

HASBROUCK HEIGHTS SCHOOL DISTRICT



Where Tradition and Innovation Take Flight

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

*Comprehensive Annual Financial Report
For the Year Ended
June 30, 2020*

Hasbrouck Heights School District

Hasbrouck Heights, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Prepared by
Business Office

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Introductory Section

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

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

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

February 2, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Hasbrouck Heights School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi- year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements Costs Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. It is noted that a federal single audit was required for this audit year. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

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

2) EDUCATIONAL PROGRAM: The District provides a full range of educational services appropriate to grade levels Pre-K through 12 for regular and special education handicapped youngsters serving approximately 1763 students. All schools are accredited by the New Jersey State Department of Education. The District is served by 143.0 (FTE) teachers and 11 (FTE) administrators. Approximately 79% of the faculty has earned masters degrees.

Educational Services include reading, language arts, social studies, mathematics, science, computer education, remedial instructions, special education, resource room instruction, family life, physical and health education, career education, world languages and enrichment. The curriculum is aligned with the New Jersey Core Curriculum Content Standards and the Common Core Standards.

Due to COVID 19, the State cancelled State Testing for the Spring of 2020 for Language Arts Literacy (LAL) and Mathematics.

The District completed the 2019-2020 fiscal year with an average daily enrollment of 1,752 students, which is a decrease of 28 students compared to the previous year’s average daily enrollment.

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

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020	1,752	(1.57)%
2019	1,780	(1.11)%
2018	1,800	(2.73)%
2017	1,850	(0.48)%
2016	1,859	(0.59)%

3) ECONOMIC CONDITION AND OUTLOOK: The District’s primary funding source is property tax revenue. Overall tax revenue for the General Fund was increased for the 2019-2020 school year. The District’s administration continues to closely monitor the cost of operations and continues to look for innovative ways to cut costs in addition to finding new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

4) MAJOR INITIATIVES: Specific initiatives for the 2019-2020 school year include the following accomplishments:

- Enhanced our collaborative special education classes throughout the district
- Expanded our 1-1 Chrome Book initiative
- Added French elective to the middle school curriculum
- Expanded electives at the high school

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2020.

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

8) DEBT ADMINISTRATION: At June 30, 2020, the District had \$3,405,000 in outstanding statutory debt, comprised entirely of school bonds to improve District facilities.

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

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

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

12) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hasbrouck Heights School Board of Education for their concern in providing fiscal accountability to the

citizens and taxpayers of the school District and, thereby, contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

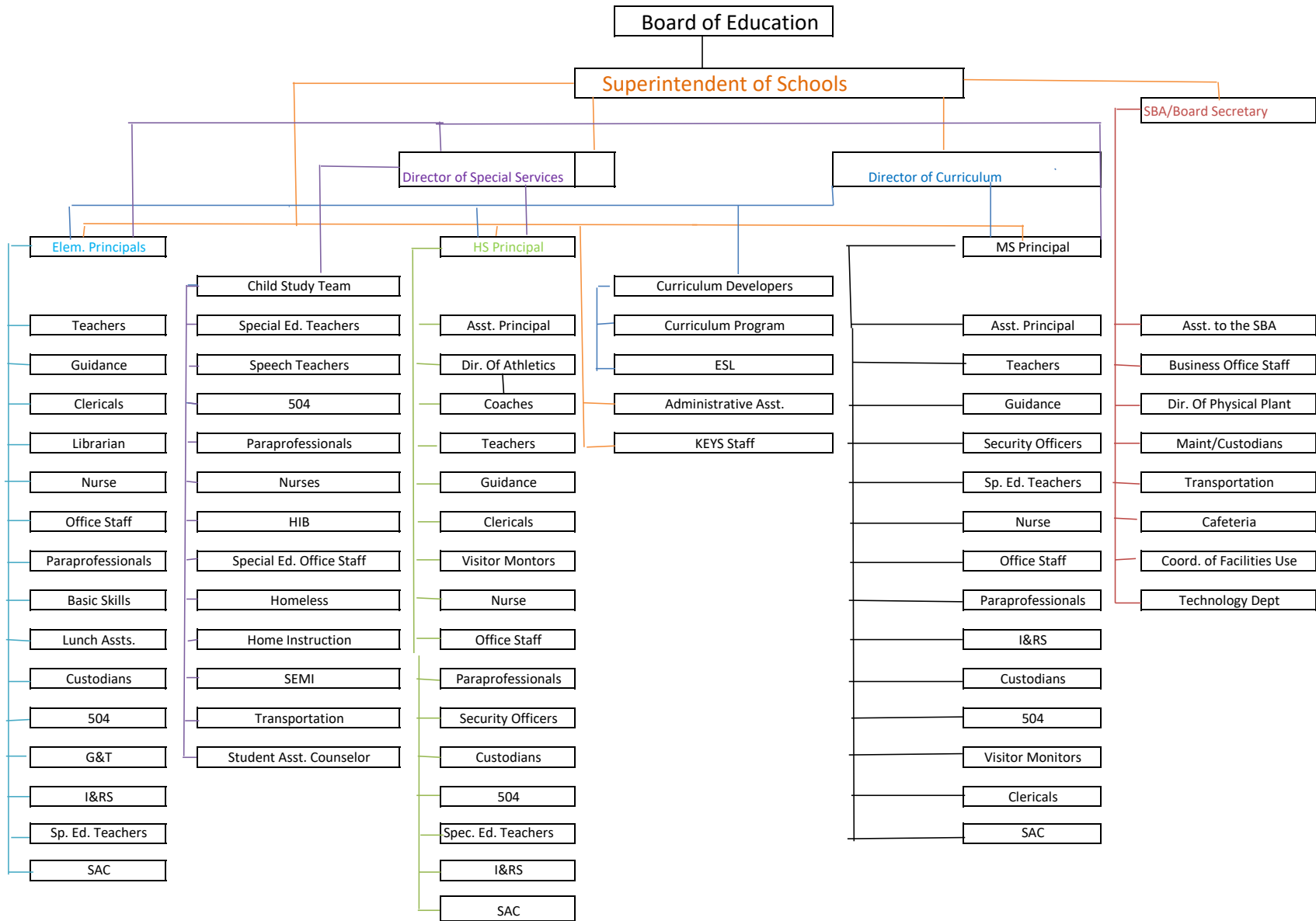


Matthew Heffant
Superintendent of Schools



Dina Messery
Business Admin/Board Secretary

ORGANIZATIONAL CHART Hasbrouck Heights Public Schools



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

**ROSTER OF OFFICIALS
June 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Alan Baker – President	2021
Nicole Russo – Vice President	2020
Patricia Caruso	2022
Lori Cintron	2022
Christopher DeLorenzo	2021
Robert Faussette	2022
Jillian Ferdinand	2020
Joseph Rinke	2021
Robert Salerno	2020

Other Officials

Matthew Helfant – *Superintendent of Schools*

Dina Messery - *Board Secretary/School Business Administrator*

HASBROUCK HEIGHTS BOARD OF EDUCATION
HASBROUCK HEIGHTS, NEW JERSEY

CONSULTANTS AND ADVISORS

Architect

EI Associates
6 Ridgedale Avenue
Cedar Knolls, New Jersey 07927

Audit Firm

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

Attorney

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

Official Depository

Valley National Bank
1445 Valley Road
Wayne, New Jersey 07470

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

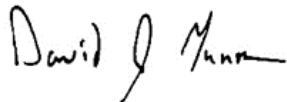
The introductory and statistical sections, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 2, 2021



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

Required Supplementary – Part I
Management’s Discussion and Analysis

Hasbrouck Heights Public School District
Management's Discussion and Analysis
Year ended June 30, 2020

As management of the Hasbrouck Heights Public School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is presented in the MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four 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 District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District 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.

The government-wide financial statements can be found on pages 21 - 22 of this report.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District 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 government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 government's near-term financing requirements.

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

The District 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 balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget and supplementary information for the debt service fund.

The basic governmental fund financial statements can be found on pages 23 – 25 of this report.

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

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

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

The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also uses trust funds to account for an unemployment compensation fund. The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 - 69 of this report.

Other information. The combining statements referred to earlier in connection with governmental and enterprise funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 74 - 96 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2020 and 2019:

Governmental Activities

The decrease in current and other assets from the prior year was primarily attributable to an approximately \$300,000 decrease in the Restricted Assets – Capital reserve account - cash.

Capital assets increased approximately \$800,000 in the current year, this increase was from capital asset additions of \$1,329,026, offset by the current year depreciation expense of \$530,167.

Hasbrouck Heights Board of Education Hasbrouck Heights New Jersey Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 6,336,693	\$ 660,002	\$ 6,996,695	\$ 6,671,600	\$ 699,846	\$ 7,371,446
Capital assets, net	14,427,460		14,427,460	13,628,601		13,628,601
Total assets	20,764,153	660,002	21,424,155	20,300,201	699,846	21,000,047
Deferred outflows of resources	1,140,340		1,140,340	1,686,707		1,686,707
Liabilities:						
Current liabilities	7,078,875	65,702	7,144,577	7,352,786	143,335	7,496,121
Net pension liabilities	5,296,056		5,296,056	5,881,036		5,881,036
Long-term liabilities outstanding	5,095,458		5,095,458	5,833,448		5,833,448
Total Liabilities	17,470,389	65,702	17,536,091	19,067,270	143,335	19,210,605
Deferred inflow of resources	2,160,382		2,160,382	2,193,319		2,193,319
Net position:						
Net investments in capital assets	10,468,888		10,468,888	8,874,736		8,874,736
Restricted	2,270,633		2,270,633	2,454,347		2,454,347
Unrestricted (deficit)	(10,465,799)	594,300	(9,871,499)	(10,602,764)	556,511	(10,046,253)
Total net position	\$ 2,273,722	\$ 594,300	\$ 2,868,022	\$ 726,319	\$ 556,511	\$ 1,282,830

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed in the schedule of employer allocations and schedule of pension amounts by employer. The changes in 2020 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the

measurement date of June 30, 2018 and rolled forward to 2019. The net pension liability associated with the District's governmental activities at June 30, 2020 amounted to \$5,296,056, which was a decrease of approximately \$585,000 and resulted from changes in the net pension calculation. Long-term liabilities decreased by approximately \$738,000, caused primarily by the retirement of long-term debt.

The largest portion of the District's net position is its net investment in capital assets, \$10,468,888 (e.g., land, construction-in-progress, buildings and improvements, and furniture and equipment), less accumulated depreciation and any related debt (general obligation bonds payable and obligations under capital leases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted portion of the net position in the amount of \$2,270,633 is comprised of funds restricted for Maintenance Reserve in the amount of \$956,885, and amounts restricted for Capital Reserve in the amount of \$1,313,748.

The remaining deficit balance, (\$10,465,799) of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability.

Business-Type Activities

There was an increase from the prior year of approximately \$38,000 in net position reported in connection with the District's business-type activities, which was primarily driven by an increase in operating income of the KEYS program.

District activities. The key elements of the District's changes in net position for the years ended June 30, 2020 and 2019 are as follows:

Hasbrouck Heights Board of Education
Hasbrouck Heights, New Jersey
Changes in Net Position

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ 728,106	\$ 728,106	\$ -	\$ 827,799	\$ 827,799
Operating and capital grants and contributions	868,055	129,466	997,521	806,044	169,393	975,437
General revenues:						
Property taxes	30,728,088		30,728,088	29,964,369		29,964,369
Federal and state aid not restricted to specific purposes	10,337,181		10,337,181	12,008,380		12,008,380
Investment earnings	72,425		72,425			-
Miscellaneous	294,337		294,337	344,248		344,248
Total revenues	42,300,086	857,572	43,157,658	43,123,041	997,192	44,120,233
Expenses:						
Instructional services	(22,984,799)		(22,984,799)	(24,427,083)		(24,427,083)
Support services	(17,374,906)	(819,783)	(18,194,689)	(17,488,878)	(1,009,411)	(18,498,289)
Interest on long-term liabilities	(392,978)		(392,978)	(229,944)		(229,944)
Total expenses	(40,752,683)	(819,783)	(41,572,466)	(42,145,905)	(1,009,411)	(43,155,316)
Change in net position	1,547,403	37,789	1,585,192	977,136	(12,219)	964,917
Net position (deficit) - beginning	726,319	556,511	1,282,830	(250,817)	568,730	317,913
Net position (deficit) - ending	\$ 2,273,722	\$ 594,300	\$ 2,868,022	\$ 726,319	\$ 556,511	\$ 1,282,830

Governmental Activities

Operating and capital grants and contributions increased slightly due to an approximately \$120,000 increase in Regular Instruction related grants, which was offset by decreases in Tuition and Student and Instruction related services grants in the 2020 fiscal year.

Property tax revenue increase was directly related to the Hasbrouck Heights tax revaluation that occurred in the prior year attributing to a higher tax levy in the current year. The total general fund tax levy in 2020 was \$29,929,574. That is an increase of \$692,253 over the 2019 general fund tax levy of \$29,237,321. The 2019-2020 levy is below the state-mandated 2 percent cap.

The total decrease from 2018/19 to 2019/20 in state and federal aid was \$1,671,199. This significant decrease was primarily driven by an increase in total on-behalf retirement medical and pension amounts recognized in state source revenue and instructional expenditures above, along with decreases to changes in assumptions and other variables including mortality rates and discount rates in the actuarial GASB 68 and 75 calculations.

Business-Type Activities

- Charges for services decreased by \$99,693 from 2019, or 12%. This sharp decrease was a direct result of the District switching to remote learning in the 1st quarter of 2020 due to the COVID-19 Global Pandemic.
- Expenses decreased by approximately \$190,000 compared to the 2019 fiscal year, which was mainly comprised of reductions to the Keys and Food Service programs of approximately \$77,000 and \$110,000 respectively

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as restricted, assigned and unassigned.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2020, and the increases in relation to the prior year.

Revenue	Amount	Percent of Total	Increase From 2019	Percent of Increase
Local Sources	\$31,094,850	77.66%	\$786,233	2.59%
State Sources	8,294,515	20.72%	389,640	4.93%
Federal Sources	648,183	1.62%	59,622	10.13%
Total	\$40,037,548	100.00%	\$ 1,235,495	17.65%

The increase in local sources is mainly attributable to the tax levy increase of approximately \$763,000 driven by the Hasbrouck Heights tax revaluation. As mentioned previously, the District's overall increase in the tax levy is within the 2% levy cap as promulgated by the State Legislature.

The increase in state sources is largely a result of the State of New Jersey increasing the amount paid by the State on behalf of the District for TPAF Pension, Medical and Long-term Disability Insurance contributions by \$311 thousand.

The increase in federal sources is the result of the District receiving increased Special Education Medical Initiative (SEMI) program revenue and Title I grants of approximately \$23,000 and \$30,000 respectively .

The following schedule presents a summary of General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund expenditures for the fiscal year ended June 30, 2020 and the increases and (decreases) related to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2019	Percent of Increase (Decrease)
Current expenditures:				
Instruction	\$14,291,779	35.44%	\$ (55,222)	-0.38%
Undistributed expenditures	23,270,261	57.71%	548,108	2.41%
Capital outlay	1,356,350	3.36%	380,632	39.01%
Assets Acquired under Capital Leases	386,643	0.96%	322,982	507.35%
Debt service:				
Principal	735,000	1.82%	25,000	3.52%
Interest	283,062	0.70%	26,558	10.35%
Total	\$40,323,095	100.00%	\$1,248,058	3.19%

Instruction expenses remained relatively flat compared to the prior year, the slight decrease was attributable to a decrease in Special Education costs. Undistributed expenditures increased by \$548,108 from the 2019 fiscal year, was largely driven by a decrease in Health Benefit costs of approximately \$1,300,000 from fiscal year 2019, which was offset by decreases across Administrative and Instructional Services due to COVID-19. The District completed office renovations at Lincoln and Euclid Elementary Schools during fiscal year 2020 of approximately \$911,000, largely causing the 39% increase in Capital Outlay. The District continued its debt service payments on its outstanding debt obligations. The overall increase in expenditures reflects the District's continuing efforts to offer exceptional opportunities to its students while also controlling the growth in its budget.

