,523,800	5,260,253,800	1.537
2018	67,181,700	1,972,039,200			1,953,822,500	326,749,900	1,068,679,400	5,388,472,700		5,388,472,700	5,556,091,429	1.536
2019	61,899,700	2,014,583,100			1,974,594,400	323,042,200	1,169,973,000	5,544,092,400	-	5,544,092,400	5,741,485,756	1.521

Source: County Abstract of Ratables

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^a Tax rates are per \$100

*

**HACKENSACK BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Total Direct School Tax Rate	City of Hackensack	Bergen County	Total Direct and Overlapping Tax Rate
2010	\$ 1.040	\$ 1.090	\$ 0.200	\$ 2.330
2011	1.300	1.430	0.220	2.950
2012	1.360	1.490	0.250	3.100
2013	1.420	1.540	0.260	3.220
2014	1.480	1.610	0.240	3.330
2015	1.550	1.690	0.260	3.500
2016	1.490	1.640	0.250	3.380
2017	1.540	1.640	0.240	3.420
2018	1.536	1.629	0.248	3.413
2019	1.521	1.585	0.251	3.357

Source: Municipal Tax Collector

Note: Bergen County Board of Taxation certifies only the total tax rate of each taxing entity and total tax rate of the respective municipality

HACKENSACK BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND EIGHT YEARS AGO
 (Unaudited)

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Taxpayer	2019		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Riverside Squire LTD	\$ 165,000,000	2.98%	\$ 176,084,800	3.47%
20 Prospect Avenue (HUMC)	146,160,300	2.64%	126,774,000	2.50%
GSG Residentail Prosp Tower	89,738,900	1.62%		
Hackensack VF, LLC (Vornado)	89,202,100	1.61%	71,639,700	1.41%
JD CP Investors, LLC	71,500,000	1.29%	105,637,800	2.08%
Bloomindale's Inc	70,000,000	1.26%	35,917,300	0.71%
DASA Company 414 Hackensack	51,513,600	0.93%		
Pierre Tower	50,195,000	0.91%	37,000,000	0.73%
Sebring Assoc - Excelsior I	47,995,600	0.87%		
Court Plaza Associates	46,426,500	0.84%	48,000,000	0.95%
MSNW Continental 401&411			51,455,400	1.01%
Bart VII, LLC			42,883,900	0.85%
Quail Heights			41,125,000	0.81%
	<u>\$ 827,732,000</u>	<u>15.73%</u>	<u>\$ 736,517,900</u>	<u>14.00%</u>

Source: Municipal Tax Assessor

**HACKENSACK BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 62,031,694	\$ 62,031,694	100.00%	
2011	64,779,306	64,779,306	100.00%	
2012	67,106,955	67,106,955	100.00%	
2013	69,093,004	69,093,004	100.00%	
2014	71,871,379	71,871,379	100.00%	
2015	74,147,498	74,147,498	100.00%	
2016	75,582,908	75,582,908	100.00%	
2017	79,758,684	79,758,684	100.00%	
2018	81,921,377	81,921,377	100.00%	
2019	83,501,257	83,501,257	100.00%	

Source: District financial records

HACKENSACK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/Lease Purchase Agreements			
2010	6,040,000		6,040,000	43,059.00	140
2011	5,410,000	1,075,219	6,485,219	43,293.00	150
2012	4,780,000	817,322	5,597,322	43,402.00	129
2013	4,160,000	552,286	4,712,286	43,511.00	108
2014	3,545,000	279,913	3,824,913	44,185.00	87
2015	2,935,000	-	2,935,000	44,297.00	66
2016	2,340,000	-	2,340,000	44,283.00	53
2017	1,755,000	688,809	2,443,809	44,559.00	55
2018	1,175,000	1,262,399	2,437,399	44,522.00	55
2019	595,000	1,627,368	2,222,368	44,522.00 E	50

Source: District records

E - Estimate

HACKENSACK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2010	\$ 6,040,000		\$ 6,040,000	0.10%	\$ 140
2011	5,410,000		5,410,000	0.11%	125
2012	4,780,000		4,780,000	0.10%	110
2013	4,160,000		4,160,000	0.08% *	96
2014	3,545,000		3,545,000	0.07%	80
2015	2,935,000		2,935,000	0.06%	66
2016	2,340,000		2,340,000	0.05%	53
2017	1,755,000		1,755,000	0.03%	39
2018	1,175,000		1,175,000	0.02%	26
2019	595,000		595,000	0.01%	13

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

* The Borough underwent a revaluation effective calendar year 2013

**HACKENSACK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Hackensack Board of Education (As of June 30, 2019)	\$ 595,000
City of Hackensack	<u>74,358,999</u>
	<u>74,953,999</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	44,960,316
Bergen County Utilities Authority - Water Pollution (B)	<u>17,347,316</u>
	<u>62,307,632</u>
 Total Direct and Overlapping Debt	 <u>\$ 137,261,631</u>

