

# HASBROUCK HEIGHTS SCHOOL DISTRICT

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*Where Tradition and Innovation Take Flight*

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

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2019*

# **Hasbrouck Heights School District**

## **Hasbrouck Heights, New Jersey**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019

Prepared by

Business Office

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Note: The schedules denoted with N/A are not applicable in the current year. However, the New Jersey Department of Education requires the District to reference all schedules included in its sample Comprehensive Annual Financial Report.

## **Introductory Section**

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

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

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

December 20, 2019

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

Dear Board Members:

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

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

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

**2) EDUCATIONAL PROGRAM:** The District provides a full range of educational services appropriate to grade levels Pre-K through 12 for regular and special education handicapped youngsters serving approximately 1786 students. All schools are accredited by the New Jersey State Department of Education. The District is served by 142.6 (FTE) teachers and 9 (FTE) administrators. Approximately 79% of the faculty has earned masters degrees.



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

The District's Spring 2019 results for Language Arts Literacy (LAL) and Mathematics are as follows:

	<u>Language Arts Literacy (LAL)</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	4.9%	8.2%	19.7%	54.9%	12.3%
Grade 4	1.5%	2.3%	11.5%	52.7%	32.1%
Grade 5	3.5%	6.9%	15.3%	52.1%	22.2%
Grade 6	3.3%	12.7%	22.7%	46.7%	14.7%
Grade 7	3.1%	4.3%	13.0%	46.9%	32.7%
Grade 8	5.1%	9.5%	18.4%	36.7%	30.4%
Grade 9	9.1%	13.6%	29.5%	37.9%	9.8%
Grade 10	11.8%	10.3%	22.8%	34.6%	20.6%

	<u>Mathematics</u>				
	Did not yet meet Expectations	Partially Met Expectations	Approaching Expectations	Met Expectations	Exceeded Expectations
Grade 3	2.5%	3.3%	24.6%	51.6%	18.0%
Grade 4	3.0%	6.1%	20.5%	58.3%	12.1%
Grade 5	4.1%	9.0%	23.4%	51.7%	11.7%
Grade 6	4.0%	22.1%	28.2%	40.3%	5.4%
Grade 7	3.1%	5.6%	37.7%	31.5%	22.2%
Grade 8	8.3%	13.9%	22.2%	52.8%	2.8%
Algebra I	4.8%	13.7%	19.2%	52.1%	10.3%
Algebra II	2.9%	14.7%	34.3%	42.2%	5.9%
Geometry	2.4%	4.8%	14.3%	73.8%	4.8%

The District completed the 2018-2019 fiscal year with an average daily enrollment of 1,780 students, which is a decrease of 20 students compared to the previous year's average daily enrollment.

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

<u>Average Daily Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019	1,780	(1.11)%
2018	1,800	(2.73)%
2017	1,850	(0.48)%
2016	1,859	(0.59)%
2015	1,870	(0.48)%

**3) ECONOMIC CONDITION AND OUTLOOK:** The District’s primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2018-2019 school year. The District’s administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

**4) MAJOR INITIATIVES:** Specific initiatives for the 2018-2019 school year include the following accomplishments:

- Revamped the entire Intervention and Referral Service process
- Enhanced staff knowledge of Google Docs through professional development
- Developed web design courses for high school students
- Added theater and world language courses for middle school students

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2019.

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

**8) DEBT ADMINISTRATION:** At June 30, 2019, the District had \$4,140,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

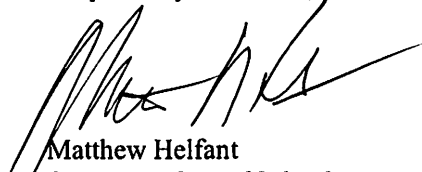
**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in “Notes to the Financial Statements,” Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

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

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

Respectfully submitted,

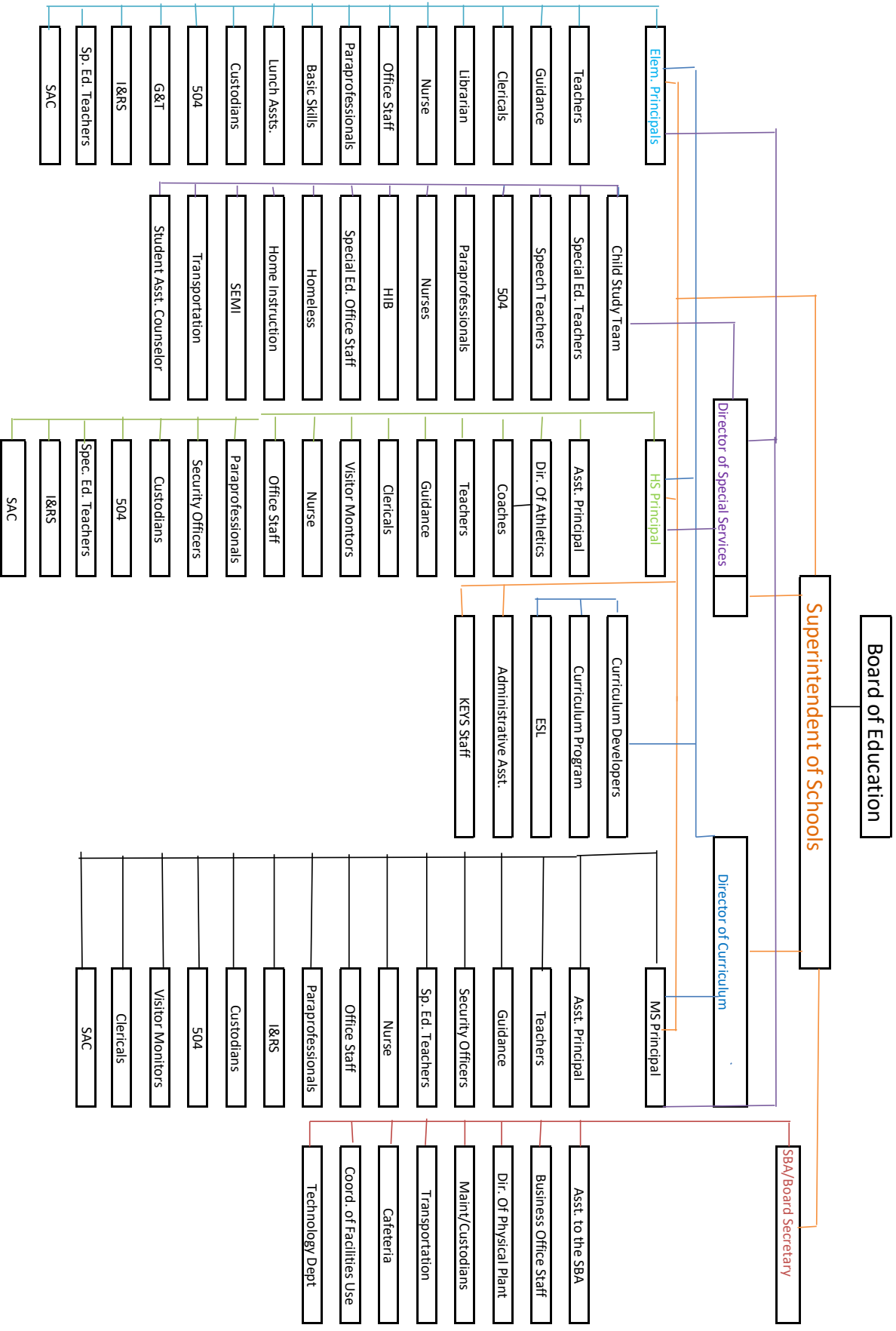


Matthew Helfant  
*Superintendent of Schools*



Dina Messery  
*Business Admin/Board Secretary*

**ORGANIZATIONAL CHART**  
 Hasbrouck Heights Public Schools



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

**ROSTER OF OFFICIALS  
JUNE 30, 2019**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Robert Salerno – President	2020
Alan Baker – Vice President	2021
Patricia Caruso	2019
Robert Faussette	2019
Joseph Rinke	2019
Jillian Ferdinand	2020
Nicole Russo	2020
Christopher DeLorenzo	2021
Open Seat	2021

**Other Officials**

Matthew Helfant – *Superintendent of Schools*

Dina Messery - *Board Secretary/School Business Administrator*

HASBROUCK HEIGHTS BOARD OF EDUCATION  
HASBROUCK HEIGHTS, NEW JERSEY

CONSULTANTS AND ADVISORS

**Architect**

EI Associates  
6 Ridgedale Avenue  
Cedar Knolls, New Jersey 07927

**Audit Firm**

PKF O'Connor Davies, LLP  
20 Commerce Drive  
Cranford, New Jersey 07016

**Attorney**

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

**Official Depository**

Valley National Bank  
1445 Valley Road  
Wayne, New Jersey 07470

## **Financial Section**

## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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



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

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

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

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

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

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The introductory and statistical sections, 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 December 20, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 20, 2019

*David J. Gannon*

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

**Required Supplementary – Part I**  
**Management’s Discussion and Analysis**

**HASBROUCK HEIGHTS PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
UNAUDITED**

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

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2018 - 2019 are as follows:

The district's general fund balance increased by \$81,726 to \$3,501,570.

Total revenues increased by \$2,425,500 in comparison to revenues from June 30, 2018.

General revenues accounted for \$43.3 million in revenue or 96% of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$1.8 million or 4% of total governmental revenues of \$45.1 million.

**USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

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

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

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

**Statement of Net Position and the Statement of Activities**

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

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

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

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

**Governmental Activities**

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

**Business Type Activities**

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

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Financial Statements**

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

## The School District as a Whole

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

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

	<b>Table 1 - Net Position</b>	
	2019	2018
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,812,744	\$ 3,898,355
Accounts Receivable - Net	2,858,856	2,564,032
Capital Assets - Net	13,628,601	13,489,305
Total Assets	20,300,201	19,951,692
Deferred Outflows of Resources	1,686,707	2,330,150
Total Assets and Deferred Outflows	<u>\$ 21,986,908</u>	<u>\$ 22,281,842</u>
<b>Liabilities</b>		
Accounts Payable	\$ 1,080,401	\$ 677,925
Short-term Liabilities	7,315,341	7,394,547
Long-term Liabilities	10,624,143	12,748,556
Unearned Revenue	47,385	7,445
Total Liabilities	<u>\$ 19,067,270</u>	<u>\$ 20,828,473</u>
Deferred Inflows of Resources	<u>\$2,193,319</u>	<u>\$1,704,686</u>
<b>Net Position</b>		
Investment in Capital Assets	\$8,874,736	\$7,762,981
Restricted	2,454,347	2,243,510
Unrestricted	(10,602,764)	(10,257,808)
Total Net Position	<u>\$726,319</u>	<u>\$ (251,317)</u>

**Table 2 - Comparison of Revenues and Expenses**

<b><u>Revenues</u></b>		
General Revenues:		
Tax Levy	\$ 29,964,369	\$ 29,021,438
Grants and Other Entitlements	12,979,730	14,720,390
Other Miscellaneous	344,248	283,881
Total Revenues	<u>\$ 43,288,347</u>	<u>\$ 44,025,709</u>
<b><u>Program Expenses</u></b>		
Instruction	\$ 24,968,472	\$ 24,629,008
Support Services	17,112,795	16,435,899
Interest Expense	229,944	126,551
Total Expenses	<u>\$ 42,311,211</u>	<u>\$ 41,191,458</u>

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

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

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

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

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

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

Property Taxes:	
For General Purposes	\$ 29,237,321
For Debt Service	727,048
Federal and State Aid:	
Federal and State - Non-restricted	12,008,380
Interest	109,757
Tuition	43,412
Other	191,079
Total	<u>\$ 42,316,997</u>

### **General Fund Budgeting Highlights**

The district's budget is prepared according to New Jersey law, statues, codes and regulations. The most significant fund is the General Fund. It accounts for most of the activities and transactions. The following is a summary of major changes from amounts budgeted vs. actual revenues or appropriations. This summary excludes payments made by the state to the pension fund or taxes on-behalf of district employees. On behalf payments amounted to \$4,689,857 for the past fiscal year.

## Business-Type Activities

The overall operations were stable for the 2019 fiscal year compared to 2018. The net position in the business-type activities at June 30, 2019 was \$556,512 compared to \$568,731 at June 30, 2018.

## Capital Assets

At the end of the fiscal year 2018 - 2019, the value of all district fixed assets before depreciation was \$20,919,589. Accumulated depreciation was \$7,290,988. Table 4 provides a breakdown of the present book value of fixed assets net of depreciation.

**Table 4 - Fixed Assets Net of Depreciation**

Land	\$	3,058,776
Construction in process		6,670,310
Building and Improvements		8,856,789
Machinery and Equipment		2,333,714
Less Accumulated Depreciation		<u>(7,290,988)</u>
	\$	<u>13,628,601</u>

## Contacting the District's Financial Management

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



## **Basic Financial Statements**

**A. District Wide Financial Statements**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

A-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,373,267	\$ 687,117	\$ 2,060,384
Accounts receivable	2,858,856	7,711	2,866,567
Inventory		5,018	5,018
Restricted assets:			
Capital reserve account - cash	1,474,973		1,474,973
Maintenance reserve account - cash	964,504		964,504
Capital assets, non-depreciable	9,729,086		9,729,086
Capital assets, depreciable, net	3,899,515		3,899,515
Total assets	<u>20,300,201</u>	<u>699,846</u>	<u>21,000,047</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding bonds	62,700		62,700
Pension deferrals	1,624,007		1,624,007
Total deferred outflows of resources	<u>1,686,707</u>		<u>1,686,707</u>
<b>LIABILITIES</b>			
Accounts payable	952,029	57,052	1,009,081
Notes payable	6,225,000		6,225,000
Accrued interest payable	42,271		42,271
Payable to state government	86,101		86,101
Unearned revenue	47,385	86,282	133,667
Net pension liability	5,881,036		5,881,036
Noncurrent liabilities:			
Due within one year	1,090,341		1,090,341
Due beyond one year	4,743,107		4,743,107
Total liabilities	<u>19,067,270</u>	<u>143,334</u>	<u>19,210,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>2,193,319</u>		<u>2,193,319</u>
<b>NET POSITION</b>			
Net Investment in capital assets	8,874,736		8,874,736
Restricted for:			
Debt Service	14,870		14,870
Capital reserve	1,474,973		1,474,973
Maintenance reserve	964,504		964,504
Unrestricted (deficit)	(10,602,764)	556,512	(10,046,252)
Total net position	<u>\$ 726,319</u>	<u>\$ 556,512</u>	<u>\$ 1,282,831</u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business-type Activities	Total
Government Activities							
<b>Instruction:</b>							
Regular	\$ 16,902,388		\$ 139,861		\$ (16,762,527)		\$ (16,762,527)
Special education	5,836,713				(5,836,713)		(5,836,713)
Other special instruction	1,687,982				(1,687,982)		(1,687,982)
<b>Support Services:</b>							
Tuition	2,958,742		390,732		(2,568,010)		(2,568,010)
Student and instruction related services	5,593,922		262,721		(5,331,201)		(5,331,201)
General administrative services	782,478		12,730		(769,748)		(769,748)
School administrative services	2,096,467				(2,096,467)		(2,096,467)
Other administrative services	631,398				(631,398)		(631,398)
Central services	242,286				(242,286)		(242,286)
Plant operations and maintenance	4,356,623				(4,356,623)		(4,356,623)
Pupil transportation	826,962				(826,962)		(826,962)
Interest and other charges on long term obligations	229,944				(229,944)		(229,944)
Total Governmental Activities	42,145,905		806,044	-	(41,339,861)		(41,339,861)
Business-Type Activities							
Food service	558,567	\$ 429,935	169,393			\$ 40,761	40,761
Keys and other programs	450,844	397,864				(52,980)	(52,980)
Total Business-Type Activities	1,009,411	827,799	169,393			(12,219)	(12,219)
Total Primary Government	\$ 43,155,316	\$ 827,799	\$ 975,437	\$ -	\$ (41,339,861)	\$ (12,219)	\$ (41,352,080)
General revenues:							
		Property taxes, levied for general purposes			29,237,321		29,237,321
		Property taxes, levied for debt service			727,048		727,048
		State and Federal sources - restricted and unrestricted			12,008,380		12,008,380
		Tuition			43,412		43,412
		Interest Earned			109,757		109,757
		Miscellaneous Income			191,079		191,079
		Total General Revenues and Special Items			42,316,997		42,316,997
		Change in net position			977,136	(12,219)	964,917
		Net Position, beginning of year			(250,817)	568,731	317,914
		Net Position, end of year			\$ 726,319	\$ 566,512	\$ 1,282,831