General Fund

The fund balance increased by approximately \$62,000 during the 2020 fiscal year primarily the result of an increase to the local tax levy 2020 in the amount of \$692,253.

As of June 30, 2020, the District has an unassigned fund balance of \$404,632 and excess surplus generated in the current year in the amount of \$311,021. The District designated \$200,000 in excess surplus for the subsequent years' expenditures, which is restricted for the subsequent years' budget. Additionally, the District maintains a capital reserve restricted fund balance in the amount of \$1,313,748 for future capital improvements, as well as, a maintenance reserve restricted fund balance in the amount of \$956,885 for future maintenance projects. \$377,592 is recorded in encumbrances and assigned for other purposes.

Special Revenue Fund

Expenditures incurred in the Special Revenue Fund increased by approximately \$74,000 as a result of an increase of approximately \$58,000 in Title I receipts and incremental increases across the remaining Federal and State grants.

Capital Projects Fund

As of June 30, 2020, the District's Capital Project's Fund Balance remained the same as the prior years at \$(3,900,527).

Debt Service Fund

As of June 30, 2020, the District's Debt Service Fund Balance was \$95,928. This is an increase from the prior year of approximately \$39,000. The increase was generated by the transfers in from Capital Projects Fund of approximately \$42,000.

Capital Asset and Debt Administration

Capital Assets. The District has capital assets, net of accumulated depreciation, including land, construction in progress, buildings, facilities, equipment and vehicles noted as follows at June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
Land	\$3,058,776	\$3,058,776
Construction in process	112,503	6,670,310
Buildings and building improvements	16,478,032	8,856,789
Machinery, equipment and vehicles	2,599,304	2,333,714
Total capital assets, net	\$22,248,615	\$20,919,589
Accumulated depreciation	(7,821,155)	(7,290,988)
Total capital assets, net	<u>\$ 14,427,460</u>	<u>\$ 13,628,601</u>

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration. The District's long-term liabilities are as follows for the governmental activities at June 30, 2020 and 2019:

	2020	2019
Bonds payable (net)	\$3,405,000	\$4,140,000
Capital leases payable	432,544	462,441
Premium on Bonds	121,209	151,423
Compensated absences	1,136,885	1,079,584
Total long-term liabilities	<u>\$5,095,638</u>	<u>\$5,833,448</u>

For more detailed information, please refer to Note 5 to the basic financial statements.

General Fund Budgetary Highlights

There were no differences between the original budget and the final budget other than transfers between appropriation accounts.

Significant budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Increase of approximately \$344,000 in Tuition to Private Schools for the Handicapped – Within State to provide better services to Handicapped students.
- Increase of approximately \$191,000 in Salaries Supervisors of Instruction – Curriculum to improve the quality of student's curriculums.
- Increase of approximately \$122,000 to Special Education Joint Agreements Transportation Services to provide transportation services to handicapped students.
- Increase of approximately \$292,000 to the cleaning, repair and maintenance services line resulting from the impact of COVID-19, which required a significant amount of expenditures relating to cleaning duties beyond the normal scope of preparing areas for day to day activities.
- Decrease of approximately \$559,000 to the health benefits line resulting from the school district obtaining a more advantageous cost savings plan while keeping the benefits essentially the same from the prior year.

Economic Factors and Next Year's Budget

The Hasbrouck Heights Board of Education is financially stable. The School District is proud of the community support of its public schools. The District will continue to be financially sound through cost efficient and effective means in all areas.

During the 2019-2020 school year the District's general state aid increased from the 2018-2019 funding levels. In 2019-2020 the District's state aid was increased by approximately \$192,000 as part of Senate Bill S2 which removed a provision that allowed districts to maintain its currently funding levels regardless of changes in enrollment "hold harmless" provisions.

The District maintains over 700 computers. Each year, the District purchases a block of new computers to replace older units that have reached their life expectancy and are no longer effective. The replaced units are either repurposed or used for parts. In addition to computers, the District has purchased Laptops Chromebooks, iPads and document cameras to be used as part of the instructional process in all the district schools. The District has fully implemented new state testing mandates. The District installed a wireless network throughout the district and added additional bandwidth, new computer labs, laptops, Chromebooks and desktops to meet the testing requirements. This State mandate is unfunded. At present, the District has over 2,000 Chromebooks in the district. Additionally, our instructional classrooms are now equipped with interactive projectors. The additional technology equipment requires us to continually monitor our Wi-Fi capabilities and make upgrades where needed.

The new minimum wage law will be something that the District will have to deal with going forward. Each budget cycle will experience two one-dollar an hour increases in minimum wage until the minimum wage reaches \$15 per hour. This is going to have a significant impact on how the District budgets for substitutes and will require funding to be diverted from other areas of the budget to accommodate the increase in wages that will be paid.

All of these factors were considered in preparing the District's budget for the 2019-2020 fiscal year. The reduction and/or stabilization of state aid will make future budgets difficult.

Requests for Information

This financial report is designed to provide a general overview of the Hasbrouck Heights Public School District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator, 379 Boulevard, Hasbrouck Heights, New Jersey 07604.

Basic Financial Statements

A. District Wide Financial Statements

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

A-1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 108,709	\$ 650,077	\$ 758,786
Accounts receivable	3,957,351	1,686	3,959,037
Inventory		8,239	8,239
Restricted assets:			
Capital reserve account - cash	1,154,840		1,154,840
Maintenance reserve account - cash	956,885		956,885
Accounts receivable	158,908		158,908
Capital assets, non-depreciable	3,171,279		3,171,279
Capital assets, depreciable, net	11,256,181		11,256,181
Total assets	20,764,153	660,002	21,424,155
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding bonds	50,160		50,160
Pension deferrals	1,090,180		1,090,180
Total deferred outflows of resources	1,140,340		1,140,340
LIABILITIES			
Accounts payable	612,307	36,428	648,735
Notes payable	6,225,000		6,225,000
Accrued interest payable	170,041		170,041
Payable to state government	61,013		61,013
Unearned revenue	10,514	29,274	39,788
Net pension liability	5,296,056		5,296,056
Noncurrent liabilities:			
Due within one year	1,155,880		1,155,880
Due beyond one year	3,939,578		3,939,578
Total liabilities	17,470,389	65,702	17,536,091
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	2,160,382		2,160,382
NET POSITION			
Net Investment in capital assets	10,468,888		10,468,888
Restricted for:			
Capital reserve	1,313,748		1,313,748
Maintenance reserve	956,885		956,885
Unrestricted (deficit)	(10,465,799)	594,300	(9,871,499)
Total net position	\$ 2,273,722	\$ 594,300	\$ 2,868,022

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$ 16,266,368		\$ 353,573	\$ (15,912,795)		\$ (15,912,795)
Special education	5,384,980			(5,384,980)		(5,384,980)
Other special instruction	1,687,024			(1,687,024)		(1,687,024)
Support Services:						
Tuition	3,177,719		347,831	(2,829,888)		(2,829,888)
Student and instruction related services	5,638,495		146,542	(5,491,953)		(5,491,953)
General administrative services	786,033		20,109	(765,924)		(765,924)
School administrative services	1,729,518			(1,729,518)		(1,729,518)
Other administrative services	151,125			(151,125)		(151,125)
Central services	612,458			(612,458)		(612,458)
Plant operations and maintenance	4,175,341			(4,175,341)		(4,175,341)
Pupil transportation	750,644			(750,644)		(750,644)
Interest and other charges on long term obligations	392,978			(392,978)		(392,978)
Total Governmental Activities	40,752,683		868,055	(39,884,628)		(39,884,628)
Business-Type Activities						
Food service	449,429	\$ 331,163	129,466		\$ 11,200	11,200
Keys and other programs	370,354	396,943			26,589	26,589
Total Business-Type Activities	819,783	728,106	129,466		37,789	37,789
Total Primary Government	\$ 41,572,466	\$ 728,106	\$ 997,521	\$ (39,884,628)	\$ 37,789	\$ (39,846,839)
General revenues:						
Property taxes, levied for general purposes				29,929,574		29,929,574
Property taxes, levied for debt service				798,514		798,514
State and federal sources - restricted and unrestricted				10,337,181		10,337,181
Tuition				38,271		38,271
Interest Earned				72,425		72,425
Miscellaneous Income				256,066		256,066
Total General Revenues				41,432,031		41,432,031
Change in net position				1,547,403	37,789	1,585,192
Net Position, beginning of year				726,319	556,511	1,282,830
Net Position, end of year				\$ 2,273,722	\$ 594,300	\$ 2,868,022

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

B. Fund Financial Statements

Governmental Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and equivalents	\$		\$ 38,602	\$ 70,107	\$ 108,709
Receivable Tax Levy	1,475,370				1,475,370
Receivable from State Government	57,569	\$ 30,921	2,269,673		2,358,163
Receivable from Federal Government		116,818			116,818
Other Accounts Receivable		7,000			7,000
Interfund receivable	31,949		16,286	42,107	90,342
Restricted Assets:					
Restricted cash and cash equivalents	2,111,725				2,111,725
Receivable from State Government	158,908				158,908
Total Assets	\$ 3,835,521	\$ 154,739	\$ 2,324,561	\$ 112,214	\$ 6,427,035
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 229,624	\$ 51,263			\$ 280,887
Note payable			\$ 6,225,000		6,225,000
Interfund payable	42,019	31,949	88	\$ 16,286	90,342
Payable to State government		61,013			61,013
Unearned revenue		10,514			10,514
Total Liabilities	271,643	154,739	6,225,088	16,286	6,667,756
Fund Balances:					
Restricted for:					
Capital reserve	1,313,748				1,313,748
Maintenance reserve	956,885				956,885
Debt Service				95,928	95,928
Excess Surplus - Current Year	311,021				311,021
Assigned:					
Subsequent Year's Exp	200,000				200,000
Other purposes	377,592				377,592
Unassigned:					
Capital Projects			(3,900,527)		(3,900,527)
General fund	404,632				404,632
Total Fund Balances	3,563,878		(3,900,527)	95,928	(240,721)
Total Liabilities and Fund Balances	\$ 3,835,521	\$ 154,739	\$ 2,324,561	\$ 112,214	\$ 6,427,035

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

Total fund balances - Governmental Funds \$ (240,721)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$22,248,615 and the accumulated depreciation is \$7,821,155. Including construction in progress of \$112,503. 14,427,460

Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability decreases that fund balance. (170,041)

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

Net pension liability (5,296,056)
Accounts payable (331,420)

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

Deferred outflows of resources related to pensions 1,090,180
Deferred inflows of resources related to pensions (2,160,382)

Deferred amounts on refunding 50,160

Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (5,095,458)

Net position of governmental activities \$ 2,273,722

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 29,929,574			\$ 798,514	\$ 30,728,088
Tuition Charges	38,271				38,271
Interest	72,337		\$ 88		72,425
Refund Prior Year Expenditure	119,803				119,803
Miscellaneous	81,157	\$ 13,087	42,019		136,263
Total - Local Sources	30,241,142	13,087	42,107	798,514	31,094,850
On-behalf Payments	5,000,367				5,000,367
State Sources	2,844,095	233,825		216,228	3,294,148
Federal Sources	27,040	621,143			648,183
Total Revenues	38,112,644	868,055	42,107	1,014,742	40,037,548
EXPENDITURES					
Current					
Instruction					
Regular Instruction	9,709,331	353,573			10,062,904
Special Education Instruction	3,167,038				3,167,038
Other Special Instruction	1,061,836				1,061,836
Total Instruction	13,938,206	353,573			14,291,779
Support Services and Undistributed Costs					
Tuition	2,769,602	347,831			3,117,433
Student and Instruction Related Services	3,551,010	146,542			3,697,552
General Administrative Services	601,088				601,088
School Administrative Services	1,180,407				1,180,407
Central Services	367,647				367,647
Other Administrative Services	103,708				103,708
Plant Operations and Maintenance	3,348,090				3,348,090
Pupil Transportation	707,775				707,775
Unallocated Benefits	5,126,085	20,109			5,146,194
On-behalf Payments	5,000,367				5,000,367
Debt Service					
Principal				735,000	735,000
Interest and Other Charges				283,062	283,062
Assets Acquired under Capital Leases	386,643				386,643
Capital Outlay	1,356,350				1,356,350
Total Expenditures	38,436,979	868,055	-	1,018,062	40,323,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(324,335)	-	42,107	(3,320)	(285,548)
Other Financing Sources (Uses):					
Transfers					
Capital Leases (non-budgeted)	386,643		(42,107)	42,107	386,643
Total other financing sources and uses	386,643		(42,107)	42,107	386,643
Net Change in Fund Balance	62,308		-	38,787	101,095
Fund Balances, Beginning of Year	3,501,570	-	(3,900,527)	57,141	(341,816)
Fund Balances, End of Year	\$ 3,563,878	\$	\$ (3,900,527)	\$ 95,928	\$ (240,721)

HASBROUCK HEIGHTS SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (B-2) \$ 101,095

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

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

Capital Outlays	\$ 1,216,523	
Construction in Progress	112,503	
Depreciation Expense	<u>(530,167)</u>	798,859

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 735,000

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

Amortization of bond premium	30,394	
Amortization of loss on refunding	<u>(12,540)</u>	17,854

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

Leases issued	(386,643)	
Leases paid	<u>416,541</u>	29,898

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (127,770)

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

Pension expense		(64,835)
-----------------	--	----------

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

Change in net position of governmental activities (A-2)		<u>57,302</u>
		<u>\$ 1,547,403</u>

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

Proprietary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-4

	Major Funds			
	Business-Type Activities -			
	Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
ASSETS				
Current Assets				
Cash and equivalents	\$ 359,015	\$ 109,154	\$ 181,908	\$ 650,077
Federal and State accounts receivable			1,686	1,686
Inventories			8,239	8,239
Total Current Assets	<u>359,015</u>	<u>109,154</u>	<u>191,833</u>	<u>660,002</u>
LIABILITIES				
Current Liabilities				
Accounts payable	30,809		5,619	36,428
Unearned revenue	-	-	29,274	29,274
Total Current Liabilities	<u>30,809</u>	<u>-</u>	<u>34,893</u>	<u>65,702</u>
NET POSITION				
Unrestricted	<u>328,206</u>	<u>109,154</u>	<u>156,940</u>	<u>594,300</u>
Total Net Position	<u>\$ 359,015</u>	<u>\$ 109,154</u>	<u>\$ 191,833</u>	<u>\$ 660,002</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-5

	Major Funds			
	Business-Type Activities -			
	Enterprise Fund			
	Keys Program	Other Programs	Food Service	Total Enterprise
Operating Revenues:				
Charges for services:				
Daily sales - program revenue			\$ 331,163	\$ 331,163
Program revenue	\$ 378,935	\$ 18,008		396,943
Total Operating Revenues	378,935	18,008	331,163	728,106
Operating Expenses:				
Salaries and wages	188,362	13,791		202,153
Employee benefits	13,891	1,056		14,947
Other purchased services	45,000		27,277	72,277
Supplies and materials	108,254		185,395	293,649
Cost of Sales Program			159,043	159,043
Cost of Sales Non-Program			77,714	77,714
Total Operating Expenses	355,507	14,847	449,429	819,783
Operating Income (Loss)	23,428	3,161	(118,266)	(91,677)
Nonoperating Revenues:				
State Sources			3,439	3,439
Federal Sources			101,357	101,357
Food Distribution Program			24,670	24,670
Total Nonoperating Revenues			129,466	129,466
Change in Net Position	23,428	3,161	11,200	37,789
Net Position, Beginning of Year	304,778	105,993	145,740	556,511
Net Position, End of Year	<u>\$ 328,206</u>	<u>\$ 109,154</u>	<u>\$ 156,940</u>	<u>\$ 594,300</u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-6

	Major Funds			
	Business-Type Activities -			
	Enterprise Funds			
	Keys Program	Other Programs	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 309,661	\$ 18,008	\$ 343,332	\$ 671,001
Salaries and benefits	(202,253)	(14,847)		(217,100)
Payments to suppliers	(147,200)		(479,328)	(626,528)
Net Cash (Used in) Provided by Operating Activities	(39,792)	3,161	(135,996)	(172,627)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES				
Federal and State sources			135,587	135,587
Net Cash Provided by Non Capital Financing Activities			135,587	135,587
Net (Decrease) Increase in Cash and Cash Equivalents	(39,792)	3,161	(409)	(37,040)
Cash and cash equivalents, beginning of year	398,807	105,993	182,317	687,117
Cash and cash equivalents, end of year	<u>\$ 359,015</u>	<u>\$ 109,154</u>	<u>\$ 181,908</u>	<u>\$ 650,077</u>
Reconciliation of Operating (Loss) to Net Cash (used in) Provided by Operating Activities:				
Operating Income (Loss)	\$ 23,428	\$ 3,161	\$ (118,266)	\$ (91,677)
Adjustments to Reconcile Operating (Loss) to Net Cash (used in) Provided by Operating Activities				
Increase (Decrease) in Unearned Revenue	(69,274)		12,169	(57,105)
Increase (Decrease) in Accounts Payable	6,054		(26,678)	(20,624)
(Increase) in Inventory			(3,221)	(3,221)
Total Adjustments	(63,220)		(17,730)	(80,950)
Net Cash (Used In) Operating Activities	<u>\$ (39,792)</u>	<u>\$ 3,161</u>	<u>\$ (135,996)</u>	<u>\$ (172,627)</u>

Noncash noncapital related financing activities:

The District received \$24,670 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2020.