Source:

(1) City of Hackensack's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to the City of Hackensack by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

HACKENSACK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2018	\$ 5,857,546,967
	2017	5,677,232,679
	2016	5,586,201,818
	[A]	<u>\$ 17,120,981,464</u>
Average equalized valuation of taxable property	[A/3]	\$ 5,706,993,821
Debt limit (4 % of average equalization value)	[B]	228,279,753 a
Total Net Debt Applicable to Limit	[C]	595,000
Legal debt margin	[B-C]	<u>\$ 227,684,753</u>

Fiscal Year Ended June 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 248,344,355	\$ 247,963,206	\$ 239,997,688	\$ 229,860,092	\$ 221,207,837	\$ 218,298,105	\$ 223,061,645	\$ 227,501,240	\$ 229,364,335	\$ 228,279,753
Total net debt applicable to limit	<u>6,040,000</u>	<u>5,410,000</u>	<u>4,780,000</u>	<u>4,160,000</u>	<u>3,545,000</u>	<u>2,935,000</u>	<u>2,340,000</u>	<u>1,755,000</u>	<u>1,175,000</u>	<u>595,000</u>
Legal debt margin	<u>\$ 242,304,355</u>	<u>\$ 242,553,206</u>	<u>\$ 235,217,688</u>	<u>\$ 225,700,092</u>	<u>\$ 217,662,837</u>	<u>\$ 215,363,105</u>	<u>\$ 220,721,645</u>	<u>\$ 225,746,240</u>	<u>\$ 228,189,335</u>	<u>\$ 227,684,753</u>
Total net debt applicable to the limit as a percentage of debt limit	2.43%	2.18%	1.99%	1.81%	1.60%	1.34%	1.05%	0.77%	0.51%	0.26%

Source: Annual Debt Statements

**HACKENSACK BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	43,059	\$ 67,308	9.60%
2011	43,293	64,280	9.20%
2012	43,402	65,992	8.80%
2013	43,511	68,865	7.70%
2014	44,185	71,789	6.50%
2015	44,297	71,100	5.50%
2016	44,283	73,637	5.00%
2017	44,559	76,821	4.70%
2018	44,522	77,901	4.30%
2019	44,522 E	81,203	4.30% E

N/A - Not Available

Source: New Jersey State Department of Education

HACKENSACK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	<u>2019</u>		<u>2010</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

HACKENSACK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function/Program</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>2019</u>
Instruction										
Regular	413	375	304	310	284	280	526	427	438	444
Special Education	143	135	216	220	184	193	105	128	163	101
Other Special Education										70
Vocational										
Other Instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services	74	17	85	87	87	89	60	86	40	86
General administrative services	6	6	6	6	6	4	3	4	5	18
School administrative services	39	42	52	60	63	37	36	38	39	49
Business Administrative Services	16	15	16	14	14	17	14	14	18	12
Plant operations and maintenance	56	51	62	81	68	65	51	62	56	76
Pupil transportation										1
Total	<u>747</u>	<u>641</u>	<u>741</u>	<u>778</u>	<u>706</u>	<u>685</u>	<u>795</u>	<u>759</u>	<u>759</u>	<u>857</u>

Source: District Personnel Records

HACKENSACK BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Teacher/Pupil
 Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2010	5,063	\$ 92,673,783	\$ 18,304	3.25%	556	1:23	1:25	1:25	5,033	4,759	2.67%	94.56%
2011	5,114	92,146,880	18,019	-1.56%	510	1:23	1:25	1:25	5,132	4,893	1.97%	95.34%
2012	5,258	95,864,465	18,232	1.19%	520	1:11	1:10	1:10	5,224	4,994	1.79%	95.60%
2013	5,384	100,081,331	18,589	1.96%	531	1:10	1:10	1:12	5,406	5,261	3.48%	97.32%
2014	5,506	103,919,592	18,874	1.53%	467	1:12	1:12	1:12	5,463	5,232	1.05%	95.77%
2015	5,673	107,704,683	18,985	0.59%	473	1:12	1:11	1:13	5,631	5,391	3.08%	95.74%
2016	5,690	111,483,996	19,593	3.20%	631	1:8	1:09	1:11	5,662	5,444	0.55%	96.15%
2017	5,657	115,350,383	20,391	4.07%	555	1:10	1:10	1:11	5,645	5,451	-0.30%	96.56%
2018	5,678	120,390,918	21,203	3.98%	601	1:8	1:10	1:12	5,673	5,403	0.50%	95.24%
2019	5,770	128,730,340	22,310	5.22%	545	1:11	1:10	1:10	5,729	5,451	0.99%	95.15%

