

**SCHOOL DISTRICT OF THE  
BOROUGH OF HO-HO-KUS  
COUNTY OF BERGEN, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF HO-HO-KUS**

**Ho-Ho-Kus Board of Education  
Ho-Ho-Kus, New Jersey**

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

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Borough of Ho-Ho-Kus School District**

**Ho-Ho-Kus, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by**

**Borough of Ho-Ho-Kus School District  
Finance Department**

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## **INTRODUCTORY SECTION**





# Ho-Ho-Kus Board of Education

70 Lloyd Road ♦♦♦ Ho-Ho-Kus, New Jersey 07423  
201-652-4555 ♦♦♦♦ <http://www.hohokus.org>

January 21, 2020

Honorable President and  
Members of the Board of Education  
Ho-Ho-Kus School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (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 Ho-Ho-Kus School District. 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, 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 positions and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to compliment management's discussion and analysis and should be read in conjunction with it), the district's organizational chart, roster of officials, and consultants and advisors. The financial section includes the independent auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and other supplementary information. The statistical section includes selected financial trends, revenue and debt capacity, demographic, and economic information, 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 Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*" Information related to this Single Audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts, and grants, along with findings and questioned costs, if any, are included in the Single Audit section of this report.

## **REPORTING ENTITY AND ITS SERVICES**

The Ho-Ho-Kus School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ho-Ho-Kus Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education and special education for special needs students. In addition, there were 273 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale which represented an increase of 23 students. The student enrollment data, listed in the table below, does not include the high school students. The District's enrollment for the 2018-2019 fiscal year was 590 students or a decrease of 7 students from the prior year. The following table details the changes in the Pre-K through 8<sup>th</sup> grade student enrollment of the District over the last ten years.

## **Student Enrollment**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2018-19	590	-1.17%
2017-18	597	-2.29%
2016-17	611	-0.97%
2015-16	617	-3.59%
2014-15	640	-3.03%
2013-14	660	0.61%
2012-13	656	1.39%
2011-12	647	0.94%
2010-11	641	-4.75%
2009-10	673	1.66%
2008-09	662	-1.05%

### **ECONOMIC CONDITION AND OUTLOOK**

The Ho-Ho-Kus School District's tax base is expected to remain stable due to its above-average wealth levels and continued development. The tax levy has incrementally increased in recent years due to flat state aid funding in prior years along with unfunded state mandates. The District is required to meet federal and state student learning standards and special education requirements. The District anticipates maintaining its stable financial position given ongoing expenditure management, moderate but consistent increases, and forward-looking financial planning.

### **MAJOR INITIATIVES**

Ho-Ho-Kus Public School continues to run a comprehensive Pre-K through 8 program. Our students perform above state and national averages on state tests and participate in a wide range of co-curricular activities in athletics and the arts. The Board of Education, in collaboration with the school and larger community, developed a comprehensive strategic plan for the District. Members from both the school and broader based community worked in committees to develop goals and action plans for the school District that meet the needs identified by all stakeholders. These areas were: Student Success; Culture and Climate; Relationships and Partnerships; and Facilities. The goals are:

- Student Success (Achievement and Technology): Develop creative, confident and empowered students ready to actively lead in a global society.
- Culture and Climate (Including Wellness): Enhance a safe and secure educational environment to create well-balanced, empowered global citizens.
- Relationships/Partnerships: Build local and global relationships and partnerships that support students in reaching their maximum potential.
- Facilities: Create a state-of-the-art, safe and personal environment that will enhance the learning and culture of our students.

District initiatives include the following:

- Optimize the achievement of all students by examining the programs offered and their ability to meet student needs, while focusing upon the intellectual, social, emotional, and physical well-being of all.
- Continue to develop and expand community partnerships locally and beyond to maximize opportunities for educational and financial benefit.
- Develop long-term plans for facility use and maintenance based upon educational needs and professional recommendations.

- Develop district STEAM education curricula, utilization of resources, relationships with prospective industry and community partners, and classroom culture to align with our STEM vision statement.

School-wide initiatives include the following:

- Refine the English/Language Arts units of study (K-8) to enhance coherence and provide professional development targeting balanced literacy.
- Develop district STEAM education curricula, utilization of resources, relationships with prospective industry and community partners, and classroom culture to align with our STEM vision statement.
- Expand wellness education initiatives that provide students, teachers, and community members with resources that promote healthy mind/body practices, social-emotional learning, positive online behavior, and resilience.

A major development for the school has been the one-to-one Chromebook initiative for students in Grades 5-8. All fifth through eighth grade students receive a Chromebook that is used daily in classes and also can be taken home. Targeted professional development has been implemented for teachers to assist in integrating the use of these devices. Teachers utilize many facets of Google Classroom and other platforms to support and expand student learning. Readers and Writers Workshop remains the cornerstone of Language Arts Literacy instruction. Coaching and ongoing professional development are provided to teachers throughout the year. A continued focus upon mathematics has been provided to elementary and middle school students in conjunction with specific professional development for teachers. Some of this professional development has been targeted for special education teachers to enable them to incorporate these more complex strategies and methods in their classes. Instruction of higher level skills in combination with varied problem solving strategies is a trademark of this approach. Students in Grade 6 and 7 social studies classes are outfitted with interactive textbooks (techbooks). Instruction is greatly enhanced by this ready access to multimedia supports to social studies content. Grade 8 students complete a comprehensive civics project each year which combines research and service. New Jersey Student Learning Standards-Science requirements for all grade levels have been fully addressed and fully implemented. Assessment of children in the primary grades and interventions for Basic Skills instruction are addressed through the RTI program. Enhanced assessment strategies are utilized to form appropriate groups for more intensive skill development as well as enrichment opportunities. Careful consideration and attention to the continuum of offerings provided to students identified with special needs has also been a focus throughout the year.

### **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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation costs and benefits require estimates and judgments by management.

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

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

## **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 voters of this municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year.

## **ACCOUNTING SYSTEM AND REPORTS**

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The District's accounting system is organized on the basis of funds. The funds are explained in "Notes to the Financial Statements," Note 1.

## **FINANCIAL POLICIES**

The intent of the School Board is to ensure that the School District manages its budget and finance in a fiscally prudent and responsible way by establishing financial policies for the Budget, Fund Balance and the maintenance of adequate reserves. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual that is when they become measurable when available. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual.

## **OTHER INFORMATION**

### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was appointed by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

## **ACKNOWLEDGMENTS**

We would like to express our appreciation to the members of the 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 business office staff.

Respectfully submitted,

*Dr. Diane G. Mardy*

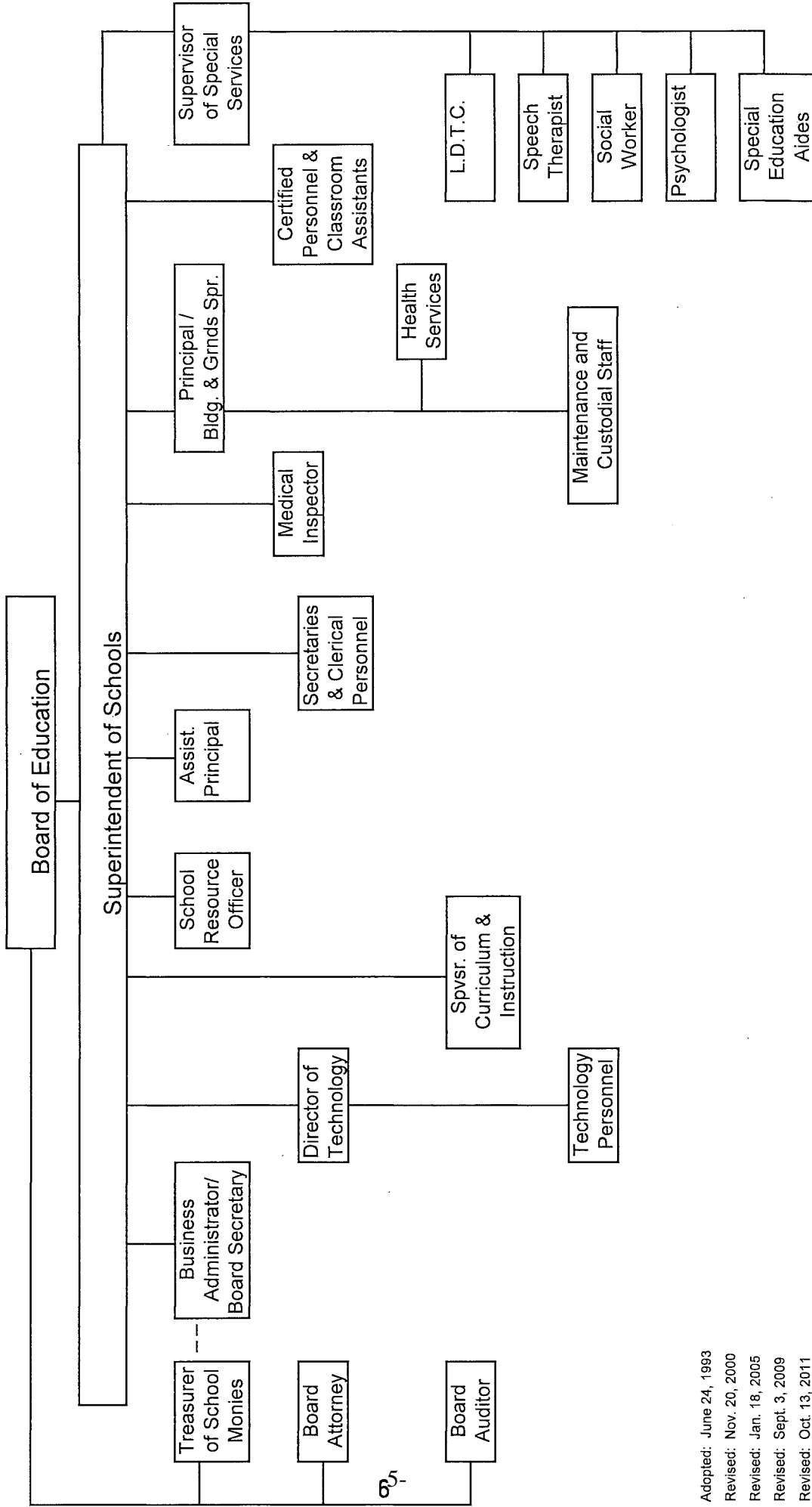
Dr. Diane G. Mardy  
Superintendent of Schools

*Mr. Mark S. Jacobus*

Mr. Mark S. Jacobus  
Business Administrator /Board Secretary

# HO-HO-KUS BOARD OF EDUCATION

## Organizational Chart



Adopted: June 24, 1993  
 Revised: Nov. 20, 2000  
 Revised: Jan. 18, 2005  
 Revised: Sept. 3, 2009  
 Revised: Oct. 13, 2011  
 Revised: Feb. 24, 2014  
 Revised: Oct. 24, 2017

**BOROUGH OF HO-HO-KUS BOARD OF EDUCATION**  
**HO-HO-KUS, NEW JERSEY**

**ROSTER OF OFFICIALS**  
**JUNE 30, 2019**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Mary Ellen Nye, President	2021
Ellen Marie Walsh, Vice President	2020
Cinzia D'Iorio, Member	2021
John Batt, Member	2020
Amy Langevin, Member	2019

**Other Officials**

Dr. Diane G. Mardy, Superintendent

Mark Jacobus, Business Administrator/Board Secretary

**BOROUGH OF HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
401 Wanaque Avenue  
Pompton Lakes, NJ 07442

**Board Attorney**

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

**Risk Manager**

Eastern Insurers, Inc.  
445 Godwin Avenue  
Midland Park, NJ 07432

**Official Depository**

Capital One Bank  
9 East Ridgewood Avenue  
Ridgewood, NJ 07450

**FINANCIAL SECTION**



# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
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Certified Public Accountants  
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Fax 973-835-6631

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Newton, NJ 07860  
973-579-3212  
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## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Ho-Ho-Kus School District  
County of Bergen, New Jersey

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, 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 misstatements, whether due to fraud or error.

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

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



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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus Board of Education, in the County of Bergen, State of New Jersey, 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 the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

Honorable President and  
Members of the Board of Education  
Page 3.

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ho-Ho-Kus Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were 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 nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable President and  
Members of the Board of Education  
Page 4.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Borough of Ho-Ho-Kus Board of Education's internal control over financial reporting and compliance.

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

November 4, 2019



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

As management of the Ho-Ho-Kus Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of Ho-Ho-Kus Board of Education for the fiscal year ended June 30, 2019.

The management’s discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District’s financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

**FINANCIAL HIGHLIGHTS**

- In total, net position increased \$570,249.05, which represents a 12.84% increase from 2018. Net position of governmental activities increased \$571,320.39 while net position of business-type activity decreased by \$1,071.34. These variances are primarily the result of an increase in miscellaneous revenues and a decrease in employee benefits and other budget expenditures in 2018-19 and increased operating expenses of the business-type activities.
- General revenues accounted for \$18,472,819.46 in revenue or 96.70 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$631,222.12 or 3.30 percent of total revenues of \$19,104,041.58.
- The School District had \$18,524,199.64 in expenses related to governmental activities; only \$622,700.57 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$18,472,819.46 were adequate to provide for these programs.

**USING THIS ANNUAL REPORT**

This discussion and analysis are intended to serve as an introduction to the Ho-Ho-Kus Board of Education’s basic financial statements. The Ho-Ho-Kus Board of Education’s basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

**District-Wide Financial Statements**

The *district-wide financial statements* are designed to provide readers with a broad overview of the Ho-Ho-Kus Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Ho-Ho-Kus Board of Education's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ho-Ho-Kus Board of Education is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the Ho-Ho-Kus Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Ho-Ho-Kus Board of Education include instruction, support services and special schools. The business-type activities of the Ho-Ho-Kus Board of Education include the food service program.

**Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Ho-Ho-Kus Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the Ho-Ho-Kus Board of Education can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Ho-Ho-Kus Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund and debt service fund which are all considered to be major funds.

The Ho-Ho-Kus Board of Education adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

**Proprietary Funds**

The Ho-Ho-Kus Board of Education maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Ho-Ho-Kus Board of Education uses enterprise funds to account for its special milk program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Ho-Ho-Kus Board of Education's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.



**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**USING THIS ANNUAL REPORT, (continued)**

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The Statement of Net Position provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several 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.

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

The School District's net positions were \$5,011,593.70 at June 30, 2019 and \$4,441,344.65 at June 30, 2018. Restricted items of net positions are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2019 compared to 2018 (Table 1) and change in net position (Table 2) of the School District.

**Table 1**

**Net Position  
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$2,501,023.33	\$2,145,230.42	(\$7,352.83)	\$1,440.88	\$2,493,670.50	\$2,146,671.30
Capital Assets	<u>12,209,674.00</u>	<u>12,586,400.00</u>	<u>11,670.86</u>	<u>3,948.49</u>	<u>12,221,344.86</u>	<u>12,590,348.49</u>
Total Assets	<u>14,710,697.33</u>	<u>14,731,630.42</u>	<u>4,318.03</u>	<u>5,389.37</u>	<u>14,715,015.36</u>	<u>14,737,019.79</u>
Deferred Outflows	<u>972,529.69</u>	<u>1,395,876.26</u>	_____	_____	<u>972,529.69</u>	<u>1,395,876.26</u>
Other Liabilities	396,486.54	473,919.47	_____	_____	396,486.54	473,919.47
Long Term Liabilities	<u>9,236,919.81</u>	<u>10,562,564.93</u>	_____	_____	<u>9,236,919.81</u>	<u>10,562,564.93</u>
Total Liabilities	<u>9,633,406.35</u>	<u>11,036,484.40</u>	_____	_____	<u>9,633,406.35</u>	<u>11,036,484.40</u>
Deferred Inflows	<u>1,042,545.00</u>	<u>655,067.00</u>	_____	_____	<u>1,042,545.00</u>	<u>655,067.00</u>
Net Position						
Invested in Capital Assets	5,710,292.19	5,460,344.53	11,670.86	3,948.49	5,721,963.05	5,464,293.02
Restricted	1,644,097.49	1,256,470.57	_____	_____	1,644,097.49	1,256,470.57
Unrestricted	<u>(2,347,114.01)</u>	<u>(2,280,859.82)</u>	<u>(7,352.83)</u>	<u>1,440.88</u>	<u>(2,354,466.84)</u>	<u>(2,279,418.94)</u>
Total Net Position	<u>\$5,007,275.67</u>	<u>\$4,435,955.28</u>	<u>\$4,318.03</u>	<u>\$5,389.37</u>	<u>\$5,011,593.70</u>	<u>\$4,441,344.65</u>

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

Table 2 below shows the changes in net positions for fiscal year 2019 compared to 2018.