Fiduciary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-7

	<u>Private - Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and Equivalents	\$ 61,247	\$ 150,335	\$ 82,471	\$ 232,806
LIABILITIES				
Payroll Deductions and Withholdings Due to Student Groups		\$ 150,335	\$ 82,471	\$ 232,806
Total Liabilities		\$ 150,335	\$ 82,471	\$ 232,806
NET POSITION				
Reserved for Scholarships	\$ 61,247			

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B-8

	Private - Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 17
	17
DEDUCTIONS	
Scholarships awarded	2,000
Change in net position	(1,983)
Net position, beginning of year	63,230
Net position, end of year	\$ 61,247

Hasbrouck Heights School District

Notes to the Basic Financial Statements

Year ended June 30, 2020

1. Summary of Significant Accounting Policies

The financial statements of the Hasbrouck Heights School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States (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.

A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Hasbrouck Heights School District in Hasbrouck Heights, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education (“DOE”) requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A one year availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year.

The District has reported the following major governmental funds:

General Fund: The general fund is the general operating fund of the District and 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 non-instructional equipment, which are classified in the capital outlay sub-fund.

Special Revenue Fund: The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds:

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

Keys After School Enterprise Fund: This fund accounts for all revenues and expenditures for the after school enrichment programs similar to a private business enterprise.

The District also maintains a series of other minor enterprise funds.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: The unemployment compensation and private purpose scholarship funds are accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Amounts reported as program revenues include 1) charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Borough Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

D. Budgets/Budgetary Control

In accordance with P.L. 2011, which became effective January 17, 2012, the District elected to move the annual school board election from April to the date of the annual November general election, thereby eliminating the vote on the annual based budget. Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Bergen County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The overexpenditure in the general fund is due to the inclusion of the non-budgeted on behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary overexpenditures. All budget amendments must be approved by School Board resolution. Budget amendments were made during the year ended June 30, 2020 and were not significant.

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 with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Open encumbrances at year-end are reappropriated in the subsequent year's budget. 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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Interfund Receivables/Payables

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

F. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. At June 30, 2020, there was \$8,239 of unused Food Donation Program commodities.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Buildings, machinery and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Furniture and equipment	5 - 25
Buildings and Improvements	20 - 50
Vehicles	8 - 12

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

H. Compensated Absences

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 employer and employee is accrued as employees earn the rights to the benefits. The District uses the “vesting method” for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, a liability existed for compensated absences in the government-wide financial statements in the amount of \$1,136,885 and no liability existed for compensated absences in the proprietary fund types.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. The District has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

K. Net Position

Net Position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities in the government-wide financial statements. Net position net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

L. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

- 4) Assigned - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$3,563,878 of fund balances in the General Fund, \$377,592 of encumbrances is assigned to other purposes, \$200,000 has been assigned and designated for subsequent year's expenditures, \$2,270,633 has been classified as restricted for maintenance reserve and capital reserve in the amounts of \$1,313,748 and \$956,885, respectively, \$311,021 has been restricted for excess surplus – current year and \$404,632 is classified as unassigned. Of the negative fund balance in the Capital Projects Fund, \$(3,900,527) will be funded when reimbursed from the State. All of the fund balance in the debt service fund in the amount of \$95,928 is restricted for future debt service payments.

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 11).

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

1. Summary of Significant Accounting Policies (continued)

N. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security and post-retirement medical and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension contributions and retiree health costs in the government-wide financial statements have been increased by \$2,247,472 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

O. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. 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, 2020 was \$511,021. Of this amount, \$200,000 has been appropriated in the 2020/21 budget and remaining \$311,021 is required to be appropriated in the 2021/22 budget.

P. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school districts. There have been no tax abatement agreements entered into by the Bough that will affect the District.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

Q. Recently Issued Accounting Pronouncements to be Implemented in Future Years

1. Summary of Significant Accounting Policies (continued)

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

R. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2020 through February 2, 2021, the date that the financial statements are issued and the effects of those that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, net of unamortized premiums and discounts, capital leases and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.

The details of this \$5,095,458 difference are as follows:

Bonds payable	\$	3,405,000
Premium on bonds		121,030
Capital leases payable		432,543
Discount on bonds		
Compensated absences		1,136,885
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>5,095,458</u>

3. Cash and Equivalents

Cash and equivalents – Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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.

Deposits

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

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

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

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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

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

Operating cash accounts are held in the District's name by one institution. At June 30, 2020 the carrying amount of the District's deposits was \$3,164,564 and the bank balance was \$3,932,694.

Of the bank balance, \$250,000 of the District's cash deposits on June 30, 2020 was secured by federal depository insurance. The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$3,393,954. \$288,740 held in the District's payroll and agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
- c. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

3. Cash and Equivalents (continued)

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”). The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District’s shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit.

Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2020, the District’s balance was \$0. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2020, all of the District’s cash investments were invested at the NJCMF.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District’s investments in the NJCMF and certificates of deposit, are less than one year.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

4. Capital Assets

The following is a summarization of the governmental activities changes in capital assets for the fiscal year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,058,776			\$ 3,058,776
Construction in progress	6,670,310	\$ 112,503	\$ (6,670,310)	112,503
Total capital assets, not being depreciated	9,729,086			3,171,279
Capital assets, being depreciated:				
Buildings and building improvements	8,856,789	950,933	6,670,310	16,478,032
Machinery, equipment and vehicles	2,333,714	265,590		2,599,304
Total capital assets being depreciated	11,190,503	1,216,523	6,670,310	19,077,336
Total Capital Assets - Historical Cost	20,919,589	1,216,523	6,670,310	22,248,615
Less accumulated depreciation for:				
Buildings and building improvements equipment, furniture and vehicles	(7,290,988)	(530,167)		(7,821,155)
Capital Assets - Net	<u>\$ 13,628,601</u>	<u>\$ 686,356</u>	<u>\$ 6,670,310</u>	<u>\$ 14,427,460</u>

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

Instruction	\$ 276,378
Tuition	60,286
Student and related services	71,504
General administration	11,624
School administration	22,827
Central services	7,110
Administrative information technology	2,006
Plant operation and maintenance	64,746
Student transportation	13,686
Total depreciation expense – governmental activities	<u>\$ 530,167</u>

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities

During the fiscal year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	\$ 1,079,583	\$ 57,302		\$ 1,136,885	\$ 150,000
Bonds payable	4,140,000		\$ 735,000	3,405,000	760,000
Premium on bonds	151,423		30,393	121,030	30,394
Obligations under capital leases	462,441	386,643	416,541	432,543	215,486
Subtotal	5,833,447	443,945	1,181,934	5,095,458	1,155,880
Net pension liability	5,881,036		584,980	5,296,056	
Governmental activity long-term liabilities	\$ 11,714,483	\$ 443,945	\$ 1,766,914	\$ 10,391,514	\$ 1,155,880

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

The District expects to liquidate the balance in compensated absences and obligations under capital leases with payments made from the District's general fund. Bonds payable will be liquidated with payments from the debt service fund. The net pension liability will be liquidated with payments from the general fund.

Bonds Payable

Bonds are authorized in accordance with State law or 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 District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

In July 2014, the District issued \$1,740,000 of School District Bonds in order to fund the Board's 2010 renovation of various schools within the school district. The bonds are due to mature annually through the 2025 fiscal year at annual interest rates ranging from 2.00% to 2.50%.

In July 2015, the District issued \$4,745,000 of refunding bonds to provide resources to refund a portion of the District's Series 2005 bonds. The bonds are due to mature annually through the 2024 fiscal year at an annual interest rate of 3.00%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2021	\$ 760,000	\$ 84,813	\$ 844,813
2022	785,000	65,512	850,512
2023	815,000	45,563	860,563
2024	845,000	24,438	869,438
2025	200,000	2,500	202,500
	<u>\$ 3,405,000</u>	<u>\$ 138,013</u>	<u>\$ 2,783,013</u>

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

5. Long-Term Liabilities (continued)

Other Capital Leases

Governmental Funds

The District has capital leases outstanding for various purposes (School buses, computers and office equipment-copiers) with rates ranging from 0.00% to 5.00%. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net future minimum lease payments at June 30, 2020:

<u>Fiscal Year</u>	<u>Amounts</u>
Year ending June 30:	
2021	\$ 229,023
2022	144,475
2023	51,426
2024	<u>50,154</u>
	475,078
Less amount representing interest	<u>(42,535)</u>
Present value of net future minimum lease payments	<u>\$ 432,544</u>

Short term debt

As of June 30, 2020, the District had promissory notes issued of \$6,225,000 at an interest rate of 2.25% per annum payable July 9, 2021.

Bonds and Notes Authorized

There were no bonds or notes authorized and unissued at June 30, 2020.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

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

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2, and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

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

During the year ended June 30, 2020, the State of New Jersey contributed \$3,863,177 to the TPAF for normal costs of pension, post-retirement medical and long-term disability insurance benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,137,190 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

The Board’s actuarially determined contributions to PERS for each of the years ended June 30, 2020, 2019, and 2018 was \$285,901, \$297,099 and \$281,227, respectively, equal to the required contributions for each year.

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

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

Public Employees’ Retirement System (PERS)

At June 30, 2020, the District reported a liability of \$5,296,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2018, which was rolled forward to June 30, 2019. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District’s proportion was 0.0293923514 percent, which was a decrease of 0.00004765431 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized full accrual pension expense of \$236,734 in the government-wide financial statements. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 528,831	\$ 1,838,244
Net difference between projected and actual earnings on pension plan investments		83,600
Changes in proportion	134,872	215,142
Difference between expected and actual experience	95,057	23,396
District contributions subsequent to the measurement date	331,420	
	<u>\$ 1,090,180</u>	<u>\$ 2,160,382</u>

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

\$331,420 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of the net pension liability as follows:

Year ended June 30:	
2021	\$ (192,277)
2022	(509,679)
2023	(439,487)
2024	(235,139)
2025	(25,040)
	<u>\$ (1,401,622)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2019</u>
Inflation	2.75%
Salary increases Through 2026	1.55 - 4.45% based on years of service
Thereafter	2.75 - 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter.

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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

(set back 1 year for males and females) for service retirements and beneficiaries of former members. 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).

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2019) 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 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, 2019 are summarized in the following table:

<u>Asset Class</u>	June 30, 2019	
	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
Public high yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Private equity	12.00%	10.85%
Equity related real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
	<u>100%</u>	

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the net pension liability	\$ 5,243,095	\$ 5,296,056	\$ 5,349,017

Pension Plan Fiduciary Net Position

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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	4,960,632,600
Deferred inflows of resources		12,698,431,752
Net pension liability		41,156,252,475
District's proportion		0.0212868168%

Collective pension expense for the Local Group for the measurement period ended June 30, 2019 is \$967,548,587.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

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

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2019 was \$77,757,245. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

associated with all participating school districts, actuarially determined. At June 30, 2019, the State's proportionate share of the TPAF net pension liability associated with the District was 0.126700422 percent, which was a decrease of 0.001126842% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$2,816,432 for contributions incurred by the State.

Actuarial assumptions

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

	June 30, 2019
Inflation:	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	1.55 - 4.55%
based on years of service	
Thereafter	2.75% - 5.65%
based on years of service	
<i>Mortality Rates</i>	
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

actuaries. The long-term 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, 2019 are summarized in the following table:

<u>Asset Class</u>	June 30, 2019	
	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Absolute return/risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
Public high yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Private equity	12.00%	10.85%
Equity related real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
	<u>100%</u>	

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2019 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's proportionate share of the District's net pension liability	76,979,673	77,757,245	78,534,817

Pension plan fiduciary net position

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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

6. Pension Plans (continued)

Additional Information

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$	9,932,767,606
Deferred inflows of resources		17,519,845,423
Net pension liability		61,519,112,443
District's proportion		0.126700422%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,628,561,693.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04 8.29, 8.3, 8.3, 8.3 and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan Description

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

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019 and 2018 were \$1,522,419, \$1,153,978, and \$1,245,337, respectively, which equaled the required contributions for each year.

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

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

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

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

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$41,729,081,045.

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2018</u>
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u>-</u>
Total Plan Members	362,181

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2019 was \$43,808,407, or 0.10%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by actuarial valuation as of 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 - 3.05% based on years of service	2.00 - 6.00% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age

Actuarial Assumptions and Other Inputs

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based in the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Male/Female mortality table with fully generational improvements projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

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

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) 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 Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

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

Balance at June 30, 2018	\$ 48,372,930
Increased by:	
Service cost	1,820,829
Interest cost	1,918,864
Member contributions	39,863
Changes of assumptions	653,187
	52,805,673
Decreased by:	
Differences between expected and actual experiences	7,652,479
Gross Benefit Contributions	1,344,787
	<u>8,997,266</u>
Balance at June 30, 2019	<u>\$ 43,808,407</u>

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2018 was \$653,187 and \$7,652,479, respectively.

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

	1% Decrease (2.50%)	At Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 46,836,939	\$ 43,808,407	\$ 33,932,919

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

7. Post-Retirement Benefits (continued)

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 36,096,175	\$ 43,808,407	\$ 54,017,819

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,044,845 for OPEB expenses incurred by the State.

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

Deferred outflows of resources	
Deferred inflows of resources	\$ 18,966,494,643
Collective OPEB expense	\$ 1,015,664,874

8. Interfund Receivables and Payables

The total interfund accounts receivable and payable for the District at June 30, 2020 amounted to \$162,736 analyzed as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 31,949	\$ 42,019
Special Revenue Fund		31,949
Capital Projects Fund	16,286	88
Debt Service Fund	42,107	16,286
	<u>\$ 90,342</u>	<u>\$ 90,342</u>

The interfunds related to capital projects and debt services funds related to premiums received on the note issuances and transferring those amounts to the debt service and general funds. The transfer from special revenue fund to general fund represent short-term loans. All interfunds are expected to be liquidated within one year

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

9. Economic Dependency

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

10. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies. The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the Board.

11. Infection Disease Outbreak – COVID 19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "*Pandemic*") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

12. Risk Management

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years. A complete schedule of insurance coverage can be found in the statistical section of this 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.

13. Deferred Compensation Plans

The Board offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by Citistreet, permits participants to defer a portion of their salary until future years. Amounts unearned under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

14. Restricted Assets

The funds set aside for capital and maintenance reserve are classified as restricted assets as they are restricted for use for future capital projects and maintenance requirements.

15. Maintenance Reserve Account

A maintenance reserve account was established by the District by way of a Board approved resolution in the amount of \$350,000 in June 2014 for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

15. Maintenance Reserve Account (continued)

placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Comprehensive Maintenance Plan (CMP).

Upon submission of the CMP to the New Jersey Department of Education, the District may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. The 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-14.2(g), the balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year. The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance, July 1, 2019	\$	964,504
Deposit:		
Approved by June 2020 board resolution		500,000
Decrease		
Withdraw approved through annual budget		507,619
Ending Balance, June 30, 2020	<u>\$</u>	<u>956,885</u>

The balance in the maintenance reserve does not exceed four percent of the replacement cost of the school district's school facilities for the current year at June 30, 2020.