Sources: District records

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

**HACKENSACK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
Nellie K. Parker School										
Square Feet	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280	80,280
Capacity (students)	539	539	539	539	539	539	539	539	539	539
Enrollment	440	499	531	568	541	581	585	575	542	495
Fairmount School										
Square Feet	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000	61,000
Capacity (students)	611	611	611	611	611	611	611	611	611	611
Enrollment	559	599	665	670	601	579	581	557	560	603
Fanny M. Hillers School										
Square Feet	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	516	564	568	562	504	569	583	575	532	519
Jackson Avenue School										
Square Feet	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800	60,800
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment	430	479	468	454	399	433	430	424	413	424
ECDC										
Square Feet					40,309	40,309	40,309	40,309	40,309	40,309
Capacity (students)					490	490	490	490	490	490
Enrollment					280	275	309	276	265	277
<u>Middle School</u>										
Middle School										
Square Feet	103,293	103,293	103,293	103,293	141,932	141,932	141,932	141,932	141,932	141,932
Capacity (students)	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161	1,161
Enrollment	673	633	630	1,327	1,406	1,395	1,401	1,415	1,465	1,509
<u>High School</u>										
Hackensack High School										
Square Feet	158,243	158,243	158,243	158,243	267,349	267,349	267,349	267,349	267,349	267,349
Capacity (students)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Enrollment	1,712	1,715	1,729	1,803	1,775	1,816	1,813	1,835	1,901	1,943

HACKENSACK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other										
Administration Building										
Square Feet	10,000	10,000	10,000	10,000	7,516	7,516	7,516	7,516	7,516	7,516
5/6 School										
Square Feet	29,977	29,977								
Capacity (students)	525	525								
Enrollment	589	625								

Number of Schools at June 30, 2019
 Elementary = 5
 Middle School = 1
 High School = 2
 Other School = 2

Source: District Records

**HACKENSACK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

	Project # (s)	<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>2019</u>
<u>School Facilities</u>											
Hackensack High School	N/A	235,489	206,518	218,177	277,050	325,944	406,956	289,651	311,184	345,441	455,351
Middle School	N/A	323,929	347,638	130,216	158,843	173,039	216,047	153,772	165,203	183,389	241,740
Nellie K. Parker School	N/A	88,767	64,689	52,481	66,681	97,875	122,201	86,977	93,443	103,730	136,734
Fairmount School	N/A	97,089	70,851	35,413	66,083	74,369	92,854	66,088	71,002	78,818	103,896
Fanny M. Hillers School	N/A	173,251	89,141	109,118	145,988	97,534	121,775	86,673	93,117	103,368	136,257
Jackson Avenue School	N/A	45,469	75,812	57,598	113,845	74,125	92,549	65,872	70,769	78,559	103,555
ECDC	N/A					49,144	61,358	43,672	46,918	52,083	68,655
Administration Building	N/A	54,389	37,797	63,035	3,966	9,163	11,441	8,143	8,748	9,712	12,801
Total School Facilities		<u>1,018,383</u>	<u>892,446</u>	<u>666,038</u>	<u>832,456</u>	<u>901,193</u>	<u>1,125,181</u>	<u>800,848</u>	<u>860,384</u>	<u>955,100</u>	<u>1,258,989</u>
<u>Other Facilities</u>											
		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>1,018,383</u>	<u>892,446</u>	<u>666,038</u>	<u>832,456</u>	<u>901,193</u>	<u>1,125,181</u>	<u>800,848</u>	<u>860,384</u>	<u>955,100</u>	<u>1,258,989</u>

Source: District Records

Source: School District's financial statements

HACKENSACK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2019
(Unaudited)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>		<u>Deductible</u>	
NJ School Board Association Insurance Group/North Jersey Educational Insurance Fund	Property -				
	Real and Personal Property	\$ 500,000,000	\$	5,000	
	Total Building and Content Insured Value	\$ 184,803,442			
	Extra Expense	\$ 50,000,000	\$	5,000	
	Valuable Papers and Records	\$ 10,000,000	\$	5,000	
	Demolition and Increased Cost of Construction	\$ 25,000,000		N/A	
	Loss of Rents	\$ 618,285		N/A	
	Loss of Business Income/Tuition	\$ 100,000		N/A	
	Limited Builders Risk	\$ 10,000,000		N/A	
	Fire Department Service Charge	\$ 10,000		N/A	
	Arson Reward	\$ 10,000		N/A	
	Pollutant Cleanup and Removal	\$ 250,000		N/A	
	Sublimits: Special Flood Hazard Area Flood Zones	\$ 25,000,000	\$	1,000,000	
	Accounts Receivable	\$ 250,000		N/A	
	All Flood Zones	75,000,000	\$	10,000	
	Earthquake	\$ 50,000,000		N/A	
	Terrorism	\$ 1,000,000		N/A	
	Electronic Data Processing -				
	Data Processing Equipment	\$ 2,500,000	\$	1,000	
	Equipment -				
	Combined Single Limit per Accident for Property Damage and Business Income	\$ 100,000,000	\$	5,000	
	Crime -				
	Public Employee Dishonesty with Faithful Performance	\$ 500,000	\$	1,000	
	Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$ 50,000	\$	500	
	Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$ 50,000	\$	500	
	Forgery or Alteration	\$ 50,000	\$	500	
Computer Fraud	\$ 50,000	\$	50		
Comprehensive General Liability -					
Bodily Injury and Property Damage	\$ 31,000,000		N/A		
Products and Completed Operations	\$ 31,000,000		N/A		
Sexual Abuse	\$ 17,000,000		N/A		
Personal Injury and Advertising Injury	\$ 31,000,000		N/A		
Employee Benefits Liability	\$ 31,000,000		N/A		
Terrorism	\$ 1,000,000		N/A		
Automobile -					
Bodily Injury and Property Damage	\$ 31,000,000		N/A		
Public Employees' Faithful Performance Blanket Position Bond - Board Secretary	\$ 500,000		N/A		