## **B. Fund Financial Statements**

## **Governmental Funds**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

B-1

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and equivalents	\$ 1,225,068		\$ 38,514	\$ 109,685	\$ 1,373,267
Restricted cash and cash equivalents	2,439,477				2,439,477
Receivable from State Government	389,019	\$ 1,745	2,269,673		2,660,437
Receivable from Federal Government		198,419			198,419
Interfund receivable			16,286		16,286
Total Assets	\$ 4,053,564	\$ 200,164	\$ 2,324,473	\$ 109,685	\$ 6,687,886
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 551,994	\$ 102,936			\$ 654,930
Note payable			\$ 6,225,000		6,225,000
Interfund payable				\$ 16,286	16,286
Payable to State government		86,101			86,101
Unearned revenue		11,127		36,258	47,385
Total Liabilities	551,994	200,164	6,225,000	52,544	7,029,702
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital reserve	1,474,973				1,474,973
Maintenance reserve	964,504				964,504
Debt Service				57,141	57,141
<b>Assigned:</b>					
Subsequent Year's Exp	200,000				200,000
Other purposes	614,994				614,994
<b>Unassigned:</b>					
Capital Projects			(3,900,527)		(3,900,527)
General fund	247,099				247,099
Total Fund Balances	3,501,570		(3,900,527)	57,141	(341,816)
Total Liabilities and Fund Balances	\$ 4,053,564	\$ 200,164	\$ 2,324,473	\$ 109,685	\$ 6,687,886

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

Total fund balances - Governmental Funds \$ (341,816)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,919,589 and the accumulated depreciation is \$7,290,988. Including construction in progress of \$6,670,310. 13,628,601

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability decreases that fund balance. (42,271)

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

Net pension liability (5,881,036)  
Accounts payable (297,099)

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

Deferred outflows of resources related to pensions 1,624,007  
Deferred inflows of resources related to pensions (2,193,319)

Deferred amounts on refunding 62,700

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (5,833,448)

Net position of governmental activities \$ 726,319

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 29,237,321			\$ 727,048	\$ 29,964,369
Tuition Charges	43,412				43,412
Interest	104,815		\$ 4,942		109,757
Refund Prior Year Expenditure	14,772				14,772
Miscellaneous	126,613	\$ 819	48,057		175,489
Total - Local Sources	29,526,933	819	52,999	727,048	30,307,800
On-behalf Payments	3,700,465				3,700,465
State Sources	3,666,243	221,041	128,399	188,727	4,204,410
Federal Sources	4,377	584,184			588,561
Total Revenues	36,898,018	806,044	181,398	915,775	38,801,235
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	9,709,302	327,766			10,037,068
Special Education Instruction	3,242,476				3,242,476
Other Special Instruction	1,067,457				1,067,457
Total Instruction	14,019,235	327,766			14,347,001
Support Services and Undistributed Costs					
Tuition	2,528,450	390,732			2,919,182
Student and Instruction Related Services	3,670,766	77,607			3,748,373
General Administrative Services	557,894				557,894
School Administrative Services	1,193,016				1,193,016
Central Services	366,077				366,077
Other Administrative Services	181,569				181,569
Plant Operations and Maintenance	3,116,488				3,116,488
Pupil Transportation	786,674				786,674
Unallocated Benefits	6,142,476	9,939			6,152,415
On-behalf Payments	3,700,465				3,700,465
Debt Service					
Principal				710,000	710,000
Interest and Other Charges				132,350	132,350
Prommisory Note Interest				124,154	124,154
Assets Acquired under Capital Leases	63,661				63,661
Capital Outlay	536,785		438,932		975,718
Total Expenditures	36,863,556	806,044	438,932	966,504	39,075,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,462		(257,534)	(50,729)	(273,801)
Other Financing Sources (Uses):					
Adjustments	(16,397)				(16,397)
Transfers			(52,999)	52,999	
Capital Leases (non-budgeted)	63,661				63,661
Total other financing sources and uses	47,264		(52,999)	52,999	47,264
Change in Net Position	81,726		(310,533)	2,270	(226,537)
Fund Balances, Beginning of Year	\$ 3,419,844	\$	(3,589,994)	54,871	(115,279)
Fund Balances, End of Year	\$ 3,501,570	\$	\$ (3,900,527)	\$ 57,141	\$ (341,816)



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE WITH THE DISTRICT-WIDE STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total net change in fund balances - governmental funds (B-2) \$ (226,537)

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

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

Capital Outlays	\$ 69,195	
Construction in progress	438,932	
Depreciation Expense	<u>(368,831)</u>	139,296

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

Principal paid on bonds	710,000	
Amortization of bond premium	30,394	
Amortization of loss on refunding	<u>(12,540)</u>	727,854

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

Leases issued	(63,661)	
Leases paid	<u>295,727</u>	232,066

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.

8,725

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

Pension expense		(40,255)
-----------------	--	----------

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

135,987

Change in net assets of governmental activities (A-2)		<u><u>\$ 977,136</u></u>
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## **Proprietary Funds**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B-4

	<b>Business-Type Activities -</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Keys</b>	<b>Other</b>	<b>Food</b>	<b>Total</b>
	<b>Program</b>	<b>Programs</b>	<b>Service</b>	<b>Enterprise</b>
<b>ASSETS</b>				
Current Assets				
Cash and equivalents	\$ 398,806	\$ 105,993	\$ 182,317	\$ 687,117
Federal and State accounts receivable			7,711	7,711
Inventories			5,018	5,018
Total Current Assets	<u>\$ 398,806</u>	<u>\$ 105,993</u>	<u>\$ 195,046</u>	<u>\$ 699,846</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 24,755		\$ 32,297	\$ 57,052
Unearned revenue	69,274		17,008	86,282
Total Current Liabilities	<u>94,029</u>		<u>49,305</u>	<u>143,334</u>
<b>NET POSITION</b>				
Unrestricted	<u>304,777</u>	<u>\$ 105,993</u>	<u>145,741</u>	<u>556,512</u>
Total Net Position	<u><u>\$ 304,777</u></u>	<u><u>\$ 105,993</u></u>	<u><u>\$ 145,741</u></u>	<u><u>\$ 556,512</u></u>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B-5

	<b>Business-Type Activities - Enterprise Fund</b>			
	<b>Keys Program</b>	<b>Other Programs</b>	<b>Food Service</b>	
Operating Revenues:				
Charges for services:				
Daily sales - program revenue			\$ 210,121	\$ 210,121
Daily sales - non-program revenue			219,814	219,814
Program revenue	\$ 376,878	\$ 20,986		397,864
<b>Total Operating Revenues</b>	<b>376,878</b>	<b>20,986</b>	<b>429,935</b>	<b>827,799</b>
Operating Expenses:				
Salaries and wages	244,170	16,736		260,905
Employee benefits	18,679	1,345		20,024
Other purchased professional services	39,400			39,400
Other purchased services	39,585		68,794	108,379
Rent	48,000			48,000
Supplies and materials	42,709	220	212,909	255,838
Cost of Sales Program			195,879	195,879
Cost of Sales Non-Program			80,985	80,985
<b>Total Operating Expenses</b>	<b>432,543</b>	<b>18,301</b>	<b>558,567</b>	<b>1,009,411</b>
<b>Operating (Loss) Income</b>	<b>(55,665)</b>	<b>2,684</b>	<b>(128,632)</b>	<b>(181,612)</b>
Nonoperating Revenues:				
State Sources			4,936	4,936
Federal Sources			132,519	
Food Distribution Program			31,938	31,938
<b>Total Nonoperating Revenues</b>			<b>169,393</b>	<b>36,874</b>
<b>Change in Net Position</b>	<b>(55,665)</b>	<b>2,684</b>	<b>40,761</b>	<b>(12,219)</b>
<b>Net Position, Beginning of Year</b>	<b>360,442</b>	<b>103,309</b>	<b>104,980</b>	<b>568,731</b>
<b>Net Position, End of Year</b>	<b>\$ 304,777</b>	<b>\$ 105,993</b>	<b>\$ 145,741</b>	<b>\$ 556,512</b>

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B-6

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Keys Program</b>	<b>Other Programs</b>	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 389,338	\$ 20,986	\$ 429,893	\$ 840,217
Salaries and benefits	(262,849)	(18,081)		(280,930)
Payments to suppliers	(151,708)	(220)	(604,213)	(756,141)
Net Cash (Used in) Provided by Operating Activities	(25,219)	2,684	(174,320)	(196,854)
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>				
Federal and State sources			169,435	169,435
Net Cash Provided by Non Capital Financing Activities			169,435	169,435
Net (Decrease) Increase in Cash and Cash Equivalents	(25,219)	2,684	(4,885)	(27,419)
Cash and cash equivalents, beginning of year	424,025	103,309	187,202	714,536
Cash and cash equivalents, end of year	\$ 398,806	\$ 105,993	\$ 182,317	\$ 687,117
<b>Reconciliation of Operating (Loss) to Net Cash (used in) Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ (55,665)	\$ 2,684	\$ (128,632)	\$ (181,612)
Adjustments to Reconcile Operating (Loss) to Net Cash (used in) Provided by Operating Activities				
Increase in Unearned Revenue	12,460		1,295	13,755
Increase (Decrease) in Accounts Payable	17,986		(45,483)	(27,497)
(Increase) in Inventory			(1,500)	(1,500)
Total Adjustments	30,446		(45,688)	(15,242)
Net Cash (Used In) Operating Activities	\$ (25,219)	\$ 2,684	\$ (174,320)	\$ (196,854)

*Noncash noncapital related financing activities:*

The District received \$31,938 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2019.

## **Fiduciary Funds**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B-7

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 63,230	\$ 106,634	\$ 90,268	\$ 196,902
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings Due to Student Groups		\$ 106,634	\$ 90,268	\$ 90,268
Total Liabilities		\$ 106,634	\$ 90,268	\$ 196,902
<b>NET ASSETS</b>				
Reserved for Scholarships	\$ 63,230			

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

B-8

	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 1,020
	1,020
<b>DEDUCTIONS</b>	
Scholarships awarded	3,099
Change in net position	(2,079)
Net position, beginning of year	65,309
Net position, end of year	\$ 63,230

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



# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

The Hasbrouck Heights School District (the "District") is a Type II District located in the County of Bergen, State of New Jersey. As a Type II District, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2019 of 1,780 students.

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

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

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

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Basis of Presentation**

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

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

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

# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

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

#### **Fund Financial Statements**

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

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

#### **Fund Accounting**

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

#### **Governmental Funds**

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

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

#### **Proprietary Fund Type**

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

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

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

##### **Fiduciary Funds**

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

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

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

##### **Measurement Focus**

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

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

##### **Fund Financial Statements**

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

# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

Fiduciary funds are reported using the economic resources measurement focus.

#### **Basis of Accounting**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A one year period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other post-employment benefit obligations 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.

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

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

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

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

#### **Federal and State Assistance**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These

# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

#### **Relationship to Basic Financial Statements**

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

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

#### **Budgets/Budgetary Control**

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

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

##### **Encumbrances**

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

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

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

##### **Cash, Cash Equivalents and Investments**

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

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

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

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Tuition**

Tuition charges were established by the District based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the fiscal years and 2018-19 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Short-Term Interfund Receivables/Payables**

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

**Capital Assets**

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

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

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

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

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

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



## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

##### **Compensated Absences**

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

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

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

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

##### **Accrued Liabilities and Long-Term Obligations**

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

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

##### **Net Position**

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

##### **Unearned Revenue**

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

##### **Fund Balance**

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

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

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

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

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

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

##### **Proprietary Funds Revenues and Expenses**

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

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

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

# HASBROUCK HEIGHTS SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

#### Allocation of Expenses

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

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

#### 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 are authorized to enter into tax abatement agreements. Furthermore 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 a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. There have been no tax abatement agreements entered into by the Borough that will affect the District.

#### Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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

One element of that reconciliation explains that long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$5,833,448 difference are as follows:

Bonds Payable	\$	4,140,000
Plus - Issuance Premium		151,423
Capital Leases		462,441
Compensated Absences		1,079,584
	\$	<u>5,833,448</u>

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

**Deposits**

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

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

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

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

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

## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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

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

As of June 30, 2019, cash and cash equivalents on deposit of the District consisted of the following:

Checking Accounts, Interest Bearing	<u>\$ 5,618,584</u>
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Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2019, the District's carrying amount of deposits was \$4,676,265 and the bank balance was \$5,618,584. Of the bank balance, \$250,000 was secured by federal depository insurance and \$4,791,928 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$576,656 held in the District's agency accounts are not covered by GUDPA.

#### **Investments**

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

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

As of June 30, 2019, the District did not have any investments on hand.

#### 4. CAPITAL RESERVE/MAINTENANCE ACCOUNT

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

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**4. CAPITAL RESERVE/MAINTENANCE ACCOUNT (continued)**

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

Beginning Balance, July 1, 2018	\$ 1,459,006
Transfers in - June Deposit	350,000
Transfers out	<u>(334,033)</u>
Ending Balance, June 30, 2019	<u><u>\$ 1,474,973</u></u>

A maintenance reserve account was established in the amount of \$126,287 on June 21, 2012. The balance as of June 30, 2019 is \$964,504 after a 2019 deposit of \$350,000.