16. Capital Reserve Account

A capital reserve account was established by the District in June 2015, by way of a Board resolution, and issued for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years in the amount of \$450,000. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) 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

Hasbrouck Heights School District

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2020

16. Capital Reserve Account (continued)

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.

Beginning balance, July 1, 2019	\$	1,474,973
Deposit:		
Approved by June 2020 board resolution		750,000
Withdrawals		
Withdraw approved through annual budget		911,225
Ending Balance, June 30, 2020	<u>\$</u>	<u>1,313,748</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted projects exceeds the amount set aside in capital reserve.

17. Commitments

The District has contractual commitments at June 30, 2020 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$9,863.

18. Transfers

The following presents a reconciliation of transfers during the 2020 fiscal year:

	<u>In</u>	<u>Out</u>
Debt Service Fund	\$ 42,107	
Capital Projects Fund		\$ 42,107
	<u>\$ 42,107</u>	<u>\$ 42,107</u>

The transfer from the capital projects fund to the debt service fund represents a transfer of interest income.

Required Supplementary Information – Part II
Pensions and OPEB Schedules

Hasbrouck Heights School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Required Supplementary Information
Last Ten Fiscal Years

	June 30,					
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset) - Local Group	0.0293923514%	0.0298688450%	0.0299685921%	0.0289073770%	0.0303813350%	0.0316564510%
District's proportionate share of the net pension liability (asset)	\$ 5,296,056	\$ 5,881,036	\$ 6,976,209	\$ 8,561,536	\$ 6,820,001	\$ 4,642,698
District's covered-employee payroll	\$ 2,288,484	\$ 2,232,757	\$ 2,168,360	\$ 2,086,600	\$ 2,084,989	\$ 2,023,905
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231.42%	271.22%	334.33%	410.63%	336.97%	218.48%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	56.27%	53.59%	48.10%	40.14%	47.93%	48.52%

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

Information not available prior to 2015

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

Hasbrouck Heights School District
 Schedule of District Contributions
 Public Employees' Retirement System
 Required Supplementary Information
 Last Ten Fiscal Years

	June 30,					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 285,901	\$ 297,099	\$ 281,227	\$ 277,627	\$ 261,198	\$ 260,972
Contributions in relation to the contractually required contribution	(285,901)	(297,099)	(281,227)	(277,627)	(261,198)	(260,972)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,232,757	\$ 2,168,360	\$ 2,086,600	\$ 2,084,989	\$ 2,023,905	\$ 2,125,036
Contributions as a percentage of covered-employee payroll	12.80%	13.70%	13.48%	13.32%	12.91%	12.28%
Information not available prior to 2015						

Hasbrouck Heights School District
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund
Required Supplementary Information
Last Ten Fiscal Years*

	June 30,					
	2020	2019	2018	2017	2016	2015
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.126700422%	0.127827264%	0.127612158%	0.0119992590%	0.0122610640%	0.0115794520%
District's proportionate share of the net pension liability (asset)	\$ 77,757,245	\$ 81,320,960	\$ 86,040,719	\$ 94,393,812	\$ 77,495,161	\$ 61,888,404
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 77,757,245</u>	<u>\$ 81,320,960</u>	<u>\$ 86,040,719</u>	<u>\$ 94,393,812</u>	<u>\$ 77,495,161</u>	<u>\$ 61,888,404</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.48%	25.41%	22.33%	28.71%	33.64%

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

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

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019.

Hasbrouck Heights School District
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan
Required Supplementary Information
Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020
State's proportion of the OPEB Liability associated with the District -	0.10%	0.10%	0.10%
District's proportionate share of the OPEB liability	\$53,161,318	\$48,372,930	\$43,808,407
State's proportionate share of the OPEB liability associated with the District	\$53,161,318	\$48,372,930	\$43,808,407
Total proportionate share of the OPEB liability associated with the District	<u>-</u> <u>\$53,161,318</u>	<u>-</u> <u>\$48,372,930</u>	<u>-</u> <u>\$43,808,407</u>
Balance, beginning	\$57,105,712	\$53,161,318	\$48,372,930
Increased by:			
Service cost	\$ 2,565,258	\$ 2,124,270	\$ 1,886,773
Interest cost	1,683,841	1,957,068	1,920,040
Changes of assumptions	-	-	653,187
Member contributions	45,341	44,705	39,863
	<u>4,294,440</u>	<u>4,126,043</u>	<u>4,499,863</u>
	<u>61,400,152</u>	<u>57,287,361</u>	<u>52,872,793</u>
Decreased by:			
Changes of assumptions	7,007,505	5,551,036	-
Differences between expected and actual experiences	-	2,069,920	7,719,599
Gross benefit payments	1,231,329	1,293,475	1,344,787
	<u>8,238,834</u>	<u>8,914,431</u>	<u>9,064,386</u>
Balance, ending	<u>\$53,161,318</u>	<u>\$48,372,930</u>	<u>\$43,808,407</u>
Covered by employee payroll	<u>\$15,512,902</u>	<u>\$18,695,998</u>	<u>\$16,721,783</u>
Total OPEB liability as a percentage of covered employee payroll.	342.69%	258.73%	261.98%

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

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

Required Supplementary Information – Part III

C. Budgetary Comparison Schedules

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Local Tax Levy	\$ 29,929,574	\$ -	\$ 29,929,574	\$ 29,929,574	\$ -
Tuition				38,271	38,271
Interest on Investments	30,000		30,000	72,337	42,337
Interest Earned on Capital Res	2,800		2,800		(2,800)
Interest Earned on Maint Res	500		500		(500)
Rentals	48,000		48,000	200	(47,800)
Refund Prior Year Expenditure				119,803	119,803
Unrestricted Miscellaneous	120,000		120,000	80,956	(39,044)
Total Local Sources	30,130,874	-	30,130,874	30,241,140	110,266
State Sources:					
Transportation Aid	143,130		143,130	143,130	
Special Education Aid	1,565,896		1,565,896	1,565,896	
Extraordinary Aid	268,258		268,258	164,884	(103,374)
Categorical Security Aid	185,508		185,508	185,508	
Equalization Aid	798,393		798,393	798,393	
TPAF Pension (On-Behalf - Non-Budgeted)				2,816,432	2,816,432
TPAF Post Retirement Med. Contrib.(On Behalf- Non Budgeted)				1,044,845	1,044,845
TPAF Long-term Disability (On Behalf- Non Budgeted)				1,900	1,900
TPAF Social Security (Reimbursed - Non-Budgeted)				1,137,190	1,137,190
Total - State Sources	2,961,185	-	2,961,185	7,858,178	4,896,993
Federal Sources:					
Medical Reimbursement	19,514		19,514	27,040	7,526
Total Revenues	33,111,573	-	33,111,573	38,126,359	5,014,786
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers					
Kindergarten	461,710	-	461,710	461,710	-
Grades 1 - 5	3,202,797	(97,000)	3,105,797	3,105,116	681
Grades 6 - 8	1,958,579	-	1,958,579	1,941,827	16,752
Grades 9-12	3,662,483	(94,054)	3,568,429	3,271,987	296,442
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	116,910	(19,572)	97,338	77,539	19,799
Purchased Technical Services	255,780	36,922	292,702	291,228	1,474
Other Purchased Services	285,344	(7,231)	278,113	269,250	8,863
General Supplies	255,000	43,217	298,217	263,557	34,660
Textbooks	60,000	(46,970)	13,030	12,251	779
Other Objects	7,000	17,600	24,600	14,866	9,734
Total Regular Programs	10,265,603	(167,088)	10,098,515	9,709,331	389,184

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education - Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 145,955	\$ -	\$ 145,955	\$ 145,955	\$ -
Other Salaries for Instruction	70,206	-	70,206	69,958	248
General Supplies	1,000	250	1,250	1,042	208
Textbooks	500	(250)	250	-	250
Total Learning and/or Language Disabilities	217,661	-	217,661	216,956	705
Special Education Instruction -Resource Room/Resource Center					
Salaries of Teachers	2,305,429	(31,015)	2,274,414	2,210,386	64,028
Other Salaries for Instruction	497,442	-	497,442	449,940	47,502
General Supplies	8,000	-	8,000	3,657	4,343
Other Objects	500	-	500	-	500
Total Resource Room/Resource Center	2,811,371	(31,015)	2,780,356	2,663,982	116,374
Special Education Instruction - Preschool Disabilities Full Time					
Salaries of Teachers	120,980	-	120,980	102,990	17,990
Other Salaries for Instruction	93,608	-	93,608	93,608	-
General Supplies	4,000	-	4,000	1,868	2,132
Total Preschool Disabilities Full Time	218,588	-	218,588	198,466	20,122
Special Education - Home Instruction					
Salaries of Teachers	55,000	-	55,000	28,510	26,490
Total Special Education - Home Instruction	55,000	-	55,000	28,510	26,490
Special Education Instruction - Extended School Year					
Personal Services Salaries	28,325	14,049	42,374	36,683	5,691
Other Salaries for Instruction	18,667	-	18,667	13,511	5,156
Purchased Professional - Educational Services	25,000	(14,049)	10,951	8,931	2,020
General Supplies	500	-	500	-	500
Total Special Education Instruction-Extended School Year	72,492	-	72,492	59,125	13,367
Total Special Education	3,375,112	(31,015)	3,344,097	3,167,038	177,059
Basic Skills/Remedial - Instruction					
Salaries of Teachers	163,435	31,015	194,450	194,450	-
General Supplies	-	120	120	119	1
Total Basic Skill / Remedial - Instruction	163,435	31,135	194,570	194,569	1
Bilingual Education - Instruction					
Salaries of Teachers	174,015	-	174,015	174,015	-
General Supplies	1,100	-	1,100	171	929
Textbooks	200	-	200	-	200
Total Bilingual Education - Instruction	175,315	-	175,315	174,186	1,129
School Sponsored Co-Curricular Activities - Instruction					
Personal Services Salaries	202,479	-	202,479	190,700	11,779
General Supplies	12,000	2,755	14,755	14,750	5
Miscellaneous Expenditures	4,500	(2,755)	1,745	750	995
Total School Sponsored Co-Curricular Activities - Instruction	218,979	-	218,979	206,200	12,779
School Sponsored Athletics - Instruction					
Personal Services Salaries	356,852	-	356,852	324,404	32,448
Purchased Services	47,250	4,700	51,950	49,348	2,603
Supplies and Materials	111,124	(9,640)	101,484	87,543	13,941
Other Objects	35,000	-	35,000	25,586	9,414
Total School Sponsored Athletics - Instruction	550,226	(4,940)	545,286	486,881	58,405
Total Other Instruction	1,107,955	26,195	1,134,150	1,061,836	72,314
Total Instruction	14,748,670	(171,908)	14,576,762	13,938,206	638,556

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction					
Tuition - Other LEAs Instate Special	\$ 840,023	\$ (164,107)	\$ 675,916	\$ 599,067	\$ 76,849
Tuition - Co Vocational - Regular	474,300	57,024	531,324	530,805	519
Tuition - Co Vocational - Special	285,768	39,528	325,296	325,296	-
Tuition to CSSD & Reg. Day Schools	393,702	(203,353)	190,349	190,349	-
Tuition to Private Schools for the Handicapped - Within State	675,355	343,968	1,019,323	974,643	44,680
Tuition - Other (Charter Schools)	76,740	72,703	149,443	149,443	-
Total Undistributed Expenditures - Instruction	2,745,888	145,763	2,891,651	2,769,602	122,049
Undistributed Expenditures - Attendance & Social Work					
Salaries	119,378	6,216	125,594	125,593	1
Total Undistributed Attendance & Social Work	119,378	6,216	125,594	125,593	1
Undistributed Expenditures - Health Services					
Salaries	259,289	(5,217)	254,072	239,289	14,783
Purchased Professional and Technical Services	65,000	-	65,000	37,131	27,870
Supplies and Materials	11,000	-	11,000	7,413	3,587
Other Objects	3,500	-	3,500	1,013	2,487
Total Undistributed Expenditures - Health Services	338,789	(5,217)	333,572	284,845	48,727
Unidistr. Expend. - Other Supp. Serv. Students - Speech					
Salaries	240,585	-	240,585	240,585	-
Purchased Professional - Educational Services	920,000	(63,490)	856,510	478,596	377,914
Supplies and Materials	6,000	-	6,000	5,577	423
Other Objects	1,000	90	1,090	90	1,000
Total Unidistr. Exp. - Other Supp. Serv. Students - Speech	1,167,585	(63,400)	1,104,185	724,848	379,337
Unidistr. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	375,432	(1,000)	374,432	315,172	59,260
Purchased Professional - Educational Services	100,000	68,519	168,519	168,519	-
Total Other Supp. Serv. Students - Extra Serv.	475,432	67,519	542,951	483,691	59,260
Unidistr. Expend. - Guidance					
Salaries of Other Professional Staff	503,385	-	503,385	467,905	35,480
Other Purchased Services	750	(500)	250	-	250
Supplies and Materials	500	(125)	375	249	126
Other Objects	500	625	1,125	875	250
Total Unidistr. Expend. - Guidance	505,135	-	505,135	469,029	36,106
Unidistr. Expend. - Child Study Teams					
Salaries of Other Professional Staff	727,109	-	727,109	703,030	24,079
Salaries of Secretarial and Clerical Assistants	109,706	-	109,706	109,706	-
Misc Pur Serv (400-500)	2,000	-	2,000	293	1,707
Supplies and Materials	5,000	129	5,129	4,760	369
Other Objects	2,000	-	2,000	1,701	299
Total Unidistr. Expend. - Child Study Teams	845,815	129	845,944	819,489	26,455
Unidistr. Expend. - Curriculum					
Salaries Supervisors of Instruction	133,498	191,054	324,552	305,765	18,787
Supplies and Materials	3,000	-	3,000	1,283	1,717
Other Objects	2,500	-	2,500	2,155	345
Total Curriculum	138,998	-	330,052	309,203	20,849
Unidistr. Expend. - Educational Media Serv./School Library					
Salaries	328,306	-	328,306	328,306	-
Other Purchased Services	6,000	-	6,000	1,924	4,076
Supplies and Materials	13,000	-	13,000	2,768	10,232
Other Objects	700	-	700	-	700
Total Unidistr. Expenditures - Edu. Media Serv./School Library	348,006	-	348,006	332,998	15,008
Unidistr. Expend. - Instructional Staff Training Services					
Other Purchased Services (400 - 500 series)	8,000	-	8,000	1,314	6,686
Total Instructional Staff Training Services	8,000	-	8,000	1,314	6,686

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistr. Expend. - Support Services - General Administration					
Salaries	\$ 288,306	\$ (35,035)	\$ 253,271	\$ 253,270	\$ 1
Legal Services	75,000	18,885	93,885	93,884	1
Audit Fees	32,000	15,500	47,500	35,000	12,500
Other Purchased Prof Services	-	20,000	20,000	18,000	2,000
Purchased Technical Services	15,050	258	15,308	15,307	1
Communications/Telephone	61,242	31,632	92,874	92,873	1
BOE Other Purchased Services	2,500	(2,500)	-	-	-
Miscellaneous Purchased Services	57,000	(679)	56,321	56,320	1
General Supplies	7,000	(3,770)	3,230	3,229	1
Miscellaneous Expenditures	15,849	5,368	21,217	21,216	1
BOE Membership Dues and Fees	13,250	(1,250)	12,000	11,987	13
Total Undistr. Exp. - Support Services - General Administration	567,197	48,409	615,606	601,088	14,518
Undistr. Expend. - Support Services - School Administration					
Salaries of Principals/Assistant Principals	769,048	3	769,051	769,048	3
Salaries of Other Professional Staff	129,857	1	129,858	129,857	1
Salaries of Secretarial and Clerical Assistants	244,874	697	245,571	245,535	36
Other Purchased Services - Travel	-	702	702	46	656
Supplies and Materials	45,000	(13,259)	31,741	28,722	3,019
Miscellaneous Expenditure	13,000	-	13,000	7,199	5,801
Total Undistr. Expend. - Support Serv. - School Administration	1,201,779	(11,856)	1,189,923	1,180,407	9,515
Undistributed Expenditures - Central Services					
Personal Services Salaries	366,649	(13,500)	353,149	347,349	5,800
Other Purchased Professional Services	-	1,000	1,000	1,000	-
Purchased Technical Services	19,804	1,141	20,945	11,771	9,174
Misc. Purchased Services (400 -500 series)	500	200	700	676	24
Supplies and Materials	10,000	(100)	9,900	5,011	4,889
Miscellaneous Expenditures	4,000	(100)	3,900	1,840	2,060
Total Undistributed Expenditures - Central Services	400,953	(11,359)	389,594	367,647	21,947
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	98,147	-	98,147	66,358	31,789
Purchased Technical Services	4,000	-	4,000	-	4,000
Other Purchased Services	34,250	-	34,250	15,111	19,140
Supplies and Materials	34,250	-	34,250	22,239	12,011
Other Objects	500	-	500	-	500
Total Undistributed Expenditures - Admin. Info. Tech	171,147	-	171,147	103,708	67,439