**Table 2  
Changes in Net Positions  
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and						
Sales			\$6,048.00	\$6,825.00	\$6,048.00	\$6,825.00
Operating Grants and						
Contributions	\$622,700.57	\$438,789.52	2,473.55	3,638.10	625,174.12	442,427.62
General Revenues:						
Taxes:						
Property taxes	14,506,708.00	14,133,718.00			14,506,708.00	14,133,718.00
Federal and State Aid not						
Restricted	3,791,647.45	4,432,113.14			3,791,647.45	4,432,113.14
Miscellaneous Income	<u>174,464.01</u>	<u>93,501.03</u>	<u>          </u>	<u>          </u>	<u>174,464.01</u>	<u>93,501.03</u>
Total Revenues and Transfers	<u>19,095,520.03</u>	<u>19,098,121.69</u>	<u>8,521.55</u>	<u>10,463.10</u>	<u>19,104,041.58</u>	<u>19,108,584.79</u>

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Functions/Program Expenses</b>						
Instruction:						
Regular	\$4,935,482.29	\$4,661,407.21			\$4,935,482.29	\$4,661,407.21
Special	910,180.92	955,875.41			910,180.92	955,875.41
Other Special Instruction	233,597.62	217,597.58			233,597.62	217,597.58
Support Services:						
Tuition	4,903,088.80	4,740,149.00			4,903,088.80	4,740,149.00
Student & Instruction Related Services	1,659,420.51	1,829,431.30			1,659,420.51	1,829,431.30
School Administrative Services	395,847.51	388,386.06			395,847.51	388,386.06
General Administrative Services	396,553.88	396,382.70			396,553.88	396,382.70
Central Services and Info. Tech.	444,935.89	418,721.30			444,935.89	418,721.30
Plant Operations and Maintenance	815,355.06	720,436.28			815,355.06	720,436.28
Pupil Transportation	335,727.86	315,321.23			335,727.86	315,321.23
Unallocated Benefits	2,934,044.16	3,725,811.04			2,934,044.16	3,725,811.04
Unallocated depreciation	356,202.00	356,807.00			356,202.00	356,807.00
Capital Outlay - Non Depreciable	29,837.00	29,837.00			29,837.00	29,837.00
Other Debt Service	815.14	815.14			815.14	815.14
Interest on Long-Term Debt	173,111.00	187,477.49			173,111.00	187,477.49
Food Service			\$9,592.89	\$17,504.80	9,592.89	17,504.80
Total Expenses and Transfers	<u>18,524,199.64</u>	<u>18,944,455.74</u>	<u>9,592.89</u>	<u>17,504.80</u>	<u>18,533,792.53</u>	<u>18,961,960.54</u>
Increase or (Decrease) in Net Position	<u>\$571,320.39</u>	<u>\$153,665.95</u>	<u>(\$1,071.34)</u>	<u>(\$7,041.70)</u>	<u>\$570,249.05</u>	<u>\$146,624.25</u>

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$18,533,792.53. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$14,506,708.00 because some of the cost was paid by those who benefitted from the programs \$6,048.00, by other governments and organizations who subsidized certain programs with grants and contributions \$625,174.12, and by miscellaneous sources \$3,966,111.46.

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund and the special revenue fund. The capital projects fund is funded by the bond proceeds and state aid. Therefore no budget is presented.

During the fiscal year ended June 30, 2019, the School District amended the budgets of these major governmental funds several times. The general fund was increased \$90,925.00 for private school tuition, and the special revenue fund was increased by \$522,734.84 for increases in federal grants.

**General Fund**

The general fund actual revenues were \$16,621,327.46. That amount is \$2,013,500.46 above the final amended budget of \$14,607,827.00. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,718,730.45 for TPAF pension and social security reimbursements and \$294,770.01 for excesses in other anticipated revenues.

The actual expenditures of the general fund were \$16,207,496.62 including transfers which is \$1,127,107.68 above the final amended budget of \$15,080,388.94. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of 1,718,730.45 for TPAF pension and social security reimbursements and \$591,622.77 of unexpended budgeted funds.

General fund had total revenues of \$16,621,327.46, and total expenditures, including transfers out of \$16,207,496.67 with an ending fund balance of \$2,332,888.02 on the budgetary basis of accounting.

**Special Revenue Fund**

The special revenue fund actual revenue was \$553,796.56. That amount is \$92,938.28 less than the final amended budget of \$646,734.84.

The actual expenditures of the special revenue fund were \$553,796.56, which is \$92,938.28 less than the final amended budget of \$646,734.84.

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At the end of fiscal year 2019 the School District had \$19,443,748.24 invested in sites, buildings and equipment. Of this amount, \$7,222,403.38 in depreciation has been taken over the years. We currently have a net book value of \$12,221,344.86. There were no additions or deletions during the year. Table 3 shows fiscal year 2019 balances compared to 2018.

**Table 3  
Capital Assets at June 30,  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$39,002.00	\$39,002.00			39,002.00	39,002.00
Buildings and Improvements	12,088,397.00	12,444,599.00			12,088,397.00	12,444,599.00
Furniture, Equipment and Vehicles	<u>82,275.00</u>	<u>46,794.00</u>	<u>\$11,670.86</u>	<u>\$3,948.49</u>	<u>93,945.86</u>	<u>50,742.49</u>
	<u>\$12,209,674.00</u>	<u>\$12,530,395.00</u>	<u>\$11,670.86</u>	<u>\$3,948.49</u>	<u>\$12,221,344.86</u>	<u>\$12,534,343.49</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

Long Term Debt Administration

At June 30, 2019, the District had \$9,236,919.81 of long term debt. Of this amount, \$180,140.00 is for compensated absences; \$6,499,381.81 of serial bonds for school construction and unamortized bond premium; and \$2,557,398.00 is for net pension liability.

**Table 4  
Outstanding Serial Bonds at June 30,**

	<u>2019</u>	<u>2018</u>
2012 General Obligation	\$4,450,000.00	\$4,830,000.00
2016 Refunding Bonds	<u>1,860,000.00</u>	<u>2,030,000.00</u>
Total	<u>\$6,310,000.00</u>	<u>\$6,860,000.00</u>

**HO-HO-KUS BOARD OF EDUCATION  
HO-HO-KUS, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Mark Jacobus, School Business Administrator, Ho-Ho-Kus Board of Education, 70 Lloyd Road, Ho-Ho-Kus, NJ 07423.

# **BASIC FINANCIAL STATEMENTS**



**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	1,237,327.85	195.23	1,237,523.08
Receivables, net	278,502.10	161.54	278,663.64
Internal Balances	7,709.60	(7,709.60)	-
Restricted Assets:			
Cash and cash equivalents			-
Cash and Cash Equivalents	977,483.78		977,483.78
Capital Assets :			
Land and Construction in Progress	39,002.00		39,002.00
Other Capital Assets, net	12,170,672.00	11,670.86	12,182,342.86
Total Assets	<u>14,710,697.33</u>	<u>4,318.03</u>	<u>14,715,015.36</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Charges on Refunding of Debt	174,860.69		174,860.69
Deferred Outflows of Resources Related to PERS - Pension	797,669.00		797,669.00
Total Deferred Outflows of Resources	<u>972,529.69</u>	<u>-</u>	<u>972,529.69</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	204,678.90	-	204,678.90
Unearned Revenue	191,807.64	-	191,807.64
Noncurrent Liabilities:			
Due within one year	581,042.43		581,042.43
Due beyond one year	8,655,877.38		8,655,877.38
Total Liabilities	<u>9,633,406.35</u>	<u>-</u>	<u>9,633,406.35</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS - Pension	1,042,545.00		1,042,545.00
<b>NET POSITION</b>			
Invested in Capital Assets	5,710,292.19	11,670.86	5,721,963.05
Restricted for:			
Debt Service	0.27		0.27
Capital Projects	662,168.94		662,168.94
Other Purposes	981,928.28		981,928.28
Unrestricted (Deficit)	(2,347,114.01)	(7,352.83)	(2,354,466.84)
Total Net Position	<u>5,007,275.67</u>	<u>4,318.03</u>	<u>5,011,593.70</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	3,902,825.10	1,032,657.20		530,759.57	(4,404,722.73)		(4,404,722.73)
Special Education	692,156.60	218,024.32			(910,180.92)		(910,180.92)
Other Special Instruction	177,641.75	55,955.87			(233,597.62)		(233,597.62)
Support services:							
Tuition	4,903,088.80	-			(4,903,088.80)		(4,903,088.80)
Student & Instruction Related Services	1,319,014.46	340,406.05		29,367.00	(1,630,053.51)		(1,630,053.51)
School Administrative Services	303,408.16	92,439.35			(395,847.51)		(395,847.51)
General Administrative Services	322,104.70	74,449.18			(396,553.88)		(396,553.88)
Central Services & Admin. Info. Technology	408,178.41	36,757.48			(444,935.89)		(444,935.89)
Plant Operations and Maintenance	800,119.55	15,235.51			(815,355.06)		(815,355.06)
Pupil Transportation	334,598.61	1,129.25			(335,727.86)		(335,727.86)
Unallocated Benefits	2,934,044.16	-			(2,934,044.16)		(2,934,044.16)
Capital Outlay - Non-depreciable	29,837.00	-			(29,837.00)		(29,837.00)
Debt Service - Other Charges	173,111.00	815.14			(110,537.00)		(110,537.00)
Interest on Long-term Debt	356,202.00	-		62,574.00	(356,202.00)		(356,202.00)
Unallocated Depreciation	16,656,330.30	1,867,869.34		622,700.57	(17,901,499.07)		(17,901,499.07)
Total Governmental Activities							
Business-type Activities:							
Food Service	9,592.89		6,048.00	2,473.55		(1,071.34)	(1,071.34)
Total Business-type Activities	9,592.89		6,048.00	2,473.55		(1,071.34)	(1,071.34)
Total Primary Government	16,665,923.19		6,048.00	625,174.12	(17,901,499.07)	(1,071.34)	(17,902,570.41)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					13,843,490.00		13,843,490.00
Taxes Levied for Debt Service					663,218.00		663,218.00
Federal and State Aid not Restricted					3,791,647.45		3,791,647.45
Tuition					108,750.00		108,750.00
Miscellaneous Income					65,714.01		65,714.01
Total General Revenues, Special Items, Extraordinary Items and Transfers					18,472,819.46		18,472,819.46
Change in Net Position					571,320.39	(1,071.34)	570,249.05
Net Position—Beginning (Restated)					4,435,955.28	5,389.37	4,441,344.65
Net Position—Ending					5,007,275.67	4,318.03	5,011,593.70

See Accompanying Notes to Financial Statements.

**FUND FINANCIAL STATEMENTS**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	1,046,669.94	189,093.64	1,564.27	1,237,327.85
Interfund Receivables	7,783.14			7,783.14
Receivables from Other Governments	277,878.56	550.00		278,428.56
Restricted Cash and Cash Equivalents	977,483.78			977,483.78
Total Assets	<u>2,309,815.42</u>	<u>189,643.64</u>	<u>1,564.27</u>	<u>2,501,023.33</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	28,086.40			28,086.40
Unearned Revenue	600.00	189,643.64	1,564.00	191,807.64
Total Liabilities	<u>28,686.40</u>	<u>189,643.64</u>	<u>1,564.00</u>	<u>219,894.04</u>
Fund Balances:				
Restricted for:				
Excess Surplus-Current Year	366,378.92			366,378.92
Excess Surplus Designated for Subsequent Year's Expenditures	300,234.52			300,234.52
Capital Reserve	662,168.94			662,168.94
Emergency Reserve	35,000.00			35,000.00
Maintenance Reserve	280,314.84			280,314.84
Assigned to:				
Designated by Board of Education for Subsequent Year's Expenditures	263,666.48		0.27	263,666.75
Unassigned:				
General Fund	373,365.32			373,365.32
Total Fund Balances	<u>2,281,129.02</u>		<u>0.27</u>	<u>2,281,129.29</u>
Total Liabilities and Fund Balances	<u>2,309,815.42</u>	<u>189,643.64</u>	<u>1,564.27</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 19,408,499.00 and the accumulated depreciation is \$ 7,198,825.00.	12,209,674.00
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(71,726.50)
Accounts Payable for subsequent Pension payment is not a payable in the funds	(104,866.00)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds. Deferred Outflows of Resources Related to PERS Pension Liability	797,669.00
Deferred Inflows of Resources Related to PERS Pension Liability	(1,042,545.00)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. The unamortized portion of the Deferred Charges on Refunding of Debt is \$174,860.69.	174,860.69
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(9,236,919.81)
Net position of governmental activities	<u>5,007,275.67</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	13,843,490.00		663,218.00	14,506,708.00
Tuition	108,750.00			108,750.00
Miscellaneous	65,714.01	397,581.57		463,295.58
Total - Local Sources	<u>14,017,954.01</u>	<u>397,581.57</u>	<u>663,218.00</u>	<u>15,078,753.58</u>
State Sources	2,592,693.45		62,574.00	2,655,267.45
Federal Sources		162,545.00		162,545.00
Total Revenues	<u>16,610,647.46</u>	<u>560,126.57</u>	<u>725,792.00</u>	<u>17,896,566.03</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	3,372,065.53	530,759.57		3,902,825.10
Special Education Instruction	692,156.60			692,156.60
Other Instruction	177,641.75			177,641.75
Support Services and Undistributed Costs:				
Tuition	4,903,088.80			4,903,088.80
Student & Instruction Related Services	1,289,647.46	29,367.00		1,319,014.46
School Administrative Services	303,408.16			303,408.16
General Administrative Services	322,104.70			322,104.70
Central Services & Admin. Info. Technology	408,178.41			408,178.41
Plant Operations and Maintenance	800,119.55			800,119.55
Pupil Transportation	334,598.61			334,598.61
Unallocated Benefits	3,574,650.05			3,574,650.05
Capital Outlay	29,837.00			29,837.00
Debt Service:				
Principal			550,000.00	550,000.00
Interest and Other Charges			179,544.00	179,544.00
Total Expenditures	<u>16,207,496.62</u>	<u>560,126.57</u>	<u>729,544.00</u>	<u>17,497,167.19</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>403,150.84</u>		<u>(3,752.00)</u>	<u>399,398.84</u>
Net Change in Fund Balances	403,150.84		(3,752.00)	399,398.84
Fund Balance—July 1	<u>1,877,978.18</u>		<u>3,752.27</u>	<u>1,881,730.45</u>
Fund Balance—June 30	<u>2,281,129.02</u>		<u>0.27</u>	<u>2,281,129.29</u>

See Accompanying Notes to Financial Statements.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	399,398.84
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.	
Depreciation Expense	(376,726.00)
Depreciable Capital Outlays	-
	(376,726.00)
Repayment of long-term debt is reported as 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. In the current year, these amounts consist of:	
Bond Principal	550,000.00
Principal Capital Leases	55,631.23
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Proceeds of long-term debt	
Capital Lease Proceeds	
<i>[For further illustration purposes only; use if applicable:]</i>	
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)	
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest change is an adjustment in the reconciliation.	
	6,433.00
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
Increase/(Decrease) in Compensated Absences Payable	(1,901.54)
District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
District Pension Contributions	129,195.00
Less: Pension Expense	(189,895.00)
(Increase)/Decrease in Pension Expense	(60,700.00)
Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements	
Increase in On-behalf State Aid TPAF Pension	765,754.00
Increase in On-behalf TPAF Pension Expense	(765,754.00)
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post retirement medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements	
Increase in On-behalf State Aid TPAF Post Retirement Medical	433,200.00
Increase in On-behalf TPAF Post Retirement Medical	(433,200.00)
The governmental funds report the effect of bond premiums, issuance costs discounts and similar items when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of Deferred Charges on Refunding	(16,682.72)
Amortization of Bond Issuance Costs	(5,174.85)
Amortization of Bond Premium	21,042.43
	(815.14)
<b>Change in net position of governmental activities</b>	<b>571,320.39</b>

See Accompanying Notes to Financial Statements.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-Type            Activities            Enterprise Fund            Food Service            Program</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	195.23
Accounts Receivable:	
Federal	161.54
Total Current Assets	356.77
Noncurrent Assets:	
Capital Assets:	
Equipment	35,249.24
Less Accumulated Depreciation	(23,578.38)
Total Capital Assets (Net of Accumulated Depreciation)	11,670.86
Total Assets	12,027.63
<b>LIABILITIES</b>	
Current Liabilities:	
Interfunds Payable	7,709.60
Total Current Liabilities	7,709.60
Total Liabilities	7,709.60
<b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	11,670.86
Unrestricted	(7,352.83)
Total Net Position	4,318.03

See Accompanying Notes to Financial Statements.