**5. CAPITAL ASSETS**

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital Assets not Being Depreciated			
Land	\$ 3,058,776	\$	\$ 3,058,776
Construction in Progress	<u>6,231,378</u>	<u>438,932</u>	<u>6,670,310</u>
	9,290,154	438,932	9,729,086
Capital Assets Being Depreciated			
Building & Site Improvements	8,856,789		8,856,789
Equipment	<u>2,264,519</u>	<u>69,195</u>	<u>2,333,714</u>
Total Capital Assets Being Depreciated	<u>11,121,308</u>	<u>69,195</u>	<u>11,190,503</u>
Total Assets - Historical Cost	20,411,462	508,127	20,919,589
Less: Accumulated Depreciation	<u>(6,922,157)</u>	<u>(368,831)</u>	<u>(7,290,988)</u>
Capital Assets - Net	<u>\$ 13,489,305</u>	<u>\$ 139,296</u>	<u>\$ 13,628,601</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**6. LONG-TERM DEBT**

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in long-term debt:

	Balance <u>June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2019</u>	Due within <u>One Year</u>
Bonds Payable	\$ 4,850,000	\$	\$ 710,000	\$ 4,140,000	\$ 735,000
Plus - Issuance Premium	181,817		30,394	151,423	30,934
	<u>5,031,817</u>	<u></u>	<u>740,394</u>	<u>4,291,423</u>	<u>765,934</u>
Capital Leases	694,508	63,661	295,727	462,442	174,407
Pension Liability	6,976,209		1,095,173	5,881,036	-
Compensated Absences Payable	<u>1,215,570</u>	<u></u>	<u>135,987</u>	<u>1,079,583</u>	<u>150,000</u>
	<u>\$ 13,918,104</u>	<u>\$ 63,661</u>	<u>\$ 2,267,281</u>	<u>\$ 11,714,484</u>	<u>\$ 1,090,341</u>

**Bonds Payable**

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2019	\$ 735,000	\$ 103,462	\$ 838,462
June 30, 2020	760,000	84,813	844,813
June 30, 2021	785,000	65,512	850,512
June 30, 2022	815,000	45,563	860,563
June 30, 2023	845,000	24,438	869,438
June 30, 2024	<u>200,000</u>	<u>2,500</u>	<u>202,500</u>
	<u>\$ 4,140,000</u>	<u>\$ 326,288</u>	<u>\$ 4,466,288</u>

**Bonds and Notes Authorized**

As of June 30, 2019, the District had notes issued of \$6,225,000 at an interest rate of 2.25% per annum payable July 20, 2020.

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

6. LONG-TERM DEBT (continued)

**Capital Leases Payable**

The District is leasing several copiers, a bus and computer equipment under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2019:

Year ending June 30,	Total
2020	\$ 192,290
2021	180,783
2022	95,681
2023	<u>26,567</u>
Total Minimum Lease	\$ 495,321
Less Amount Representing Interest Expense	<u>\$ (32,879)</u>
Principal Payments Due	<u><u>\$ 462,442</u></u>

7. PENSION PLANS

**Description of Systems**

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

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

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



## HASBROUCK HEIGHTS SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

#### 7. PENSION PLANS (continued)

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

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

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

#### **Funding Policy**

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

The District's actuarially determined contributions to PERS for the years ended June 30, 2018, 2017 and 2016 were \$297,099, \$281,227, and \$277,627, respectively, for each of the three years equal to the required contributions for each year.

During the year ended June 30, 2019, the State of New Jersey reimbursed the District \$989,392 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the fund financial statements.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. PENSION PLANS (continued)**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**Public Employee's Retirement System (PERS)**

At June 30, 2019, the District reported a liability of \$5,881,036 for its proportionate share of the net pension liability, all of which is allocated to the District's governmental activities. The District's food service enterprise fund is outsourced to a third party food service management company. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.0298688450 percent, which was a decrease of 0.0000996976 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$337,334 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 112,152	\$ 30,325
Changes of assumptions	969,097	1,880,443
Net difference between projected and actual earnings on pension plan investments		55,165
Changes in proportion	245,659	227,386
District contributions subsequent to the measurement date	297,099	
	<u>\$ 1,624,007</u>	<u>\$ 2,193,319</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

7. PENSION PLANS (continued)

\$297,099 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$	62,852
2021		(77,622)
2022		(410,902)
2023		(321,726)
2024		(119,013)
		<u>\$ (866,411)</u>

*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 included in the measurement:

	<u>June 30, 2018</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%

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. It is unlikely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

*Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for service retirements and beneficiaries of former members provide for future improvements

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. PENSION PLANS (continued)**

in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables provide for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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 the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. PENSION PLANS (continued)**

*Discount Rate* – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS as of June 30, 2018 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<b>At 1% Decrease (4.66%)</b>	<b>At Current Discount Rate (5.66%)</b>	<b>At 1% Increase (6.66%)</b>
District's proportionate share of the net pension liability	\$ 7,394,725	\$ 5,881,036	\$ 4,611,148

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

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

Collective deferred outflows of resources	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,646,736,226
Collective net pension liability - Local Group	\$ 19,689,501,539
District's Proportion	0.0298688945%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**7. PENSION PLANS (continued)**

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

*Teachers Pensions and Annuity Fund (TPAF)*

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was \$81,230,960. The District's proportionate share was \$0.

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 July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.127827264 percent, which was an increase of 0.000215106 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$4,740,728 for contributions incurred by the State.

**Actuarial assumptions**

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

	<u>June 30, 2018</u>
Inflation rate	2.25%
Salary increases	
2011 - 2026	1.55-4.55
Thereafter	2.00-5.45
Investment rate of return	7.00%

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. PENSION PLANS (continued)**

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from base year 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality. 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.

**Long- Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**7. PENSION PLANS (continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>At 1% Decrease (3.86%)</b>	<b>At Current Discount Rate (4.86%)</b>	<b>At 1% Increase (5.86%)</b>
State's proportionate share of the net pension liability	\$ 96,119,830	\$ 81,320,960	\$ 69,053,057

*Pension plan fiduciary net position*

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



**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**7. PENSION PLANS (continued)**

**Additional Information**

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

Deferred outflows of resources	\$ 12,675,037,111
Deferred inflows of resources	\$ 16,381,811,884
Net pension liability	\$ 63,806,350,446
District's Proportion	0.1278272647%

Collective pension expense for the plan for the measurement period ended June 30, 2018 is \$3,720,032,991.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2018, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3, 8.3 and 8.5 years, respectively.

**8. POST-RETIREMENT BENEFITS**

**Plan Description**

The District contributes to the New Jersey State Health Benefits Program (the "SHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

**Funding Policy**

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

8. POST-RETIREMENT BENEFITS (continued)

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2019, 2018, and 2017 were \$1,153,978, \$1,245,337, and \$1,196,002, respectively, which equaled the required contributions for each year.

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

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

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

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

*Total OPEB Liability*

The net OPEB liability from New Jersey's plan is \$46,110,832,982.

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2018</u>
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 Plan Members	<u><u>362,181</u></u>

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2018 was \$48,372,930, or 0.10%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**8. POST-RETIREMENT BENEFITS (continued)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by actuarial valuation as of June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Healthcare Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**8. POST-RETIREMENT BENEFITS (continued)**

**Discount Rate**

The discount rate for June 30, was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Changes in the Total Nonemployer OPEB Liability**

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

Balance at June 30, 2017		\$ 53,161,318
Increased by:		
Service cost	2,124,270	
Interest cost	1,957,068	
Member contributions	<u>44,705</u>	<u>4,126,043</u>
		<u>57,287,361</u>
Decreased by:		
Changes of assumptions	5,551,036	
Differences between expected and actual experiences	2,069,920	
Gross benefit payments	<u>1,293,475</u>	<u>(8,914,431)</u>
Balance at June 30, 2017		\$ <u>48,372,930</u>

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

	1% Decrease (2.87%)	At Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 57,186,650	\$ 48,372,930	\$ 41,366,932

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 39,983,044	\$ 48,372,930	\$ 59,468,875

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**8. POST-RETIREMENT BENEFITS (continued)**

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,661,544 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,377,313,892
Deferred inflows of resources	\$ 16,189,378,926
Collective OPEB expense	\$ 2,129,660,368

**9. DEFERRED COMPENSATION**

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

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

**10. RISK MANAGEMENT**

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

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

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019

**11. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2019:

	Interfunds Receivable	Interfunds Payable
Capital Projects Fund	\$ 16,286	
Debt Service Fund		\$ 16,286
	\$ 16,286	\$ 16,286

**12. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$3,501,570 General Fund, balance at June 30, 2019, \$1,474,973 is restricted for capital reserve; \$964,504 is restricted for maintenance reserve; \$247,099 is unassigned. \$200,000 is assigned for subsequent year's expense and \$614,994 is assigned for other purposes.

**Capital Projects Fund** – There was a deficit of \$3,900,525 in the Capital Projects Fund at June 30, 2019 because the District has not yet issued bonds related to its referendum project.

**Debt Service Fund** - There is a fund balance in the Debt Service Fund at June 30, 2019 of \$57,141 which has been restricted for debt service expenditures.

**13. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 ("CEIFA"). New Jersey school districts are required to restrict General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus fund balance at June 30, 2019 was zero.

**14. CONTINGENT LIABILITIES**

**Litigation**

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**14. CONTINGENT LIABILITIES (continued)**

**Federal and State Awards**

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**15. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after June 30, 2019 through the date of December 20, 2019; the District has determined the subsequent event having occurred requires disclosure in the financial statements.

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**Required Supplementary Information – Part II**  
**Pensions and OPEB Schedules**



Hasbrouck Heights School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employee's Retirement System

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset) - Local Group	0.0298688450%	0.0299685921%	0.0289073770%	0.0303813350%	0.0316564510%
District's proportionate share of the net pension liability (asset)	\$ 5,881,036	\$ 6,976,209	\$ 8,561,536	\$ 6,820,001	\$ 4,642,698
District's covered-employee payroll	\$ 2,168,360	\$ 2,086,600	\$ 2,084,989	\$ 2,023,905	\$ 2,125,036
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	271.22%	334.33%	410.63%	336.97%	218.48%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	53.59%	48.10%	40.14%	47.93%	48.52%

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

Information not available prior to 2015

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

Hasbrouck Heights School District  
 Schedule of District Contributions  
 Public Employee's Retirement System

Last Ten Fiscal Years

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 297,099	\$ 281,227	\$ 277,627	\$ 261,198	\$ 260,972
Contributions in relation to the contractually required contribution	(297,099)	(281,227)	(277,627)	(261,198)	(260,972)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,168,360	\$ 2,086,600	\$ 2,084,989	\$ 2,023,905	\$ 2,125,036
Contributions as a percentage of covered-employee payroll	13.70%	13.48%	13.32%	12.91%	12.28%
Information not available prior to 2015					

Hasbrouck Heights School District  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years\*

	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.127827264%	0.127612158%	0.0119992590%	0.0122610640%	0.0115794520%
District's proportionate share of the net pension liability (asset)	\$ 81,230,960	\$ 86,040,719	94,393,812	77,495,161	61,888,404
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	-	-	-	-
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 81,230,960</u>	<u>86,040,719</u>	<u>94,393,812</u>	<u>77,495,161</u>	<u>61,888,404</u>
Plan fiduciary net position as a percentage of the total pension liability	26.48%	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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25 % as of June 30, 2017 to 4.86 as of June 30, 2018.

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

Last Ten Fiscal Years\*

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
State's proportion of the OPEB Liability associated with the District -	0.10%	0.10%
District's proportionate share of the OPEB liability	\$ 53,161,318	\$ 48,372,930
State's proportionate share of the OPEB liability associated with the District	\$ 53,161,318	\$ 48,372,930
Total proportionate share of the OPEB liability associated with the District	<u>-</u> <u>\$ 53,161,318</u>	<u>-</u> <u>\$ 48,372,930</u>
Balance, beginning	\$ 57,105,712	\$ 53,161,318
Increased by:		
Service cost	\$ 2,565,258	\$ 2,124,270
Interest cost	1,683,841	1,957,068
Member contributions	<u>45,341</u>	<u>44,705</u>
	<u>4,294,440</u>	<u>4,126,043</u>
	<u>61,400,152</u>	<u>57,287,361</u>
Decreased by:		
Changes of assumptions	7,007,505	5,551,036
Differences between expected and actual experiences	-	2,069,920
Gross benefit payments	<u>1,231,329</u>	<u>1,293,475</u>
	<u>8,238,834</u>	<u>8,914,431</u>
Balance, ending	<u>\$ 53,161,318</u>	<u>\$ 48,372,930</u>
Covered by employee payroll	15,512,902	18,695,998
Total OPEB liability as a percentage of covered employee payroll.	342.69%	258.73%

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

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

**Required Supplementary Information – Part III**

**C. Budgetary Comparison Schedules**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>REVENUES:</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Local Sources:</b>					
Local Tax Levy	\$ 29,408,865	\$ (171,840)	\$ 29,237,025	\$ 29,237,321	\$ 296
Tuition				43,412	43,412
Interest on Investments	6,000		6,000	104,815	98,815
Interest Earned on Capital Res	2,800		2,800		(2,800)
Interest Earned on Maint Res	500		500		(500)
Rentals	48,000		48,000	500	(47,500)
Refund Prior Year Expenditure				14,772	14,772
Unrestricted Miscellaneous	120,983		120,983	126,113	5,130
<b>Total Local Sources</b>	<b>29,587,148</b>	<b>(171,840)</b>	<b>29,415,308</b>	<b>29,526,933</b>	<b>111,625</b>
<b>State Sources:</b>					
Transportation Aid	143,130		143,130	143,130	
Special Education Aid	997,916	566,771	1,564,687	1,564,687	
Extraordinary Aid	268,258		268,258	290,072	21,814
Categorical Security Aid	53,561	131,947	185,508	185,508	
Equalization Aid	327,579	280,070	607,649	607,649	
TPAF Pension (On-Behalf - Non-Budgeted)				2,544,053	2,544,053
TPAF Post Retirement Med. Contrib.(On Behalf- Non Budgeted)				1,153,978	1,153,978
TPAF Long-term Disability (On Behalf- Non Budgeted)				2,434	2,434
TPAF Social Security (Reimbursed - Non-Budgeted)				989,392	989,392
<b>Total - State Sources</b>	<b>1,790,444</b>	<b>978,788</b>	<b>2,769,232</b>	<b>7,480,903</b>	<b>4,711,671</b>
<b>Federal Sources:</b>					
Medicaid Reimbursement	24,154		24,154	4,377	19,777
<b>Total Revenues</b>	<b>31,401,746</b>	<b>806,948</b>	<b>32,208,694</b>	<b>37,012,213</b>	<b>4,843,074</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Instruction - Regular Programs:</b>					
<b>Salaries of Teachers</b>					
Kindergarten	445,740	11,495	457,235	457,235	
Grades 1 - 5	2,981,048	110,512	3,091,560	3,072,252	19,308
Grades 6 - 8	1,939,073	(98,284)	1,840,789	1,840,788	1
Grades 9-12	3,415,669	(118,248)	3,297,421	3,296,718	703
<b>Regular Programs - Undistributed Instruction:</b>					
Purchased Professional-Educational Services	99,000	(8,400)	90,600	89,071	1,529
Purchased Technical Services	230,380	88,863	319,243	319,243	1
Other Purchased Services	226,616	(8,207)	218,409	215,344	3,065
General Supplies	188,000	249,062	437,062	403,158	33,904
Textbooks	60,000	(59,955)	45		45
Other Objects	7,000	8,895	15,895	15,493	402
<b>Total Regular Programs</b>	<b>9,592,526</b>	<b>175,733</b>	<b>9,768,259</b>	<b>9,709,302</b>	<b>58,957</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