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	\$ 110,338	\$ 1,327	\$ 111,665	\$ 111,664	\$ 1
Cleaning, Repair, and Maintenance Services	717,619	586,764	1,304,383	985,943	318,440
General Supplies	15,000	1,446	16,446	16,327	119
Other Objects	500	-	500	191	309
Total Undist. Expend - Required Maint for School Facilities	843,457	589,537	1,432,994	1,114,124	318,869
Undistributed Expenditures - Custodial					
Salaries	830,757	(1,327)	829,430	828,196	1,234
Salaries of Non-Instructional Aides	200,230	(25,000)	175,230	98,375	76,855
Cleaning, Repair, and Maintenance	90,000	291,978	381,978	374,680	7,297
Other Purchased Property Services	35,000	-	35,000	33,446	1,554
Insurance	147,068	(2,139)	144,929	144,891	38
Miscellaneous Purchased Services	-	28,031	28,031	28,031	-
General Supplies	160,000	41,301	201,301	170,602	30,699
Energy (Natural Gas)	140,500	(37,800)	102,700	77,859	24,841
Energy (Electricity)	252,200	(33,750)	218,450	191,615	26,835
Other Objects	16,000	500	16,500	16,302	198
Total Undist. Exp. - Custodial services	1,871,755	261,794	2,133,549	1,963,997	169,551
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance	65,000	28,855	93,855	67,100	26,755
General Supplies	1,000	3,379	4,379	4,378	1
Other Objects	250	265	515	515	-
Total - Care & Upkeep of Grounds	66,250	32,499	98,749	71,993	26,756
Undistributed Expenditures - Security					
Salaries	79,760	-	79,760	79,760	1
Purchased Prof Services	63,000	22,500	85,500	85,500	1
Cleaning, Repair, and Maintenance	55,000	(12,500)	42,500	31,512	10,988
General Supplies	1,000	205	1,205	1,204	1
Other Objects	250	(205)	45	-	45
Total Security	199,010	10,000	209,010	197,976	11,036
Undistributed Expenditures - Student Transportation Services					
Sal for Pupil Trans (Betwn. Home & School) - Regular	40,000	-	40,000	38,863	1,137
Sal for Pupil Trans (Betwn. Home & School) - Other	10,000	(6,020)	3,980	3,781	199
Cleaning, Repair, & Maint. Services	15,000	(600)	14,400	13,645	755
Aid in Lieu Charter Schools	2,652	-	2,652	-	2,652
Contract Serv. (Other Betwn. Home and School) - Vendors	65,000	6,444	71,444	67,442	4,002
Contract Serv. (Betwn. Home & School) - Joint Agrmnts	55,000	(54,824)	176	175	1
Contract Serv. (Special Ed Students) - Joint Agrmnts	600,000	122,380	722,380	578,005	144,375
Transportation Supplies	10,000	-	10,000	5,770	4,230
Other Objects	1,000	-	1,000	95	906
Total Undistributed Expend. - Student Transportation Expenses	798,652	67,380	866,032	707,774	158,258

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 346,700	\$ (18,000)	\$ 328,700	\$ 328,305	\$ 395
Other Retirement Contributions - PERS	345,266	(24,196)	321,070	321,070	-
Unemployment Compensation	30,000	(23,667)	6,333	-	6,333
Workmen's Compensation	150,000	(21,554)	128,446	113,628	14,818
Health Benefits	4,879,024	(558,746)	4,320,278	4,217,519	102,759
Tuition Reimbursement	50,000	14,625	64,625	64,625	-
Other Employee Benefits	113,540	(14,625)	98,915	80,939	17,977
Total Unallocated Benefits - Employee Benefits	5,914,530	(646,163)	5,268,367	5,126,086	142,281
On-behalf TPAF Contributions (non-budgeted)				2,816,432	(2,816,432)
On-behalf Post Retirement Med. Contribution (non-budgeted)				1,044,845	(1,044,845)
On-behalf Long-term Disability (non-budgeted)				1,900	(1,900)
On-behalf Social Security Contributions (non-budgeted)				1,137,190	(1,137,190)
				5,000,367	(5,000,367)
Total Expenditures - Current Expense	33,476,426	319,342	33,986,822	36,693,986	(2,707,162)
Capital Outlay					
Instructional Equipment	-	18,650	18,650	18,388	262
Maintenance Equipment	-	18,769	18,769	18,769	-
School Buses - Regular	20,466	1	20,467	20,466	1
Total Equipment	20,466	37,420	57,886	57,622	263
Facilities Acquisitions and Construction Services					
Construction Services	973,500	50,228	1,023,728	1,023,728	1
Infrastructure	252,142	16,950	269,092	268,142	950
Other Objects	6,858	-	6,858	6,858	-
Total Facilities Acquisitions and Construction Services	1,232,500	67,178	1,299,678	1,298,727	951
Assets Acquired Under Capital Leases (non-budgeted)				386,643	(386,643)
Total Capital Outlay	1,252,966	104,597	1,357,563	1,742,993	1,214
Interest Deposit Capital Reserve	2,800	-	2,800	-	2,800
Interest Earned Maintenance Reserve	500	-	500	-	500
Total General Fund Expenditures	34,732,692	423,939	35,347,685	38,436,978	(2,702,648)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(1,621,119)	(423,939)	(2,236,112)	(310,620)	2,312,137
Other Financing Sources:					
Capital Leases (non-budgeted)				386,643	386,643
Total Other Financing Sources				386,643	386,643
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Sources	(1,621,119)	(423,939)	(2,236,112)	76,023	(2,312,136)
Fund Balances, Beginning of Year	3,744,222		3,744,222	3,744,222	
Fund (Deficit) Balances, End of Year	\$ 2,123,103	\$ (423,939)	\$ 1,508,110	\$ 3,820,245	\$ (2,312,136)
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,313,748	
Maintenance Reserve				956,885	
Excess Surplus - Current Year				311,021	
Assigned:					
Designated for Subsequent Year's Expenditures				200,000	
Year-End Encumbrances				377,592	
Unassigned Fund Balance				660,999	
Budgetary Fund Balance				3,820,245	
Less: State Aid Revenue Not Recognized for GAAP basis				(256,367)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,563,878	

HASBROUCK HEIGHTS SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
(BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	\$ 13,472	\$ 13,472	\$ 13,087	\$ (385)
State Sources	294,600	(10,239)	284,361	233,825	(50,536)
Federal Sources	572,000	256,856	828,856	621,143	(207,713)
Total Revenues	<u>\$ 866,600</u>	<u>\$ 260,089</u>	<u>\$ 1,126,689</u>	<u>\$ 868,055</u>	<u>\$ (258,634)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 130,000	\$ 53,557	183,557	\$ 161,092	\$ 22,465
Purchased Professional/Educational Services	223,100	(42,563)	180,537	153,163	27,374
General Supplies	12,500	21,140	33,640	28,638	5,002
Textbooks	16,200	(2,074)	14,126	10,579	3,547
Tuition	405,000	(57,169)	347,831	347,831	-
Other Objects	-	100	100	100	-
Total Instruction	<u>786,800</u>	<u>(27,009)</u>	<u>759,791</u>	<u>701,403</u>	<u>58,388</u>
Support Services:					
Personal Services - Salaries	29,500	(1,687)	27,813	25,149	2,663
Personal Services - Employee Benefits	-	21,959	21,959	20,109	1,850
Purchased Professional and Technical	50,300	166,234	216,534	115,175	101,359
General Supplies	-	100,295	100,295	6,168	94,128
Other Objects	-	297	297	51	247
Total Support Services	<u>79,800</u>	<u>287,098</u>	<u>366,898</u>	<u>166,652</u>	<u>200,246</u>
Total Expenditures	<u>\$ 866,600</u>	<u>\$ 260,089</u>	<u>\$ 1,126,689</u>	<u>\$ 868,055</u>	<u>\$ 258,634</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)					
Fund Balances, Beginning of Year	_____	_____	_____	_____	_____
Fund Balances, End of Year	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C-3

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

		General Fund	Special Revenue Fund
Sources/Inflows of Resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	C-1, C-2	\$ 38,126,359	\$ 868,055
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
2018-2019 State aid payment recognized in 2019-2020 for GAAP statements.		242,651	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		(256,367)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 38,112,643	\$ 868,055
Uses/Outflows of Resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	C-1, C-2	\$ 38,436,978	\$ 868,055
Difference - Budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2	\$ 38,436,978	\$ 868,055

Other Supplementary Information

E. Special Revenue Fund

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

E-1
Sheet #1

	Nonpublic Chapter 192							
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security Aid	Compensatory Education	English as a Second Language	Home Instruction	Transportation
Revenues:								
State Sources	\$ 10,579	\$ 25,996	\$ 9,523	\$ 40,200	\$ 58,569	\$ 3,226	\$ -	\$ -
Federal Sources								
Private Sources								
Total Revenues	\$ 10,579	\$ 25,996	\$ 9,523	\$ 40,200	\$ 58,569	\$ 3,226	\$ -	\$ -
Expenditures								
Instruction:								
Salaries of Teachers								
Purchased Professional/Educational Services					\$ 58,569	\$ 3,226	\$ -	\$ -
Tuition								
General Supplies			\$ 9,523	\$ -				
Textbooks	\$ 10,579							
Total Instruction	10,579	-	9,523	-	58,569	3,226	-	-
Support Services:								
Personal Services - Salaries		24,149						
Personal Services - Employee Benefits		1,847						
Purchased Professional Educational Services								
Purchased Professional and Technical Services				40,200				
Supplies and Materials								
Total Support Services	-	25,996	-	40,200	-	-	-	-
Total Expenditures	\$ 10,579	\$ 25,996	\$ 9,523	\$ 40,200	\$ 58,569	\$ 3,226	\$ -	\$ -

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

E-1
Sheet #2

	Title I Part A	IDEA Basic Part B	IDEA Preschool	Title II A	Nonpublic Chapter 193		
					Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues							
State Sources					\$ 17,242	\$ 21,554	\$ 46,937
Federal Sources	\$ 168,458	\$ 372,614	\$ 19,082	\$ 27,127			
Private Sources							
Total Revenues	\$ 168,458	\$ 372,614	\$ 19,082	\$ 27,127	\$ 17,242	\$ 21,554	\$ 46,937
Expenditures							
Instruction:							
Salaries of Teachers	\$ 150,260						
Purchased Professional/Educational Services					17,242	21,554	46,937
Tuition		334,201	13,630				
General Supplies							
Textbooks							
Total Instruction	150,260	334,201	13,630	-	17,242	21,554	46,937
Support Services:							
Personal Services - Salaries							
Personal Services - Employee Benefits	18,198						
Purchased Professional Educational Services		38,413	5,452	27,127			
Purchased Professional and Technical Services							
Supplies and Materials							
Total Support Services	18,198	38,413	5,452	27,127	-	-	-
Total Expenditures	\$ 168,458	\$ 372,614	\$ 19,082	\$ 27,127	\$ 17,242	\$ 21,554	\$ 46,937

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

E-1
Sheet #3

	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>CARES Act</u>	<u>BCUA</u>	<u>Exxon</u>	<u>IACE</u>	<u>Totals June 30, 2020</u>
Revenues								
State Sources	\$	\$	\$	\$	\$	\$		\$ 233,825
Federal Sources	21,886	3,738	7,497	741				621,143
Private Sources					1,814	273	\$ 11,000	13,087
Total Revenues	\$ 21,886	\$ 3,738	\$ 7,497	\$ 741	\$ 1,814	\$ 273	\$ 11,000	\$ 868,055
Expenditures								
Instruction:								
Salaries of Teachers	\$ 2,833	\$ -					\$ 8,000	\$ 161,092
Purchased Professional/Educational Services			\$ 5,635					153,163
Tuition								347,831
General Supplies	12,267		1,862		\$ 1,814	\$ 273	2,900	28,638
Textbooks								10,579
Other Objects							100	100
Total Instruction	15,100	-	7,497	-	1,814	273	11,000	701,404
Support Services:								
Personal Services - Salaries	1,000							\$ 25,149
Personal Services - Employee Benefits	64							20,109
Purchased Professional Educational Services								70,992
Purchased Professional and Technical Services	3,984							44,184
Supplies and Materials	1,739	3,687		741				6,168
Other Objects		51						51
Total Support Services	6,786	3,738	-	741	-	-	-	166,651
Total Expenditures	\$ 21,886	\$ 3,738	\$ 7,497	\$ 741	\$ 1,814	\$ 273	\$ 11,000	\$ 868,055

F. Capital Projects Fund

HASBROUCK HEIGHTS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

F-1

Issue/Project Title	Modified Appropriation	Expenditures to Date		Balance, June 30, 2020
		Prior Years Expenditures	Current Expended	
Middle/High School Mechanical Upgrades	\$ 4,279,524	\$ 4,225,159	\$	\$ 54,365
Euclid Mechanical Upgrades	1,199,372	1,198,937		435
Lincoln Mechanical Upgrades	1,246,212	1,246,212		
TOTAL	\$ 6,725,108	\$ 6,670,308	\$ -	\$ 54,800

HASBROUCK HEIGHTS SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenues and Other Financing Sources	
Interest (Due Debt Service Fund)	\$ 88
Premium on Notes (Due Debt Service Fund)	42,019
SDA Grant	
Local Share	
	<hr/>
Total Revenues and Other Financing Sources	<u>42,107</u>
Expenditures and Other Financing Uses	
Purchased professional services	
Construction services	
Architect Fees	
	<hr/>
Total Expenditures and Other Financing Uses	<u>-</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	42,107
Transfers out	<u>(42,107)</u>
Fund Balance, beginning of year	<u>54,800</u>
Fund Balance, end of year	<u><u>\$ 54,800</u></u>
Conversion to GAAP based financial statements:	
Fund Balance, budgetary basis above	\$ 54,800
Less:	
Permanent debt not yet issued	(3,895,498)
SDA grant revenue GAAP adjustment	<u>(59,829)</u>
Fund Balance (B-1)	<u><u>\$ (3,900,527)</u></u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
MIDDLE/HIGH SCHOOL MECHANICAL UPGRADES
FROM INCEPTION THROUGH JUNE 30, 2020

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 1,510,659	\$	\$ 1,510,659	\$ 1,510,659
Local Share	2,816,864		2,816,864	2,816,864
Total Revenues and Other Financing Sources	<u>4,327,523</u>	<u>-</u>	<u>4,327,523</u>	<u>4,327,523</u>
Expenditures and Other Financing Uses				
Salaries	29,780		29,780	
Purchased Professional Services	475,390		475,390	
Architect Services	480,392		480,392	
Construction Services	3,239,597		3,239,597	
Total Expenditures and Other Financing Uses	<u>4,225,159</u>	<u>-</u>	<u>4,225,159</u>	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 102,364</u>	<u>\$ -</u>	<u>\$ 102,364</u>	

Additional Project Information

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
EUCLID ELEMENTARY SCHOOL MECHANICAL UPGRADES
FROM INCEPTION THROUGH JUNE 30, 2020

F-2b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 346,451	\$	\$ 346,451	\$ 346,451
Local Share	852,921		852,921	852,921
Total Revenues and Other Financing Sources	<u>1,199,372</u>	<u>-</u>	<u>1,199,372</u>	<u>1,199,372</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	4,681		4,681	
Architect Services	67,885		67,885	
Construction Services	1,126,372		1,126,372	
Total Expenditures and Other Financing Uses	<u>1,198,938</u>	<u>-</u>	<u>1,198,938</u>	<u>-</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ 434</u>	