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-Type            Activities  <u>Enterprise Fund</u>            Food Service  <u>Program</u></b>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	6,048.00
Total Operating Revenues	6,048.00
Operating Expenses:	
Cost of sales-reimbursable programs	4,275.92
Salaries	3,000.00
Supplies and Materials	123.34
Depreciation	2,193.63
Total Operating Expenses	9,592.89
Operating Income (Loss)	(3,544.89)
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	2,473.55
Total Nonoperating Revenues (Expenses)	2,473.55
Income (Loss) Before Contributions & Transfers	(1,071.34)
Transfers In (Out)	
Change in Net Position	(1,071.34)
Total Net Position—Beginning	5,389.37
Total Net Position—Ending	4,318.03

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<u><b>Business-Type Activities Enterprise Fund Food Service Program</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	6,048.00
Payments to Suppliers	(4,275.92)
Payments for Miscellaneous Expenses	(3,123.34)
Net Cash Provided by (Used for) Operating Activities	<u>(1,351.26)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal Sources	2,468.05
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>2,468.05</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(9,916.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(9,916.00)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,799.21)
Balances—Beginning of Year	8,994.44
Balances—End of Year	<u><u>195.23</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(3,544.89)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:	
Depreciation and Net Amortization	2,193.63
Total Adjustments	<u>2,193.63</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(1,351.26)</u></u>

**See Accompanying Notes to Financial Statements.**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	10,622.14	24,480.27	37,338.48
Total Assets	<u>10,622.14</u>	<u>24,480.27</u>	<u>37,338.48</u>
<b>LIABILITIES</b>			
Interfund Payable			73.54
Payable to Student Groups			36,921.44
Payroll Deductions and Withholdings			343.50
Total Liabilities			<u>37,338.48</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>10,622.14</u>		
Reserved for Other Purposes		<u>24,480.27</u>	

See Accompanying Notes to Financial Statements.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

	<b>Unemployment Compensation Trust Fund</b>	<b>Private Purpose Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	9,270.63	
Board - Budget	5,000.00	
Other		1,200.00
Total Contributions	14,270.63	1,200.00
 <b>DEDUCTIONS</b>		
Quarterly Contribution Reports	9,006.97	
Scholarships Awarded		1,000.00
Total Deductions	9,006.97	1,000.00
Change in Net Position	5,263.66	200.00
Net Position—Beginning of the Year	5,358.48	24,280.27
Net Position—End of the Year	10,622.14	24,480.27

**See Accompanying Notes to Financial Statements.**

**NOTES TO THE FINANCIAL STATEMENTS**

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Board of Education of the Borough of Ho-Ho-Kus School 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 more significant of the board's accounting policies are described below.

**A. Description of the School District and Reporting Entity:**

The Board of Education ("Board") of the Borough of Ho-Ho-Kus School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Ho-Ho-Kus School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Basis of Presentation:**

The Board's basic financial statements consist of District-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.

**District-wide Financial Statements:**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. 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 Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements:**

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Basis of Presentation: (continued)**

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board 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 Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. 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 or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 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 sale of bonds, lease purchases and other revenues.

**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.



**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. Basis of Presentation: (continued)**

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board 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 Board 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 Board's Enterprise Fund is comprised of the Food Service Fund.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund and Payroll Agency Fund.

**C. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. Measurement Focus: (continued)**

**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 District-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.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions, (continued)**

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did make material supplemental budgetary appropriations during the fiscal year. Surplus funds of \$90,925.00 were appropriated for teacher's salaries and private school tuition.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of 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.

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

**F. 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.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**F. Encumbrances: (continued)**

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**G. 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 as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

**H. Tuition Payable:**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**I. Tuition Revenues/Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

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

**L. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. 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.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**L. Capital Assets: (continued)**

All reported capital assets except land and construction in progress 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>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**M. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned Revenue:**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

**O. Accrued Liabilities and Long-term Obligations:**

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**O. Accrued Liabilities and Long-term Obligations: (continued)**

In general, governmental fund 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 funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.



**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**P. Accounting and Financial Reporting for Pensions, (continued)**

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**R. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**S. Net Position:**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt 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 is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted items of net position are available.

**T. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**U. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**V. Allocation of Indirect 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. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**W. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect reporting amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**X. New Accounting Standards:**

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

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

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. .

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction*. The objectives of this Statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**X. New Accounting Standards: (continued)**

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 31, 2018.

GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020.

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2019, \$-0- of the District’s bank balance of \$2,439,199.11 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)**

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 3. RECEIVABLES:**

Receivables at June 30, 2019, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$277,878.56	\$	\$277,878.56
Federal Aid	550.00	161.54	711.54
Interfunds	<u>7,783.14</u>	<u>0.00</u>	<u>73.54</u>
Gross Receivables	286,211.70	161.54	278,663.64
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u><u>\$286,211.70</u></u>	<u><u>\$161.54</u></u>	<u><u>\$278,663.64</u></u>

**NOTE 4. INTERFUND BALANCES AND ACTIVITY:**

Interfunds outstanding at June 30, 2019 consisted of \$7,709.60 due to the General Fund from the Enterprise fund for Enterprise fund expenditures paid by the General Fund and \$73.54 due to the General Fund from the Fiduciary Fund for excess Deposits.

It is expected that the Interfund will be eliminated in the next year.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 5. CAPITAL ASSETS:**

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

	Restated Balance <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/19</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated -				
Land	<u>\$39,002.00</u>	\$ _____	\$ _____	<u>\$39,002.00</u>
Total Capital Assets Not Being Depreciated	<u>39,002.00</u>	_____	_____	<u>39,002.00</u>
Capital Assets Being Depreciated				
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,529,659.00			18,529,659.00
Machinery and Equipment	<u>601,478.00</u>	_____	_____	<u>601,478.00</u>
Total Capital Assets, Being Depreciated	<u>19,369,497.00</u>	_____	_____	<u>19,369,497.00</u>
Less Accumulated Depreciation:				
Land Improvements	(238,360.00)			(238,360.00)
Buildings and Improvements	(6,085,060.00)	(356,202.00)		(6,441,262.00)
Machinery and Equipment	<u>(498,679.00)</u>	<u>(20,524.00)</u>	_____	<u>(519,203.00)</u>
Total Accumulated Depreciation	<u>(6,822,099.00)</u>	<u>(376,726.00)</u>	_____	<u>(7,198,825.00)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,547,398.00</u>	<u>(376,726.00)</u>	_____	<u>12,170,672.00</u>
Governmental Activities Capital Assets, Net	<u>\$12,586,400.00</u>	<u>(\$376,726.00)</u>	<u>\$ _____</u>	<u>\$12,209,674.00</u>

	Balance <u>6/30/18</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/19</u>
<b>Business-Type Activity</b>				
Equipment	\$25,333.24	\$9,916.00	\$ _____	\$35,249.24
Less Accumulated Depreciation:				
Equipment	<u>(21,384.75)</u>	<u>(2,193.63)</u>	_____	<u>(23,578.38)</u>
Business-Type Activity Capital Assets, Net	<u>\$3,948.49</u>	<u>\$7,722.37</u>	<u>\$ _____</u>	<u>\$11,670.86</u>

Depreciation expense was charged governmental functions as follows:

Regular Instruction	\$3,846.00
School Administrative Services	6,991.00
Plant Operations and Maintenance	9,687.00
Unallocated Depreciation	<u>356,202.00</u>
	<u>\$376,726.00</u>

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 6. LONG-TERM OBLIGATION ACTIVITY:**

Changes in long-term obligations for the year ended June 30, 2019 were as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One year</u>
<b>Governmental Activities</b>					
Long-Term Debt:					
Serial Bonds	\$6,860,000.00	\$	\$550,000.00	\$6,310,000.00	\$560,000.00
Unamortized Premium	<u>210,424.24</u>	_____	<u>21,042.43</u>	<u>189,381.81</u>	<u>21,042.43</u>
Total Debt Payable	<u>7,070,424.24</u>	_____	<u>571,042.43</u>	<u>6,499,381.81</u>	<u>581,042.43</u>
Other Liabilities:					
Compensated Absences Payable	178,238.46	14,101.54	12,200.00	180,140.00	
Capital Leases	55,631.23		55,631.23	0.00	
Net Pension Liability	<u>3,258,271.00</u>	_____	<u>700,873.00</u>	<u>3,258,271.00</u>	_____
Total Other Liabilities	<u>3,492,140.69</u>	<u>14,101.54</u>	<u>768,704.23</u>	<u>3,438,411.00</u>	_____
Total Governmental Activities	<u>\$10,562,564.93</u>	<u>\$14,101.54</u>	<u>\$1,339,746.66</u>	<u>\$9,937,792.81</u>	<u>\$581,042.43</u>

Compensated absences have been liquidated in the general fund.

**A. Bonds Payable:**

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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

Outstanding bonds payable at June 30, 2019 consisted of the following:

<u>Issue</u>	<u>Original Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2019</u>
School Refunding Bonds, Series 2012	\$6,585,000.00	3/22/2012	2.125%-4.000%	2/1/2029	\$4,450,000.00
School Refunding Bonds, Series 2016	2,225,000.00	10/13/2016	1.980%	1/1/2029	<u>1,860,000.00</u>
					<u>\$6,310,000.00</u>



**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$560,000.00	\$164,778.00	\$724,778.00
2021	580,000.00	145,812.00	725,812.00
2022	600,000.00	126,147.00	726,147.00
2023	620,000.00	105,682.00	725,682.00
2024	635,000.00	92,768.00	727,768.00
2025-2029	<u>3,315,000.00</u>	<u>242,216.50</u>	<u>3,557,216.50</u>
	<u>\$6,310,000.00</u>	<u>\$877,403.50</u>	<u>\$7,187,403.50</u>

**B. Unamortized Bond Issuance Premium:**

At June 30, 2019, the District had unamortized premiums on the 2012 Refunding Bond issue totaling \$189,381.81. Amortization expense for the fiscal year ended June 30, 2019 amounted to \$21,042.43.

Bond premiums will be amortized using the straight-line method over the life of the specific bonds as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amortization Expense</u>
2020	\$21,042.43
2021	21,042.43
2022	21,042.43
2023	21,042.43
2024	21,042.43
2025-2028	84,169.66

**C. Bonds Authorized But Not Issued:**

As of June 30, 2019, the Board had \$0.00 of authorized but not issued bonds.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)**

D. Capital Leases:

The District had no capital leases as of June 30, 2019.

**NOTE 7. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: [http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

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

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Benefits Provided**

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

The following represents the membership tiers for PERS:

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

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

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

**Defined Contribution Retirement Program**

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with, a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Contributions Requirements Fund Based Statements**

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
<u>Ending</u> 6/30/19	\$129,195.00	\$2,980.10
6/30/18	129,667.00	2,190.00
6/30/17	116,147.00	343.35

**Borough of Ho-Ho-Kus School District  
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**NOTE 7. PENSION PLANS: (continued)**

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement	NCGI	LTD
<u>Ending</u>	<u>Contributions</u>	<u>Medical</u>	<u>Premium</u>	<u>Liability</u>
6/30/19	\$924,840.00	\$428,288.00	\$19,359.00	\$458.00
6/30/18	678,987.00	449,185.00	16,477.00	562.00
6/30/17	507,174.00	437,903.00	18,376.00	677.00

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$345,785.45 during the year ended June 30, 2019 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2019, the District had a liability of \$2,557,398.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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 governmental entities, actuarially determined. At June 30, 2018, the District's proportion was 0.0129886396 percent, which was a decrease of (0.0010083323) percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$189,895.00. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$48,770.00	\$13,187.00
Changes of assumptions	421,417.00	817,720.00
Net difference between projected and actual earnings on pension plan investments		23,989.00
Changes in proportion and differences between the District's contributions and proportionate share of contributions	222,616.00	187,649.00
District contributions subsequent to the measurement date	<u>104,866.00</u>	<u>                    </u>
Total	<u>\$797,669.00</u>	<u>\$1,042,545.00</u>

The \$104,866.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$17,750.00
2020	(24,575.00)
2021	(176,220.00)
2022	(152,751.00)
2023	(48,913.00)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's Proportion	0.0129886396%	.0139969723%

**Actuarial Assumptions**

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Actuarial Assumptions, (continued)**

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

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



**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE  
STATEMENTS PER - GASB NO. 68, (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real 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%

**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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

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

	<u>June 30, 2018</u>		
	<u>1%</u> Decrease	<u>At Current</u> Discount Rate	<u>1%</u> Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
District's proportionate share of the pension liability	\$3,215,634	\$2,557,398	\$2,005,181

**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 (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**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.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>29,331,992</u>
	<u>\$29,331,992</u>

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 June 30, 2017 rolled forward to June 30, 2018. The net pension liability associated with the District 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 and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was 0.0461065424%.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$1,709,953 for contributions provided by the State in the District-Wide Financial Statements.

**Actuarial Assumptions**

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

Inflation rate	2.25%
Salary Increases	
2011-2026	1.55%-4.55%
Thereafter	2.00%-5.45%
Investment Rate of Return	7.00%

**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 a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

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 real 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>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real 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%

**Borough of Ho-Ho-Kus School District  
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**NOTE 7. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. 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% and 3.58% as of June 30, 2018 and 2017, respectively, 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 actuary 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 Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**NOTE 8. POST-RETIREMENT BENEFITS:**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

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.

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

*Total OPEB Liability*

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 LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2019 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>16,655,354</u>
	<u>\$16,655,354</u>

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
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**NOTE 8. POST-RETIREMENT BENEFITS: (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**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 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>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement 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 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.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

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

**(a) *Health Care Trend Assumptions***

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

**(b) *Discount Rate***

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

***Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2019, the board of education/board of trustees recognized on-behalf OPEB expense of \$861,488 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Borough of Ho-Ho-Kus School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.



**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 9. DEFERRED COMPENSATION:**

The Board offers its employees the following deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by the entity listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan is not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Financial.

**NOTE 10. RISK MANAGEMENT:**

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the New Jersey School Boards Association Insurance Group, Educational Risk and Insurance Consortium (the “Consortium”). The Consortium is both an insured and self-administered group of school districts established for the purpose of providing certain low-cost workers' compensation, employees' liability, automobile and equipment liability, general liability and boiler and machinery insurance coverage for member school districts in order to keep local property taxes at a minimum. The District pays an annual assessment to the Consortium and should it be determined that payments received by the Consortium are deficient, additional assessments may be levied. Additionally, the Consortium maintains a contract of excess insurance with a commercial reinsurer to secure the payment of benefits.