Source: District Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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 AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees or Board of Education
Hackensack Board of Education
Hackensack, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hackensack Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Hackensack Board of Education's basic financial statements and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Whatever of Education'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 Hackensack Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hackensack Board of Education'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hackensack Board of Education'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 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 and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002 and 2019-003.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hackensack Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 22, 2019.

Hackensack Board of Education's Responses to Findings

The Hackensack Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Hackensack Board of Education'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 Hackensack Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 22, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees or Board of Education
Hackensack Board of Education
Hackensack, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Hackensack Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Hackensack Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. The Hackensack Board of Education'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 the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hackensack Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hackensack Board of Education'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 Hackensack Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Hackensack Board of Education 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 fiscal year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2019-004 through 2019-007. Our opinion on each major federal and state program is not modified with respect to these matters.

The Hackensack Board of Education's responses to the noncompliance findings identified in our audit is/are described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Hackensack Board of Education 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 Hackensack Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. 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 Hackensack Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-005 that we consider to be a significant deficiency.

The Hackensack Board of Education's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Hackensack Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the Hackensack Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 22, 2019

HACKENSACK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2018					Returned To Grantor	Adjustment / Cancelled Payables	Balance, June 30, 2019			Memo GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor	Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)			Adjust Receivable	Cash Received	Budgetary Expenditures	
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund																
National School Lunch Program	10.555															
Non-Cash Assistance (Food Distribution)		181NJ304N1099	N/A	7/1/18-6/30/19	\$ 134,146									\$ 1,763		
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	1,479,811											\$ (124,032)
Cash Assistance		181NJ304N1099	N/A	7/1/17-6/30/18	1,351,559		\$ (285,796)									
National School Snack Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	65,606											
National School Snack Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	48,292		(9,072)									
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	721,922											
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	617,291	\$ -	(135,634)	-	-	-	-	-	-	-	-	-
Total U.S. Department of Agriculture/Child Nutrition Cluster						-	(430,502)	-	-	-	-	-	-	1,763	(194,049)	-
Total Enterprise Fund						-	(430,502)	-	-	-	-	-	-	1,763	(194,049)	-
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund																
IDEA Part B	84.027	H027A180100	IDEA-1860-19	7/1/18-9/30/19	1,437,197			46,490	(46,490)		1,360,417	1,457,536		26,151	(123,270)	
IDEA Part B	84.027	H027A170100	IDEA-1860-18	7/1/17-6/30/18	1,419,259	46,490	(201,585)	(46,490)	46,490		155,096		2,923	-	-	2,924
IDEA Preschool	84.173	H173A180114	IDEA-1860-19	7/1/18-9/30/19	51,972			22,425	(22,425)		60,720	74,397			(13,677)	
IDEA Preschool	84.173	H173A170114	IDEA-1860-18	7/1/17-6/30/18	50,482	22,425	(28,057)	-	(22,425)	22,425	5,632				-	
Total Special Education Cluster (IDEA)						68,915	(229,642)	-	-	-	1,581,865	1,531,933		2,923	(136,947)	2,924
ESEA Title I	84.010	S010A180030	ESEA-1860-19	7/1/18-9/30/19	1,292,169			192,514	(192,514)		936,525	1,148,769		335,914	(548,158)	
ESEA Title I Reallocated	84.010	S010A180030	ESEA-1860-19	7/1/18-9/30/19	145,856						102,971			42,885	(145,856)	
ESEA Title I	84.010	S010A170030	ESEA-1860-18	7/1/17-6/30/18	1,783,431	192,514	(588,285)	-	(192,514)	192,514	395,770			14,763		14,762
Total Title I						192,514	(588,285)	-	-	-	1,332,295	1,251,740		14,763	(694,014)	14,762
ESEA Title II - A	84.367A	S367A180029	ESEA-1860-19	7/1/18-9/30/19	191,757			31,113	(31,113)		151,577	196,635		26,235	(71,293)	
ESEA Title II - A	84.367A	S367A170029	ESEA-1860-18	7/1/17-6/30/18	197,823	31,113	(64,305)	-	(31,113)	31,113	33,191			135		134
Total Title II						31,113	(64,305)	-	-	-	184,768	196,635		135	(71,293)	134
ESEA Title III	84.365	S365A180030	ESEA-1860-19	7/1/18-9/30/19	110,588						78,887	103,716		6,872	(31,701)	
ESEA Title III	84.365	S365A170030	ESEA-1860-18	7/1/17-6/30/18	104,137		(15,526)				15,526					
ESSA Title III - Immigrant	84.365	S365A180030	ESEA-1860-19	7/1/18-9/30/19	29,481			12,757	(12,757)		16,331	27,953		14,285	(25,907)	
ESSA Title III - Immigrant	84.365	S365A170030	ESEA-1860-18	7/1/17-6/30/18	25,906	12,757	(31,895)	-	(12,757)	12,757	19,140			(2)		
Total Title III						12,757	(47,421)	-	-	-	129,884	131,669		(2)	(57,608)	
ESEA Title IV	84.424	S424A180031	ESEA-1860-19	7/1/18-9/30/19	77,721						59,060	76,162		1,559	(18,661)	
ESEA Title IV	84.424	S424A170031	ESEA-1860-18	7/1/17-6/30/18	17,489		(5,634)				5,634					
Total Title IV						-	(5,634)	-	-	-	64,694	76,162		1,559	(18,661)	
Vocational Education - Perkins	84.048A	V048A180030	V048A170030	7/1/18-6/30/19	48,191						31,119	34,252		13,939	(17,072)	
Vocational Education - Perkins	84.048A	V048A170030	V048A170030	7/1/17-6/30/18	50,146		(9,125)				9,125			1,600		1,600
						-	(9,125)	-	-	-	40,244	34,252		1,600	(17,072)	1,600
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/17-6/30/18	73,892		(35,250)								(35,250)	
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/16-6/30/17	127,400	158								158		
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/14-6/30/15	107,475		(979)								(979)	
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/13-6/30/14	108,000		(2,577)								(2,577)	
Project ACES	17.259	AA-26795-16-55-A-34	N/A	7/1/12-6/30/13	57,600		(2,799)								(2,799)	
						158	(41,605)	-	-	-	-	-	-	158	(41,605)	-
Total U.S. Department of Education						305,457	(986,017)	-	-	-	3,333,750	3,222,391		19,419	(1,037,200)	19,420
Total Special Revenue Fund						305,457	(986,017)	-	-	-	3,333,750	3,222,391		19,419	(1,037,200)	19,420