Additional Project Information

Project Number	2080-060-14-1002
Grant Date	4/16/2017
State Share	\$ 346,451
Note Authorization Date	
Note Authorized	\$ 986,500
Note Issued	\$ 986,500
Original Authorized Cost	\$ 983,124
Additional Authorized Cost	\$ 216,248
Revised Authorized Cost	\$ 1,199,372
Percentage Increase Over Original Authorized Cost	22%
Percentage Completion	100%
Original Target Completion Date	12/31/2017
Revised Target Completion Date	12/31/2019

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES
LINCOLN ELEMENTARY SCHOOL MECHANICAL UPGRADES
INCEPTION THROUGH JUNE 30, 2020

F-2c

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorization Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 472,392	\$ -	\$ 472,392	\$ 472,392
Local Share	725,821		725,821	725,821
Total Revenues and Other Financing Sources	<u>1,198,213</u>	<u>-</u>	<u>1,198,213</u>	<u>1,198,213</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	28,765		28,765	
Architect Services	67,947		67,947	
Construction Services	1,101,501		1,101,501	
Total Expenditures and Other Financing Uses	<u>1,198,213</u>	<u>-</u>	<u>1,198,213</u>	
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Additional Project Information

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

H. Fiduciary Funds

HASBROUCK HEIGHTS SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

H-1

	<u>Private - Purpose Scholarship Funds</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and Equivalents	\$ 61,247	\$ 150,335	\$ 82,471	\$ 232,806
Total Assets	<u>\$ 61,247</u>	<u>\$ 150,335</u>	<u>\$ 82,471</u>	<u>\$ 232,806</u>
LIABILITIES				
Payroll Deductions and Withholdings Due to Student Groups		\$ 150,335	\$ 82,471	\$ 82,471 150,335
Total Liabilities		<u>\$ 150,335</u>	<u>\$ 82,471</u>	<u>\$ 232,806</u>
NET POSITION				
Reserved for Scholarships	<u>\$ 61,247</u>			

HASBROUCK HEIGHTS SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

H-2

	Private Purpose Scholarship Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 17
Total Additions	17
DEDUCTIONS	
Scholarships awarded	2,000
Total Deductions	2,000
Change in Net Position	(1,983)
Net Position, Beginning of Year	63,230
Net Position, End of Year	\$ 61,247

HASBROUCK HEIGHTS SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
Elementary Schools:				
Euclid	\$ 9,141	\$ 3,275	\$ 1,432	\$ 10,984
Lincoln	4,322	8,465	4,618	8,168
High School	91,740	141,211	105,055	127,897
Athletic Account	<u>1,431</u>	<u>34,195</u>	<u>32,340</u>	<u>3,286</u>
Total All Schools	<u>\$ 106,634</u>	<u>\$ 187,146</u>	<u>\$ 143,445</u>	<u>\$ 150,335</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
JUNE 30, 2020

H-4

	<u>Balance July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 90,268	\$ 9,709,177	\$ 9,716,974	\$ 82,471
Total Assets	<u>\$ 90,268</u>	<u>\$ 9,709,177</u>	<u>\$ 9,716,974</u>	<u>\$ 82,471</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 90,268	\$ 9,709,177	\$ 9,716,974	\$ 82,471
Total Liabilities	<u>\$ 90,268</u>	<u>\$ 9,709,177</u>	<u>\$ 9,716,974</u>	<u>\$ 82,471</u>

I. Long-Term Debt

HASBROUCK HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2020		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
\$1,740,000 School Bonds	7/1/2014	\$ 1,740,000	8/15/2020	\$ 175,000	2.00%-2.50%	\$ 1,110,000	\$ 170,000	\$ 940,000
			8/15/2021	180,000				
			8/15/2022	190,000				
			8/15/2023	195,000				
			8/15/2024	200,000				
Refunding School Bonds; Refunds school refunding bonds issued on 4/7/05	7/23/2015	4,745,000	8/15/2020	585,000	3.00%	3,030,000.00	565,000	\$ 2,465,000
			8/15/2021	605,000				
			8/15/2022	625,000				
			8/15/2023	650,000				
						<u>\$ 4,140,000</u>	<u>\$ 735,000</u>	<u>\$ 3,405,000</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Matured or Canceled</u>	<u>Balance June 30, 2020</u>
Savin Copiers (2017)	\$ 20,483	\$ 12,693	\$	\$ 12,693	\$
Savin Copiers (2018)	245,358	176,358		176,358	
School Bus (2017)	93,940	56,292		17,950	38,342
Dell Computers (2017)	318,618	159,180		77,981	81,199
Dell Computers (2018)	63,661	46,547		14,756	31,792
Dell Computers (2020)	162,156		162,156	56,743	105,413
Dell Computers (2020)	60,772		60,772	13,826	46,947
Dell Computers (2020)	64,170		64,170	14,079	50,091
Security Cameras	109,987	11,371		11,371	
TEQ Lease (2020)	68,394		68,394	15,113	53,281
ACER Financial (2020)	31,151		31,151	5,672	25,479
		<u>\$ 462,442</u>	<u>\$ 386,643</u>	<u>\$ 416,541</u>	<u>\$ 432,543</u>

HASBROUCK HEIGHTS SCHOOL DISTRICT
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 798,514	\$	\$ 798,514	\$ 798,514	\$
State Sources					
Debt Service Aid	216,228		216,228	216,228	
Total Revenues	1,014,742		1,014,742	1,014,742	
Regular Debt Service					
Principal	735,000		735,000	735,000	
Note Interest				170,712	(170,712)
Bond Interest	283,538		283,538	112,350	171,188
Total Expenditures	1,018,538		1,018,538	1,018,062	476
Deficiency of Revenues (Under) Over Expenditures	(3,796)		(3,796)	(3,320)	476
Other Financing Sources:					
Transfers in				42,107	42,107
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures	(3,796)		(3,796)	38,787	42,583
Fund Balance, Beginning of Year	57,411		57,411	57,141	
Fund Balance, End of Year	<u>\$ 53,615</u>	<u>\$</u>	<u>\$ 53,615</u>	<u>\$ 95,928</u>	<u>\$ 42,583</u>

Introduction to the Statistical Section

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Financial Trends

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in capital assets,										
Restricted	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981	\$ 8,874,736	\$ 10,468,888
Unrestricted	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510	2,454,347	2,270,633
Total governmental activities net position	<u>\$ 11,531,717</u>	<u>\$ 11,355,387</u>	<u>\$ 2,858,334</u>	<u>\$ 4,037,579</u>	<u>\$ (4,079,052)</u>	<u>\$ (3,536,520)</u>	<u>\$ (3,085,568)</u>	<u>\$ (251,317)</u>	<u>\$ 726,319</u>	<u>\$ 2,273,722</u>
Business-type activities										
Unrestricted	\$ 299,485	\$ 422,669	\$ 476,639	\$ 505,384	\$ 549,438	\$ 609,004	\$ 588,105	\$ 568,731	\$ 556,511	\$ 594,300
Total business-type activities net assets	<u>\$ 299,485</u>	<u>\$ 422,669</u>	<u>\$ 476,639</u>	<u>\$ 505,384</u>	<u>\$ 549,438</u>	<u>\$ 609,004</u>	<u>\$ 588,105</u>	<u>\$ 568,731</u>	<u>\$ 556,511</u>	<u>\$ 594,300</u>
Government-wide										
Net Investment in capital assets										
Restricted	\$ 9,131,083	\$ 8,866,227	\$ 79,815	\$ 722,622	\$ 845,032	\$ 1,477,030	\$ 3,184,357	\$ 7,762,981	\$ 8,874,736	\$ 10,468,888
Unrestricted	1,952,692	2,048,865	2,604,032	2,911,788	1,386,416	1,543,510	1,643,510	2,243,510	2,454,347	2,270,633
Total government-wide net position	<u>\$ 11,831,202</u>	<u>\$ 11,778,076</u>	<u>\$ 3,334,973</u>	<u>\$ 4,542,963</u>	<u>\$ (3,529,614)</u>	<u>\$ (2,927,516)</u>	<u>\$ (2,497,463)</u>	<u>\$ 317,414</u>	<u>\$ 1,282,831</u>	<u>\$ 2,868,022</u>

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

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

J-2
 Sheet #1

	Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 11,153,083	\$ 9,688,415	\$ 11,712,322	\$ 11,898,575	\$ 11,118,742	\$ 12,955,085	\$ 16,442,957	\$ 17,169,122	\$ 16,902,388	\$ 16,266,368
Special education	2,570,068	2,580,175	3,219,855	3,369,768	3,572,400	4,250,640	5,562,604	5,710,487	5,836,713	5,384,980
Other special education		837,943	663,788	954,998	775,700	1,206,852	1,448,872	1,749,399	1,687,982	1,687,024
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	2,594,241	2,514,312	2,659,415	2,947,018	2,875,701	2,819,933	2,984,551	2,610,946	2,958,742	3,177,719
Student and instruction related services	3,562,726	3,658,864	4,777,808	4,716,062	4,236,669	5,126,097	6,053,709	5,527,049	5,593,922	5,638,495
School administrative services	589,208	764,733	1,267,248	1,203,928	1,232,176	729,565	2,063,849	2,213,726	2,878,945	1,549,616
General and other administration	1,649,898	1,647,304	1,277,420	1,113,537	1,369,359	2,525,470	1,585,115	1,681,808	873,684	1,729,518
Plant operations and maintenance	1,988,990	2,000,457	2,172,803	2,452,148	2,499,991	2,269,536	3,037,806	3,590,178	4,356,623	4,175,341
Pupil transportation	712,384	738,513	653,674	701,864	673,390	827,807	921,197	812,192	826,962	750,644
Business and other support services	21,945	62,161	61,033							
Interest on long-term debt/lease payment/other	425,023	455,831	371,769	581,807	750,364	458,751	540,009	126,551	229,944	392,978
Unallocated depreciation/amortization/other	1,036,184	1,043,606	9,651,199				341,748			
Total governmental activities expenses	<u>27,493,689</u>	<u>26,235,223</u>	<u>38,488,334</u>	<u>29,939,705</u>	<u>29,104,492</u>	<u>33,169,736</u>	<u>40,982,417</u>	<u>41,191,458</u>	<u>42,145,905</u>	<u>40,752,683</u>
Business-type activities:										
Food service	483,752	542,610	459,545	479,702	508,418	503,341	517,246	584,865	558,567	449,429
Keys and other programs	325,328	335,981	540,595	435,643	417,212	425,075	417,174	376,539	450,844	370,354
Total business-type activities expense	<u>809,080</u>	<u>878,591</u>	<u>1,000,140</u>	<u>915,345</u>	<u>925,630</u>	<u>928,416</u>	<u>934,420</u>	<u>961,404</u>	<u>1,009,411</u>	<u>819,783</u>
Total district expenses	<u>\$ 28,302,769</u>	<u>\$ 27,113,814</u>	<u>\$ 39,488,474</u>	<u>\$ 30,855,050</u>	<u>\$ 30,030,122</u>	<u>\$ 34,098,152</u>	<u>\$ 41,916,837</u>	<u>\$ 42,152,862</u>	<u>\$ 43,155,316</u>	<u>\$ 41,572,466</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Operating grants and contributions	\$ 1,493,580	\$ 2,760,240	\$ 3,346,953	\$ 918,842	\$ 980,872	\$ 3,918,280	\$ 10,301,427	\$ 793,712	\$ 806,044	\$ 868,055
Capital grants and contributions							531,738	1,609,642		
Total governmental activities program revenues	<u>1,493,580</u>	<u>2,760,240</u>	<u>3,346,953</u>	<u>918,842</u>	<u>980,872</u>	<u>3,918,280</u>	<u>10,833,165</u>	<u>2,403,354</u>	<u>806,044</u>	<u>868,055</u>

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

J-2
 Sheet #2

	Year ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Charges for services										
Food service	\$ 395,356	\$ 401,654	\$ 368,943	\$ 382,324	\$ 360,360	\$ 375,761	\$ 393,830	\$ 395,933	\$ 429,935	\$ 331,163
Keys and other programs	391,163	472,575	566,585	431,099	468,661	468,778	379,319	376,475	397,864	396,943
Operating grants and contributions	95,560	127,566	131,362	130,667	142,350	143,443	140,373	169,621	169,393	129,466.00
Capital grants and contributions										
Total business type activities program revenues	<u>882,079</u>	<u>1,001,795</u>	<u>1,066,890</u>	<u>944,090</u>	<u>971,371</u>	<u>987,982</u>	<u>913,522</u>	<u>942,029</u>	<u>997,192</u>	<u>\$ 857,572</u>
Total district program revenues	<u>\$ 2,375,659</u>	<u>\$ 3,762,035</u>	<u>\$ 4,413,843</u>	<u>\$ 1,862,932</u>	<u>\$ 1,952,243</u>	<u>\$ 4,906,262</u>	<u>\$ 4,831,802</u>	<u>\$ 3,345,383</u>	<u>\$ 1,803,236</u>	<u>\$ 1,725,627</u>
Net (Expense)/Revenue										
Governmental activities	\$ (26,000,109)	\$ (26,235,223)	\$ (35,141,381)	\$ (29,020,863)	\$ (28,123,620)	\$ (29,355,301)	\$ (30,289,625)	\$ (38,788,104)	\$ (41,339,861)	\$ (39,884,628)
Business-type activities	72,999	123,204	66,750	28,745	45,741	59,566	(20,898)	(19,375)	(12,219)	37,789
Total district-wide net expense	<u>\$ (25,927,110)</u>	<u>\$ (26,112,019)</u>	<u>\$ (35,074,631)</u>	<u>\$ (28,992,118)</u>	<u>\$ (28,077,879)</u>	<u>\$ (29,295,735)</u>	<u>\$ (30,310,523)</u>	<u>\$ (38,807,479)</u>	<u>\$ (41,352,080)</u>	<u>\$ (39,846,839)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 23,039,193	\$ 23,332,543	\$ 24,154,512	\$ 25,506,891	\$ 26,544,747	\$ 27,211,837	\$ 27,951,872	\$ 28,355,966	\$ 29,237,321	\$ 29,929,574
Taxes levied for debt service	608,305	544,321	616,448	609,408	626,631	706,288	620,898	665,472	727,048	798,514
Grants and contributions	1,793,567	1,908,636	1,392,326	3,730,917	1,556,062	1,632,506	2,182,413	12,317,036	12,008,380	10,337,181
Tuition received	116,074	167,283	128,504	59,380	160,000	69,615	45,914	60,457	43,412	38,271
Cancellation of unfunded capital projects					(1,608,545)					
Investment Earnings		8,349	7,278					71,768	109,757	72,425
Rentals		5,100								
Refund Prior Years Expenditures		23,360								
Miscellaneous income	134,076	69,301	332,460	293,513	183,688	173,742	535,296	151,656	191,079	256,066
Total governmental activities	<u>25,691,215</u>	<u>26,058,893</u>	<u>26,631,528</u>	<u>30,200,109</u>	<u>27,462,583</u>	<u>29,793,988</u>	<u>31,336,393</u>	<u>41,622,355</u>	<u>42,316,997</u>	<u>41,432,031</u>
Business-type activities:										
Investment earnings/other expense	931				(1,687)					
Transfers										
Total business-type activities	<u>931</u>				<u>(1,687)</u>					
Total district-wide	<u>\$ 25,692,146</u>	<u>\$ 26,058,893</u>	<u>\$ 26,631,528</u>	<u>\$ 30,200,109</u>	<u>\$ 27,460,896</u>	<u>\$ 29,793,988</u>	<u>\$ 31,336,393</u>	<u>\$ 41,622,355</u>	<u>\$ 42,316,997</u>	<u>\$ 41,432,031</u>
Change in Net Position (Deficit)										
Governmental activities	\$ (308,894)	\$ (176,330)	\$ (8,509,853)	\$ 1,179,246	\$ (661,037)	\$ 438,686	\$ 515,030	\$ 2,834,251	\$ 977,136	\$ 1,547,403
Business-type activities	73,930	123,204	66,750	28,745	44,054	59,566	(20,898)	(19,375)	(12,219)	37,789
Total district	<u>\$ (234,964)</u>	<u>\$ (53,126)</u>	<u>\$ (8,443,103)</u>	<u>\$ 1,207,991</u>	<u>\$ (616,983)</u>	<u>\$ 498,252</u>	<u>\$ 494,132</u>	<u>\$ 2,814,876</u>	<u>\$ 964,917</u>	<u>\$ 1,585,192</u>