**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 following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$5,000.00	\$9,270.63	\$9,006.97	\$10,622.14
2017-2018	600.00	8,912.54	17,602.00	5,358.48
2016-2017	0.00	8,452.55	10,335.14	13,447.94

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 11. CAPITAL RESERVE ACCOUNT:**

A capital reserve account was established by the Borough of Ho-Ho-Kus Board of Education by inclusion of \$100.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$462,168.94
Deposits	<u>200,000.00</u>
	662,168.94
Withdrawals	<u>0.00</u>
Ending balance, June 30, 2019	<u><u>\$662,168.94</u></u>

The balance in the capital reserve account at June 30, 2019 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District’s Long Range Facilities Plan.

**NOTE 12. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by Board of Education resolution adopted June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulated funds for the required maintenance of a facility in accordance with the EFCRA (*N.J.S.A. 18A:7G-9*). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund. The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$280,314.84
Deposits	<u>0.00</u>
	280,314.84
Budgeted Withdrawal	<u>0.00</u>
Ending balance, June 30, 2019	<u><u>\$280,314.84</u></u>

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 13. EMERGENCY RESERVE ACCOUNT**

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000.00 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	<u>\$35,000.00</u>
Ending balance, June 30, 2019	<u>\$35,000.00</u>

**NOTE 14. FUND BALANCE APPROPRIATED:**

**General Fund [Exhibit B-1]** - Of the \$2,281,129.02 General Fund fund balance at June 30, 2019, \$0.00 is reserved for encumbrances; \$666,613.44 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$300,234.52 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020); \$662,168.94 has been reserved in the Capital Reserve Account; \$280,314.84 has been reserved in the Maintenance Reserve Account; \$35,000.00 has been reserved in the Emergency Reserve Account; \$263,666.48 has been appropriated and included as anticipated revenue for the year ended June 30, 2020; and \$373,365.32 is unreserved and undesignated.

**Debt Service Fund** - Of the \$.27 Debt Service Fund fund balance at June 30, 2019, \$0.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2020.

**NOTE 15. CALCULATION OF EXCESS SURPLUS:**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 is \$666,613.44. Of this amount, \$366,378.92 is the result of the current year's operations and \$300,234.52 is the result of prior year operations.

**Borough of Ho-Ho-Kus School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2019**

**NOTE 16. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY:**

During fiscal year 2019, the District’s capital assets adjusted to agree to the physical inventory of it’s fixed assets. This resulted in the following restatement of net position as of June 30, 2018:

	Governmental <u>Activities</u>
Net Position, June 30, 2018	\$4,379,950.28
Restatement of Capital Assets	<u>56,005.00</u>
Net Position, June 30, 2018 - Restated	<u>\$4,435,955.28</u>

**NOTE 17. CONTINGENT LIABILITIES:**

**Grant Programs** - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school 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.

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

**NOTE 18. SUBSEQUENT EVENTS:**

The District has evaluated subsequent events through November 4, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	13,843,490.00		13,843,490.00	13,843,490.00	
Tuition from Individuals	52,500.00		52,500.00	108,750.00	56,250.00
Interest Earned on Emergency Reserve Funds	5.00		5.00		(5.00)
Interest Earned on Maintenance Reserve Funds	20.00		20.00		(20.00)
Interest Earned on Capital Reserve Funds	40.00		40.00		(40.00)
Miscellaneous	29,990.00		29,990.00	65,714.01	35,724.01
Total - Local Sources	<u>13,926,045.00</u>		<u>13,926,045.00</u>	<u>14,017,954.01</u>	<u>91,909.01</u>
State Sources:					
Categorical Special Education Aid	406,460.00		406,460.00	406,460.00	
Categorical Security Aid	14,624.00		14,624.00	14,624.00	
Categorical Transportation Aid	135,698.00		135,698.00	203,210.00	67,512.00
Extraordinary Aid	125,000.00		125,000.00	251,969.00	126,969.00
Other State Aid - Reimburse Nonpublic School Transportation				8,380.00	8,380.00
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				924,840.00	924,840.00
On-behalf TPAF NCGI Premium (non-budgeted)				19,359.00	19,359.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				428,288.00	428,288.00
On-behalf TPAF - LTDI				458.00	458.00
TPAF Social Security (Reimbursed - Non-Budgeted)				345,785.45	345,785.45
Total - State Sources	<u>681,782.00</u>		<u>681,782.00</u>	<u>2,603,373.45</u>	<u>1,921,591.45</u>
<b>TOTAL REVENUES</b>	<u>14,607,827.00</u>		<u>14,607,827.00</u>	<u>16,621,327.46</u>	<u>2,013,500.46</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	50,722.00	248.00	50,970.00	50,969.81	0.19
Kindergarten - Salaries of Teachers	186,019.00	9,597.00	195,616.00	194,616.00	1,000.00
Grades 1-5 - Salaries of Teachers	1,804,384.00		1,804,384.00	1,755,240.40	49,143.60
Grades 6-8 - Salaries of Teachers	1,201,607.00	4,693.00	1,206,300.00	1,201,854.11	4,445.89
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	3,000.00		3,000.00	1,125.00	1,875.00
Purchased Professional-Educational Services	2,500.00	1,670.00	4,170.00	4,170.00	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	55,689.00	6,648.00	62,337.00	62,337.00	
Purchased Technical Services		149.00	149.00	149.00	
Other Purchased Services (400-500 series)	33,828.00	115.00	33,943.00	31,940.81	2,002.19
General Supplies	108,927.94	(13,240.00)	95,687.94	69,275.90	26,412.04
Other Objects	1,325.00		1,325.00	387.50	937.50
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>3,448,001.94</u>	<u>9,880.00</u>	<u>3,457,881.94</u>	<u>3,372,065.53</u>	<u>85,816.41</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	547,393.00		547,393.00	519,618.60	27,774.40
Other Salaries for Instruction	173,971.00	505.00	174,476.00	172,538.00	1,938.00
<b>Total Resource Room/Resource Center</b>	<u>721,364.00</u>	<u>505.00</u>	<u>721,869.00</u>	<u>692,156.60</u>	<u>29,712.40</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>721,364.00</u>	<u>505.00</u>	<u>721,869.00</u>	<u>692,156.60</u>	<u>29,712.40</u>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	167,076.00		167,076.00	167,039.00	37.00
<b>Total Basic Skills/Remedial - Instruction</b>	<u>167,076.00</u>		<u>167,076.00</u>	<u>167,039.00</u>	<u>37.00</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers		10,603.00	10,603.00	10,602.75	0.25
<b>Total Bilingual Education - Instruction</b>		<u>10,603.00</u>	<u>10,603.00</u>	<u>10,602.75</u>	<u>0.25</u>
<b>TOTAL INSTRUCTION</b>	<u>4,336,441.94</u>	<u>20,988.00</u>	<u>4,357,429.94</u>	<u>4,241,863.88</u>	<u>115,566.06</u>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	3,725,334.00		3,725,334.00	3,725,334.00	
Tuition to Other LEAs Within the State - Special	354,550.00	41,923.00	396,473.00	360,143.00	36,330.00
Tuition to County Voc. School Dist. - Regular	55,836.00	(12,000.00)	43,836.00	37,224.00	6,612.00
Tuition to CSSD & Regional Day Schools	162,992.00		162,992.00	221,879.00	
Tuition to Private Schools for the Disabled - Within State	562,066.00	(123,521.00)	438,545.00	381,877.90	56,667.10
Tuition to Private Schools for the Disabled - Out of State	273,656.00	(56,655.00)	217,001.00	176,630.90	40,370.10
<b>Total Undistributed Expenditures - Instruction:</b>	<u>5,134,434.00</u>	<u>(91,366.00)</u>	<u>5,043,068.00</u>	<u>4,903,088.80</u>	<u>139,979.20</u>
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	5,355.00		5,355.00	5,354.98	0.02
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	<u>5,355.00</u>		<u>5,355.00</u>	<u>5,354.98</u>	<u>0.02</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	120,671.00		120,671.00	112,624.69	8,046.31
Purchased Professional and Technical Services	3,000.00		3,000.00	3,000.00	
Other Purchased Services (400-500 series)	150.00	(0.18)	149.82	147.00	2.82
Supplies and Materials	3,500.00	3,036.68	6,536.68	4,719.66	1,817.02
<b>Total Undistributed Expenditures - Health Services</b>	<u>127,321.00</u>	<u>3,036.50</u>	<u>130,357.50</u>	<u>120,491.35</u>	<u>9,866.15</u>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>					
Salaries	233,492.00		233,492.00	233,138.20	353.80
Purchased Professional - Educational Services	23,000.00	3,002.26	26,002.26	23,202.68	2,799.58
Supplies and Materials	500.00		500.00	484.27	15.73
<b>Total Undist. Expend. - Speech, OT, PT, &amp; Related Services</b>	<u>256,992.00</u>	<u>3,002.26</u>	<u>259,994.26</u>	<u>256,825.15</u>	<u>3,169.11</u>
<b>Undist. Expend. - Other Supp. Serv. Students-Extra Services</b>					
Salaries	86,185.00	660.00	86,845.00	86,845.00	
Purchased Professional - Educational Services	65,495.00	15,845.00	81,340.00	57,596.52	23,743.48
<b>Total Undist. Expend. - Other Supp. Serv. Students-Extra Serv.</b>	<u>151,680.00</u>	<u>16,505.00</u>	<u>168,185.00</u>	<u>144,441.52</u>	<u>23,743.48</u>
<b>Undist. Expenditures - Guidance</b>					
Salaries of Other Professional Staff	90,039.00		90,039.00	89,173.77	865.23
<b>Total Undist. Expenditures - Guidance</b>	<u>90,039.00</u>		<u>90,039.00</u>	<u>89,173.77</u>	<u>865.23</u>
<b>Undist. Expend. - Child Study Team</b>					
Salaries of Other Professional Staff	337,291.00	(20,600.87)	316,690.13	303,123.93	13,566.20
Salaries of Secretarial and Clerical Assistants	45,900.00		45,900.00	28,687.50	17,212.50
Purchased Professional - Educational Services	2,000.00	13,166.00	15,166.00	9,853.00	5,313.00
Other Purchased Prof. and Tech. Services	16,200.00	(3,090.13)	13,109.87	10,425.90	2,683.97
Other Purchased Services (400-500 series)	125.00		125.00		125.00
Misc Pur Serv (400-500 series O/than Resid Costs)	1,400.00	(94.00)	1,306.00	115.00	1,191.00
Supplies and Materials	2,000.00		2,000.00	1,740.92	259.08
<b>Total Undist. Expend. - Child Study Team</b>	<u>404,916.00</u>	<u>(10,619.00)</u>	<u>394,297.00</u>	<u>353,946.25</u>	<u>40,350.75</u>
<b>Undist. Expend. - Improvement of Instructional Services</b>					
Salaries of Other Professional Staff	74,317.00	1,768.00	76,085.00	72,202.50	3,882.50
Purchased Prof- Educational Services	85,500.00		85,500.00	78,047.44	7,452.56
<b>Total Undist. Expend. - Improvement of Inst. Services</b>	<u>159,817.00</u>	<u>1,768.00</u>	<u>161,585.00</u>	<u>150,249.94</u>	<u>11,335.06</u>
<b>Undist. Expend. - Educational Media Serv./Sch. Library</b>					
Salaries	27,688.00	33,262.00	60,950.00	60,949.20	0.80
Purchased Professional and Technical Services	36,000.00		36,000.00	36,000.00	
Supplies and Materials		107.00	107.00	100.63	6.37
<b>Total Undist. Expend. - Educational Media Serv./Sch. Library</b>	<u>63,688.00</u>	<u>33,369.00</u>	<u>97,057.00</u>	<u>97,049.83</u>	<u>7.17</u>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Other Professional Staff	64,617.00	1,768.00	66,385.00	66,385.00	
Purchased Professional - Educational Services	1,300.00		1,300.00		1,300.00
Other Purchased Services (400-500 series)	5,290.00	278.00	5,568.00	5,429.00	139.00
Supplies and Materials	1,200.00		1,200.00	300.67	899.33
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<u>72,407.00</u>	<u>2,046.00</u>	<u>74,453.00</u>	<u>72,114.67</u>	<u>2,338.33</u>
<b>Undist. Expend. - Supp. Serv. - General Administration</b>					
Salaries	224,217.00	12,139.00	236,356.00	236,352.04	3.96
Legal Services	40,000.00	(400.00)	39,600.00	18,275.00	21,325.00
Audit Fees	18,000.00		18,000.00	17,100.00	900.00
Architectural/Engineering Services		400.00	400.00	400.00	
Purchased Technical Services	4,900.00	1,563.47	6,463.47	6,463.35	0.12
Communications/Telephone	28,496.00	15,834.00	44,330.00	24,080.94	20,249.06
BOE Other Purchased Services	3,800.00		3,800.00	858.88	2,941.12
Other Purchased Services (400-500 series)	11,500.00	(1,218.47)	10,281.53	8,008.64	2,272.89
General Supplies	2,200.00		2,200.00	592.07	1,607.93
Miscellaneous Expenditures	3,500.00		3,500.00	3,415.42	84.58
BOE Membership Dues and Fees	6,800.00		6,800.00	6,558.36	241.64
<b>Total Undist. Expend. - Supp. Serv. - General Administration</b>	<u>343,413.00</u>	<u>28,318.00</u>	<u>371,731.00</u>	<u>322,104.70</u>	<u>49,626.30</u>
<b>Undist. Expend. - Support Serv. - School Administration</b>					
Salaries of Principals/Assistant Principals	243,628.00	3,000.00	246,628.00	245,269.98	1,358.02
Salaries of Secretarial and Clerical Assistants	48,195.00		48,195.00	48,195.00	
Supplies and Materials	10,000.00		10,000.00	6,609.21	3,390.79
Other Objects	3,400.00		3,400.00	3,333.97	66.03
<b>Total Undist. Expend. - Support Serv. - School Administration</b>	<u>305,223.00</u>	<u>3,000.00</u>	<u>308,223.00</u>	<u>303,408.16</u>	<u>4,814.84</u>
<b>Undist. Expend. - Central Services</b>					
Salaries	153,241.00	(11,059.00)	142,182.00	116,693.08	25,488.92
Purchased Professional Services	28,500.00	52,415.21	80,915.21	80,915.21	
Purchased Technical Services	850.00		850.00	850.00	
Misc. Purchased Services (400-500 series)	800.00		800.00		800.00
Supplies and Materials	1,200.00		1,200.00	1,009.01	190.99
Miscellaneous Expenditures	1,240.00	(306.21)	933.79	38.75	895.04
<b>Total Undist. Expend. - Central Services</b>	<u>185,831.00</u>	<u>41,050.00</u>	<u>226,881.00</u>	<u>199,506.05</u>	<u>27,374.95</u>
<b>Undist. Expend. - Admin. Info. Tech</b>					
Purchased Technical Services	170,500.00		170,500.00	185,459.74	8,393.45
Supplies and Materials	49,950.00	(24,968.19)	24,981.81	23,212.62	1,769.19
<b>Total Undist. Expend. - Admin. Info. Tech</b>	<u>220,450.00</u>	<u>(1,615.00)</u>	<u>218,835.00</u>	<u>208,672.36</u>	<u>10,162.64</u>
<b>Undist. Expend. - Required Maint. for School Facilities</b>					
Salaries	17,544.00		17,544.00		17,544.00
Cleaning, Repair and Maintenance Services	60,465.00	39,688.56	100,153.56	94,010.23	6,143.33
General Supplies	7,500.00	(291.56)	7,208.44	7,106.99	101.45
<b>Undist. Expend. - Required Maint. for School Facilities</b>	<u>85,509.00</u>	<u>39,397.00</u>	<u>124,906.00</u>	<u>101,117.22</u>	<u>23,788.78</u>