(Continued from Prior Page)	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education - Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 131,618	\$ 4,412	\$ 136,030	\$ 136,030	
Other Salaries for Instruction	90,790	(19,035)	71,755	68,493	\$ 3,262
General Supplies	1,000		1,000		1,000
Textbooks	500		500		500
<b>Total Learning and/or Language Disabilities</b>	<b>223,908</b>	<b>(14,623)</b>	<b>209,285</b>	<b>204,523</b>	<b>4,762</b>
Special Education Instruction -Resource Room/Resource Center					
Salaries of Teachers	2,161,745	101,717	2,263,462	2,263,461	1
Other Salaries for Instruction	388,159	91,671	479,830	479,794	36
General Supplies	8,000	(252)	7,748	1,517	6,231
Other Objects	500		500		500
<b>Total Resource Room/Resource Center</b>	<b>2,558,404</b>	<b>193,136</b>	<b>2,751,540</b>	<b>2,744,772</b>	<b>6,768</b>
Special Education Instruction - Preschool Disabilities Full Time					
Salaries of Teachers	166,152	(28,507)	137,645	137,182	463
Other Salaries for Instruction	113,488	(22,164)	91,324	91,324	
General Supplies	4,000		4,000	1,236	2,764
<b>Total Preschool Disabilities Full Time</b>	<b>283,640</b>	<b>(50,671)</b>	<b>232,969</b>	<b>229,742</b>	<b>3,227</b>
Special Education - Home Instruction					
Salaries of Teachers	55,000	8,300	63,300	63,300	
<b>Total Special Education - Home Instruction</b>	<b>55,000</b>	<b>8,300</b>	<b>63,300</b>	<b>63,300</b>	
Special Education Instruction - Extended School Year					
Personal Services Salaries	28,325	398	28,723	28,722	1
Other Salaries for Instruction	18,667	(2,098)	16,569	16,343	226
Purchased Professional - Educational Services	25,000	(6,245)	18,755	17,706	1,049
General Supplies	500	-	500	-	500
Other Objects	-	1,245	1,245	667	578
<b>Total Special Education Instruction-Extended School Year</b>	<b>72,492</b>	<b>(6,700)</b>	<b>65,792</b>	<b>63,439</b>	<b>2,353</b>
<b>Total Special Education</b>	<b>3,193,444</b>	<b>129,442</b>	<b>3,322,886</b>	<b>3,305,776</b>	<b>17,110</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	209,561	(105,886)	103,675	103,675	
<b>Total Basic Skill / Remedial - Instruction</b>	<b>209,561</b>	<b>(105,886)</b>	<b>103,675</b>	<b>103,675</b>	
Bilingual Education - Instruction					
Salaries of Teachers	139,212	5,212	144,424	144,424	
General Supplies	1,100	452	1,552	1,551	1
Textbooks	200	(200)			
<b>Total Bilingual Education - Instruction</b>	<b>140,512</b>	<b>5,464</b>	<b>145,976</b>	<b>145,975</b>	<b>1</b>
School Sponsored Co-Curricular Activities - Instruction					
Personal Services Salaries	202,785	(11,799)	190,986	187,907	3,079
General Supplies	12,000	(2,460)	9,540	6,512	3,028
Miscellaneous Expenditures	4,500		4,500	4,100	400
<b>Total School Sponsored Co-Curricular Activities - Instruction</b>	<b>219,285</b>	<b>(14,259)</b>	<b>205,026</b>	<b>198,519</b>	<b>6,507</b>
School Sponsored Athletics - Instruction					
Personal Services Salaries	332,768	11,799	344,567	344,567	1
Purchased Services	45,000	8,845	53,845	53,845	
Supplies and Materials	86,124	36,508	122,632	122,490	142
Other Objects	32,000	3,498	35,498	35,087	411
<b>Total School Sponsored Athletics - Instruction</b>	<b>495,892</b>	<b>60,650</b>	<b>556,542</b>	<b>555,988</b>	<b>554</b>
<b>Total Other Instruction</b>	<b>1,065,250</b>	<b>(54,031)</b>	<b>1,011,219</b>	<b>1,004,157</b>	<b>7,062</b>
<b>Total Instruction</b>	<b>13,851,220</b>	<b>251,144</b>	<b>14,102,364</b>	<b>14,019,235</b>	<b>83,130</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>(Continued from Prior Page)</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Undistributed Expenditures - Instruction					
Tuition - Other LEAs Instate Special	\$ 731,245	\$ 57,792	\$ 789,037	\$ 775,840	\$ 13,197
Tuition - Co Vocational - Regular	450,359	29,028	479,387	469,755	9,632
Tuition - Co Vocational - Special	224,991	(8,680)	216,311	216,000	311
Tuition to CSSD & Reg. Day Schools	558,645	(183,520)	375,125	375,125	
Tuition to Private Schools for the Handicapped - Within State	503,572	135,236	638,808	609,403	29,405
Tuition - Other (Charter Schools)	77,453	4,874	82,327	82,327	
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,546,265</b>	<b>34,730</b>	<b>2,580,995</b>	<b>2,528,450</b>	<b>52,545</b>
Undistributed Expenditures - Attendance & Social Work					
Salaries	114,824	7,243	122,067	120,064	2,003
<b>Total Undistributed Attendance &amp; Social Work</b>	<b>114,824</b>	<b>7,243</b>	<b>122,067</b>	<b>120,064</b>	<b>2,003</b>
Undistributed Expenditures - Health Services					
Salaries	243,177		243,177	233,010	10,167
Purchased Professional and Technical Services	35,000	20,000	55,000	53,327	1,673
Supplies and Materials	11,000	(227)	10,773	9,014	1,759
Other Objects	3,500	400	3,900	899	3,002
<b>Total Undistributed Expenditures - Health Services</b>	<b>292,677</b>	<b>20,173</b>	<b>312,850</b>	<b>296,250</b>	<b>16,600</b>
Unidist. Expend. - Other Supp. Serv. Students - Speech					
Salaries	234,626	350	234,976	234,975	1
Purchased Professional - Educational Services	1,010,000	(109,166)	900,834	770,031	130,803
Supplies and Materials	7,000	(1,401)	5,599	4,632	967
Other Objects	-	1,000	1,000	892	108
<b>Total Unidist. Exp. - Other Supp. Serv. Students - Speech</b>	<b>1,251,626</b>	<b>(109,217)</b>	<b>1,142,409</b>	<b>1,010,530</b>	<b>131,879</b>
Unidist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	386,626	(51,084)	335,542	335,421	121
Purchased Professional - Educational Services	105,000	47,436	152,436	150,433	2,003
<b>Total Other Supp. Serv. Students - Extra Serv.</b>	<b>491,626</b>	<b>(3,648)</b>	<b>487,978</b>	<b>485,854</b>	<b>2,124</b>
Unidist. Expend. - Guidance					
Salaries of Other Professional Staff	403,035	94,759	497,794	495,874	1,920
Other Purchased Services	500	(273)	227		227
Supplies and Materials	500	273	773	561	212
Other Objects	500		500	99	401
<b>Total Unidist. Expend. - Guidance</b>	<b>404,535</b>	<b>94,759</b>	<b>499,294</b>	<b>496,534</b>	<b>2,760</b>
Unidist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	708,466	(2,112)	706,354	685,311	21,043
Salaries of Secretarial and Clerical Assistants	104,679	2,848	107,527	107,526	1
Misc Pur Serv (400-500)	500	3,334	3,834	3,834	
Supplies and Materials	2,000	5,253	7,253	7,124	129
Other Objects	2,000	(686)	1,314	969	345
<b>Total Unidist. Expend. - Child Study Teams</b>	<b>817,645</b>	<b>8,637</b>	<b>826,282</b>	<b>804,763</b>	<b>21,519</b>
Unidist. Expend. - Curriculum					
Salaries Supervisors of Instruction	130,712		130,712	130,608	104
Supplies and Materials	3,000		3,000	218	2,782
Other Objects	2,500		2,500	1,235	1,265
Purchased Professional - Educational Services					
<b>Total Curriculum</b>	<b>136,212</b>		<b>136,212</b>	<b>132,061</b>	<b>4,151</b>
Unidist. Expend. - Educational Media Serv./School Library					
Salaries	333,516	(10,860)	322,656	321,833	823
Other Purchased Services	6,000		6,000		6,000
Supplies and Materials	14,000	(100)	13,900	510	13,390
Other Objects	700	100	800	188	612
<b>Total Unidist. Expenditures - Edu. Media Serv./School Library</b>	<b>354,216</b>	<b>(10,860)</b>	<b>343,356</b>	<b>322,531</b>	<b>20,825</b>
Unidist. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	8,000	(610)	7,390	1,569	5,821
Other Objects		610	610	610	
<b>Total Instructional Staff Training Services</b>	<b>8,000</b>		<b>8,000</b>	<b>2,179</b>	<b>5,821</b>



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Support Services - General Administration					
Salaries	\$ 279,211	\$ 306	\$ 279,517	\$ 279,516	\$ 1
Legal Services	75,000		75,000	65,610	9,390
Audit Fees	30,000	5,000	35,000	35,000	
Purchased Technical Services	19,050	9,855	28,905	28,904	
Communications/Telephone	61,242	3,369	64,611	63,415	1,196
BOE Other Purchased Services	2,500	695	3,195	3,194	1
Miscellaneous Purchased Services	65,000	(7,985)	57,015	47,914	9,101
General Supplies	7,000	(930)	6,070	4,371	1,699
Miscellaneous Expenditures	18,849	(866)	17,983	17,983	
BOE Membership Dues and Fees	13,250	(929)	12,321	11,987	334
<b>Total Undist. Exp. - Support Services - General Administration</b>	<b>571,102</b>	<b>8,515</b>	<b>579,617</b>	<b>557,894</b>	<b>21,722</b>
Undist. Expend. - Support Services - School Administration					
Salaries of Principals/Assistant Principals	745,411	3,500	748,911	748,910	1
Salaries of Other Professional Staff	126,548	196	126,744	126,743	1
Salaries of Secretarial and Clerical Assistants	214,240	56,416	270,656	267,122	3,534
Other Purchased Services - Travel		135	135	134	1
Supplies and Materials	38,000	5,403	43,403	40,174	3,229
Miscellaneous Expenditure	20,000	(5,038)	14,962	9,932	5,030
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<b>1,144,199</b>	<b>60,612</b>	<b>1,204,811</b>	<b>1,193,016</b>	<b>11,795</b>
Undistributed Expenditures - Central Services					
Personal Services Salaries	357,196	(21,000)	336,196	335,331	865
Other Purchased Professional Services		850	850	850	
Purchased Technical Services	14,804	(1,753)	13,051	9,926	3,125
Misc. Purchased Services (400 -500 series)		1,378	1,378	1,378	
Supplies and Materials	10,000	7,089	17,089	17,089	
Judgements Against the School		10,488	10,488	(572)	11,060
Miscellaneous Expenditures	4,500	(2,169)	2,331	2,075	256
<b>Total Undistributed Expenditures - Central Services</b>	<b>386,500</b>	<b>(5,117)</b>	<b>381,383</b>	<b>366,077</b>	<b>15,306</b>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	95,193	(18,500)	76,693	75,031	1,662
Purchased Technical Services	4,000	(2,000)	2,000	2,000	
Other Purchased Services	34,250		34,250	34,185	65
Supplies and Materials	34,250	38,103	72,353	72,352	1
Other Objects	500	(100)	400	400	
<b>Total Undistributed Expenditures - Admin. Info. Tech</b>	<b>168,193</b>	<b>17,503</b>	<b>185,696</b>	<b>181,568</b>	<b>4,128</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undistributed Expenditures - Required Maint for School Facilities</b>					
Salaries	\$ 101,903	\$ 2,159	\$ 104,062	\$ 104,062	
Cleaning, Repair, and Maintenance Services	250,000	522,984	772,984	527,680	\$ 245,304
General Supplies	15,000	2,575	17,575	17,574	1
Other Objects	500		500		500
<b>Total Undist. Expend - Required Maint for School Facilities</b>	<b>367,403</b>	<b>527,718</b>	<b>895,121</b>	<b>649,315</b>	<b>245,805</b>
<b>Undistributed Expenditures - Custodial</b>					
Salaries	811,456	10,784	822,240	788,406	33,834
Salaries of Non-Instructional Aides	197,246	(69,134)	128,112	128,111	1
Cleaning, Repair, and Maintenance	90,761	518,578	609,339	372,029	237,310
Other Purchased Property Services	33,000	(3,927)	29,073	25,481	3,592
Insurance	131,572	8,580	140,152	140,152	
Miscellaneous Purchased Services	100,728	36,350	137,078	106,473	30,605
General Supplies	150,000	58,774	208,774	169,018	39,756
Energy (Natural Gas)	128,500	6,124	134,624	107,495	27,129
Energy (Electricity)	264,200	(16,700)	247,500	195,849	51,651
Other Objects	15,104	4,400	19,504	19,138	366
<b>Total Undist. Exp. - Custodial services</b>	<b>1,922,567</b>	<b>553,829</b>	<b>2,476,396</b>	<b>2,052,152</b>	<b>424,244</b>
<b>Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>					
Cleaning, Repair, and Maintenance	45,700	118,835	164,535	138,672	25,863
General Supplies	1,000	(950)	50	47	3
Other Objects	250	(250)			
<b>Total - Care &amp; Upkeep of Grounds</b>	<b>46,950</b>	<b>117,635</b>	<b>164,585</b>	<b>138,719</b>	<b>25,866</b>
<b>Undistributed Expenditures - Security</b>					
Salaries	77,672	2,569	80,241	80,241	
Purchased Prof Services	63,000	45,350	108,350	108,350	
Cleaning, Repair, and Maintenance	40,482	28,665	69,147	67,504	1,643
General Supplies	1,000	19,382	20,382	20,208	174
Other Objects	250	(250)			
<b>Total Security</b>	<b>182,404</b>	<b>95,716</b>	<b>278,120</b>	<b>276,302</b>	<b>1,818</b>
<b>Undistributed Expenditures - Student Transportation Services</b>					
Sal for Pupil Trans (Betwn. Home & School) - Regular	32,025	2,975	35,000	33,642	1,358
Sal for Pupil Trans (Betwn. Home & School) - Other	30,211	(25,693)	4,518	4,517	1
Cleaning, Repair, & Maint. Services	14,000		14,000	13,188	812
Aid in Lieu Charter Schools	2,652		2,652		2,652
Contract Serv. (Other Betwn. Home and School) - Vendors	70,000	(21,158)	48,842	46,663	2,179
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	55,000	(15,000)	40,000	37,204	2,796
Contract Serv. (Special Ed Students) - Joint Agrmnts	600,000	45,067	645,067	645,067	
Transportation Supplies	10,000		10,000	6,208	3,792
Other Objects	1,000		1,000	185	815
<b>Total Undistributed Expend. - Student Transportation Expenses</b>	<b>814,888</b>	<b>(13,809)</b>	<b>801,079</b>	<b>786,674</b>	<b>14,405</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 347,285	\$ 11,505	\$ 358,790	\$ 358,790	
Other Retirement Contributions - PERS	287,257	47,873	335,130	333,197	\$ 1,933
Unemployment Compensation	30,000	(29,922)	78	78	78
Workmen's Compensation	150,000	(41,694)	108,306	108,217	89
Health Benefits	4,772,528	(411,242)	4,361,286	4,261,845	99,441
Tuition Reimbursement	50,000	(8,732)	41,268	41,178	90
Other Employee Benefits	1,000	48,974	49,974	49,858	116
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>5,638,070</b>	<b>(383,238)</b>	<b>5,254,832</b>	<b>5,153,085</b>	<b>101,747</b>
On-behalf TPAF Contributions (non-budgeted)				2,544,053	(2,544,053)
On-behalf Post Retirement Med. Contribution (non-budgeted)				1,153,978	(1,153,978)
On-behalf Long-term Disability (non-budgeted)				2,434	(2,434)
On-behalf Social Security Contributions (non-budgeted)				989,392	(989,392)
				<u>4,689,857</u>	<u>(4,689,857)</u>
<b>Total Expenditures - Current Expense</b>	<b>31,511,122</b>	<b>1,272,324</b>	<b>32,783,446</b>	<b>36,263,110</b>	<b>(3,479,667)</b>
Capital Outlay					
Instructional Equipment		41,480	41,480	41,202	279
Maintenance Equipment		68,330	68,330	49,561	18,769
School Buses - Regular	20,466	1	20,467	20,466	1
<b>Total Equipment</b>	<b>20,466</b>	<b>109,811</b>	<b>130,277</b>	<b>111,228</b>	<b>19,049</b>
Facilities Acquisitions and Construction Services					
Construction Services	60,000	64,666	124,666	124,666	
Infrastructure	355,910	(41,997)	313,913	294,033	19,880
Other Objects	6,858		6,858	6,858	
<b>Total Facilities Acquisitions and Construction Services</b>	<b>422,768</b>	<b>22,669</b>	<b>445,437</b>	<b>425,557</b>	<b>19,880</b>
Assets Acquired Under Capital Leases (non-budgeted)				63,661	(63,661)
<b>Total Capital Outlay</b>	<b>443,234</b>	<b>132,480</b>	<b>575,714</b>	<b>600,446</b>	<b>38,929</b>
Interest Deposit Capital Reserve	2,800		2,800		2,800
Interest Earned Maintenance Reserve	500		500		500
<b>Total General Fund Expenditures</b>	<b>31,957,656</b>	<b>1,404,804</b>	<b>33,362,460</b>	<b>36,863,556</b>	<b>(3,437,438)</b>
(Deficiency) Excess of Revenues (Under) Over Expenditures	(555,910)	(597,856)	(1,153,766)	148,657	1,405,636
Other Financing Sources:					
Operating Transfers Out:					
Adjustment - to correct recording of extraordinary aid					
Adjustment - TPAF Fica reimbursement 17/18				(16,547)	(16,547)
Adjustment - difference of 17/18 a/p writeoff				150	150
Capital Leases (non-budgeted)				63,661	63,661
<b>Total Financing Sources</b>				<b>47,264</b>	<b>47,264</b>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Sources	(555,910)	(597,856)	(1,153,766)	195,921	(1,349,687)
Fund Balances, Beginning of Year	3,548,300		3,548,300	3,548,300	
Fund (Deficit) Balances, End of Year	<u>\$ 2,992,390</u>	<u>\$ (597,856)</u>	<u>\$ 2,394,534</u>	<u>\$ 3,744,221</u>	<u>\$ (1,349,687)</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,474,973	
Maintenance Reserve				964,504	
Assigned:					
Designated for Subsequent Year's Expenditures				200,000	
Year-End Encumbrances				614,994	
Unassigned Fund Balance				<u>489,750</u>	
				3,744,221	
Less: State Aid Revenue Not Recognized for GAAP basis				(242,651)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,501,570</u>	

