

**SCHOOL DISTRICT OF HANOVER  
PARK REGIONAL**

**Hanover Park Regional High School District  
East Hanover, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual  
Financial Report**

**of the**

**Hanover Park Regional  
High School District**

**East Hanover, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Hanover Park Regional High School  
Board of Education**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
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INTRODUCTORY SECTION

BOARD OF EDUCATION  
**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
Serving East Hanover Township, Florham Park Borough and Hanover Township

75 Mt. Pleasant Avenue, East Hanover, New Jersey 07936  
Telephone (973) 887-0340 Fax (973) 887-9247

William F. Albert, Jr  
Business Administrator/Board Secretary  
E-mail: William.albert@hanpk.morris.k12.nj.us

HANOVER PARK HIGH SCHOOL  
WHIPPANY PARK HIGH SCHOOL

October 3, 2011

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
East Hanover, NJ 07936

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2011 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 Auditor's Report, the 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 the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Hanover Park Regional High 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 Hanover Park Regional High School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,429 students, which is a decrease of 24 students from the previous year's enrollment.

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 2  
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1. REPORTING ENTITY AND ITS SERVICES (Cont'd):

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

Fiscal Year	Average Daily Enrollment	
	Enrollment	Change
2010-2011	1,429.10	-1.62%
2009-2010	1,452.70	0.19%
2008-2009	1,449.90	-3.68%
2007-2008	1,505.30	-3.47%
2006-2007	1,559.40	3.86%

2. ECONOMIC CONDITION AND OUTLOOK: Hanover Township is experiencing an increase in planning board applications which is a positive sign for future construction. The Township's revaluation is scheduled to take effect on January 1, 2011. Florham Park Borough is anticipating modest growth and development over the next couple of years. East Hanover Township is experiencing an increase in tax appeals for commercial properties; however, additional ratables are expected over the next couple of years.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2010-2011, please refer to the Superintendent's Office.

Students in the Class of 2011 at both of the District's high schools were granted diplomas in June 2011.

	Regular Pupils	Special Education Pupils	Limited English	Total Pupils
Grade 12 Enrollment 6/30/11	303.0	32.5	5	341.5
No. Students Graduating	303.0	32.5	5	341.5
No. Students Passing HSPA*	299.0	15.5	3	317.5
No. Students Passing ASHA*	4.0	5.5	2	11.5
No. Students HSPT Exempt*	- 0 -	11.5	- 0 -	11.5
No. Graduates Passing HSPT in their Native Language	- 0 -	- 0 -	- 0 -	- 0 -
No. Students Denied a Diploma	- 0 -	- 0 -	- 0 -	- 0 -

\* May be a duplicated count.

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 3  
October 3, 2011

3. MAJOR INITIATIVES (Cont'd):

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2011.

	<u>4-Year College</u>	<u>2-Year College</u>	<u>Armed Forces</u>	<u>Other Education</u>	<u>Total</u>
Hanover Park	157.5	33.5	1.0	5	197.0
Whippany Park	112.0	28.0	- 0 -	5	144.5

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 awards and state awards, 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. This internal control system is also subject to periodic evaluation by the District's management.

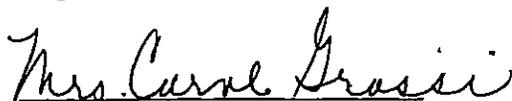
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.
6. ACCOUNTING SYSTEM 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 Basic Financial Statements", Note 1.