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Custodial Services</b>					
Salaries	216,273.00	(30,163.00)	186,110.00	164,728.44	21,381.56
Salaries of Non-Instructional Aides	33,000.00		33,000.00	29,497.42	3,502.58
Purchased Professional and Technical Services	2,750.00		2,750.00	2,515.00	235.00
Cleaning, Repair and Maintenance Services	13,200.00	96,408.00	109,608.00	103,981.98	5,626.02
Other Purchased Property Services	20,000.00		20,000.00	13,929.11	6,070.89
Insurance	70,500.00	1,126.00	71,626.00	71,625.54	0.46
General Supplies	26,000.00	(1,071.31)	24,928.69	22,118.42	2,810.27
Energy (Energy and Electricity)	97,500.00		97,500.00	94,895.43	2,604.57
Energy (Gasoline)	1,200.00		1,200.00	723.27	476.73
Other Objects	2,100.00	(1,126.00)	974.00	886.97	87.03
Energy (Natural Gas)	46,000.00	21,885.00	67,885.00	49,578.73	18,306.27
Interest - Energy Savings Impr Prog Bonds	744.00		744.00	744.00	
Principal - Energy Savings Impr Prog Bonds	55,632.00		55,632.00	55,631.02	0.98
<b>Total Undist. Expend. - Custodial Services</b>	<b>584,899.00</b>	<b>87,058.69</b>	<b>671,957.69</b>	<b>610,855.33</b>	<b>61,102.36</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Services	14,000.00	63,045.00	77,045.00	42,247.00	34,798.00
General Supplies	1,000.00		1,000.00		1,000.00
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<b>15,000.00</b>	<b>63,045.00</b>	<b>78,045.00</b>	<b>42,247.00</b>	<b>35,798.00</b>
<b>Undist. Expend. - Security</b>					
Salaries	45,900.00		45,900.00	45,900.00	
<b>Total Undist. Expend. - Security</b>	<b>45,900.00</b>		<b>45,900.00</b>	<b>45,900.00</b>	
<b>Total Undist. Expend. - Oper &amp; Maint. Of Plant</b>	<b>731,308.00</b>	<b>189,500.69</b>	<b>920,808.69</b>	<b>800,119.55</b>	<b>120,689.14</b>
<b>Undist. Expend. - Student Transportation Services</b>					
Salaries for Pupil Trans (Other than Bet. Home and School)-Regular	6,000.00		6,000.00	3,585.00	2,415.00
Management Fee - ESC & CTSA Trans. Program	11,500.00		11,500.00	11,498.56	1.44
Cleaning, Repair and Maintenance Services	2,000.00		2,000.00	1,520.36	479.64
Contracted Services (Between Home and School)-Vendors	5,000.00		5,000.00	4,644.00	356.00
Contracted Services (Regular Students)-ESCs & CTSA's	166,900.00	7,600.00	174,500.00	171,760.69	2,739.31
Contracted Services (Special Ed. Students)-ESCs & CTSA's	118,500.00		118,500.00	118,500.00	
Contracted Services - Aid in Lieu Payments	30,000.00	(7,000.00)	23,000.00	22,500.00	500.00
General Supplies	350.00		350.00		350.00
Miscellaneous Expenditures	600.00		600.00	590.00	10.00
<b>Total Undist. Expend. - Student Transportation Services</b>	<b>340,850.00</b>	<b>600.00</b>	<b>341,450.00</b>	<b>334,598.61</b>	<b>6,851.39</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	112,630.00	(14,676.64)	97,953.36	95,523.31	2,430.05
Other Retirement Contributions - PERS	145,000.00	(14,520.00)	130,480.00	130,185.00	295.00
Other Retirement Contributions - Regular	2,460.00	600.00	3,060.00	2,980.10	79.90
Unemployment Compensation	5,000.00		5,000.00	5,000.00	
Workmen's Compensation	32,161.00	(600.00)	31,561.00	30,871.00	690.00
Health Benefits	1,721,210.00	(138,549.88)	1,582,660.12	1,571,908.13	10,751.99
Tuition Reimbursement	10,000.00		10,000.00	6,382.00	3,618.00
Other Employee Benefits	1,000.00	19,088.07	20,088.07	13,070.06	7,018.01
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,029,461.00</b>	<b>(148,658.45)</b>	<b>1,880,802.55</b>	<b>1,855,919.60</b>	<b>24,882.95</b>
On-behalf Teachers Pension and Annuity Fund (non-budgeted)				924,840.00	(924,840.00)
On-behalf TPAF NCGI Premium (non-budgeted)				19,359.00	(19,359.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)				428,288.00	(428,288.00)
On-behalf TPAF - LTDI				458.00	(458.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				345,785.45	(345,785.45)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,718,730.45</b>	<b>(1,718,730.45)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>2,029,461.00</b>	<b>(148,658.45)</b>	<b>1,880,802.55</b>	<b>3,574,650.05</b>	<b>(1,693,847.50)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>10,623,185.00</b>	<b>69,937.00</b>	<b>10,693,122.00</b>	<b>11,935,795.74</b>	<b>(1,242,673.74)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>14,959,626.94</b>	<b>90,925.00</b>	<b>15,050,551.94</b>	<b>16,177,659.62</b>	<b>(1,127,107.68)</b>
<b>CAPITAL OUTLAY</b>					
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	29,837.00		29,837.00	29,837.00	
<b>Total Facilities Acquisition and Construction Services</b>	<b>29,837.00</b>		<b>29,837.00</b>	<b>29,837.00</b>	
<b>TOTAL CAPITAL OUTLAY</b>	<b>29,837.00</b>		<b>29,837.00</b>	<b>29,837.00</b>	
<b>TOTAL EXPENDITURES</b>	<b>14,989,463.94</b>	<b>90,925.00</b>	<b>15,080,388.94</b>	<b>16,207,496.62</b>	<b>(1,127,107.68)</b>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(381,636.94)	(90,925.00)	(472,561.94)	413,830.84	886,392.78
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(381,636.94)	(90,925.00)	(472,561.94)	413,830.84	886,392.78
<b>Fund Balance, July 1</b>	1,919,057.18		1,919,057.18	1,919,057.18	
<b>Fund Balance, June 30</b>	<u>1,537,420.24</u>	<u>(90,925.00)</u>	<u>1,446,495.24</u>	<u>2,332,888.02</u>	<u>886,392.78</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for Prior Year Encumbrances	(1,563.94)		(1,563.94)	(1,563.94)	
Increase in Capital Reserve					
Principal				200,000.00	200,000.00
Interest	40.00		40.00		(40.00)
Increase in Emergency Reserve					
Interest	5.00		5.00		(5.00)
Increase in Maintenance Reserve					
Interest	20.00		20.00		(20.00)
Budgeted Fund Balance	<u>(380,138.00)</u>	<u>(90,925.00)</u>	<u>(471,063.00)</u>	<u>215,394.78</u>	<u>686,457.78</u>
Total	<u>(381,636.94)</u>	<u>(90,925.00)</u>	<u>(472,561.94)</u>	<u>413,830.84</u>	<u>886,392.78</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance</b>					
Reserve for Excess Surplus - Current Year				366,378.92	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				300,234.52	
Capital Reserve				662,168.94	
Maintenance Reserve				280,314.84	
Emergency Reserve				35,000.00	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				263,666.48	
<b>Unassigned Fund Balance:</b>					
Unrestricted Fund Balance - Undesignated				<u>425,124.32</u>	
				2,332,888.02	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(51,759.00)	
Fund Balance per Governmental Funds (GAAP)				<u>2,281,129.02</u>	

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	124,000.00	484,189.84	484,189.84	391,251.56	(92,938.28)
Federal Sources		38,545.00	162,545.00	162,545.00	
<b>Total Revenues</b>	124,000.00	522,734.84	646,734.84	553,796.56	(92,938.28)
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers		49,578.38	49,578.38	46,030.00	3,548.38
Purchased Professional and Technical Services	8,000.00	(8,000.00)			
Other Purchased Services (400-500 series)	108,500.00	46,948.00	155,448.00	155,447.60	0.40
General Supplies		399,630.95	399,630.95	312,127.47	87,503.48
Other Objects		14,310.51	14,310.51	12,424.49	1,886.02
<b>Total Instruction</b>	116,500.00	502,467.84	618,967.84	526,029.56	92,938.28
<b>Support Services:</b>					
Purchased Professional & Technical Services	7,500.00	20,267.00	27,767.00	27,767.00	
<b>Total Support Services</b>	7,500.00	20,267.00	27,767.00	27,767.00	
<b>Total Expenditures</b>	124,000.00	522,734.84	646,734.84	553,796.56	92,938.28
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to Required Supplementary Information - Part II**  
**For the Year Ended June 30, 2019**

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

		General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	16,621,327.46	553,796.56
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			6,330.01
Less Current Year Encumbrances			
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(51,759.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		41,079.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	16,610,647.46	560,126.57
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	16,207,496.62	553,796.56
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			6,330.01
Less Current Year Encumbrances			
Pension expense recognized for GAAP but not for budgetary purposes.		N/A	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	16,207,496.62	560,126.57

**REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

**Exhibit L-1**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)		District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	
2015	0.0115318620%	\$ 2,159,080	\$ 892,101	242.02%	52.08%	
2016	0.0129093750%	2,897,896	920,640	314.77%	47.93%	
2017	0.0130739380%	3,872,126	923,490	419.29%	59.86%	
2018	0.0139969723%	3,258,271	772,505	421.78%	48.10%	
2019	0.0129864000%	2,557,398	591,353	432.47%	53.60%	

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Exhibit L-2

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June 30,	Contractually Required		Contributions in Relation to the		Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
	Contribution	Contribution	Contractually Required Contributions	Contractually Required			
2015	\$ 95,067	\$ 95,067	\$ 95,067	\$ -	\$ -	\$892,101	10.66%
2016	110,986	110,986	110,986	-	-	920,640	12.06%
2017	116,147	116,147	116,147	-	-	923,490	12.58%
2018	129,667	129,667	129,667	-	-	772,505	16.79%
2019	129,195	129,195	129,195	-	-	591,353	21.85%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years\**

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)		District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)		District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll		Plan Fiduciary Net Position as a percentage of the total Pension Liability
	Proportion Share of the Net Pension Liability (Asset)	Proportion Share of the Net Pension Liability (Asset)		Proportionate Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability Associated with the District (Asset)		Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	
2015	0.0466507276%	\$ 0.0466507276%	\$ -	\$ 24,933,296	\$ 4,764,687	0.00%	0.00%	33.64%	
2016	0.0447529819%	\$ 0.0447529819%	-	28,285,796	4,702,769	0.00%	0.00%	28.71%	
2017	0.0458394846%	\$ 0.0458394846%	-	36,060,257	4,998,964	0.00%	0.00%	22.33%	
2018	0.0467237281%	\$ 0.0467237281%	-	31,502,822	4,878,639	0.00%	0.00%	25.41%	
2019	0.0461065424%	\$ 0.0461065424%	-	29,331,992	4,875,230	0.00%	0.00%	26.49%	

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2019**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 4.25% to 4.86%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
**Last 10 Fiscal Years\***

	2019	2018
<b>Total OPEB Liability</b>		
Service Costs	\$ 697,646	\$ 839,562
Interest on Total OPEB Liability	679,775	583,876
Differences between Expected & Actual Experience	(884,393)	
Changes in Assumptions	(1,911,285)	(2,359,318)
Gross Benefit Payments	(445,358)	(428,582)
Contribution from the Member	15,392	15,781
<b>Net Changes in total Share of OPEB Liability</b>	(1,848,223)	(1,348,681)
<b>Total OPEB Liability - Beginning</b>	18,503,577	19,852,258
<b>Total OPEB Liability - Ending</b>	\$ 16,655,354	\$ 18,503,577
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	16,655,354	18,503,577
Total OPEB Liability - Ending	\$ 16,655,354	\$ 18,503,577
District's Covered Employee Payroll	\$ 4,875,230	\$ 4,878,639
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

**Notes to Schedule:**

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

Change in benefit terms                      None

Change in assumptions                      Assumptions used in calculating the OPEB liability are presented  
in Note 8.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

## **Supplementary Schedules**

**SPECIAL REVENUE FUND**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Year Ended June 30, 2019**

	Total Brought Forward (Ex. E-1a)	Title II Part - A Teacher/Principal Training & Recruiting	Title IV Student Support and Academic Enrichment	Totals 2019
<b>REVENUES</b>				
Local Sources	391,251.56			391,251.56
Federal Sources	134,778.00	9,067.00	18,700.00	162,545.00
<b>Total Revenues</b>	<b>526,029.56</b>	<b>9,067.00</b>	<b>18,700.00</b>	<b>553,796.56</b>
<b>EXPENDITURES:</b>				
<b>Instruction:</b>				
Salaries of Teachers	46,030.00			46,030.00
Other Purchased Services (400-500 series)	155,447.60			155,447.60
General Supplies	312,127.47			312,127.47
Other Objects	12,424.49			12,424.49
<b>Total Instruction</b>	<b>526,029.56</b>			<b>526,029.56</b>
<b>Support Services:</b>				
Purchased Professional & Technical Services		9,067.00	18,700.00	27,767.00
<b>Total Support Services</b>		<b>9,067.00</b>	<b>18,700.00</b>	<b>27,767.00</b>
<b>Total Expenditures</b>	<b>526,029.56</b>	<b>9,067.00</b>	<b>18,700.00</b>	<b>553,796.56</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>				

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

Special Revenue Fund

**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Year Ended June 30, 2019**

	I.D.E.A. Part B			Local Aid	Total Carried Forward
	Basic	Preschool			
<b>REVENUES</b>					
Local Sources			391,251.56		391,251.56
Federal Sources	130,708.00	4,070.00			134,778.00
<b>Total Revenues</b>	130,708.00	4,070.00	391,251.56		526,029.56
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers			46,030.00		46,030.00
Other Purchased Services (400-500 series)	130,708.00	4,070.00	20,669.60		155,447.60
General Supplies			312,127.47		312,127.47
Other Objects			12,424.49		12,424.49
<b>Total Instruction</b>	130,708.00	4,070.00	391,251.56		526,029.56
<b>Support services:</b>					
Purchased Professional & Technical Services					
<b>Total Support Services</b>					
<b>Total Expenditures</b>	130,708.00	4,070.00	391,251.56		526,029.56
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					

**PROPRIETARY FUNDS**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Combining Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2019**

	<u><b>Food Service Program</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	195.23
Accounts Receivable:	
Federal	<u>161.54</u>
Total Current Assets	<u>356.77</u>
Noncurrent Assets:	
Capital Assets:	
Equipment	35,249.24
Less Accumulated Depreciation	<u>(23,578.38)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,670.86</u>
Total Assets	<u><u>12,027.63</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Interfunds Payable	<u>7,709.60</u>
Total Current Liabilities	<u>7,709.60</u>
Total Liabilities	<u><u>7,709.60</u></u>
<b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	11,670.86
Unrestricted	<u>(7,352.83)</u>
Total Net Position	<u><u>4,318.03</u></u>



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2019**

	<b>Food Service Program</b>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	6,048.00
Total Operating Revenues	6,048.00
Operating Expenses:	
Cost of sales-reimbursable programs	4,275.92
Salaries	3,000.00
Supplies and Materials	123.34
Depreciation	2,193.63
Total Operating Expenses	9,592.89
Operating Income (Loss)	(3,544.89)
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	2,473.55
Total Nonoperating Revenues (Expenses)	2,473.55
Income (Loss) Before Contributions & Transfers	(1,071.34)
Transfers In (Out)	
Change in Net Position	(1,071.34)
Total Net Position—Beginning	5,389.37
Total Net Position—Ending	4,318.03