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	\$ 4,500	\$ 4,500	\$ 819	\$ 3,681
State Sources	295,600	9,796	305,396	221,041	84,356
Federal Sources	643,800	18,418	662,218	584,184	78,034
<b>Total Revenues</b>	<b><u>\$ 939,400</u></b>	<b><u>\$ 32,714</u></b>	<b><u>\$ 972,114</u></b>	<b><u>\$ 806,044</u></b>	<b><u>\$ 166,070</u></b>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 172,800	\$ (58,623)	114,177	\$ 102,530	\$ 11,647
Purchased Professional Technical Services	34,000	10,386	44,386	31,170	13,216
Purchased Professional/Educational Services	187,600	(14,138)	173,462	165,992	7,470
General Supplies	11,300	21,737	33,037	12,730	20,307
Textbooks	16,700	(466)	16,234	15,344	890
Tuition	437,000	(46,268)	390,732	390,732	
<b>Total Instruction</b>	<b><u>859,400</u></b>	<b><u>(87,372)</u></b>	<b><u>772,028</u></b>	<b><u>718,498</u></b>	<b><u>53,530</u></b>
Support Services					
Personal Services - Salaries	26,800	592	27,392	27,392	
Personal Services - Employee Benefits	2,000	32,889	34,889	9,939	24,950
Purchased Professional - Educational Services	50,500	87,305	137,805	50,215	87,590
General Supplies	700	(700)			
<b>Total Support Services</b>	<b><u>80,000</u></b>	<b><u>120,086</u></b>	<b><u>200,086</u></b>	<b><u>87,546</u></b>	<b><u>112,540</u></b>
<b>Total Expenditures</b>	<b><u>\$ 939,400</u></b>	<b><u>\$ 32,714</u></b>	<b><u>\$ 972,114</u></b>	<b><u>\$ 806,044</u></b>	<b><u>\$ 166,070</u></b>
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	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

C-3

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

		<b>General Fund</b>	<b>Special Revenue Fund</b>
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	C-1, C-2	\$ 37,012,213	\$ 806,044
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2017-2018 State aid payment recognized in 2018-2019 for GAAP statements.		128,456	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(242,651)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 36,898,018	\$ 806,044
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1, C-2	\$ 36,863,556	\$ 806,044
Difference - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 36,863,556	\$ 806,044

## **Other Supplementary Information**

## **E. Special Revenue Fund**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

E-1  
 Sheet #1

	<b>Nonpublic Chapter 192</b>						
	<b>Nonpublic Textbooks</b>	<b>Nonpublic Nursing</b>	<b>Nonpublic Technology</b>	<b>Compensatory Education</b>	<b>English as a Second Language</b>	<b>Home Instruction</b>	<b>Transportation</b>
Revenues							
State Sources	\$ 15,344	\$ 29,488	\$ 10,216	\$ 65,227	\$ 3,106	\$ 1,745	\$ 15,810
Federal Sources							
Private Sources							
<b>Total Revenues</b>	<b>\$ 15,344</b>	<b>\$ 29,488</b>	<b>\$ 10,216</b>	<b>\$ 65,227</b>	<b>\$ 3,106</b>	<b>\$ 1,745</b>	<b>\$ 15,810</b>
Expenditures							
Instruction:							
Salaries of Teachers	\$	\$	\$	\$	\$	\$	\$
Purchased Professional/Educational Services				65,227	3,106	1,745	15,810
Tuition							
General Supplies			10,216				
Textbooks	15,344						
<b>Total Instruction</b>	<b>15,344</b>		<b>10,216</b>	<b>65,227</b>	<b>3,106</b>	<b>1,745</b>	<b>15,810</b>
Support Services:							
Personal Services - Salaries		27,392					
Personal Services - Employee Benefits		2,096					
Purchased Professional Educational Services							
Purchased Professional and Technical Services							
Supplies and Materials							
<b>Total Support Services</b>		<b>29,488</b>					
<b>Total Expenditures</b>	<b>\$ 15,344</b>	<b>\$ 29,488</b>	<b>\$ 10,216</b>	<b>\$ 65,227</b>	<b>\$ 3,106</b>	<b>\$ 1,745</b>	<b>\$ 15,810</b>



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

E-1  
Sheet #2

	Title I Part A	IDEA Basic Part B	IDEA Preschool	Title II A	Nonpublic Chapter 193		
					Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues							
State Sources					\$ 15,534	\$ 19,841	\$ 44,729
Federal Sources	\$ 110,374	\$ 403,494	\$ 37,453	\$ 28,979			
Private Sources							
<b>Total Revenues</b>	<b>\$ 110,374</b>	<b>\$ 403,494</b>	<b>\$ 37,453</b>	<b>\$ 28,979</b>	<b>\$ 15,534</b>	<b>\$ 19,841</b>	<b>\$ 44,729</b>
Expenditures							
Instruction:							
Salaries of Teachers	\$ 102,530	\$	\$	\$ 28,979	\$ 15,534	\$ 19,841	\$ 44,729
Purchased Professional/Educational Services							
Tuition		353,279	37,453				
General Supplies							
Textbooks							
<b>Total Instruction</b>	<b>\$ 102,530</b>	<b>\$ 353,279</b>	<b>\$ 37,453</b>	<b>\$ 28,979</b>	<b>15,534</b>	<b>19,841</b>	<b>44,729</b>
Support Services:							
Personal Services - Salaries							
Personal Services - Employee Benefits	7,844						
Purchased Professional Educational Services		50,215					
Purchased Professional and Technical Services							
Supplies and Materials							
<b>Total Support Services</b>	<b>7,844</b>	<b>50,215</b>					
<b>Total Expenditures</b>	<b>\$ 110,374</b>	<b>\$ 403,494</b>	<b>\$ 37,453</b>	<b>\$ 28,979</b>	<b>\$ 15,534</b>	<b>\$ 19,841</b>	<b>\$ 44,729</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

E-1  
Sheet #3

	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>BCUA</u>	<u>Totals June 30, 2019</u>
<b>Revenues</b>					
State Sources	\$	\$	\$	\$	\$ 221,040
Federal Sources	1,653	42	2,190		584,184
Private Sources				819	819
<b>Total Revenues</b>	<u>\$ 1,653</u>	<u>\$ 42</u>	<u>\$ 2,190</u>	<u>\$ 819</u>	<u>\$ 806,044</u>
<b>Expenditures</b>					
<b>Instruction:</b>					
Salaries of Teachers	\$	\$	\$	\$	\$ 102,530
Purchased Professional/Educational Services			2,190		197,161
Tuition					390,732
General Supplies	1,653	42		819	12,730
Textbooks					15,344
<b>Total Instruction</b>	<u>1,653</u>	<u>42</u>	<u>2,190</u>	<u>819</u>	<u>718,498</u>
<b>Support Services:</b>					
Personal Services - Salaries					\$ 27,392
Personal Services - Employee Benefits					9,939
Purchased Professional Educational Services					50,215
Purchased Professional and Technical Services					
Supplies and Materials					
<b>Total Support Services</b>					<u>87,546</u>
<b>Total Expenditures</b>	<u>\$ 1,653</u>	<u>\$ 42</u>	<u>2,190</u>	<u>819</u>	<u>\$ 806,044</u>

## **F. Capital Projects Fund**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

F-1

<b>Issue/Project Title</b>	<b>Modified Appropriation</b>	<b>Expenditures to Date</b>		<b>Balance, 6/30/2019</b>
		<b>Prior Years Expenditures</b>	<b>Current Expended</b>	
Middle/High School Mechanical Upgrades	\$ 4,279,524	\$ 3,836,080	\$ 389,079	\$ 54,365
Euclid Mechanical Upgrades	1,199,372	1,198,012	926	435
Lincoln Mechanical Upgrades	1,246,212	1,197,284	48,928	-
<b>TOTAL</b>	<b>\$ 6,725,108</b>	<b>\$ 6,231,376</b>	<b>\$ 438,932</b>	<b>\$ 54,800</b>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>Revenues and Other Financing Sources</b>	
Interest (Due Debt Service Fund)	\$ 4,942
Premium on Notes (Due Debt Service Fund)	48,057
SDA Grant	
Local Share	
	<hr/>
Total Revenues and Other Financing Sources	52,999
	<hr/>
<b>Expenditures and Other Financing Uses</b>	
Purchased professional services	3,378
Construction services	423,701
Architect Fees	11,853
	<hr/>
Total Expenditures and Other Financing Uses	438,932
	<hr/>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(385,933)
Transfers out	(52,999)
	<hr/>
Fund Balance, beginning of year	493,732
	<hr/>
Fund Balance, end of year	\$ 54,800
	<hr/> <hr/>
Conversion to GAAP based financial statements:	
Fund Balance, budgetary basis above	\$ 54,800
Less:	
Long-term debt authorized but not issued	(3,895,498)
SDA grant revenue GAAP adjustment	(59,829)
Fund Balance (B-1)	<hr/> <hr/> \$ (3,900,527)

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES**  
**MIDDLE/HIGH SCHOOL MECHANICAL UPGRADES**  
**FROM INCEPTION THROUGH JUNE 30, 2019**

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 1,510,659	\$	\$ 1,510,659	\$ 1,510,659
Local Share	2,816,864	(47,999)	2,768,865	2,768,865
<b>Total Revenues and Other Financing Sources</b>	<u>4,327,523</u>	<u>(47,999)</u>	<u>4,279,524</u>	<u>4,279,524</u>
<b>Expenditures and Other Financing Uses</b>				
Salaries	29,780		29,780	
Purchased Professional Services	472,012	3,378	475,390	
Architect Services	470,392	10,000	480,392	
Construction Services	2,863,896	375,701	3,239,597	
<b>Total Expenditures and Other Financing Uses</b>	<u>3,836,080</u>	<u>389,079</u>	<u>4,225,159</u>	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 491,443</u>	<u>\$ (437,078)</u>	<u>\$ 54,365</u>	

**Additional Project Information**

Project Number	2080-050-14-1001
Grant Date	6/22/2017
State Share	\$ 1,510,659
Note Authorization Date	3/8/2017
Note Authorized	\$ 4,005,710
Note Issued	\$ 4,005,710
Original Authorized Cost	\$ 4,327,523
Additional Authorized Cost	
Revised Authorized Cost	\$ 4,327,523
Percentage Increase Over Original	
Authorized Cost	0%
Percentage Completion	99%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2019

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES  
 EUCLID ELEMENTARY SCHOOL MECHANICAL UPGRADES  
 FROM INCEPTION THROUGH JUNE 30, 2019

F-2b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 346,451	\$	\$ 346,451	\$ 346,451
Local Share	852,921		852,921	852,921
<b>Total Revenues and Other Financing Sources</b>	<u>1,199,372</u>	<u>-</u>	<u>1,199,372</u>	<u>1,199,372</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	4,681		4,681	
Architect Services	66,959	926	67,885	
Construction Services	1,126,372		1,126,372	
<b>Total Expenditures and Other Financing Uses</b>	<u>1,198,012</u>	<u>926</u>	<u>1,198,938</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,360</u>	<u>\$ 926</u>	<u>\$ 435</u>	

**Additional Project Information**

Project Number	2080-060-14-1002
Grant Date	4/16/2017
State Share	\$ 346,451
Note Authorization Date	
Note Authorized	\$ 986,500
Note Issued	\$ 986,500
Original Authorized Cost	\$ 983,124
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 983,124
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2019

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES  
 LINCOLN ELEMENTARY SCHOOL MECHANICAL UPGRADES  
 INCEPTION THROUGH JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 472,392	\$	\$ 472,392	\$ 472,392
Local Share	725,821	47,999	773,820	773,820
<b>Total Revenues and Other Financing Sources</b>	<u>1,198,213</u>	<u>47,999</u>	<u>1,246,212</u>	<u>1,246,212</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional Services	28,765		28,765	
Architect Services	67,019	928	67,947	
Construction Services	1,101,500	48,000	1,149,500	
<b>Total Expenditures and Other Financing Uses</b>	<u>1,197,284</u>	<u>48,928</u>	<u>1,246,212</u>	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 929</u>	<u>\$ 96,927</u>	<u>\$ -</u>	

**Additional Project Information**

Project Number	2080-080-14-1005
Grant Date	6/22/2017
State Share	\$ 472,392
Note Authorization Date	3/8/2016
Note Authorized	\$ 1,109,109
Note Issued	\$ 1,109,109
Original Authorized Cost	\$ 1,198,213
Additional Authorized Cost	
Revised Authorized Cost	\$ 1,198,213
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2019