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

HACKENSACK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2018			Carryover/ Deferred Revenue	Carryover/ (Accounts Receivable)	Adjust Receivable	Cash Received	Budgetary Expenditures	Returned To Grantor	Adjustment / Cancelled Payables	Balance, June 30, 2019			Memo GAAP Receivable
						Unearned Revenue	(Accounts Receivable)	Due to Grantor								Unearned Revenue	(Accounts Receivable)	Due to Grantor	
U.S. Department of Health and Human Services																			
Medicaid Cluster																			
General Fund:																			
Medicaid Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	7/1/18-6/30/19	222,763	-	-	-	-	-	\$ 222,763	\$ 222,763	-	-	-	-	-	-	-
Total General Fund Fund						-	-	-	-	-	222,763	222,763	-	-	-	-	-	-	-
Total Federal Awards						\$ 305,457	\$ (1,416,519)	\$ -	\$ -	\$ -	\$ 6,194,452	\$ 5,844,877	\$ -	\$ 19,419	\$ 469,761	\$ (1,231,249)	\$ 19,420	\$ (763,409)	

Note: The Federal programs are not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

HACKENSACK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Transfers / Adjustments	Balance, June 30, 2019			MEMO	
				Balance, July 1, 2018	Carryover Amount					Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
<u>General Fund</u>														
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 11,629,505			\$ 10,569,204	\$ 11,629,505				\$ (1,060,301)			\$ 11,629,505
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	11,394,979	(970,410)		970,410					-			
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	2,121,557			1,928,128	2,121,557				(193,429)			2,121,557
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	424,121	(36,119)		36,119					-			
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	4,787,838			4,351,314	4,787,838				(436,524)			4,787,838
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,875,902	(244,915)		244,915					-			
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	51,290	(4,368)		4,368					-			
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	51,290	(4,368)		4,368					-			
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	54,210	(4,617)		4,617					-			
Total State Aid Public Cluster				(1,264,797)	-	18,113,443	18,538,900				(1,690,254)			18,538,900
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	682,382			620,167	682,382				(62,215)			682,382
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	120,857	(10,292)		10,292					-			
Total Transportation Aid Cluster				(10,292)	-	630,459	682,382				(62,215)			682,382
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	1,297,201				1,297,201				(1,297,201)			1,297,201
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	913,401	(909,865)		913,401	3,536				-			3,536
On-Behalf TPAF Pension System Contributions NCGI	19-495-034-5094-004	7/1/18-6/30/19	183,401			183,401	183,401				-			183,401
On-Behalf TPAF Pension System Contributions Normal Costs and Accrued Liability	19-495-034-5094-002	7/1/18-6/30/19	8,761,476			8,761,476	8,761,476				-			8,761,476
On-Behalf TPAF Contributions (Post Retirement Medical)	19-495-034-5094-001	7/1/18-6/30/19	4,057,382			4,057,382	4,057,382				-			4,057,382
On-Behalf TPAF Contributions (Long-Term Disability Insurance Premium)	19-495-034-5094-004	7/1/18-6/30/19	5,564			5,564	5,564				-			5,564
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	3,495,018			3,320,448	3,495,018				(174,570)		\$ (174,570)	3,495,018
Total General Fund				(2,184,954)	-	35,985,574	37,024,860				(3,224,240)		(174,570)	37,024,860
Special Revenue:														
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	\$ 2,250,608		\$ 48,127	2,045,413	2,078,886		\$ 411,499	\$ 631,348	\$ (205,195)			\$ 2,078,886
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	826,909	(34,564)	(48,127)	82,691					-			
New Jersey Nonpublic Aid:														
<u>Auxiliary Services:</u>														
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	69,374			69,374	27,759					\$ 41,615		27,759