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended June 30, 2019**

	<b>Food Service Program</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	6,048.00
Payments to Suppliers	(4,275.92)
Payments for Miscellaneous Expenses	(3,123.34)
Net Cash Provided by (Used for) Operating Activities	(1,351.26)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal Sources	2,468.05
Net Cash Provided by (Used for) Non-Capital Financing Activities	2,468.05
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(9,916.00)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(9,916.00)
Net Increase (Decrease) in Cash and Cash Equivalents	(8,799.21)
Balances—Beginning of Year	8,994.44
Balances—End of Year	195.23
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	(3,544.89)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities	
Depreciation and Net Amortization	2,193.63
Total Adjustments	2,193.63
Net Cash Provided by (Used for) Operating Activities	(1,351.26)

**FIDUCIARY FUND**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Unemployment Compensation Trust Fund</b>	<b>Private Purpose Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	10,622.14	24,480.27	37,338.48
Total Assets	10,622.14	24,480.27	37,338.48
<b>LIABILITIES</b>			
Interfund Payable			73.54
Payable to Student Groups			36,921.44
Payroll Deductions and Withholdings			343.50
Total Liabilities			37,338.48
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	10,622.14		
Reserved for Other Purposes		24,480.27	

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2019**

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	9,270.63	
Board - Budget	5,000.00	
Other		1,200.00
Total Contributions	<u>14,270.63</u>	<u>1,200.00</u>
 <b>DEDUCTIONS</b>		
Unemployment Claims	9,006.97	
Scholarships Awarded		1,000.00
Total Deductions	<u>9,006.97</u>	<u>1,000.00</u>
Change in Net Position	5,263.66	200.00
Net Position—Beginning of the Year	<u>5,358.48</u>	<u>24,280.27</u>
Net Position—End of the Year	<u><u>10,622.14</u></u>	<u><u>24,480.27</u></u>

**Exhibit H-3**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Year Ended June 30, 2019**

	<u>Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Balance</u>
	<u>July 1, 2018</u>			<u>June 30, 2019</u>
<b>ELEMENTARY SCHOOLS:</b>				
Ho-Ho-Kus Elementary	26,070.28	57,891.45	61,842.22	22,119.51
Athletic Account	100.49	3,766.00	3,814.00	52.49
Sunshine Account	1,242.74	730.00	1,355.94	616.80
Bergen Brain Busters	3,111.21	3,150.00	968.00	5,293.21
Library	8,839.43			8,839.43
	<u>39,364.15</u>	<u>65,537.45</u>	<u>67,980.16</u>	<u>36,921.44</u>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
Payroll Agency Fund  
Schedule of Receipts and Disbursements  
For the Year Ended June 30, 2019**

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2019</u>
Net Payroll	73.54	3,729,394.44	3,729,394.44	73.54
Payroll Deductions and Withholdings	343.50	2,912,948.35	2,912,948.35	343.50
Interfunds Payable	73.54			73.54
	<u>490.58</u>	<u>6,642,342.79</u>	<u>6,642,342.79</u>	<u>490.58</u>

**LONG-TERM DEBT**



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**General Long Term Debt Account Group**  
**Statement of Serial Bonds**  
**June 30, 2019**

ISSUE	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Date	Amount				
Additions and Renovations to Elementary School	3/22/2012	6,585,000.00	2/1/2020	390,000.00	4.000%			
			2/1/2021	405,000.00	4.000%			
			2/1/2022	425,000.00	4.000%			
			2/1/2023	440,000.00	2.125%			
			2/1/2024	450,000.00	2.250%			
			2/1/2025	460,000.00	2.375%			
			2/1/2026	475,000.00	2.500%			
			2/1/2027	470,000.00	2.500%			
			2/1/2028	470,000.00	2.625%			
			2/1/2029	465,000.00	2.750%	4,830,000.00	380,000.00	4,450,000.00
Additions and Renovations to Elementary School (Refunding Bonds)	10/13/2016	2,225,000.00	1/1/2020	170,000.00	1.980%			
			1/1/2021-22	175,000.00	1.980%			
			1/1/2023	180,000.00	1.980%			
			1/1/2024-25	185,000.00	1.980%			
			1/1/2026-27	190,000.00	1.980%			
			1/1/2028-29	205,000.00	1.980%			
						2,030,000.00	170,000.00	1,860,000.00
						<u>6,860,000.00</u>	<u>550,000.00</u>	<u>6,310,000.00</u>

Exhibit I-2

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**General Long Term Debt Account Group**  
**Statement of Obligations under Capital Leases**  
**June 30, 2019**

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	
			Principal	Interest		July 1, 2018	June 30, 2019
LED Lighting Retrofit	8/5/2013	5 years	272,329.50	13,358.09	1.78%	55,631.23	0.00
						<u>55,631.23</u>	<u>0.00</u>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Year Ended June 30, 2019**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	663,218.00		663,218.00	663,218.00	
State Sources:					
Debt Service Aid Type II	62,574.00		62,574.00	62,574.00	
Total - State Sources	62,574.00		62,574.00	62,574.00	
<b>Total Revenues</b>	<b>725,792.00</b>		<b>725,792.00</b>	<b>725,792.00</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	179,544.00		179,544.00	179,544.00	
Redemption of Principal	550,000.00		550,000.00	550,000.00	
Total Regular Debt Service	729,544.00		729,544.00	729,544.00	
<b>Total expenditures</b>	<b>729,544.00</b>		<b>729,544.00</b>	<b>729,544.00</b>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(3,752.00)		(3,752.00)	(3,752.00)	
Fund Balance, July 1	3,752.27		3,752.27	3,752.27	
Fund Balance, June 30	<u>0.27</u>		<u>0.27</u>	<u>0.27</u>	

**STATISTICAL SECTION**

## STATISTICAL SECTION (UNAUDITED)

### **Introduction to the Statistical Section**

### **Financial Trends**

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

### **Revenue Capacity**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

### **Debt Capacity**

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

### **Operating Information**

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information\*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Invested in Capital Assets	5,345,758.12	5,309,460.12	5,675,494.27	5,641,731.64	5,761,008.57	5,939,954.42	6,128,349.14	5,402,393.12	5,404,339.53	5,710,292.19
Restricted	396,077.58	877,136.46	1,539,574.03	1,798,244.53	1,861,994.51	1,493,158.00	1,381,646.18	1,350,584.18	1,256,470.57	1,644,097.49
Unrestricted	132,090.50	53,817.05	40,212.71	31,701.31	(2,110,512.88)	(2,013,480.60)	(2,245,603.72)	(2,526,692.97)	(2,280,859.82)	(2,347,114.01)
<b>Total Governmental Activities Net Position</b>	<b>5,873,926.20</b>	<b>6,240,413.63</b>	<b>7,255,281.01</b>	<b>7,471,677.48</b>	<b>5,512,490.20</b>	<b>5,419,631.82</b>	<b>5,264,391.60</b>	<b>4,226,284.33</b>	<b>4,379,950.28</b>	<b>5,007,275.67</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, Net of Related Debt	12,926.49	11,143.22	9,517.04	7,890.90	8,859.11	7,554.59	6,352.55	5,150.52	3,948.49	11,670.86
Unrestricted	7,476.39	9,774.01	10,089.48	12,617.98	13,501.04	22,197.27	9,368.67	7,280.55	1,440.88	(7,352.83)
<b>Total Business-type Activities Net Position</b>	<b>20,402.88</b>	<b>20,917.23</b>	<b>19,606.52</b>	<b>20,508.88</b>	<b>22,360.15</b>	<b>29,751.86</b>	<b>15,721.22</b>	<b>12,431.07</b>	<b>5,389.37</b>	<b>4,318.03</b>
<b>District-wide</b>										
Invested in Capital Assets, Net of Related Debt	5,358,684.61	5,320,603.34	5,685,011.31	5,649,622.54	5,769,867.68	5,947,509.01	6,134,701.69	5,407,543.64	5,408,288.02	5,721,963.05
Restricted	396,077.58	877,136.46	1,539,574.03	1,798,244.53	1,861,994.51	1,493,158.00	1,381,646.18	1,350,584.18	1,256,470.57	1,644,097.49
Unrestricted	139,566.89	63,591.06	50,302.19	44,319.29	(2,097,011.84)	(1,991,283.39)	(2,236,235.05)	(2,519,412.42)	(2,279,418.94)	(2,354,466.84)
<b>Total District Net Position</b>	<b>5,894,329.08</b>	<b>6,261,330.86</b>	<b>7,274,887.53</b>	<b>7,492,186.36</b>	<b>5,534,850.35</b>	<b>5,449,363.68</b>	<b>5,280,112.82</b>	<b>4,238,715.40</b>	<b>4,385,339.65</b>	<b>5,011,593.70</b>

Source: CAFR Schedule A-1

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
Instruction:										
Regular	4,558,253.05	4,574,260.43	4,573,681.73	4,755,365.25	4,783,608.15	5,696,017.04	6,840,838.57	9,610,529.11	4,661,407.21	4,935,482.29
Special Education	1,340,177.40	1,306,080.16	1,171,923.93	928,147.64	885,713.71	1,180,308.56	1,364,789.52	1,707,499.83	955,875.41	910,180.92
School-Sponsored/Other Special Instructional Support Services:	556,419.25	366,008.38	473,154.74	441,313.72	394,078.46	267,608.56	515,884.02	699,639.09	217,597.58	233,597.62
Tuition	2,887,319.00	3,091,447.86	3,114,066.52	3,312,341.19	3,728,923.15	3,887,397.52	4,143,338.20	4,450,292.40	4,740,149.00	4,903,088.80
Student & Instruction Related Services	1,339,530.18	1,364,867.81	1,556,839.53	1,674,072.77	1,779,232.86	2,132,674.58	2,858,764.73	3,579,583.11	1,829,431.30	1,659,420.51
School Administrative Services	544,276.12	578,928.66	558,183.19	597,385.02	595,321.95	685,248.98	822,452.90	989,581.52	388,386.06	395,847.51
General Administrative Services	488,174.89	563,586.71	507,113.65	591,410.81	615,564.16	640,520.74	893,974.11	1,096,147.49	396,382.70	396,553.88
Plant Operations & Admin. Info. Technology	1,008,974.41	949,358.61	985,780.59	1,026,501.45	1,015,290.21	1,096,851.25	1,221,072.32	1,457,669.26	720,436.28	815,355.06
Pupil Transportation	389,490.25	270,548.92	217,420.19	248,580.02	276,706.17	250,026.01	290,549.76	343,550.89	315,321.23	335,727.86
Unallocated Benefits									3,725,811.04	2,934,044.16
Interest on Long-term Debt	438,837.52	423,528.35	343,768.96	301,711.41	286,443.76	274,743.76	261,406.26	190,350.75	187,477.49	173,111.00
Capital Outlay - Non-depreciable				29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00
Debt Service Other Charges				815.14	815.14	815.14	815.14	815.14	815.14	815.14
Unallocated Depreciation									356,807.00	356,202.00
Total Governmental Activities Expenses	13,551,452.07	13,488,615.89	13,501,933.03	13,907,481.42	14,391,534.72	16,142,049.14	19,243,742.53	24,155,495.59	18,944,455.74	18,524,199.64
Business-type Activities:										
Food Service	11,493.87	15,302.98	18,388.86	13,658.91	12,881.03	10,739.40	28,024.31	15,417.03	17,504.80	9,592.89
Total Business-type Activities Expenses	11,493.87	15,302.98	18,388.86	13,658.91	12,881.03	10,739.40	28,024.31	15,417.03	17,504.80	9,592.89
Total District Expenses	13,562,945.94	13,503,918.87	13,520,321.89	13,921,140.33	14,404,415.75	16,152,788.54	19,271,766.84	24,170,912.62	18,961,960.54	18,533,792.53
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Pupil Transportation					66.16					
Operating Grants and Contributions	1,941,300.28	1,697,748.85	1,720,430.94	2,076,356.64	1,893,512.02	3,208,197.34	5,659,922.66	10,198,271.09	438,789.52	622,700.57
Total Governmental Activities Program Revenues	1,941,300.28	1,697,748.85	1,720,430.94	2,076,356.64	1,893,578.18	3,208,197.34	5,659,922.66	10,198,271.09	438,789.52	622,700.57
Business-type Activities:										
Charges for Services:										
Food Service	8,400.00	8,820.00	8,850.00	7,960.00	7,840.00	11,070.00	8,730.00	7,810.00	6,825.00	6,048.00
Operating Grants and Contributions	6,029.12	6,924.82	8,194.48	6,536.93	6,824.05	6,985.79	5,181.80	4,307.28	3,638.10	2,473.55
Total Business-type Activities Program Revenues	14,429.12	15,744.82	17,044.48	14,496.93	14,664.05	18,055.79	13,911.80	12,117.28	10,463.10	8,521.55
Total District Program Revenues	1,955,729.40	1,713,493.67	1,737,475.42	2,090,853.57	1,908,242.23	3,226,253.13	5,673,834.46	10,210,388.37	449,252.62	631,222.12

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(11,610,151.79)	(11,790,867.04)	(11,781,502.09)	(11,831,124.78)	(12,497,956.54)	(12,933,851.80)	(13,583,819.87)	(13,957,224.50)	(18,505,666.22)	(17,901,499.07)
Business-type Activities	2,935.25	441.84	(1,344.38)	838.02	1,783.02	7,316.39	(14,112.51)	(3,299.75)	(7,041.70)	(1,071.34)
Total District-wide Net Expense	(11,607,216.54)	(11,790,425.20)	(11,782,846.47)	(11,830,286.76)	(12,496,173.52)	(12,926,535.41)	(13,597,932.38)	(13,960,524.25)	(18,512,707.92)	(17,902,570.41)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	10,639,521.98	11,165,103.00	11,432,932.00	11,661,591.00	11,968,169.00	12,207,532.00	12,573,757.00	13,098,351.00	13,476,048.00	13,843,490.00
Taxes Levied for Debt Service	384,036.48	406,791.65	481,132.04	450,988.59	460,249.24	465,349.24	474,367.74	552,493.25	657,670.00	663,218.00
Unrestricted Federal and State Aid	62,885.68	984.00	984.00	16,273.89	16,273.89	29,988.80	32,422.90	97,149.38	4,432,113.14	3,791,647.45
Tuition Received	410,246.58	429,226.10	449,339.00	166,892.80	159,342.80	95,700.00	93,100.00	70,400.00	45,250.00	108,750.00
Investment Earnings	2,681.20	1,713.43	1,079.46	60,924.19	68,423.54	42,423.38	37,185.01	30,101.22	48,251.03	65,714.01
Miscellaneous Income	100,073.56	154,520.29	122,902.96	126.15	17,477.27		1,032.00			
Accounts Payable Canceled				15,813.66	4,579.51					
Unrestricted FEMA Reimbursement										
Prior Year Accounts Receivable Canceled								800.00		
Debt Refinanced, Net								(80,000.00)		
Proceeds from Refunding Bonds										
Total Governmental Activities	11,599,245.48	12,157,354.47	12,796,369.46	12,356,336.39	12,696,035.25	12,840,993.42	13,211,864.65	13,769,294.85	18,659,332.17	18,472,819.46
Business-type Activities:										
Investment Earnings	20.10	72.51	33.67	64.34	68.25	75.32	81.87	9.60	0.00	0.00
Total Business-type Activities	20.10	72.51	33.67	64.34	68.25	75.32	81.87	9.60	0.00	0.00
Total District-wide	11,599,265.58	12,157,426.98	12,796,403.13	12,356,400.73	12,696,103.50	12,841,068.74	13,211,946.52	13,769,304.45	18,659,332.17	18,472,819.46
<b>Change in Net Position</b>										
Governmental Activities	(10,906.31)	366,487.43	1,014,867.37	525,211.61	198,078.71	(92,858.38)	(371,955.22)	(187,929.65)	153,665.95	571,320.39
Business-type Activities	2,955.35	514.36	(1,310.71)	902.36	1,851.27	7,391.71	(14,030.64)	(3,290.15)	(7,041.70)	(1,071.34)
Total District	(7,950.96)	367,001.78	1,013,556.66	526,113.97	199,929.98	(85,466.67)	(385,985.86)	(191,219.80)	146,624.25	570,249.05