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

J-3

As of June 30,										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Restricted for	232,512	398,385	941,405	1,234,903	1,850,318	2,043,773	1,643,510	2,243,510	2,439,477	2,581,654
Assigned to										
Unassigned	474,083	472,264	440,295	456,169	474,184	397,648	642,813	378,027	247,099	404,632
Total general fund	<u>\$ 706,595</u>	<u>\$ 870,649</u>	<u>\$ 1,381,700</u>	<u>\$ 1,691,072</u>	<u>\$ 2,324,502</u>	<u>\$ 2,441,421</u>	<u>\$ 2,286,323</u>	<u>\$ 3,419,344</u>	<u>\$ 3,501,570</u>	<u>\$ 3,563,878</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund (deficit)										
Capital projects fund (deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,589,994)	\$ (3,900,527)	\$ (3,900,527)
Debt service fund (deficit)										
Restricted for:										
Capital projects fund										
Debt service fund										
Assigned to										
Capital projects fund	1,647,404	1,643,440	1,641,973	1,640,566			(297,605)			
Debt service fund	72,776	7,040	20,654	36,318	81,088	73,261	14,879	54,871	57,141	95,928
Total all other governmental funds	<u>\$ 1,720,180</u>	<u>\$ 1,650,480</u>	<u>\$ 1,662,627</u>	<u>\$ 1,676,884</u>	<u>\$ 81,088</u>	<u>\$ 73,261</u>	<u>\$ (282,726)</u>	<u>\$ (3,535,123)</u>	<u>\$ (3,843,386)</u>	<u>\$ (3,804,599)</u>

Source: CAFR Schedule B-1 and District Income

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

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

J-4
Sheet #1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Local Tax Levy	\$ 23,647,498	\$ 23,876,774	\$ 24,770,960	\$ 26,116,299	\$ 27,171,378	\$ 27,918,125	\$ 28,572,770	\$ 29,021,438	\$ 29,964,369	\$ 30,728,088
Other Local Revenue	250,150	271,300	409,342	371,247	335,684	262,309	290,155	229,012	343,431	366,762
State sources	2,714,365	3,311,772	4,208,415	4,040,437	4,605,988	4,915,741	14,729,012	7,796,489	7,904,875	8,294,515
Federal sources	572,782	54,141	589,765	609,322	617,726	635,044	652,012	604,120	588,561	648,183
Total revenue	27,184,795	27,513,987	29,978,482	31,137,305	32,730,776	33,731,219	44,243,949	37,651,059	38,801,236	40,037,548
Expenditures										
Instruction										
Regular Instruction	7,821,972	8,581,952	8,620,124	8,471,816	8,597,979	8,719,704	9,431,728	9,291,163	9,709,302	9,709,331
Special Education Instruction	1,893,079	2,087,605	2,259,813	2,379,806	2,906,417	2,883,326	3,031,456	3,016,578	3,242,476	3,167,038
Other	933,142	704,163	623,103	719,688	623,074	871,575	1,000,601	1,067,457	1,067,457	1,061,837
School-Sponsored/Other Instructional										
Total Instruction	10,648,193	11,373,720	11,503,040	11,571,310	12,127,470	12,474,605	13,353,225	13,308,342	14,019,235	13,938,206
Undistributed:										
Tuition	2,594,241	2,514,312	2,322,098	2,596,479	2,503,491	2,400,266	2,630,433	2,202,510	2,528,450	2,769,602
Support Services-Students	2,670,723	3,132,058	3,369,783	3,234,440	3,577,338	3,796,496	3,767,996	3,306,271	3,670,766	3,551,010
General Administration	925,574	523,589	597,516	974,938	654,037	619,169	592,594	571,102	557,894	601,088
School Administration	839,525	925,912	1,008,811	969,640	974,595	1,110,888	1,154,133	1,191,414	1,193,016	1,180,407
Other Administrative Services		131,543	112,768	102,414	422,875	508,894	472,831	498,330	547,646	471,355
Operations and Maintenance	1,697,285	1,700,198	1,835,799	2,088,368	2,089,633	2,266,962	2,350,207	2,419,586	3,129,863	3,348,090
Student Transportation	669,885	694,603	628,024	687,797	660,067	810,755	891,781	765,689	786,674	707,775
Business and Other Support Services:										
Employee Benefits	3,542,107	3,321,779	2,963,788	4,071,906	4,195,448	4,533,247	4,637,833	4,782,949	5,153,084	5,126,086
On-behalf TPAF Pension Contributions	753,657	349,364	2,378,341	1,293,041	1,215,197	2,104,645	2,631,388	3,176,484	3,700,465	3,863,177
Reimbursed TPAF Social Security										
Contributions	830,269	702,312	881,007	891,939	921,581	872,113	967,307	951,108	989,392	1,137,190
Transfers - Charter Schools		62,161	61,033		29,608					
Total Undistributed	14,523,266	14,057,831	16,158,968	16,910,962	17,243,870	19,023,435	20,096,503	19,865,443	22,257,250	22,755,780
Capital Outlay:										
Equipment										
Increase in Capital Reserve								47,412		
Facilities Acquisition and Construction										
Services	662,822	278,213	110,441	224,347	388,310	139,168	47,051	66,639	425,557	1,356,350
Assets Acquired under Capital Leases			68,475			72,000	347,907	657,917	536,785	
Assets Acquired under Mortgages										
Capital Projects						49,407	1,329,345	4,902,031		
Capital Lease Payment		262,530	149,565	154,775	382,243	86,781	90,801		63,661	386,643
Total Capital Outlay	662,822	540,743	328,481	379,122	770,553	347,356	1,815,104	5,673,999	1,026,003	1,742,993
Total General and Capital Expenditures	25,834,281	25,972,294	27,990,489	28,861,394	30,141,893	31,845,396	35,264,832	38,847,784	23,283,253	38,436,979
Special Revenue:										
Federal	572,782	586,791	589,766	609,322	617,726	635,044	648,731	568,510	584,184	621,143
State	272,829	267,986	263,738	259,593	313,146	305,602	256,632	225,202	221,041	233,825
Local	1,982	2,183	56,135	49,927	50,000	875			819	13,087
Total Special Revenue Expenditures	847,593	856,960	909,639	918,842	980,872	941,521	905,363	793,712	806,044	868,055

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

J-4
Sheet #2

	<u>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>2020</u>
Debt Service Expenditures	\$ 820,331	\$ 795,716	\$ 874,426	\$ 777,089	\$ 802,077	\$ 888,239	\$ 840,550	\$ 841,725	\$ 966,504	\$ 1,018,062
Total Governmental Fund Expenditures	<u>\$ 27,502,205</u>	<u>\$ 27,624,970</u>	<u>\$ 29,774,554</u>	<u>\$ 30,557,325</u>	<u>\$ 32,424,842</u>	<u>\$ 33,675,155</u>	<u>\$ 36,699,443</u>	<u>\$ 40,483,221</u>	<u>\$ 39,075,036</u>	<u>\$ 40,323,096</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	(317,410)	(110,983)	203,928	581,408	305,934	56,062	7,544,506	(2,832,162)	(273,800)	(285,548)
Other Financing Sources (Uses)										
Premium on Promissory Note in Cap Projects Adjustments							291,055	37,180	(16,398)	
Capital Leases (non-budgeted) Proceeds from refunding		262,530	68,475		382,243 (32,770)	72,000	347,907	657,917	63,661	386,643
Cancellation of Unfunded Capital Projects					(1,608,545)					
Write-off of Prior year Revenue				(18,354)	(9,228)	(979)				
Interest earned in Capital Projects Fund								17,689		
Transfers In	8,757	2,554	12,800			21	(500,000)			
Transfers Out	(8,757)	(2,554)				(18,014)	500,000			
Total Other Financing Sources (uses)	<u> </u>	<u>262,530</u>	<u>81,275</u>	<u>(18,354)</u>	<u>(1,268,300)</u>	<u>53,028</u>	<u>638,962</u>	<u>712,786</u>	<u>47,263</u>	<u>386,643</u>
Net Change in Fund Balances	<u>\$ (317,410)</u>	<u>\$ 151,547</u>	<u>\$ 285,203</u>	<u>\$ 563,054</u>	<u>\$ (962,366)</u>	<u>\$ 109,090</u>	<u>\$ 8,183,468</u>	<u>\$ (2,119,376)</u>	<u>\$ (226,537)</u>	<u>\$ 101,095</u>
Debt Service as a Percentage of Non Capital Expenditures	3.06%	2.94%	2.97%	2.58%	2.53%	2.67%	2.29%	2.08%	2.47%	2.52%

Source: CAFR Schedule B-2

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

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

J-5

Description	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	Annual Totals
Interest on Investments	\$ 72,337	\$ 109,757	\$ 54,079	\$ 13,948	\$ 12,324	\$ 8,770	\$ 8,876	\$ 7,279			\$ 215,033
Tuition	38,271	43,412	60,457	45,914	69,616	160,000	59,380	128,504	\$ 167,283	\$ 116,074	850,640
Rentals				500	48,400	1,150	51,475	48,900			150,425
Prior Year Tuition Refunds	119,803	14,772	13,466	50,156	25,635	26,957	6,784	46,084			183,854
Miscellaneous Income	81,157	175,489	101,010	179,635	106,334	138,787	244,709	178,576	103,921	134,076	1,362,537
Total	\$ 311,568	\$ 343,430	\$ 229,012	\$290,153	\$ 262,309	\$ 335,664	\$ 371,224	\$409,343	\$ 271,204	\$ 250,150	\$ 2,762,489

Source: District records

Revenue Capacity

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

J-6

Fiscal Year Ended June 30,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2010	\$ 1,872,097,822.00	\$ 1,928,211,589.00	97.35%
2011	1,865,367,200	1,833,104,560	101.76%
2012	1,544,763,900	1,654,808,677	93.35%
2013	1,547,020,681	1,712,005,582	90.36%
2014	1,551,931,320	1,678,988,516	92.65%
2015	1,551,911,749	1,764,238,083	88.15%
2016	1,561,099,137	1,788,301,616	87.30%
2017	1,679,791,800	1,764,762,500	95.19%
2018	1,718,394,708	1,788,729,980	96.07%
2019	1,766,657,570	1,798,398,549	98.44%
2020	1,797,767,287	1,858,167,394	96.94%

Source: County Abstract of Ratables

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

J-7

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality</u>	<u>County</u>	
2011	\$ 1.27	\$ 0.77	\$ 0.21	\$ 2.24
2012	1.574	0.932	0.236	2.742
2013	1.641	0.941	0.254	2.836
2014	1.708	0.946	0.250	2.904
2015	1.767	0.947	0.272	2.986
2016	1.801	0.952	0.282	3.035
2017	1.704	0.888	0.264	2.856
2018	1.705	0.892	0.255	2.852
2019	1.706	0.890	0.249	2.845
2020	1.719	0.901	0.256	2.876

Source: Tax Collector

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

J-8

	2011		2020	
	Assessed Valuation	As a % of District's Net Assessed Valuation	Assessed Valuation	As a % of District's Net Assessed Valuation
<u>Taxpayers</u>				
650 Terrace Ave LLC	\$ 38,003,000	2.05%	\$ 28,000,000	1.58%
Heights Plaza, Associates	24,500,000	1.46%	24,830,000	1.41%
Heights Plaza, LLC	15,817,000	0.63%	24,000,000	1.36%
Ess Prisa LLC	15,503,000	0.83%	17,931,000	1.01%
621 Route 46 Associates	14,470,600	0.78%	15,544,300	0.88%
Ottawa House Limited	12,980,000	0.70%	15,174,100	0.86%
611 Routh 46, LLC	11,900,000	0.64%	13,963,000	0.79%
Hasbrouck Motel Company	11,500,000	0.62%	13,548,200	0.77%
377 LaSalle Group	11,450,200	0.62%	13,501,100	0.76%
Skyline Associates	9,920,000	0.53%	12,657,000	0.72%
Total	\$ 166,043,800	8.86%	\$ 179,148,700	10.14%

Source: Municipal Tax Assessor

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

J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2011	\$ 23,647,498	\$ 23,647,498	100.00%
2012	23,332,543	23,332,543	100.00%
2013	24,770,960	24,770,960	100.00%
2014	26,116,297	26,116,297	100.00%
2015	27,030,709	27,030,709	100.00%
2016	27,804,795	27,804,795	100.00%
2017	28,572,770	28,572,770	100.00%
2018	29,021,438	29,021,438	100.00%
2019	29,964,369	29,964,369	100.00%
2020	30,728,088	30,728,088	100.00%

Debt Capacity

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

J-10

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita ^a
	General Obligation Bonds	Capital Leases	Promissory Note			
2011	\$ 7,345,542	\$ 240,796		\$ 7,586,338	11,856	\$ 640
2012	6,867,842	371,339		7,239,181	11,919	607
2013	6,369,341	290,249		6,659,590	11,960	557
2014	5,855,000	135,474		5,990,474	12,092	495
2015	7,065,000	399,530		7,464,530	12,165	614
2016	6,210,000	321,177		6,531,177	12,227	534
2017	5,540,000	440,190		5,980,190	12,182	491
2018	4,850,000	694,507	\$ 6,225,000	11,769,507	12,277	959
2019	4,140,000	462,442	6,225,000	10,827,442	12,124	893
2020	3,405,000	432,543	6,225,000	10,062,543	12,091	832

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

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

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

J-11

<u>Fiscal Year Ended June 30,</u>	<u>Estimated School District Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2011	11,919	\$ 1,865,367,200	\$ 7,275,000	0.39%	\$ 610.37
2012	11,936	1,865,367,200	6,820,000	0.37%	571.38
2013	11,936	1,544,763,900	6,369,341	0.41%	533.62
2014	12,022	1,551,931,320	5,855,000	0.38%	487.02
2015	12,165	1,551,911,749	7,065,000	0.46%	580.76
2016	12,227	1,561,099,137	6,210,000	0.40%	507.89
2017	12,182	1,679,791,800	5,540,000	0.33%	454.77
2018	12,277	1,718,394,708	4,850,000	0.28%	395.05
2019	12,124	1,765,504,500	4,140,000	0.23%	341.47
2020	12,091	1,797,767,287	3,405,000	0.19%	281.61

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

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
(unaudited)

J-12

Net Direct Debt of District as of June 30, 2020		
Bonds issued	\$ 3,405,000	
Promissory Note	<u>6,225,000</u>	
		\$ 9,630,000
Net Overlapping Debt of School District		
Borough of Hasbrouck Heights (100%)	9,573,498	
County of Bergen - Borough's share (0.10%)	<u>213,386</u>	
		<u>9,786,884</u>
Total Direct and Overlapping Bond Debt as of June 30, 2020		<u><u>\$ 19,416,884</u></u>

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
(unaudited)

J-13

Equalized valuation basis

	2020	\$	1,909,066,285
	2019		1,817,005,608
	2018		1,847,142,951
	(A)	\$	<u>5,573,214,844</u>
Average equalized valuation of taxable property	(A-3)	\$	1,857,738,281
Debt limit (4 % of average equalization value)	(B)		74,309,531
Net school debt as of June 30, 2020	(C)		<u>9,630,000</u>
School borrow margin available	(B-C)	\$	<u>64,679,531</u>
			<u>2020</u>
Debt limit		\$	74,309,531
Net school debt			<u>9,630,000</u>
School borrowing margin available		\$	<u>64,679,531</u>
Total net debt applicable to the limit as a percentage of debt limit			12.959%

Source:

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

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

Demographic and Economic Information

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

J-14

Year	Estimated School District Population	County Per Capita Personal Income	Unemployment Rate
2011	11,919	\$ 66,096	9.40%
2012	11,936	69,919	8.80%
2013	11,960	67,240	8.60%
2014	12,092	73,536	5.00%
2015	12,165	75,849	6.50%
2016	12,227	77,187	4.60%
2017	12,182	81,203	4.20%
2018	12,277	85,951	3.90%
2019	12,124	N/A	N/A
2020	12,091	N/A	N/A