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	38,977	10,034				\$ 10,034			-			
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	10,840	10,840				10,840			-			
Total Auxiliary Services (Chapter 192) Cluster				20,874	-	69,374	27,759	20,874			-		41,615	27,759
See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance														

HACKENSACK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2019							MEMO			
				Balance, July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Transfers / Adjustments	Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	\$ 16,022			\$ 16,022	\$ 11,108					4,914		11,108
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	5,357			5,357	2,702					2,655		2,702
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	23,155			23,155	9,516					13,639		9,516
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	12,687	4,440	-	-	-	4,440	-	-	-	-	-	-
Total Handicapped Services (Chapter 193) Cluster				4,440	-	44,534	23,326	4,440	-	-	-	21,208	-	23,326
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	5,500			5,500	5,317					183		5,317
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	6,683	21				21				-		-
Nursing Services	18-100-034-5120-070	7/1/18-6/30/19	10,185			10,185	10,185							10,185
Nonpublic Technology	18-100-034-5120-373	7/1/18-6/30/19	3,708			3,708	3,649					59		3,649
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	4,514	110				110						-
Nonpublic Security	19-100-034-5120-509	7/1/18-6/30/19	15,750			15,750	7,875					7,875		7,875
Friendly Family	FF07015	7/1/18-6/30/19	45,463			45,463	43,300					2,163		43,300
Friendly Family	FF07015	7/1/17-6/30/18	45,963	1,689								1,689		-
School Based Youth Service Program	100-054-7500-068	7/1/18-6/30/19	299,940			299,940	299,584					356		299,584
School Based Youth Service Program	100-054-7500-068	7/1/17-6/30/18	303,940	5,727								5,727		-
Total Special Revenue Fund				(1,703)	-	2,622,558	2,499,881	25,445	411,499	631,348	(205,195)	80,875	-	2,499,881
State Department of Agriculture														
<u>Enterprise Fund</u>														
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	29,516			27,066	29,516				(2,450)		(2,450)	29,516
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	30,319	(5,656)		5,656			\$ -					-
Total Enterprise Fund				(5,656)	-	32,722	29,516	-	-	-	(2,450)	-	(2,450)	29,516
Total State Financial Assistance Subject to Single Audit Determination				(2,192,313)	-	38,640,854	39,554,257	25,445	411,499	631,348	(3,431,885)	80,875	(177,020)	39,554,257
State Financial Assistance Not Subject to Major Program Determination														
<u>General Fund</u>														
On-Behalf TPAF Pension System Contributions-NCGI	19-495-034-5094-004	7/1/18-6/30/19	183,401			(183,401)	(183,401)							(183,401)
On-Behalf TPAF Normal Costs	19-495-034-5094-002	7/1/18-6/30/19	8,761,476			(8,761,476)	(8,761,476)							(8,761,476)
On-Behalf TPAF Post-Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	4,057,382			(4,057,382)	(4,057,382)							(4,057,382)
On-Behalf TPAF Long-Term Disability Ins. Contributions	19-495-034-5094-004	7/1/18-6/30/19	5,564			(5,564)	(5,564)							(5,564)
Total State Financial Assistance Subject to Major Program Determination				\$ (2,192,313)	\$ -	\$ 25,633,031	\$ 26,546,434	\$ 25,445	\$ 411,499	\$ 631,348	\$ (3,431,885)	\$ 80,875	\$ (177,020)	\$ 26,546,434

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Hackensack Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using 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 Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$1,744,581 for the general fund and an increase of \$34,564 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 222,763	\$ 35,250,279	\$ 35,473,042
Special Revenue Fund	3,222,391	2,122,946	5,345,337
Food Service Fund	<u>2,399,723</u>	<u>29,516</u>	<u>2,429,239</u>
Total Awards and Financial Assistance	<u>\$ 5,844,877</u>	<u>\$ 37,402,741</u>	<u>\$ 43,247,618</u>