Source: CAFR Schedule A-2



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Fund Balances Governmental Funds**  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	436,279.97	701,535.57	1,381,598.34							
Unreserved	362,173.10	478,861.28	231,582.80							
Restricted				1,711,473.41	1,732,713.21	1,344,198.38	1,238,996.23	1,214,944.05	1,252,718.30	1,644,097.22
Assigned				40,330.69	80,321.63	188,048.68	103,082.80	133,477.86	206,701.94	263,666.48
Unassigned				279,413.20	311,335.01	327,255.32	372,004.67	376,671.08	418,557.94	373,365.32
<b>Total General fund</b>	<b>798,453.07</b>	<b>1,180,396.85</b>	<b>1,613,181.14</b>	<b>2,031,217.30</b>	<b>2,124,369.85</b>	<b>1,859,502.38</b>	<b>1,714,083.70</b>	<b>1,725,092.99</b>	<b>1,877,978.18</b>	<b>2,281,129.02</b>
<b>All Other Governmental Funds</b>										
Reserved										
Restricted, Reported in:										
Capital Projects Fund				46,438.75	46,438.75	46,438.75	46,438.75	3,752.27	3,752.27	0.27
Debt Service				1.68	2,520.92	2,520.16	0.40			
Unreserved, Reported in:										
Special Revenue Fund			157,974.40							
Capital Projects Fund	0.33	0.31	1.29							
Debt Service										
<b>Total All Other Governmental Funds</b>	<b>0.33</b>	<b>0.31</b>	<b>157,975.69</b>	<b>46,440.43</b>	<b>48,959.67</b>	<b>48,958.91</b>	<b>46,439.15</b>	<b>3,752.27</b>	<b>3,752.27</b>	<b>0.27</b>

Source: CAFR Schedule B-1

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

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Changes in Fund Balances Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Tax Levy	11,379,743.98	11,926,479.00	12,188,710.00	12,345,049.00	12,645,561.00	12,878,324.00	13,240,289.00	13,772,072.00	14,133,718.00	14,506,708.00
Tuition	410,246.58	429,226.10	449,339.00	166,892.80	158,342.80	95,700.00	93,100.00	70,400.00	45,250.00	108,750.00
Transportation Fees					66.16					
Interest Earnings	2,681.20	1,713.43	188,263.73	167,846.04	124,386.36	145,190.23	193,291.89	185,570.27	243,045.26	463,295.58
Miscellaneous	127,312.22	218,570.77	1,222,121.73	1,562,325.38	1,470,386.34	1,599,640.54	1,820,297.42	2,100,666.67	2,276,783.14	2,655,267.45
State Sources	1,356,225.90	1,003,308.32	182,106.95	174,640.00	166,294.00	149,741.00	171,277.00	143,596.00	183,054.29	162,545.00
Federal Sources	284,335.88	252,180.70								
<b>Total Revenues</b>	<b>13,540,545.76</b>	<b>13,831,478.32</b>	<b>14,230,541.41</b>	<b>14,416,753.22</b>	<b>14,585,036.66</b>	<b>14,868,595.77</b>	<b>15,518,255.31</b>	<b>16,272,304.94</b>	<b>16,881,850.69</b>	<b>17,896,566.03</b>
<b>Expenditures</b>										
Instruction:										
Regular	3,319,343.98	3,186,419.81	3,214,014.17	3,342,689.64	3,404,351.00	3,529,975.94	3,324,429.11	3,521,909.45	3,610,302.83	3,902,825.10
Special	1,075,586.13	1,036,755.23	899,343.95	698,756.99	673,835.73	736,909.38	729,299.60	704,477.85	720,129.36	682,156.60
School-Sponsored/Other Instructional	417,765.68	273,524.62	342,243.53	317,754.30	299,834.32	249,630.89	304,646.44	330,542.82	163,958.95	177,641.75
Support Services:										
Instruction - Tuition	2,887,319.00	3,091,447.86	3,114,066.52	3,312,341.19	3,728,923.15	3,887,397.52	4,143,338.20	4,450,292.40	4,740,149.00	4,903,088.80
Student & Instruction Related Services	1,006,731.51	1,014,478.80	1,058,187.97	1,063,584.93	1,174,768.42	1,299,726.69	1,514,079.53	1,491,402.03	1,469,682.87	1,319,014.46
School Administrative Services	445,182.56	463,894.26	418,670.82	404,919.05	417,381.18	465,268.33	500,215.02	482,767.33	294,988.83	303,408.16
General & Business Administrative Services	377,682.18	424,389.83	406,820.18	476,854.82	487,081.83	524,781.76	545,526.92	477,950.21	324,291.74	322,104.70
Central Services & Admin. Info. Technology	745,115.25	702,066.45	778,538.05	778,108.95	782,693.86	765,751.30	738,535.61	706,151.27	684,544.15	800,119.55
Operations and Maintenance	293,337.15	267,818.84	217,370.81	248,535.32	248,764.35	248,764.35	287,355.68	331,774.29	313,913.56	334,598.61
Student Transportation	2,077,430.11	2,118,053.84	2,257,319.57	2,513,412.68	2,423,834.18	2,610,354.73	2,759,062.88	3,032,662.47	3,276,744.98	3,574,650.05
Unallocated Benefits	50,168.35	2,980.00	86,565.15	186,697.65	320,386.07	44,972.35	52,606.00	5,923.28		
Capital Outlay - Debt Assessment		37,385.00	21,741.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00	29,837.00
Debt Service:										
Principal	395,000.00	400,000.00	410,000.00	470,000.00	455,000.00	480,000.00	470,000.00	520,000.00	525,000.00	550,000.00
Interest and Other Charges	445,550.02	430,320.02	414,900.02	282,699.61	291,693.76	280,093.76	268,293.76	219,092.13	193,611.00	179,544.00
<b>Total Governmental Fund Expenditures</b>	<b>13,536,211.92</b>	<b>13,449,534.56</b>	<b>13,639,781.74</b>	<b>14,126,192.13</b>	<b>14,766,241.65</b>	<b>15,133,464.00</b>	<b>15,667,225.75</b>	<b>16,304,782.53</b>	<b>16,728,965.50</b>	<b>17,497,167.19</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,333.84	381,943.76	590,759.67	290,561.09	(201,204.99)	(264,868.23)	(148,970.44)	(32,477.59)	152,885.19	399,398.84
<b>Other Financing Sources (Uses)</b>										
Operating Transfers In										
Operating Transfers Out										
Refunded Bonds Issued								103,170.05		
Payment to Refunded Bond Escrow Agent								(103,170.05)		
Unrestricted FEMA Reimbursement								2,225,000.00		
Cancellation of Accounts Payable								(2,188,296.88)		
Cost of Issuance										
Cancellation of Accounts Receivable								(36,703.12)		
Prior Year State Audit Recovery								800.00		
Capital Leases (non-budgeted)										
<b>Total Other Financing Sources (Uses)</b>										
<b>Net Changes in Fund Balance</b>	<b>4,333.84</b>	<b>381,943.76</b>	<b>590,759.67</b>	<b>306,500.90</b>	<b>95,671.79</b>	<b>(264,868.23)</b>	<b>(147,938.44)</b>	<b>800.00</b>	<b>152,885.19</b>	<b>399,398.84</b>
Debt Service as a percentage of noncapital expenditures	6.23%	6.17%	6.09%	5.40%	5.17%	4.91%	4.73%	4.53%	4.30%	4.17%

Source: CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**General Fund Other Local Revenue by Source  
Last Ten Fiscal Years  
Unaudited**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Various Misc.</u>	<u>Total</u>
2010		51,925.02	4,454.48	456,621.84	513,001.34
2011		54,380.49	4,206.77	526,872.56	585,459.82
2012		44,804.23	5,073.08	523,444.11	573,321.42
2013		35,450.00		192,366.99	227,816.99
2014		47,195.11	18,059.27	161,578.12	226,832.50
2015		32,154.19		10,269.19	42,423.38
2016		17,660.24	187.22	19,337.55	37,185.01
2017		21,704.21	1,591.23	6,805.78	30,101.22
2018		24,512.43	3,970.56	19,768.04	48,251.03
2019	18,722.22	22,726.38	400.00	23,865.41	65,714.01

Source: District records.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**Unaudited**

Year Ended Dec. 31,	Vacant Land	Residential	Commercial	Industrial	Total Assessed Value	Public Utilities	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
						a			b
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	1,369,968,300	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	1,371,742,900	867,045	1,372,609,945	1,372,609,945	0.850
2011	8,676,800	1,078,974,500	40,649,400	15,300,000	1,143,600,700	722,133	1,144,322,833	1,241,057,068	1.053
2012	8,676,800	1,081,984,000	41,521,400	15,300,000	1,147,482,200	656,997	1,148,139,197	1,263,868,792	1.066
2013	9,266,800	1,083,001,200	42,219,900	15,300,000	1,149,787,900	100,000	1,149,887,900	1,247,993,130	1.087
2014	8,505,900	1,081,610,600	42,498,100	15,300,000	1,147,914,600	100	1,147,914,700	1,230,479,901	1.112
2015	10,894,500	1,081,033,500	42,097,100	15,300,000	1,149,325,100	100	1,149,325,200	1,255,818,618	1.136
2016	9,361,900	1,084,513,900	41,979,300	15,300,000	1,151,155,100	100	1,151,155,200	1,302,506,449	1.174
2017	8,748,700	1,093,818,800	41,979,300	15,300,000	1,159,846,800	100	1,159,846,900	1,325,114,227	1.2030
2018	9,473,400	1,094,890,500	41,786,800	15,300,000	1,161,450,700	100	1,161,450,800	1,319,563,469	1.2340

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

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

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

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

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

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
Per \$100 of Assessed Valuation**

<b>Assessment Year</b>	<b>Basic Rate<sup>a</sup></b>	<b>General Obligation Debt Service<sup>b</sup></b>	<b>Local School District</b>	<b><u>Overlapping Rates</u></b>		<b>Total Direct and overlapping Tax Rate</b>
				<b>Municipality</b>	<b>County</b>	
2009	0.8150	0.0003	0.8150	0.4310	0.1950	1.4410
2010	0.8500	0.0003	0.8500	0.4590	0.2010	1.5100
2011	1.0530	0.0003	1.0530	0.5690	0.2260	1.8480
2012	1.0660	0.0003	1.0660	0.5740	0.2420	1.8820
2013	1.0870	0.0003	1.0870	0.5770	0.2500	1.9140
2014	1.1120	0.0003	1.1120	0.5910	0.2510	1.9540
2015	1.1360	0.0003	1.1360	0.5900	0.2630	1.9890
2016	1.1166	0.0574	1.1740	0.6060	0.2790	2.0590
2017	1.1470	0.0560	1.2030	0.6020	0.2870	2.0920
2018	1.1758	0.0582	1.2340	0.6200	0.2780	2.1320

\* Revaluation Year

Source: District Records and Municipal Tax Collector.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Extra Space Properties	15,300,000	1	1.32%			
Dalebrook Park LTD	5,673,200	2	0.49%			
Taxpayer #1	5,483,000	3	0.47%			
East Franklin Tpke LLC	3,727,700	4	0.32%			
Taxpayer #2	3,444,000	5	0.30%			
Taxpayer #3	3,300,000	6	0.28%			
Taxpayer #4	2,965,900	7	0.26%			
Taxpayer #5	2,900,000	8	0.25%			
Taxpayer #6	2,851,700	9	0.25%			
Taxpayer #7	2,773,200	10	0.24%			
Taxpayer #1				18,142,200	1	1.32%
Taxpayer #2				7,951,900	2	0.58%
Taxpayer #3				5,673,200	3	0.41%
Taxpayer #4				4,740,060	4	0.35%
Taxpayer #5				4,045,700	5	0.30%
Taxpayer #6				3,730,700	6	0.27%
Taxpayer #7				3,558,500	7	0.26%
Taxpayer #8				3,489,800	8	0.25%
Taxpayer #9				3,437,600	9	0.25%
Taxpayer #10				3,330,900	10	0.24%
	<u>48,418,700</u>		<u>4.17%</u>	<u>58,100,560</u>		<u>4.24%</u>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**School Tax Levies and Collections  
Last Ten Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy<sup>a</sup></b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2010	11,379,744	11,379,744	100.00%	
2011	11,926,479	11,926,479	100.00%	
2012	12,188,710	12,188,710	100.00%	
2013	12,345,049	12,345,049	100.00%	
2014	12,645,561	12,645,561	100.00%	
2015	12,878,324	12,878,324	100.00%	
2016	13,240,289	13,240,289	100.00%	
2017	13,772,072	13,772,072	100.00%	
2018	14,133,718	14,133,718	100.00%	
2019	14,506,708	14,506,708	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	10,498,000.00					10,498,000.00	3.89%	2,621
2011	10,098,000.00					10,098,000.00	3.85%	2,475
2012	9,680,000.00					9,680,000.00	3.57%	2,357
2013	9,210,000.00					9,210,000.00	3.25%	2,241
2014	8,755,000.00		272,300.00			9,027,300.00	3.06%	2,199
2015	8,295,000.00		212,103.00			8,507,103.00	2.91%	2,068
2016	7,825,000.00		164,033.00			7,989,033.00	2.64%	1,942
2017	7,385,000.00		110,321.00			7,495,321.00	2.38%	1,830
2018	6,860,000.00		55,631.23			6,915,631.23	2.16%	1,680
2019	6,310,000.00					6,310,000.00	1.89%	1,536

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

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



Exhibit J-11

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2010	10,498,000.00	-	10,498,000.00	0.77%	2,621
2011	10,098,000.00	-	10,098,000.00	0.74%	2,475
2012	9,680,000.00	-	9,680,000.00	0.85%	2,357
2013	9,210,000.00	-	9,210,000.00	0.80%	2,241
2014	8,755,000.00	-	8,755,000.00	0.76%	2,133
2015	8,295,000.00	-	8,295,000.00	0.72%	2,016
2016	7,825,000.00	-	7,825,000.00	0.68%	1,903
2017	7,385,000.00	-	7,385,000.00	0.64%	1,803
2018	6,860,000.00	-	6,860,000.00	0.59%	1,666
2019	6,310,000.00	-	6,310,000.00	0.54%	1,536

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of HO-HO-KUS	\$ 7,434,000	100.000%	\$ 7,434,000
Other debt			
Bergen County General Obligation Debt	856,246,582	0.7482%	6,406,436
Northwest Bergen County Utility Authority	18,580,025	4.6900%	871,403
Subtotal, overlapping debt			14,711,839
<b>HO-HO-KUS School District Direct Debt</b>			<u>6,310,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 21,021,839</u>

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

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

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

(1) Debt Information as of December 31, 2018.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 30,616,273	\$ 41,046,502	\$ 39,844,285	\$ 38,281,235	\$ 37,329,040	\$ 37,302,010	\$ 37,871,580	\$ 38,680,674	\$ 39,297,043	\$ 39,385,355
Total net debt applicable to limit	10,893,000	10,098,000	9,380,000	9,680,000	8,755,000	8,295,000	7,825,000	7,385,000	6,860,000	6,310,000
Legal debt margin	\$ 19,723,273	\$ 30,948,502	\$ 30,464,285	\$ 28,601,235	\$ 28,574,040	\$ 29,007,010	\$ 30,046,580	\$ 31,295,674	\$ 32,437,043	\$ 33,075,355
Total net debt applicable to the limit as a percentage of debt limit	35.58%	24.60%	23.54%	25.29%	23.45%	22.24%	20.66%	19.09%	17.46%	16.02%

Equalized valuation basis	
2018	\$ 1,309,266,937
2017	1,315,914,227
2017	1,313,354,364
[A]	\$ 3,938,535,528
[A/3]	\$ 1,312,845,176