## **H. Fiduciary Funds**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

H-1

	<u>Private Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash	\$ 63,230	\$ 106,634	\$ 90,268	\$ 196,902
Total Assets	<u>\$ 63,230</u>	<u>\$ 106,634</u>	<u>\$ 90,268</u>	<u>\$ 196,902</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings Due to Student Groups		<u>\$ 106,634</u>	<u>\$ 90,268</u>	<u>\$ 90,268</u> <u>106,634</u>
Total Liabilities		<u>\$ 106,634</u>	<u>\$ 90,268</u>	<u>\$ 196,902</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>\$ 63,230</u>			

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

H-2

	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 1,020
Total Additions	1,020
<b>DEDUCTIONS</b>	
Scholarships awarded	3,099
Total Deductions	3,099
Change in Net Position	(2,079)
Net Position, Beginning of Year	65,309
Net Position, End of Year	\$ 63,230

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

H-3

	<u>Balance July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
Elementary Schools:				
Euclid	\$ 4,451	\$ 13,503	\$ 8,814	\$ 9,141
Lincoln	2,600	15,700	13,979	4,322
High School	90,805	251,430	250,494	91,740
Athletic Account	<u>3,276</u>	<u>35,799</u>	<u>37,644</u>	<u>1,431</u>
Total All Schools	<u>\$ 101,132</u>	<u>\$ 316,433</u>	<u>\$ 310,930</u>	<u>\$ 106,634</u>

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**JUNE 30, 2019**

H-4

	<u>Balance July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 125,162	\$ 9,151,560	\$ 9,186,453	\$ 90,268
Total Assets	<u>\$ 125,162</u>	<u>\$ 9,151,560</u>	<u>\$ 9,186,453</u>	<u>\$ 90,268</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 125,162	\$ 9,151,560	\$ 9,186,453	\$ 90,268
Total Liabilities	<u>\$ 125,162</u>	<u>\$ 9,151,560</u>	<u>\$ 9,186,453</u>	<u>\$ 90,268</u>

## **I. Long-Term Debt**

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**LONG-TERM DEBT**  
**STATEMENT OF SERIAL BONDS PAYABLE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds and Loans Outstanding June 30, 2019		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Date	Amount				
\$1,740,000 School Bonds	7/1/2014		8/15/2019	\$ 170,000	2.00%-2.50%	\$ 1,275,000	\$ 165,000	\$ 1,110,000
			8/15/2020	175,000				
			8/15/2021	180,000				
			8/15/2022	190,000				
			8/15/2023	195,000				
			8/15/2024	200,000				
Refunding School Bonds; Refunds school refunding bonds issued on 4/7/05	7/23/2015		8/15/2019	565,000	3.00%	3,575,000.00	545,000	\$ 3,030,000
			8/15/2020	585,000				
			8/15/2021	605,000				
			8/15/2022	625,000				
			8/15/2023	650,000				
						<u>\$ 4,850,000</u>	<u>\$ 710,000</u>	<u>\$ 4,140,000</u>

See Independent Auditors' Report

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**LONG-TERM DEBT**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance July 1, 2018</u>	<u>Issued</u>	<u>Matured or Canceled</u>	<u>Balance June 30, 2019</u>
Savin Copiers (2017)	\$ 20,483	\$ 16,605	\$	\$ 3,912	\$ 12,693
Savin Copiers (2018)	245,358	222,784		46,426	176,358
School Bus (2017)	93,940	73,474		17,182	56,292
Dell Computers (2016)	231,195	80,292		80,292	
Dell Computers (2016)	96,229	33,419		33,419	
Dell Computers (2017)	318,618	234,071		74,891	159,180
Dell Computers (2018)	63,661		63,661	17,113	46,547
Security Cameras	109,987	33,863		22,492	11,371
		<u>\$ 694,508</u>	<u>\$ 63,661</u>	<u>\$ 295,727</u>	<u>\$ 462,442</u>



**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**LONG-TERM DEBT**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

I-3

<b>REVENUES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Local Sources					
Local Tax Levy	\$ 727,048	\$ -	\$ 727,048	\$ 727,048	\$
State Sources					
Debt Service Aid	188,727		188,727	188,727	
<b>Total Revenues</b>	<b>915,775</b>		<b>915,775</b>	<b>915,775</b>	
Regular Debt Service					
Principal	710,000		710,000	710,000	
Prommisory Note Interest				124,154	(124,154)
Interest	256,850		256,850	132,350	124,500
<b>Total Expenditures</b>	<b>966,850</b>		<b>966,850</b>	<b>966,504</b>	<b>346</b>
Excess of Revenues Under Expenditures	(51,075)		(51,075)	(50,729)	346
Other Financing Sources:					
Transfers in				52,999	52,999
(Deficiency) Excess of Revenues and Other Sources (Under) Over Expenditures	(51,075)		(51,075)	2,270	53,345
Fund Balance, Beginning of Year	548,712		548,712	54,871	
Fund Balance, End of Year	<u>\$ 497,637</u>	<u>\$ -</u>	<u>\$ 497,637</u>	<u>\$ 57,141</u>	<u>\$ 53,345</u>

See Independent Auditors' Report

## **Statistical Section**

## STATISTICAL SECTION

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

### Contents

### Exhibit

#### **Financial Trends**

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

J-1 thru J-5

#### **Revenue Capacity**

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

J-6 thru J-9

#### **Debt Capacity**

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

J-10 thru J-13

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

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

J-14 thru J-15

#### **Operating Information**

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

J-16 thru J-20

## **Financial Trends**

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities</b>										
Net investment in capital assets,	\$ 9,096,426	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981	\$ 8,874,736
Restricted	584,608	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510	2,454,347
Unrestricted	2,159,577	447,942	440,295	174,487	403,169	(6,310,500)	(6,557,060)	(7,913,435)	(10,257,808)	(10,602,764)
<b>Total governmental activities net position</b>	<b>\$ 11,840,611</b>	<b>\$ 11,531,717</b>	<b>\$ 11,355,387</b>	<b>\$ 2,858,334</b>	<b>\$ 4,037,579</b>	<b>\$ (4,079,052)</b>	<b>\$ (3,536,520)</b>	<b>\$ (3,085,569)</b>	<b>\$ (251,317)</b>	<b>\$ 726,319</b>
<b>Business-type activities</b>										
Net investment in capital assets,	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	225,555	299,485	422,669	476,639	505,384	549,438	609,004	588,105	568,731	556,512
Unrestricted	\$ 225,555	\$ 299,485	\$ 422,669	\$ 476,639	\$ 505,384	\$ 549,438	\$ 609,004	\$ 588,105	\$ 568,731	\$ 556,512
<b>Total business-type activities net assets</b>	<b>\$ 225,555</b>	<b>\$ 299,485</b>	<b>\$ 422,669</b>	<b>\$ 476,639</b>	<b>\$ 505,384</b>	<b>\$ 549,438</b>	<b>\$ 609,004</b>	<b>\$ 588,105</b>	<b>\$ 568,731</b>	<b>\$ 556,512</b>
<b>District-wide</b>										
Net investment in capital assets,	\$ 9,096,426	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981	\$ 8,874,736
Restricted	584,608	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510	2,454,347
Unrestricted	2,385,132	747,427	862,984	651,126	908,553	(5,761,062)	(5,948,056)	(7,325,330)	(9,689,077)	(10,046,252)
<b>Total district net position</b>	<b>\$ 12,066,166</b>	<b>\$ 11,831,202</b>	<b>\$ 11,778,076</b>	<b>\$ 3,334,973</b>	<b>\$ 4,542,963</b>	<b>\$ (3,529,614)</b>	<b>\$ (2,927,516)</b>	<b>\$ (2,497,463)</b>	<b>\$ 317,414</b>	<b>\$ 1,282,831</b>

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

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

J-2  
 Sheet #1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 9,802,342	\$ 11,153,083	\$ 9,688,415	\$ 11,712,322	\$ 11,898,575	\$ 11,118,742	\$ 12,955,085	\$ 16,442,957	\$ 17,169,122	\$ 16,902,388
Special education	2,659,113	2,570,068	2,580,175	3,219,855	3,369,768	3,572,400	4,250,640	5,562,604	5,710,487	5,836,713
Other special education			837,943	663,788	954,998	775,700	1,206,852	1,448,872	1,749,399	1,687,982
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	2,500,593	2,594,241	2,514,312	2,659,415	2,947,018	2,875,701	2,819,933	2,984,551	2,610,946	2,958,742
Student and instruction related services	2,936,178	3,562,726	3,658,864	4,777,808	4,716,062	4,236,669	5,126,097	6,053,709	5,527,049	5,593,922
School administrative services	981,448	589,208	764,733	1,267,248	1,203,928	1,232,176	729,565	2,063,849	2,213,726	2,878,945
General and other administration	1,080,893	1,649,898	1,647,304	1,277,420	1,113,537	1,369,389	2,525,470	1,585,115	1,681,808	873,684
Plant operations and maintenance	2,026,498	1,988,990	2,000,457	2,172,803	2,452,148	2,499,991	2,269,536	3,037,806	3,590,178	4,356,623
Pupil transportation	681,930	712,384	738,513	653,674	701,864	673,390	827,807	921,197	812,192	826,962
Business and other support services	-	21,945	62,161	61,033						
Interest on long-term debt/lease payment/other	301,286	425,023	455,831	371,769	581,807	750,364	458,751	540,009	126,551	229,944
Unallocated depreciation/amortization/other	946,799	1,036,184	1,043,606	9,651,199	29,939,705	29,104,492	33,169,736	40,982,417	41,191,458	42,145,905
Total governmental activities expenses	24,644,149	27,493,689	26,235,223	38,488,334	42,939,705	42,939,705	50,169,736	60,982,417	61,191,458	62,145,905
Business-type activities:										
Food service	434,716	483,752	542,610	459,545	479,702	508,418	503,341	517,246	584,865	558,567
Keys and other programs	382,859	325,328	335,981	540,595	438,643	417,212	425,075	417,174	376,539	450,844
Total business-type activities expense	817,575	809,080	878,591	1,000,140	915,345	925,630	928,416	934,420	961,404	1,009,411
Total district expenses	\$ 25,461,724	\$ 28,302,769	\$ 27,113,814	\$ 39,488,474	\$ 30,855,050	\$ 30,030,122	\$ 34,098,152	\$ 41,916,837	\$ 42,152,862	\$ 43,155,316
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 2,754,365	\$ 1,493,580	\$ 2,760,240	\$ 3,346,953	\$ 918,842	\$ 980,872	\$ 3,918,280	\$ 10,301,427	\$ 793,712	\$ 806,044
Capital grants and contributions	1,843,113							531,738	1,609,642	-
Total governmental activities program revenues	4,597,478	1,493,580	2,760,240	3,346,953	918,842	980,872	3,918,280	10,833,165	2,403,354	806,044

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

J-2  
Sheet #2

	Year ended June 30.									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 443,211	\$ 395,356	\$ 401,654	\$ 368,943	\$ 382,324	\$ 360,360	\$ 375,761	\$ 393,830	\$ 395,933	\$ 429,935
Keys and other programs	373,561	391,163	472,575	566,585	431,099	468,661	468,778	379,319	376,475	397,864
Operating grants and contributions		95,560	127,566	131,362	130,667	142,350	143,443	140,373	169,621	169,393
Capital grants and contributions										
Total business-type activities program revenues	\$ 816,772	\$ 882,079	\$ 1,001,795	\$ 1,066,890	\$ 944,090	\$ 971,371	\$ 987,982	\$ 913,522	\$ 942,029	\$ 997,192
Total district program revenues	\$ 5,414,250	\$ 2,375,659	\$ 3,762,035	\$ 4,413,843	\$ 1,862,932	\$ 1,952,243	\$ 4,905,262	\$ 4,831,502	\$ 3,345,383	\$ 1,803,236
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (20,046,671)	\$ (26,000,109)	\$ (26,235,223)	\$ (35,141,381)	\$ (29,020,863)	\$ (28,123,620)	\$ (29,355,301)	\$ (30,289,625)	\$ (38,788,104)	\$ (41,339,861)
Business-type activities	(803)	172,999	123,204	66,750	28,745	45,741	59,566	(20,896)	(19,375)	(12,219)
Total district-wide net expense	\$ (20,047,474)	\$ (25,927,110)	\$ (26,112,019)	\$ (35,074,631)	\$ (28,992,118)	\$ (28,077,879)	\$ (29,295,735)	\$ (30,310,523)	\$ (38,807,479)	\$ (41,352,080)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 21,430,551	\$ 23,039,193	\$ 23,332,543	\$ 24,154,512	\$ 25,506,891	\$ 26,544,747	\$ 27,211,837	\$ 27,951,872	\$ 28,355,966	\$ 29,237,321
Taxes levied for debt service	617,275	608,305	544,321	616,448	609,408	628,631	706,288	620,898	665,472	727,048
Grants and contributions	1,969,988	1,793,567	1,908,636	1,392,326	3,730,917	1,556,062	1,632,506	2,182,413	12,317,036	12,008,380
Tuition received	319,323	116,074	167,283	128,504	59,380	160,000	69,615	45,914	60,457	43,412
Cancellation of unfunded capital projects						(1,608,545)				
Investment Earnings	20,060		8,349	7,278					71,768	109,757
Rentals	19,772		5,100							
Refund Prior Years Expenditures	14,833		23,360							
Miscellaneous income	57,282		69,301	332,460	293,513	183,688	173,742	535,296	151,656	191,079
Total governmental activities	\$ 24,449,084	\$ 25,691,215	\$ 26,058,893	\$ 26,631,528	\$ 30,200,109	\$ 27,462,583	\$ 29,793,988	\$ 31,336,393	\$ 41,622,355	\$ 42,316,997
Business-type activities:										
Investment earnings/other expense	1,084	931				(1,687)				
Transfers										
Total business-type activities	\$ 1,084	\$ 931	\$ 26,058,893	\$ 26,631,528	\$ 30,200,109	\$ 27,460,896	\$ 29,793,988	\$ 31,336,393	\$ 41,622,355	\$ 42,316,997
Total district-wide	\$ 24,450,168	\$ 25,692,146	\$ 26,058,893	\$ 26,631,528	\$ 30,200,109	\$ 27,460,896	\$ 29,793,988	\$ 31,336,393	\$ 41,622,355	\$ 42,316,997
<b>Change in Net Position (Deficit)</b>										
Governmental activities	\$ 4,402,413	\$ (308,894)	\$ (176,330)	\$ (8,509,853)	\$ 1,179,246	\$ (661,037)	\$ 438,686	\$ 515,030	\$ 2,834,251	\$ 977,136
Business-type activities	281	73,930	123,204	66,750	28,745	44,054	59,566	(20,898)	(19,375)	(12,219)
Total district	\$ 4,402,694	\$ (234,964)	\$ (53,126)	\$ (8,443,103)	\$ 1,207,991	\$ (616,983)	\$ 498,252	\$ 494,132	\$ 2,814,876	\$ 964,917