Source: New Jersey State Department of Education

N/A - Data Not Available

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

J-15

Employer	2011		2020	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
N/A	N/A	N/A	N/A	N/A
		<u>0.00%</u>		<u>0.00%</u>

N/A - Data Not Available

Operating Information

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

J-16

<u>Function/Program</u>	<u>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>2020</u>
Instruction										
Regular	105.1	95.3	95.3	104.6	104.4	106.4	106.0	106.2	105.0	106.0
Special Education	24.8	22.0	22.0	27.4	32.4	34.4	32.4	33.0	37.6	37.0
Other Instruction	24.5	26.6	26.6	26.0	29.0	30.0	31.0	40.0	28.0	26.0
Support Services:										
Attendance & Social Work	3.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.2	3.1
Health Services	3.0	3.0	3.0	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Student & Instruction Related Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6	2.6
Extraordinary Services	10.0	11.0	11.0	17.0	15.0	15.0	14.5	14.0	15.5	14.0
Support Services - Students Regular	5.0	4.5	4.5	6.0	6.0	6.0	6.0	5.0	6.0	7.0
Support Services - Students Special	8.2	8.7	8.7	8.8	8.4	9.0	9.0	9.0	9.0	9.0
Improvement of Instructional Services	1.0	0.0	0.0	0.0	2.0	2.0	2.0	1.0	1.0	2.0
Educational Media/School Library	4.5	4.5	4.5	4.8	4.8	4.8	4.8	3.8	3.8	3.8
General administration	3.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	9.5	10.3	10.3	10.6	10.6	12.1	12.1	12.1	13.8	12.4
Central Services	4.8	4.5	4.5	4.0	4.0	4.0	4.0	4.0	4.0	4.2
Administrative Information Technology	0.5	0.5	0.5	0.3	0.3	1.3	1.3	1.3	1.2	1.2
Plant Operations and Maintenance	15.5	12.0	12.0	14.0	14.0	15.0	15.0	14.3	14.3	14.3
Pupil transportation	1.5	1.5	1.5	0.5	0.5	0.5	0.0	0.5	1.0	1.0
Other support services	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	2.0
Total	<u>227.3</u>	<u>210.4</u>	<u>210.4</u>	<u>234.6</u>	<u>241.0</u>	<u>250.0</u>	<u>248.7</u>	<u>254.8</u>	<u>251.6</u>	<u>251.2</u>

Source: District Records

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

J-17

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio Elementary	Pupil/Teacher Ratio Senior High School	Pupil/Teacher Ratio Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	1,712.0	\$ 26,005,864	\$ 15,190	0.72%	130	13:01	12:01	12:01	1,710.6	1,638.6	2.92%	95.80%
2012	1,770.0	26,224,844	14,816	0.77%	117	15.13	15.13	15.13	1,805.7	1,734.6	5.56%	96.10%
2013	1,896.0	27,988,994	14,762	-0.37%	134	14.15	14.15	14.15	1,903.5	1,821.7	5.42%	95.70%
2014	1,892.0	26,675,523	14,099	-4.49%	132	14.33	14.33	14.33	1,883.5	1,811.6	-0.74%	96.18%
2015	1,875.0	27,615,185	14,728	3.52%	137	13.71	13.71	13.71	1,869.6	1,796.8	-0.48%	96.11%
2016	1,866.0	28,523,853	15,286	3.79%	142	13.14	13.14	13.14	1,859.0	1,787.7	-0.59%	96.16%
2017	1,849.0	29,472,818	15,940	1.62%	141	13.11	13.11	13.11	1,850.1	1,771.9	-0.48%	95.77%
2018	1,805.0	29,839,905	16,092	0.95%	139	12.97	12.97	12.97	1,799.6	1,727.2	-2.73%	95.98%
2019	1,786.0	32,110,038	17,979	11.73%	143	12.49	12.49	12.49	1,780.0	1,709.4	-1.09%	96.03%
2020	1,763.0	33,049,969	18,746	4.27%	143	12.33	12.33	12.33	1,752.1	1,700.8	-1.58%	97.07%

Note: Enrollment based on annual October District count.

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

J-18

	<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>2020</u>
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	367	394	455	448	439	439	387	387	387	353
Square Feet	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317	33,317
Capacity (students)	425	425	425	425	425	425	425	425	425	425
Enrollment	412	454	469	455	446	439	414	414	414	386
<u>Middle/High School</u>										
Square Feet	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681	103,681
Capacity (students)	850	850	850	850	850	850	850	850	850	850
Enrollment	859	944	999	989	990	990	1,048	1,048	1,036	1,024
Number of Schools at June 30										
Elementary = 2	2	2	2	2	2	2	2	2	2	2
Middle School =1	1	1	1	1	1	1	1	1	1	1
Senior High School = 1	1	1	1	1	1	1	1	1	1	1
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

Source: District Facilities Office

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

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

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

<u>*School Facilities</u>	<u>School Number</u>	<u>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>2020</u>
Hasbrouck Heights Middle/High School	50	\$ 144,429	\$ 154,006	\$ 200,817	\$ 211,204	\$ 176,635	\$ 254,185	\$ 286,350	\$ 252,529	\$ 389,590	\$ 840,442
Euclid	60	48,143	51,335	66,939	70,401	58,878	84,728	95,450	84,176	129,863	94,443
Lincoln	80	48,143	51,336	66,939	70,401	58,878	84,728	95,450	84,176	129,863	179,239
Total School Facilities		<u>\$ 240,715</u>	<u>\$ 256,677</u>	<u>\$ 334,695</u>	<u>\$ 352,006</u>	<u>\$ 294,391</u>	<u>\$ 423,641</u>	<u>\$ 477,250</u>	<u>\$ 420,881</u>	<u>\$ 649,316</u>	<u>\$ 1,114,124</u>

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

Source: District records

HASBROUCK HEIGHTS SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
(unaudited)

J-20

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

Single Audit Section

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 2, 2021

David J. Gannon

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Hasbrouck Heights School District, in the County of Bergen, State of New Jersey's (the "District") compliance with the types of compliance requirements described in *OMB Compliance Supplement* and *New Jersey State Aid/Grant Compliance Supplemental Requirements* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 2, 2021

David J. Gannon

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K-3
 Schedule A

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Program	FAIN #	Award Amount	Grant Period	Balance, June 30, 2019			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2020		
					Accounts Receivable	Deferred Revenue	Due To Grantor					Accounts Receivable	Deferred Revenue	Due To Grantor
U.S. Department of Education Passed - Through State Department of Education:														
Medical Assistance	93.778	1805NJ5	\$ 27,040	7/1/19-6/30/20			\$ 27,040	\$ 27,040						
Special Revenue Fund: Special Education Cluster:														
I.D.E.A. Part B Basic	250	84.027	H027A150100	427,640	7/1/19-9/30/20			346,158	372,614		\$ 26,456			
I.D.E.A. Part B Basic	250	84.027	H027A150100		7/1/18-6/30/19	\$ 104,166		104,166						
I.D.E.A. Part B Preschool	253	84.173	H173A150114	19,082	7/1/19-9/30/20			13,630	19,082			5,452		
I.D.E.A. Part B Preschool	253	84.173	H173A150114		7/1/18-6/30/19	24,493		24,493						
Title I, Part A	231	84.010A	S010A50030	180,506	7/1/19-9/30/20			99,593	168,458			68,865		
Title I, Part A	231	84.010A	S010A50030		7/1/18-6/30/19	58,820		58,820						
Title II, Part A	270	84.367A	S367A150029	35,091	7/1/19-9/30/20			26,940	27,127			187		
Title II, Part A	270	84.367A	S367A150029		7/1/18-6/30/19	8,709		8,709						
Title III, No Child Left Behind	241	84.365A	S365A150030	28,003	7/1/19-9/30/20			10,164	21,886			11,722		
Title III, No Child Left Behind	241	84.365A	S365A150030		7/1/18-6/30/19									
Title III, Immigrant	244	84.365A	S365A150030	7,665	7/1/19-9/30/20			3,738	3,738					
Title III, Immigrant	244	84.365A	S365A150030		7/1/18-6/30/19	42		42		\$ 1				
Title IV	244	84.424	S365A150030	17,810	7/1/19-9/30/20			4,102	7,497			3,395		
Title IV	244	84.424	S365A150030		7/1/18-6/30/19	2,190		2,190						
CARES Act	84.425D	S425D200027	113,059	7/1/19-9/30/20					741			741		
Total Special Revenue Fund						198,420		702,745	621,143	1		116,818		
U.S. Department of Agriculture Passed-through State Department of Agriculture														
Child Nutrition Program Cluster:														
National School Lunch Program	10.555	2020NJ304199	101,356	7/1/19-6/30/20				99,697	101,357			1,660		
National School Lunch Program	10.555	1919NJ304199	132,519	7/1/18-6/30/19		7,421		7,421						
Food Donations Program (NC)	10.555	2020NJ304N1099	24,670	7/1/19-6/30/20				24,670	24,670					
Total Federal Financial Awards						\$ 205,841		\$ 834,533	\$ 774,210	\$ 1		\$ 118,478		

(NC) - Non-cash transaction

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

K-4
 Schedule B

State Grantor/Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance, June 30, 2019		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year Balance	Balance, June 30, 2020			MEMO	
				Accounts Receivable	Due To Grantor					Accounts Receivable	Deferred Revenue	Due To Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education:														
General Funds:														
Special Education Aid	20-495-034-5120-089	\$ 1,565,896	7/1/19-6/30/20			\$ 1,416,822	\$ 1,565,896			\$ 149,074			\$	1,565,896
Extraordinary Aid	20-495-034-5120-044	164,884	7/1/19-6/30/20				164,884			164,884				164,884
Extraordinary Aid	19-495-034-5120-044	290,072	7/1/18-6/30/19	\$ 290,072		290,072								
Transportation Aid	20-495-034-5120-014	143,130	7/1/19-6/30/20				129,504							13,626
Equalization Aid	20-495-034-5120-078	798,393	7/1/19-6/30/20			722,386	798,393							76,007
Security Aid	20-495-034-5120-084	185,508	7/1/19-6/30/20			167,848	185,508							17,660
On-behalf TPAF Pension Contributions	20-495-034-5095-001	2,816,432	7/1/19-6/30/20			2,816,432	2,816,432							2,816,432
On-behalf TPAF Post Retirement Medical	20-495-034-5095-002	1,044,845	7/1/19-6/30/20			1,044,845	1,044,845							1,044,845
On-behalf TPAF LT Disability	20-495-034-5094-004	1,900	7/1/19-6/30/20			1,900	1,900							1,900
On-behalf TPAF Social Security Contributions	20-495-034-5095-006	1,137,190	7/1/19-6/30/20			986,651	1,137,190			150,539				1,137,190.00
On-behalf TPAF Social Security Contributions	19-495-034-5095-006	989,392	7/1/18-6/30/19			98,947	98,947							
Total General Funds						7,675,407.0	7,858,178			571,790				7,715,048.00
Special Revenue Funds														
NI Nonpublic Aid:														
Textbook Aid	20-100-034-5120-064	14,126	7/1/19-6/30/20			14,126	10,579					\$ 3,547		10,579
Textbook Aid	19-100-034-5120-064	16,234	7/1/18-6/30/19	\$ 890					\$ 890					
Compensatory Education	20-100-034-5120-067	74,629	7/1/19-6/30/20			74,620	58,569					16,051		58,569
Compensatory Education	19-100-034-5120-067	75,297	7/1/18-6/30/19		10,043				10,043					
English as a Second Language	20-100-034-5120-067	4,136	7/1/19-6/30/20			4,124	3,226					898		3,226
English as a Second Language	19-100-034-5120-067	5,177	7/1/18-6/30/19		2,074				2,074					
Transportation	20-100-034-5120-067	15,893	7/1/19-6/30/20			15,893						15,893		
Home Instruction	19-100-034-5120-067	1,745	7/1/18-6/30/19	1,745		1,745								
Handicapped Services:														
Supplemental Instruction	20-100-034-5120-066	20,642	7/1/19-6/30/20			20,663	17,242					3,421		17,242
Supplemental Instruction	19-100-034-5120-066	23,789	7/1/18-6/30/19		8,246				8,246					
Examination and Classification	20-100-034-5120-066	28,052	7/1/19-6/30/20			28,052	21,554					6,498		21,554
Examination and Classification	19-100-034-5120-066	29,668	7/1/18-6/30/19		9,834				9,834					
Corrective Speech	20-100-034-5120-066	51,039	7/1/19-6/30/20			51,039	46,937					4,102		46,937
Corrective Speech	19-100-034-5120-066	53,398	7/1/18-6/30/19		8,686				8,686					
Nursing Services	20-100-034-5120-070	25,996	7/1/19-6/30/20			25,996	25,996							25,996
Nursing Services	19-100-034-5120-070		7/1/18-6/30/19											
Technology	20-100-034-5120-373	9,648	7/1/19-6/30/20			9,648	9,523					125		9,523
Technology	19-100-034-5120-373	10,944	7/1/18-6/30/19		728				728					
Security Aid	20-100-034-5120-509	40,200	7/1/19-6/30/20			40,200	40,200							40,200
Security Aid	19-100-034-5120-509	45,600	7/1/18-6/30/19		45,600				45,600					
Total Special Revenue Funds				1,745	86,101	286,106	233,826		86,101			50,535		233,826
Debt Service Fund:														
Debt Service Aid	20-495-034-5120-075	216,228	7/1/19-6/30/20			216,228	216,228							216,228
State Department of Agriculture														
Enterprise Fund:														
School Lunch Program	20-100-010-3350-023	3,536	7/1/19-6/30/20			3,510	3,536			26				3,536
School Lunch Program	19-100-010-3350-023	4,936	7/1/18-6/30/19	290		290								
Total State Financial Assistance				\$ 391,054	\$ 86,101	\$ 8,181,541	\$ 8,311,768			\$ 571,816		\$ 50,535		\$ 8,168,638
General Fund:														
On-Behalf TPAF Contributions:														
						\$ 2,816,432								
						1,044,845								
						1,900								
						3,863,177								
Total State Financial Assistance Subject to Single Audit						\$ 4,448,599								

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

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

JUNE 30, 2020

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements*, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(13,716) for the general fund and \$-0- for the special revenue fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

HASBROUCK HEIGHTS SCHOOL DISTRICT

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE

JUNE 30, 2020

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

	<u>State</u>	<u>Federal</u>	<u>Total</u>
General Fund	\$ 7,844,482	\$ 27,040	\$ 7,871,522
Special Revenue Fund	233,825	621,143	854,968
Debt Service Fund	216,228		216,228
Food Service Fund	<u>3,536</u>	<u>126,026</u>	<u>129,562</u>
Total Awards and Financial Assistance	<u>\$ 8,298,071</u>	<u>\$ 774,209</u>	<u>\$ 9,072,280</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. FEDERAL AND STATE LOANS OUTSTANDING

The Hasbrouck Heights School District had no loans outstanding as June 30, 2020.

6. OTHER

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2020.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2020 amounted to \$3,863,177. Since on-behalf post retirement pension, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

7. INDIRECT COSTS

The District elected not to use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted?

_____ Yes √ No

Federal Awards Section

Internal control over major programs:

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

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

Unmodified

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

_____ Yes √ No

Identification of Major Federal Programs:

<u>CFDA Number(s)</u>	<u>FAIN #</u>	<u>Name of Federal Program or Cluster</u>
84.027	S027A190100	IDEA Part B, Basic and Preschool (Special Education Cluster)

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

\$750,000

Auditee qualified as low-risk auditee?

 √ Yes _____ No

HASBROUCK HEIGHTS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

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

Section III - Summary of Auditors' Results

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

a) Federal Award Findings and Questioned Costs:

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

b) State Financial Assistance Findings and Questioned Costs:

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

HASBROUCK HEIGHTS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FISCAL YEAR ENDED June 30, 2020

Section IV:

a) Federal Award Findings and Questioned Costs:

NONE

b) State Financial Assistance Findings and Questioned Costs:

NONE