Average equalized valuation of taxable property	
[B]	39,385,355
[C]	6,310,000
[B-C]	\$ 33,075,355

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

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**Demographic and Economic Statistics  
Last Ten Years**

<u>Year Ended June 30,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	4,005	269,568,540	67,308	1.20%
2011	4,080	262,262,400	64,280	1.20%
2012	4,107	271,029,144	65,992	1.20%
2013	4,110	283,035,150	68,865	6.00%
2014	4,105	294,693,845	71,789	3.70%
2015	4,114	292,505,400	71,100	3.50%
2016	4,113	302,868,981	73,637	2.70%
2017	4,096	314,658,816	76,821	2.70%
2018	4,117	320,718,417	77,901	2.90%
2019	4,107	333,500,721	81,203	2.30%

Source:

- (1) U.S. Bureau of the Census, Population Division,  
(Estimates April 1, 2010 to July 1, 2018)
- (2) Personal income of the District is based on County Information.
- (3) U.S. Department of Commerce, County Information 2010-2017.
- (4) N.J. Department of Labor.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**Schedule of Principal Employers**

**Current and Nine Years Ago**

**2018**

**2009**

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**INFORMATION IS NOT AVAILABLE**

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

<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	49.5	45.3	45.9	45.9	49.0	49.0	49.0	50.8	46.2	39.9
Special education	17.1	13.0	13.0	13.0	15.0	15.0	15.0	15.5	15.2	13.7
Other special education										
Other instruction										
Support Services:										
Student & instruction related services	16.7	17.7	17.3	17.3	13.6	13.6	13.6	10.2	13.7	16.5
General administration	3.8	4.0	4.5	4.5	4.4	4.4	4.4	4.9	3.5	3.6
School administrative services	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.6	2.5	4.9
Central services										
Administrative Information Technology										
Plant operations and maintenance	8.0	6.0	6.0	6.0	6.5	6.5	6.5	5.5	6.1	4.6
Pupil transportation										
Other support services										
Food Service										
Child Care										
<b>Total</b>	<b>98.6</b>	<b>89.5</b>	<b>90.2</b>	<b>90.2</b>	<b>91.0</b>	<b>91.0</b>	<b>91.0</b>	<b>89.5</b>	<b>87.2</b>	<b>83.2</b>

**Source:** District Personnel Records

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Operating Statistics,**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Pupil/Teacher Ratio</u>									
	<u>a</u>					<u>b</u>				
	<u>Enrollment</u>	<u>Expenditures</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Average Daily Enrollment</u>	<u>c</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>
2009-2010	673	9,198,234.00	13,667.51	3.41%	54	12.5	673.0	645.8	1.66%	95.96%
2010-2011	660	9,866,489.00	14,949.23	9.38%	51	12.9	659.0	633.0	-2.08%	96.05%
2011-2012	647	8,979,684.00	13,878.96	-7.16%	51	12.7	649.4	626.5	-1.46%	96.47%
2012-2013	656	9,030,648.00	13,766.23	-0.81%	51	12.9	648.1	622.2	-0.20%	96.00%
2013-2014	663	9,435,356.00	14,231.31	3.38%	49	13.5	657.5	634.3	1.45%	96.47%
2014-2015	641	10,256,074.00	16,000.12	12.43%	49	13.1	638.2	615.3	-2.94%	96.41%
2015-2016	638	14,846,489.00	23,270.36	45.44%	50	12.8	618.4	595.8	-3.10%	96.35%
2016-2017	611	15,529,930.00	25,417.23	9.23%	50	12.2	607.9	583.5	-1.70%	95.99%
2017-2018	599	15,980,517.50	26,678.66	4.96%	48	12.5	602.0	576.6	-0.97%	95.78%
2018-2019	590	16,737,786.19	28,369.13	6.34%	49	12.0	590.9	567.1	-1.84%	95.97%

Sources: District Records

Note: Enrollment based on annual October district count.

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

b-Teaching staff includes only full-time equivalents of certificated staff.

c-Average daily enrollment and average daily attendance are obtained from the School Register Summary.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

<u>District Buildings</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>
<u>Elementary</u>										
HO-HO-KUS School	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503	104,503
Square Feet	800	800	800	800	800	800	800	800	800	800
Capacity(students)	673	660	647	656	663	641	638	611	599	590
Enrollment										

Number of Schools at June 30, 2019  
Elementary=1

Source: District Facilities Office



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Required Maintenance for School Facilities**  
**For the Fiscal Year Ended June 30,**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES**  
 11-000-261-xxx

* School Facilities	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
HO-HO-KUS School	101,117.22	79,434.13	88,249.00	162,390.00	160,667.00	175,131.00	197,923.00	198,743.00	140,639.00	97,969.00
Total School Facilities	<u>101,117.22</u>	<u>79,434.13</u>	<u>88,249.00</u>	<u>162,390.00</u>	<u>160,667.00</u>	<u>175,131.00</u>	<u>197,923.00</u>	<u>198,743.00</u>	<u>140,639.00</u>	<u>97,969.00</u>

\* School facilities as defined under EFCA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**

**Insurance Schedule  
June 30 2019**

	<u>Coverage</u>	<u>Deductible</u>
Great American - Property	\$ 27,339,789	\$ 5,000
Package Policy:		
Blanket Real and Personal Property	Scheduled	
Flood & Earthquake	5,000,000	50,000
Flood-Within Special Flood "A"	2,000,000	500,000
Cyber Liability	6,000,000	Group Aggregate
Boiler and Machinery	27,339,789	
Crime Coverage:		
Public Employee Dishonesty-Per Employee	100,000	
Public Employee Dishonesty-Per Loss (Excess)	500,000	
Forgery or Alteration	100,000	
General Liability - Per Occurance	1,000,000	
General Liability - Aggregate	2,000,000	
Automobile	1,000,000	
XL Catlin		
Educators Legal Liability / Employment Practices	1,000,000	
Chubb Insurance Co:	2,000,000	25,000
Environmental Impairment	4,000,000	
Group Aggregate	20,000,000	
Safety National:		
Workers Compensation Coverage	1,000,000	
Fireman's Fund Insurance Company:		
Commercial Umbrella	50,000,000	

**SINGLE AUDIT SECTION**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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**INDEPENDENT AUDITOR'S 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**

Honorable President and  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, New Jersey, 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 November 4, 2019.

### ***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a



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

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

### ***Compliance and Other Matters***

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

We noted certain matters that were required to be reported to the Board of Education of the Ho-Ho-Kus Borough School District in the separate Auditors' Management Report on Administrative Findings- Financial, Compliance and Performance dated November 4, 2019.

### ***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.

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

November 4, 2019

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE  
AND N.J. OMB CIRCULAR 15-08**

Honorable President and  
Members of the Board of Education  
Borough of Ho-Ho-Kus School District  
County of Bergen, New Jersey

## **Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Borough of Ho-Ho-Kus School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ho-Ho-Kus Board of Education's major state programs for the year ended June 30, 2019. The Borough of Ho-Ho-Kus Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

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

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

Our responsibility is to express an opinion on compliance for each of the Borough of Ho-Ho-Kus Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ho-Ho-Kus Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Borough of Ho-Ho-Kus Board of Education's compliance.

### ***Opinion on Each Major State Program***

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

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

Management of the Borough of Ho-Ho-Kus Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Ho-Ho-Kus Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. 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 Borough of Ho-Ho-Kus Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*James Cerullo*

James Cerullo, C.P.A.  
Licensed Public School Accountant  
No. 881

*Ferraioli, Wielkocz, Cerullo & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

November 4, 2019



**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ended June 30, 2019**

Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2018	Cash Received	Budgetary Expenditures	Balance at June 30, 2019 Accounts Receivable	Deferred Revenue	MEMO	
											Cumulative Total Expenditures	Total Expenditures
<b>U.S. Department of Education Passed-Through State Department of Education:</b>												
<b>Special Revenue Fund:</b>												
Title I - Improving Basic Programs	84.010	S010A170030	ESSA2200-18	07/01/17-06/30/18	37,791.00	(5,897.30)	5,897.30				*	
Title II-A- Supporting Effective Instruction	84.367A	S367A180029	ESSA2200-19	07/01/18-06/30/19	9,067.00	(9,008.99)	8,517.00	(9,067.00)	(550.00)		*	9,067.00
Title II-A- Teacher & Principal Training/Recruiting	84.367	S367B170027	ESSA2200-18	07/01/17-06/30/18	9,486.00	(9,008.99)	9,008.99	(9,067.00)	(550.00)		*	9,067.00
Title IV - Student Support and Academic Enrichment	84.424	S424A180031	ESSA2200-19	07/01/18-06/30/19	18,700.00		18,700.00	(18,700.00)			*	18,700.00
L.D.E.A. Part B - Basic Regular	84.027	H027A180100	IDEA2200-19	07/01/18-06/30/19	130,708.00		130,708.00	(130,708.00)			*	130,708.00
L.D.E.A. Part B - Preschool	84.173	H173A180114	IDEA2200-19	07/01/18-06/30/19	4,070.00		4,070.00	(4,070.00)			*	4,070.00
							134,778.00	(134,778.00)			*	134,778.00
Total Special Revenue Fund						(14,906.29)	176,901.29	(162,545.00)	(550.00)		*	162,545.00
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>												
<b>Enterprise Fund:</b>												
Cash Assistance											*	
Special Milk Program	10.556	19INJ304N1099		07/01/18-06/30/19	2,473.55	(156.04)	2,312.01	(2,473.55)	(161.54)		*	2,473.55
Special Milk Program	10.556	18INJ304N1099		07/01/17-06/30/18	3,638.10	(156.04)	156.04	(2,473.55)	(161.54)		*	2,473.55
							2,468.05	(2,473.55)	(161.54)		*	2,473.55
Total Enterprise Fund						(156.04)	2,468.05	(2,473.55)	(161.54)		*	2,473.55
TOTAL FEDERAL FINANCIAL AWARDS						(15,062.33)	179,369.34	(165,018.55)	(711.54)		*	165,018.55

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
 Schedule of Expenditures of State Financial Assistance  
 for the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Balance at June 30, 2019		MEMO	
				June 30, 2018	Deferred Revenue/ (Accts. Receivable)			Accounts Receivable	Deferred Revenue		Budgetary Receivable
<b>State Department of Education:</b>											
<b>General Fund:</b>											
Special Education Categorical Aid	19-495-034-5120-089	07/01/18-06/30/19	406,460.00			372,761.00	(406,460.00)		*	33,699.00	406,460.00
Security Aid	19-495-034-5120-084	07/01/18-06/30/19	14,624.00			13,412.00	(14,624.00)		*	1,212.00	14,624.00
						386,173.00	(421,084.00)		*	34,911.00	421,084.00
Extraordinary Aid	19-100-034-5120-044	07/01/18-06/30/19	251,129.00			216,765.00	(251,129.00)	(251,129.00)	*		251,129.00
Extraordinary Aid	18-100-034-5120-044	07/01/17-06/30/18	216,765.00	(215,925.00)		216,765.00	(840.00)		*		216,765.00
				(215,925.00)		216,765.00	(251,969.00)		*		467,894.00
Transportation Aid	19-495-034-5120-014	07/01/18-06/30/19	203,210.00			186,362.00	(203,210.00)		*	16,848.00	203,210.00
Reimbursement of Nonpublic Transportation	19-495-034-5120-014	07/01/18-06/30/19	8,380.00	(10,755.00)		10,755.00	(8,380.00)	(8,380.00)	*		8,380.00
Reimbursement of Nonpublic Transportation	18-495-034-5120-014	07/01/17-06/30/18	10,755.00	(10,755.00)		10,755.00			*		
				(10,755.00)		197,117.00	(211,590.00)	(8,380.00)	*	16,848.00	211,590.00
Reimbursed TPAF - Social Security	19-495-034-5094-003	07/01/18-06/30/19	345,785.45	(16,270.24)		327,415.89	(345,785.45)	(18,369.56)	*		345,785.45
Reimbursed TPAF - Social Security	18-495-034-5094-003	07/01/17-06/30/18	339,448.14	(16,270.24)		16,270.24	(345,785.45)	(18,369.56)	*		345,785.45
						343,686.13			*		
On-Behalf TPAF - Post Retirement Medical	19-495-034-5094-001	07/01/18-06/30/19	428,288.00			428,288.00	(428,288.00)		*		428,288.00
On-Behalf Teachers' Pension and Annuity	19-495-034-5094-002	07/01/18-06/30/19	924,840.00			924,840.00	(924,840.00)		*		924,840.00
On-Behalf TPAF - LTDI	19-495-034-5094-004	07/01/18-06/30/19	458.00			458.00	(458.00)		*		458.00
On-Behalf TPAF - Non-contributory Insurance	19-495-034-5094-004	07/01/18-06/30/19	19,359.00			19,359.00	(19,359.00)		*		19,359.00
						1,372,945.00	(1,372,945.00)		*		1,372,945.00
Total General Fund				(242,950.24)		2,516,686.13	(2,603,373.45)	(277,878.56)	*	51,759.00	2,819,298.45
<b>Debt Service Fund:</b>									*		
Debt Service Aid Type II	19-495-034-5120-075	07/01/18-06/30/19	62,574.00			62,574.00	(62,574.00)		*		62,574.00
									*		
TOTAL STATE FINANCIAL ASSISTANCE				(242,950.24)		2,579,260.13	(2,665,947.45)	(277,878.56)	*	51,759.00	2,881,872.45
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>									*		
On-Behalf TPAF - Post Retirement Medical	19-495-034-5094-001	07/01/18-06/30/19	428,288.00			428,288.00	(428,288.00)		*		428,288.00
On-Behalf Teachers' Pension and Annuity	19-495-034-5094-002	07/01/18-06/30/19	924,840.00			924,840.00	(924,840.00)		*		924,840.00
On-Behalf TPAF - LTDI	19-495-034-5094-004	07/01/18-06/30/19	458.00			458.00	(458.00)		*		458.00
On-Behalf TPAF - Non-contributory Insurance	19-495-034-5094-004	07/01/18-06/30/19	19,359.00			19,359.00	(19,359.00)		*		19,359.00
						1,372,945.00	(1,372,945.00)		*		1,372,945.00
TOTAL FOR STATE FINANCIAL ASSISTANCE MAJOR PROGRAM DETERMINATION				(242,950.24)		1,206,315.13	(1,293,002.45)	(277,878.56)	*	51,759.00	1,508,927.45

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Ho-Ho-Kus 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 and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Awards and State 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 bases of accounting are described in Notes 1(D) and 1(E) to the Board's basic financial statements. The information in these schedules 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 in amounts presented in or used in the preparation of the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and the 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 state aid payment 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 state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(10,680.00) for the general fund and \$0.00 for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$0.00	\$2,592,693.45	\$2,592,693.45
Special Revenue Fund	162,545.00	0.00	162,545.00
Debt Service Fund		62,574.00	62,574.00
Food Service Fund	<u>2,473.55</u>		<u>2,473.55</u>
Total Awards and Financial Assistance	<u>\$165,018.55</u>	<u>\$2,655,267.45</u>	<u>\$2,820,286.00</u>

**NOTE 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.

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2019. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2019.

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

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

**NOTE 7. INDIRECT COST RATE**

The Borough of Ho-Ho-Kus School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? \_\_\_\_\_ yes                       X  no

2. Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes                       X  none reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes                       X  no

**Federal Awards**

Not Applicable

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(continued)**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee?     X     yes            no

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

Internal Control over major programs:

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

2. Significant deficiencies identified that are not considered to be material weaknesses?            yes     X     none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08, as applicable?            yes     X     no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
19-495-034-5120-089 19-495-034-5120-084 <hr/>	State Aid Public Cluster – Special Education Categorical Aid Security Aid <hr/>

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL, FEDERAL AND STATE FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Section II - Financial Statement Findings*

None

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

No matters were reported.

**BOROUGH OF HO-HO-KUS SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Status of Prior Year Findings**

There were no prior year audit findings.