**HACKENSACK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,495,018 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$8,944,87, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,057,382 and TPAF Long-Term Disability Insurance in the amount of \$5,654 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

HACKENSACK BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified? yes X no

(2) Significant deficiencies identified that are not considered to be material weaknesses? yes X 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 Title 2 Part 200 of U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027/84.173</u>	<u>H027A180100/H173A180114</u>	<u>IDEA Part B Basic / IDEA Preschool</u>
<u>84.367A</u>	<u>S367A180029</u>	<u>Title II, Part A</u>

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

Auditee qualified as low-risk auditee? X yes no

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2019-001

Our audit of year end open purchase orders revealed certain accounts payable that should have been classified as encumbrances and certain encumbrances that should have been classified as accounts payable. Additionally, we noted certain liabilities that were not recorded in the District's accounting records at year end.

Criteria or specific requirement:

Internal controls over year end closing procedures of open purchase orders.

Condition

Certain open purchase orders at June 30, 2019 were determined to not have been classified properly between accounts payable and encumbrances. In addition, certain liabilities were not recorded at year end.

Context

- Accounts payable recorded in the Special Revenue Funds for goods and services received after June 30, 2019 totaling \$128,878 were determined to be encumbrances.
- Two (2) purchase orders classified as reserve for encumbrances should have been classified as accounts payable totaling \$290,959 in the General Fund.
- Liabilities for the TPAF pension reimbursement for federally funded salaries, the June 2019 supplemental payroll and the estimated retroactive pay for administrators were not recorded at June 30, 2019. Total unrecorded liabilities were \$349,575 at June 30, 2019.

Effect

Financial statements do not properly reflect liabilities, expenditures and fund balance at year end.

Cause

Unknown.

Recommendation

- Procedures be revised to ensure open purchase orders are reviewed at year end for proper classification as accounts payable or encumbrances. Additionally, greater care be taken to ensure all liabilities are recorded in the District's accounting records at year end.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2019-002

We noted the financial transactions of a \$1,500,730 lease-purchase bank account with TD Wealth Bank for the acquisition of chromebooks and various information technology items and a \$800,000 lease-purchase bank account with Peapack Gladstone Bank for the acquisition of a phone system were not being recorded in the District's accounting records. In addition, the payments made by the banks (fiscal agents) to vendors from these accounts were not included on the bills list and therefore not approved by the Board in the official minutes.

Criteria or specific requirement:

State Department of Education's GAAP Technical Accounting Manual

Condition:

The transactions relating to two (2) lease-purchase agreement bank accounts maintained by a Fiscal Agents were not reported in the District's accounting records. Also, payments made by the Fiscal Agent as directed by the District Administration were not approved by the Board in the minutes.

Context

The transactions related to the \$1,500,730 chromebook and various information technology items and \$800,000 phone system lease-purchase bank accounts were not reflected in the District's internal accounting records during the year and, therefore, were not included in the Board Secretary's report.

Effect

Accounting records did not reflect all financial transactions of the District.

Cause

Unknown.

Recommendation

The District record all the transactions of its lease-purchase agreement bank accounts in their financial accounting records and vendor payments be included on the bills list presented to the Board, be approved by Board action and be made part of the official minutes prior to payment by the Fiscal Agent.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2019-003

The District was not in compliance with Secondary Market Disclosure requirements in conjunction with the District's outstanding school bonds.

Criteria or specific requirement:

Security and Exchange Commission (SEC) Rule 15c 2-12.

Condition:

The Board is not in compliance with their previous bond undertaking to provide certain secondary market disclosure.

Context

Continuing disclosure requirements were not filed through the Municipal Security Rulemaking Board's Electronic Municipal Marketplace access (EMMA) Website.

Effect

Non-Compliance with Secondary Market Disclosure requirements.

Cause

Unknown.

Recommendation

The District take appropriate action to ensure compliance with Secondary Market Disclosure requirements with respect to its outstanding school bonds.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There were none.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-004

Our audit revealed certain expenditures that were not classified and charged to the proper budget account lines in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools.

State Program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition:

Purchase of security cameras, lease payments for a phone system and student accident insurance were charged to regular instruction and school sponsored athletics rather than to the proper budget function codes of security and general administration.

Questioned Costs:

Unknown.

Context:

Phone system lease payments totaling \$170,000 and the purchase of security cameras totaling \$124,450 were charged to regular instruction budget line accounts and student accident insurance totaling \$10,169 was charged to school sponsored athletic instruction.

Effect:

The District is not in compliance with the State of New Jersey Grant Compliance Supplement and Uniform Minimum Chart of Accounts.