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

J-3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	369,745	232,512	398,385	941,405	1,234,903	1,850,318	2,043,773	1,643,510	2,243,510	2,439,477
Restricted for	101,562								797,807	814,994
Assigned to									378,027	247,099
Unassigned		474,083	472,284	440,295	456,169	474,184	397,648	642,813	3,419,344	247,099
Total general fund	\$ 471,307	\$ 706,595	\$ 870,649	\$ 1,381,700	\$ 1,691,072	\$ 2,324,502	\$ 2,441,421	\$ 2,286,323	\$ 3,419,344	\$ 3,501,570
<b>All Other Governmental Funds</b>										
Unreserved, reported in:										
Special revenue fund (deficit)	\$ 1,671,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,589,994)	\$ (3,900,527)
Capital projects fund (deficit)	81,746									
Restricted for:										
Capital projects fund	520,055									
Debt service fund										
Assigned to										
Capital projects fund		1,647,404	1,643,440	1,641,973	1,640,566	81,088	73,281	(297,605)	54,871	57,141
Debt services fund		72,776	7,040	20,654	36,318	81,088	73,281	14,879	797,807	814,994
Total all other governmental funds	\$ 2,272,878	\$ 1,720,180	\$ 1,650,480	\$ 1,662,627	\$ 1,676,884	\$ 81,088	\$ 73,281	\$ (282,726)	\$ (3,535,123)	\$ (3,843,386)

Source: CAFR Schedule B-1 and District Income

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



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Local Tax Levy	\$ 22,047,826	\$ 23,647,498	\$ 23,876,774	\$ 24,770,960	\$ 26,116,299	\$ 27,171,378	\$ 27,918,125	\$ 28,572,770	\$ 29,021,438	\$ 29,964,369
Other Local Revenue	431,270	248,168	271,300	409,342	371,247	335,684	262,309	290,155	229,012	343,431
State sources	5,658,712	2,714,365	3,311,772	4,208,415	4,040,437	4,605,988	4,915,741	14,729,012	7,796,489	7,904,875
Local Sources	1,636	1,982	-	589,765	609,322	617,726	635,044	652,012	604,120	588,561
Federal sources	911,924	572,782	54,141	29,978,482	31,137,305	32,730,776	33,731,219	44,243,949	37,651,059	38,801,236
Total revenue	29,051,368	27,184,795	27,513,987	29,978,482	31,137,305	32,730,776	33,731,219	44,243,949	37,651,059	38,801,236
<b>Expenditures</b>										
Instruction	7,544,117	7,821,972	8,581,952	8,620,124	8,471,816	8,597,979	8,719,704	9,431,728	9,291,163	9,709,302
Regular Instruction	2,310,932	1,893,079	2,087,605	2,259,813	2,379,806	2,906,417	2,883,326	3,031,456	3,016,578	3,242,476
Special Education Instruction	644,817	933,142	704,163	623,103	719,688	623,074	871,575	890,041	1,000,601	1,067,457
Other	-	-	-	-	-	-	-	-	-	-
School-Sponsored/Other Instructional	-	-	-	-	-	-	-	-	-	-
Total Instruction	10,489,866	10,648,193	11,373,720	11,503,040	11,571,310	12,127,470	12,474,605	13,353,225	13,308,342	14,019,235
Undistributed:										
Tuition	2,500,593	2,594,241	2,514,312	2,322,098	2,596,479	2,503,491	2,400,266	2,630,433	2,202,510	2,528,450
Support Services-Students	2,595,787	2,670,723	3,132,058	3,369,787	3,234,440	3,577,338	3,796,496	3,767,996	3,306,271	3,670,766
General Administration	988,907	925,574	523,589	597,516	974,938	654,037	619,169	592,594	571,102	557,894
School Administration	854,428	839,525	925,912	1,008,811	969,640	974,595	1,110,888	1,154,133	1,191,414	1,193,016
Other Administrative Services	1,888,343	1,697,285	1,31,543	1,112,768	1,02,414	422,875	508,894	472,831	498,330	547,646
Operations and Maintenance	667,723	669,885	1,700,198	628,024	2,088,368	2,089,633	2,266,962	2,350,207	2,419,586	3,129,863
Student Transportation	-	-	-	-	687,797	660,067	810,755	891,781	765,699	786,674
Business and Other Support Services:										
Employee Benefits	3,299,123	3,542,107	3,321,779	2,963,788	4,071,906	4,195,448	4,533,247	4,637,833	4,782,949	5,153,084
On-behalf TPAF Pension Contributions	727,571	753,657	349,364	2,378,341	1,293,041	1,215,197	2,104,645	2,631,388	3,176,484	3,700,465
Reimbursed TPAF Social Security	-	-	-	-	-	-	-	-	-	-
Contributions	921,837	830,289	702,312	881,007	891,939	921,581	872,113	967,307	951,108	989,392
Transfers - Charter Schools	-	-	62,161	61,033	-	29,608	-	-	-	-
Total Undistributed	14,444,312	14,523,266	14,057,831	16,158,968	16,910,962	17,243,870	19,023,435	20,096,503	19,865,443	22,257,250
Capital Outlay:										
Equipment	-	-	-	-	-	-	-	-	47,412	-
Increase in Capital Reserve	-	-	-	-	-	-	-	-	-	-
Facilities Acquisition and Construction	2,664,286	662,822	278,213	110,441	224,347	388,310	139,168	47,051	66,639	425,557
Services	130,140	-	-	68,475	-	-	72,000	347,907	657,917	536,785
Assets Acquired under Capital Leases	69,131	-	-	-	-	-	-	-	-	-
Assets Acquired under Mortgages	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Capital Lease Payment	-	-	-	-	-	-	-	-	-	-
Total Capital Outlay	2,853,557	662,822	282,530	149,665	154,775	382,243	86,781	1,329,345	4,902,031	63,661
Total General and Capital Expenditures	27,797,735	25,834,281	25,972,294	27,990,489	28,861,394	30,141,893	31,845,396	35,264,832	38,847,784	23,283,253
<b>Special Revenue:</b>										
Federal	842,450	572,782	586,791	589,766	609,322	617,726	635,044	648,731	588,510	584,184
State	262,507	272,829	267,986	263,738	259,593	313,146	305,602	256,632	225,202	221,041
Local	1,636	1,982	2,183	56,135	49,927	50,000	875	905,363	793,712	819
Total Special Revenue Expenditures	1,106,593	847,593	856,960	909,639	918,842	980,872	941,521	905,363	793,712	806,044

See Independent Auditors' Report

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

J-4  
Sheet #2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Service Expenditures	\$ 803,521	\$ 820,331	\$ 795,716	\$ 874,426	\$ 777,089	\$ 802,077	\$ 888,239	\$ 840,550	\$ 841,725	\$ 966,504
Total Governmental Fund Expenditures	\$ 29,707,849	\$ 27,502,205	\$ 27,624,970	\$ 29,774,554	\$ 30,557,325	\$ 32,424,842	\$ 33,675,155	\$ 36,699,443	\$ 40,483,221	\$ 39,075,036
Excess (Deficiency) of Revenues Over (under) Expenditures	(656,481)	(317,410)	(110,983)	203,928	581,408	305,934	56,062	7,544,506	(2,832,162)	(273,800)
Other Financing Sources (Uses)										
Premium on Promissory Note in Cap Projects	25,620								37,180	(16,398)
Adjustments								291,055		(16,398)
Capital Leases (non-budgeted)	130,140		262,530	68,475		382,243	72,000	347,907	657,917	63,661
Proceeds from refunding						(32,770)				
Cancellation of Unfunded Capital Projects						(1,608,545)				
Write-off of Prior Year Revenue					(18,354)	(9,228)	(979)			
Interest earned in Capital Projects Fund	15,880								17,689	
Transfers In		8,757	2,554	12,800			21	(500,000)		
Transfers Out		(8,757)	(2,554)		(18,354)		(18,014)	500,000		
Total Other Financing Sources (uses)	2,936,308	(8,757)	262,530	81,275	(18,354)	(1,268,300)	53,028	638,962	712,786	47,263
Net Change in Fund Balances	\$ 2,279,827	\$ (317,410)	\$ 151,547	\$ 285,203	\$ 563,054	\$ (962,366)	\$ 109,090	\$ 8,183,468	\$ (2,119,376)	\$ (226,537)
Debt Service as a Percentage of Non Capital Expenditures	2.72%	3.06%	2.94%	2.97%	2.58%	2.53%	2.67%	2.29%	2.08%	2.47%

Source: CAFR Schedule B-2

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

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

Description	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Annual Totals
Interest on Investments	\$ 109,757	\$ 54,079	\$ 13,948	\$ 12,324	\$ 8,770	\$ 8,876	\$ 7,279	\$	\$	\$ 20,060	\$ 235,093
Tuition	43,412	60,457	45,914	69,616	160,000	59,380	128,504	167,283	116,074	319,323	1,169,963
Rentals			500	48,400	1,150	51,475	48,900			19,772	170,197
Prior Year Tuition Refunds	14,772	13,466	50,156	25,635	26,957	6,784	46,084			14,833	198,687
Miscellaneous Income	175,489	101,010	179,635	106,334	138,787	244,709	178,576	103,921	134,076	57,282	1,419,819
<b>Total</b>	<b>\$ 343,430</b>	<b>\$ 229,012</b>	<b>\$ 290,153</b>	<b>\$ 262,309</b>	<b>\$ 335,664</b>	<b>\$ 371,224</b>	<b>\$ 409,343</b>	<b>\$ 271,204</b>	<b>\$ 250,150</b>	<b>\$ 431,270</b>	<b>\$ 3,193,759</b>

Source: District records

## **Revenue Capacity**

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

J-6

Fiscal Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2009	\$ 1,867,662,044	\$ 1,945,451,054	96.26%
2010	1,872,097,822	1,928,211,589	97.35%
2011	1,865,367,200	1,833,104,560	101.76%
2012	1,544,763,900	1,654,808,677	93.35%
2013	1,547,020,681	1,712,005,582	90.36%
2014	1,551,931,320	1,678,988,516	92.65%
2015	1,551,911,749	1,764,238,083	88.15%
2016	1,561,099,137	1,788,301,616	87.30%
2017	1,679,791,800	1,764,762,500	95.19%
2018	1,718,394,708	1,788,729,980	96.07%
2019	1,766,657,570	1,798,398,549	98.44%

Source: County Abstract of Ratables

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

J-7

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
2010	\$ 1.22	\$ 0.75	\$ 0.20	\$ 2.17
2011	1.273	0.765	0.205	2.243
2012	1.574	0.932	0.236	2.742
2013	1.641	0.941	0.254	2.836
2014	1.708	0.946	0.250	2.904
2015	1.767	0.947	0.272	2.986
2016	1.801	0.952	0.282	3.035
2017	1.704	0.888	0.264	2.856
2018	1.705	0.892	0.255	2.852
2019	1.706	0.890	0.249	2.845

Source: Tax Collector

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

J-8

<u>Taxpayers</u>	<u>2010</u>		<u>2019</u>	
	<u>Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>As a % of District's Net Assessed Valuation</u>
Prime Properties, LLC	\$ 38,003,000	2.05%	\$ 37,275,000	2.11%
Heights Plaza, Associates	27,099,400	1.46%	27,547,000	1.56%
Heights Plaza, LLC	11,790,000	0.63%	24,160,400	1.37%
Ess Prisa LLC	15,503,000	0.83%	14,106,100	0.80%
621 Route 46 Associates	14,470,600	0.78%	16,900,400	0.96%
Ottawa House Limited	12,980,000	0.70%	15,221,000	0.86%
611 Routh 46, LLC	11,900,000	0.64%	13,538,100	0.77%
Hasbrouck Motel Company	11,500,000	0.62%	13,617,000	0.77%
Touro Unic. College of Med. Inc.	11,450,200	0.62%		
Skyline Associates	9,920,000	0.53%		
377 LaSalle Group			13,414,200	0.76%
<b>Total</b>	<b><u>\$ 154,696,200</u></b>	<b><u>8.33%</u></b>	<b><u>\$ 175,779,200</u></b>	<b><u>9.95%</u></b>

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2010	\$ 22,047,826	\$ 22,047,826	100.00%
2011	23,647,498	23,647,498	100.00%
2012	23,332,543	23,332,543	100.00%
2013	24,770,960	24,770,960	100.00%
2014	26,116,297	26,116,297	100.00%
2015	27,030,709	27,030,709	100.00%
2016	27,804,795	27,804,795	100.00%
2017	28,572,770	28,572,770	100.00%
2018	29,021,438	29,021,438	100.00%
2019	29,964,369	29,964,369	100.00%



## **Debt Capacity**

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

J-10

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Bond Anticipation Note					
2010	\$ 7,813,430	\$ 217,575		\$	8,031,005	11,445	702	
2011	7,345,542	240,796			7,586,338	11,856	640	
2012	6,867,842	371,339			7,239,181	11,919	607	
2013	6,369,341	290,249			6,659,590	11,960	557	
2014	5,855,000	135,474			5,990,474	12,092	495	
2015	7,065,000	399,530			7,464,530	12,165	614	
2016	6,210,000	321,177			6,531,177	12,227	534	
2017	5,540,000	440,190			5,980,190	12,182	491	
2018	4,850,000	694,507	6,225,000		11,769,507	12,277	959	
2019	4,140,000	462,442	6,225,000		10,827,442	12,124	893	

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

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

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

J-11

<u>Fiscal Year Ended June 30,</u>	<u>Estimated School District Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2010	11,856	\$ 1,872,097,822	\$ 7,715,000	0.41%	650.73
2011	11,919	1,865,367,200	7,275,000	0.39%	610.37
2012	11,936	1,865,367,200	6,820,000	0.37%	571.38
2013	11,936	1,544,763,900	6,369,341	0.41%	533.62
2014	12,022	1,551,931,320	5,855,000	0.38%	487.02
2015	12,165	1,551,911,749	7,065,000	0.46%	580.76
2016	12,227	1,561,099,137	6,210,000	0.40%	507.89
2017	12,182	1,679,791,800	5,540,000	0.33%	454.77
2018	12,277	1,718,394,708	4,850,000	0.28%	395.05
2019	12,124	1,765,504,500	4,140,000	0.23%	341.47

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

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2019**  
(unaudited)

J-12

Net Direct Debt of District as of June 30, 2019		
Bonds issued	\$ 4,140,000	
Bond Anticipation Note	<u>6,225,000</u>	
		\$ 10,365,000
Net Overlapping Debt of School District		
Borough of Hasbrouck Heights (100%)	8,796,998	
County of Bergen - Borough's share (0.10%)	<u>213,386</u>	
		<u>9,010,384</u>
Total Direct and Overlapping Bond Debt as of June 30, 2019		<u><u>\$ 19,375,384</u></u>

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

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

J-13

Equalized valuation basis

2018	\$	1,817,005,608
2017		1,847,142,951
2016		1,842,988,895

(A)	\$	<u>5,507,137,454</u>
-----	----	----------------------

Average equalized valuation of taxable property	(A-3)	\$	1,835,712,485
Debt limit (4 % of average equalization value)	(B)		73,428,499
Net school debt as of June 30, 2019	(C)		<u>10,365,000</u>
School borrow margin available	(B-C)	\$	<u>63,063,499</u>

2019

Debt limit	\$	73,428,499
Net school debt		<u>10,365,000</u>
School borrowing margin available	\$	<u>63,063,499</u>
Total net debt applicable to the limit as a percentage of debt limit		14.116%

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

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

## **Demographic and Economic Information**

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

J-14

<u>Year</u>	<u>Estimated School District Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	11,856	\$ 65,486	8.80%
2011	11,919	66,096	9.40%
2012	11,936	69,919	8.80%
2013	11,960	67,240	8.60%
2014	12,092	73,536	5.00%
2015	12,165	75,849	6.50%
2016	12,227	77,187	4.60%
2017	12,182	81,203	4.20%
2018	12,277	N/A	3.90%
2019	12,124	N/A	N/A

Source: New Jersey State Department of Education

N/A - Data Not Available

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

J-15

	2010		2019	
Employer	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
N/A	N/A	N/A	N/A	N/A
		0.00%		
			0.00%	

N/A - Data Not Available



## **Operating Information**

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

J-16

<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	105.1	105.1	95.3	95.3	104.6	104.4	106.4	106.0	106.2	105.0
Special Education	24.8	24.8	22.0	22.0	27.4	32.4	34.4	32.4	33.0	37.6
Other Instruction	24.5	24.5	26.6	26.6	26.0	29.0	30.0	31.0	40.0	28.0
Support Services:										
Attendance & Social Work	3.4	3.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.2
Health Services	3.0	3.0	3.0	3.0	3.6	3.6	3.6	3.6	3.6	3.6
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6
Extraordinary Services	10.0	10.0	11.0	11.0	17.0	15.0	15.0	14.5	14.0	15.5
Support Services - Students Regular	5.0	5.0	4.5	4.5	6.0	6.0	6.0	6.0	5.0	6.0
Support Services - Students Special	8.2	8.2	8.7	8.7	8.8	8.4	9.0	9.0	9.0	9.0
Improvement of Instructional Services	1.0	1.0	0.0	0.0	0.0	2.0	2.0	2.0	1.0	1.0
Educational Media/School Library	4.5	4.5	4.5	4.5	4.8	4.8	4.8	4.8	3.8	3.8
General administration	3.0	3.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	9.5	9.5	10.3	10.3	10.6	10.6	12.1	12.1	12.1	13.8
Central Services	4.8	4.8	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	0.5	0.5	0.5	0.5	0.3	0.3	1.3	1.3	1.3	1.2
Plant Operations and Maintenance	15.5	15.5	12.0	12.0	14.0	14.0	15.0	15.0	14.3	14.3
Pupil transportation	1.5	1.5	1.5	1.5	0.5	0.5	0.5	0.0	0.5	1.0
Other support services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0
<b>Total</b>	<b>227.3</b>	<b>227.3</b>	<b>210.4</b>	<b>210.4</b>	<b>234.6</b>	<b>241.0</b>	<b>250.0</b>	<b>248.7</b>	<b>254.8</b>	<b>251.6</b>

Source: District Records

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

J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Pupil/Teacher Ratio Senior High School</u>	<u>Pupil/Teacher Ratio Middle School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA) <sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2010	1,654.0	\$ 24,944,178	\$ 15,081	1.85%	130	13:01	12:01	12:01	1,662.0	1,596.5	2.94%	96.06%
2011	1,712.0	26,005,864	15,190	0.72%	130	13:01	12:01	12:01	1,710.6	1,638.6	2.92%	95.80%
2012	1,770.0	26,224,844	14,816	0.77%	117	15:13	15:13	15:13	1,805.7	1,734.6	5.56%	96.10%
2013	1,896.0	27,988,994	14,762	-0.37%	134	14:15	14:15	14:15	1,903.5	1,821.7	5.42%	95.70%
2014	1,892.0	26,675,523	14,099	-4.49%	132	14:33	14:33	14:33	1,883.5	1,811.6	-0.74%	96.18%
2015	1,875.0	27,615,185	14,728	3.52%	137	13:71	13:71	13:71	1,869.6	1,796.8	-0.48%	96.11%
2016	1,866.0	28,523,853	15,286	3.79%	142	13:14	13:14	13:14	1,859.0	1,787.7	-0.59%	96.16%
2017	1,849.0	29,472,818	15,940	1.62%	141	13:11	13:11	13:11	1,850.1	1,771.9	-0.48%	95.77%
2018	1,805.0	29,839,905	16,092	0.95%	139	12:97	12:97	12:97	1,799.6	1,727.2	-2.73%	95.98%
2019	1,786.0	32,110,038	17,979	11.73%	143	12:49	12:49	12:49	1,780.0	1,709.4	-1.09%	96.03%

**Note:** Enrollment based on annual October District count.

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

J-18

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>District Building</b>										
<u>Elementary</u>										
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	371	367	394	455	448	439	439	387	387	387
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	421	412	454	469	455	446	439	414	414	414
<u>Middle/High School</u>										
Square Feet	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681
Capacity (students)	850	850	850	850	850	850	850	850	850	850
Enrollment	862	859	944	999	989	990	990	1,048	1,048	1,048
Number of Schools at June 30										
Elementary = 2	2	2	2	2	2	2	2	2	2	2
Middle School = 1	1	1	1	1	1	1	1	1	1	1
Senior High School = 1	1	1	1	1	1	1	1	1	1	1
	4	4	4	4	4	4	4	4	4	4

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

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

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES

<u>*School Facilities</u>	<u>School Number</u>	<u>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>
Hasbrouck Heights Middle/High School	50	\$ 162,483	\$ 144,429	\$ 154,006	\$ 200,817	\$ 211,204	\$ 176,635	\$ 254,185	\$ 286,350	\$ 252,529	\$ 389,590
Euclid	60	54,161	48,143	51,335	66,939	70,401	58,878	84,728	95,450	84,176	129,863
Lincoln	80	54,161	48,143	51,336	66,939	70,401	58,878	84,728	95,450	84,176	129,863
Total School Facilities		<u>\$ 270,805</u>	<u>\$ 240,715</u>	<u>\$ 256,677</u>	<u>\$ 334,695</u>	<u>\$ 352,006</u>	<u>\$ 294,391</u>	<u>\$ 423,641</u>	<u>\$ 477,250</u>	<u>\$ 420,881</u>	<u>\$ 649,316</u>

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

Source: District records

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2019**  
(unaudited)

J-20

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

## **Single Audit Section**

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2019.

**Internal Control Over Financial Reporting**

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

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

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

PKF O'CONNOR DAVIES, LLP  
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Page 2

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 20, 2019

*David J. Gannon*

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

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

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey's (the "District") compliance with the types of compliance requirements described in *OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplemental Requirements* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Page 2

### Report on Internal Control Over Compliance

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

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

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

### Purpose of This Report

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

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
December 20, 2019

*David J. Gannon*

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

HASBROUCK HEIGHTS SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

K-3

Federal Grantor/ Pass-Through Grantor Program Title	Federal CDEA Program	Federal FAN #	Award Amount	Grant Period		Balance, June 30, 2018			Balance, June 30, 2019								
				From	To	Accounts Receivable	Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Education: Passed - Through State Department of Education: Medical Assistance Program (SEM)			93,778	1805NJ5			\$ 4,377	\$ 4,377	\$ 4,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total General Fund</b>							4,377	4,377	4,377	-	-	-	-	-	-	-	
Special Revenue Fund:																	
I.D.E.A., Part B Basic	84-027	HO27A180100	435,638		07/01/2017	06/30/2018	95,142	95,142	403,494	104,166							
I.D.E.A., Part B Basic	84-027	HO27A180100	415,816		07/01/2018	06/30/2019	299,328	299,328	37,453	24,493							
I.D.E.A., Part B Preschool	84-173	H173A180114	37,453		07/01/2018	06/30/2019	12,960	12,960	40,004	8,709							
Title I, Part A	84-010A	S010A180030	148,300		07/01/2017	06/30/2018	40,004	40,004	110,374	58,820							
Title I, Part A	84-010A	S367A180029	150,160		07/01/2018	06/30/2019	51,554	20,270	28,979	6,709							
Title II, Part A	84-367A	S367A170029	34,586		07/01/2018	06/30/2019	20,270	1,653	42	42							
Title III, No Child Left Behind	84-365A	S365A18030	10,508		07/01/2018	06/30/2019	1,653	1,653	42	42							
Title III, Immigrant	84-365A	S365A18030	3,895		07/01/2018	06/30/2019	1,653	1,653	2,190	2,190							
Title IV	84-365A	S365A18030	10,000		07/01/2018	06/30/2019	2,190	2,190									
<b>Total Special Revenue Fund</b>							520,911	520,911	584,184	198,419							
U.S. Department of Agriculture Passed-through State Department of Ed																	
Enterprise Fund: National School Lunch Program National School Lunch Program Food Donation Program (NC)	10-555 10-555 10-555	18181NJ304199 19191NJ304199 19191NJ304N1099	131,627 132,519 31,938		07/01/2017 07/01/2018 07/01/2018	06/30/2018 06/30/2019 06/30/2019	7,459 125,098 31,938	7,459 125,098 31,938	132,519 31,938	7,421							
<b>Total Enterprise Fund</b>							164,495	164,495	164,457	7,421							
<b>Total Federal Financial Awards</b>							689,792	689,792	753,018	205,840							
(NC) - Non-cash transaction.																	

**HASBROUCK HEIGHTS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

K-4

State Grants/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2018		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2019		Due To Grantor	MEMO Budgetary Receivable	MEMO Cumulative Expenditures
				Accounts Receivable	Due To Grantor					Deferred Revenue	Deferred Revenue			
<b>State Department of Education:</b>														
<b>General Funds:</b>														
Special Education Ad	19-495-034-5120-089	\$ 1,564,687	7/1/18-6/30/19			\$ 1,564,687	\$ 1,564,687							\$ 1,564,687
Extraordinary Ad	18-495-034-5120-044	224,440	7/1/17-6/30/18			225,312	290,072							290,072
Extraordinary Ad	19-495-034-5120-044	290,072	7/1/18-6/30/19											
Expenditure Ad	18-495-034-5120-014	143,130	7/1/18-6/30/19			143,130	143,130							143,130
Security Ad	18-495-034-5120-084	185,508	7/1/18-6/30/19			185,508	185,508							185,508
Security Ad	19-495-034-5120-084	185,508	7/1/18-6/30/19											
On-Behalf TPAF Pension Contributions	19-495-034-5095-001	2,544,053	7/1/18-6/30/19			1,153,978	2,544,053							2,544,053
On-Behalf TPAF Post Retirement Med	19-495-034-5095-002	2,434	7/1/18-6/30/19			2,434	1,153,978							1,153,978
On-Behalf TPAF LT Disability	18-495-034-5095-008	851,108	7/1/17-6/30/18			47,286	2,434							2,434
On-Behalf TPAF Social Security Contributions	19-495-034-5095-006	899,392	7/1/18-6/30/19			899,392	899,392							899,392
On-Behalf TPAF Social Security Contributions	19-495-034-5095-008	899,392	7/1/18-6/30/19			899,392	899,392							899,392
<b>Total General Funds</b>						<b>7,132,631</b>	<b>7,480,903</b>						<b>399,019</b>	<b>6,481,611</b>
<b>Special Revenue Funds</b>														
<b>NU Nonpublic Ad:</b>														
Textbook Ad	19-100-034-5120-064	16,234	7/1/18-6/30/19			16,234	15,944							15,944
Textbook Ad	18-100-034-5120-064	16,234	7/1/17-6/30/18											
Compensatory Education	19-100-034-5120-067	75,297	7/1/17-6/30/19			75,272	65,228							65,228
English as a Second Language	18-100-034-5120-067	11,740	7/1/17-6/30/18			8,213								
English as a Second Language	19-100-034-5120-067	5,177	7/1/18-6/30/19			5,180	3,106							3,106
Transportation	19-100-034-5120-067	15,810	7/1/18-6/30/19			15,810	15,910							15,910
Home Instruction	19-100-034-5120-067	1,745	7/1/18-6/30/19				1,745							1,745
Supplemental Instruction	18-100-034-5120-066	25,392	7/1/17-6/30/18			9,235	23,780							23,780
Supplemental Instruction	19-100-034-5120-066	23,780	7/1/18-6/30/19				15,534							15,534
Examination and Classification	18-100-034-5120-066	27,489	7/1/17-6/30/18			8,319	29,675							19,941
Examination and Classification	19-100-034-5120-066	29,668	7/1/18-6/30/19				19,941							9,834
Corrective Speech	18-100-034-5120-068	50,622	7/1/17-6/30/18			16,381	44,729							44,729
Corrective Speech	19-100-034-5120-068	29,585	7/1/18-6/30/19			67	53,415							8,686
Nursing Services	18-100-034-5120-070	29,488	7/1/17-6/30/18			29,488	29,488							29,488
Nursing Services	19-100-034-5120-070	11,295	7/1/18-6/30/19			11,056	29,488							29,488
Technology	18-100-034-5120-373	10,944	7/1/18-6/30/19			10,944	10,216							10,216
Technology	19-100-034-5120-373	22,675	7/1/17-6/30/18			10,610								
Security Ad	18-100-034-5120-599	45,000	7/1/18-6/30/19			45,600								45,600
Security Ad	19-100-034-5120-599													
<b>Total Special Revenue Funds</b>						<b>46,600</b>	<b>221,041</b>						<b>1,745</b>	<b>221,042</b>
<b>Capital Projects Fund:</b>														
Advt. State School Bldg Ad/SDA Grant	G5-4866	1,510,659	7/1/18-6/30/19			1,322,431	128,399							2,773,261
Advt. State School Bldg Ad/SDA Grant	G5-4868	346,450	7/1/18-6/30/19			346,450	346,450							346,450
Advt. State School Bldg Ad/SDA Grant	G5-4867	472,392	7/1/18-6/30/19			2,151,124	128,399							3,386,104
<b>Total Capital Projects Fund</b>														
<b>Other Service Fund:</b>														
Diet Service Ad	19-495-034-5120-075	188,727	7/1/18-6/30/19			224,985	188,727							188,727
<b>State Department of Agriculture</b>														
Enterprise Fund	19-100-010-3350-023	4,989	7/1/17-6/30/18			294	4,936							4,936
National School Lunch Program	18-100-010-3350-023	4,936	7/1/18-6/30/19			4,940	4,936							4,936
<b>Total Enterprise Fund</b>														
<b>Total State Financial Awards</b>														
						<b>\$ 2,414,166</b>	<b>\$ 8,024,006</b>						<b>\$ 2,660,727</b>	<b>\$ 10,498,920</b>
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>														
<b>General Fund:</b>														
<b>On-Behalf TPAF Contributions:</b>														
Pension Contributions														\$ 2,544,053
Post Retirement Medical														1,153,978
Long-Term Disability														2,434
<b>Total State Financial Assistance Subject to Single Audit Determination</b>														<b>\$ 4,320,541</b>

The accompanying notes to the schedules of federal awards and state financial assistance are an integral part of this statement.

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

JUNE 30, 2019

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(114,195) for the general fund and \$-0- for the special revenue fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2019

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

	State	Federal	Total
General Fund	\$ 7,480,903	\$ 4,377	\$ 7,485,280
Special Revenue Fund	221,041	584,184	805,225
Capital Projects Fund	128,399		128,399
Debt Service Fund	188,727		188,727
Food Service Fund	4,936	164,457	169,393
Total Awards and Financial Assistance	<u>\$ 8,024,006</u>	<u>\$ 753,018</u>	<u>\$ 8,777,024</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The Hasbrouck Heights School District had no loans outstanding as of June 30, 2019.

**6. OTHER**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2019.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2019 amounted to \$3,700,465. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

**7. INDIRECT COSTS**

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   √   No

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   √   None Reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes   √   No

**Federal Awards Section**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes   √   No

2) Were significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   √   No

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

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance? \_\_\_\_\_ Yes   √   No

Identification of major Programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program</u>
84.027	S027A190100	Special Education – Individuals with Disabilities (IDEA)

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

Auditee qualified as low-risk auditee?   √   Yes \_\_\_\_\_ No





**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Section II - Financial Statement Findings**

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

**Section III - Summary of Auditors' Results**

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

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

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

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

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

**HASBROUCK HEIGHTS SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2019

**Section IV:**

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

NONE

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

NONE