Cause:

Unknown.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-004 (Continued)

Recommendation:

Procedures be enhanced to ensure expenditures are charged to the proper budget line accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-005

Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- Our audit indicated several vendors paid in excess of the bid threshold were based on the use of state contracts or cooperative purchasing agreements which were not approved by the Board and included in the official minutes. Furthermore, the applicable state contract and cooperative purchasing agreements were not provided in order to determine the validity of the contracts.
- We noted approved change orders to a contract that exceeded 20% of the original contract were not published in the official newspaper detailing the additional amount to be expended, the original contract price and the nature of the additional work in accordance with the New Jersey Administrative Code (N.J.A.C. 5:30-11.9).
- We noted instances where Political Contribution Disclosure Forms (PCDF) were not provided by vendors and maintained on file as required.
- We noted numerous instances where Board approved professional service contract awards in excess of the bid threshold were not subsequently published in the District’s official newspaper as required by the Public School Contracts Law (N.J.S.A. 18A:18A-5(a)(1)).

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-005 (Continued)

Condition:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law and State procurement guidelines.

Questioned Costs:

Unknown.

Context:

- Purchases and contracts in excess of the bid threshold for roof replacement, food service management services, transportation services, turf field, food service equipment, custodian supplies, furniture, light speed services, boiler repairs and plumbing supplies were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.
- Purchases for technology services, painting services and the purchase of wall mats were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.
- Eight (8) vendors were noted, which were paid in excess of the bid threshold for which the District utilized state contracts or cooperative pricing agreements. Such contracts were not approved by the board in the official minutes, furthermore, documentation to support the specific state contract and/or cooperative purchasing agreement contract utilized was not maintained by the District.
- A notice was not published in the District's official newspaper for change orders totaling \$336,000 to a contract awarded for \$1,254,000 for boiler replacement.
- Numerous vendors did not provide PCDF to the District that were required under State guidelines.
- Professional service contract awards were not publically advertised for legal, architectural, engineering, security services or substitute services as required by Public School Contract Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-005 (Continued)

Recommendation:

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid and quote threshold are procured in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Contract awards and purchases made in excess of the bid threshold through the use of State contracts and cooperative purchasing agreements be approved by the Board in the official minutes. In addition, documentation be maintained on file and made available for audit to support the District's awards pursuant to State contract and cooperative purchasing agreements.
- A notice be published in the District's official newspaper when change orders exceed 20% of the original contract amount as required by New Jersey Administrative Code.
- Procedures be revised to ensure Political Contribution Disclosure Forms are obtained from vendors and maintained on file as required.
- Procedure be enhanced to ensure professional service contract awards are subsequently published in the District's official newspaper as required by the Public School Contracts Law.

Views of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-006

Our audit revealed several transportation contracts and renewals were not supported by a signed Executive County Superintendent approval memo and/or a certified copy of the Board minutes approving the contract.

State Program Information:

Transportation Aid 495-034-5120-014

Criteria or Specific Requirement:

State Grant Compliance Supplement – Transportation Aid – Special Test and Provision

Condition:

Transportation contracts were awarded or renewed through a coordinated transportation services agency (CTSA) however, the Board did not formally approve the contracts or renewals by resolution nor was the approval of the Executive County Superintendent provided for audit.

Questioned Costs:

Unknown.

Context:

Transportation contracts and renewals for out of District routes were not supported by a signed Executive County Superintendent's approval memo or certified copy of the Board minutes approving the contract.

Effect:

The District is not in compliance with the State of New Jersey Grant Compliance Supplement for Transportation Aid.

Cause:

Unknown.

Recommendation:

All transportation contracts and renewals be supported by a signed Executive County Superintendent approval memo and a certified copy of the Board minutes approving the contract.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2019-007

Our audit revealed transportation contracts awarded through a coordinated transportation services agency in excess of the bid threshold in which no contract documentation was provided to the District.

State Program Information:

Transportation Aid 495-034-5120-014

Criteria or Specific Requirement:

State grant compliance supplement – Transportation – Special Tests and Provisions N.J.S.A. 18A:18A –Public School Contract Law.

Condition:

See 2019-007.

Questioned Costs:

Unknown.

Context:

See 2019-007 for transportation services.

Effect:

Noncompliance with the Grant Compliance Supplement-Transportation Aid and requirements of the requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedure over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are procured in accordance with the requirements of Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contract Law (N.J.S.A. 18A:18A).

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will review and revise its procedures to ensure corrective action is taken.

**HACKENSACK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2018-001

Condition:

1. There were instances in which the District claimed students as free and reduced on the Application for State School but were not able to provide a valid application for review and in some instances the District claimed students as free or reduced that were determined to be paid status.
2. There were instances in which students claimed as LEP were not reported on the WiDa Report provided by the District and there were instances in which students whose WiDa scores did not qualify them as LEP were included in the reported number.
3. There was single instance in which a student was included on the DRTRS count but it was determined that said student never attended the Charter School.

Current Status

Corrective action has been taken.