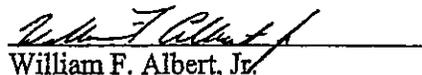
The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 4  
October 3, 2011

7. DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt includes \$26,114,000 of School Bonds issued July 15, 2005.
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.
10. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *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.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hanover Park Regional District 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,



Mrs. Carol Grossi  
Superintendent



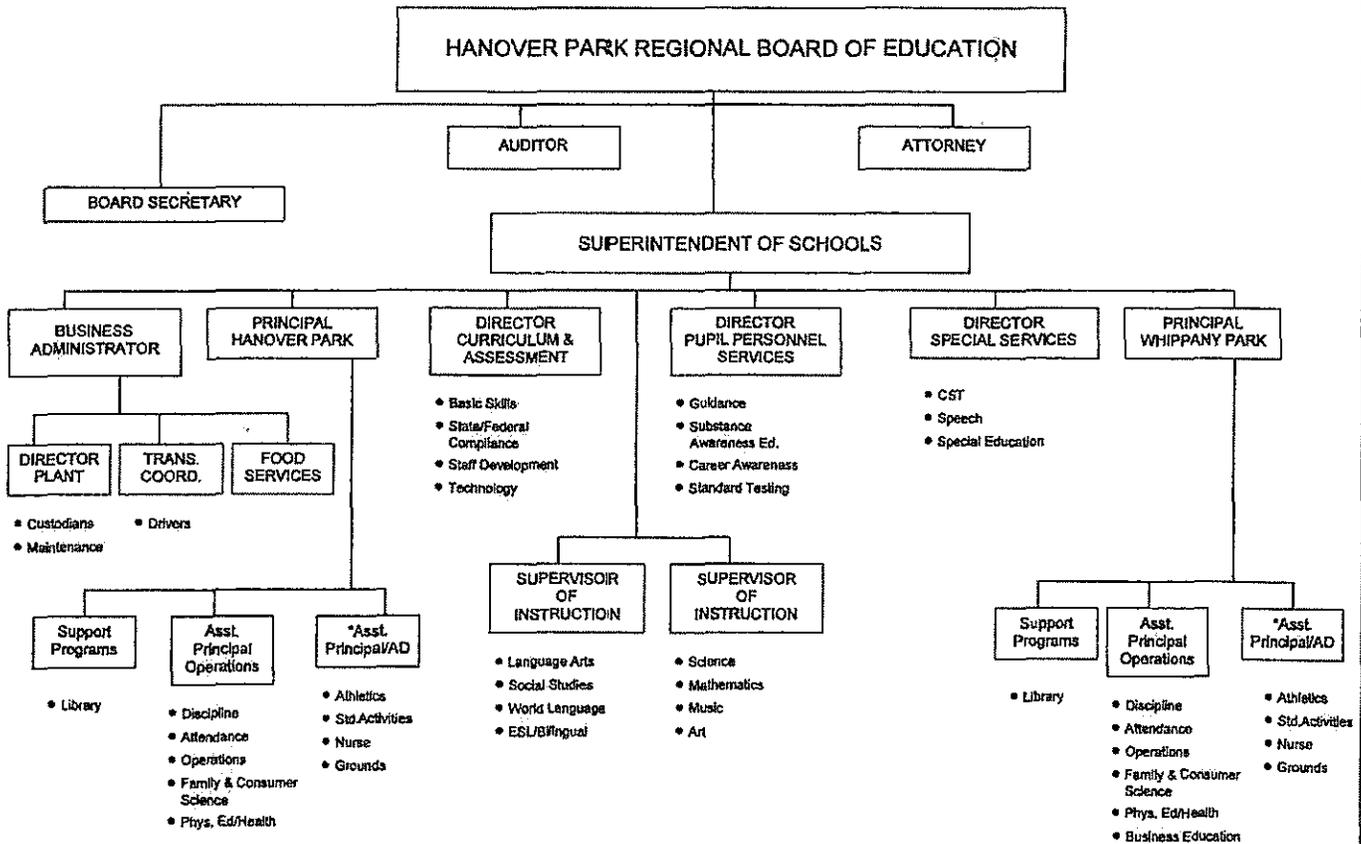
William F. Albert, Jr.  
Business Administrator/Board Secretary

# POLICY

# HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

ADMINISTRATION  
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Organizational Chart

## 1110 ORGANIZATIONAL CHART



\* Assistant Principal/AD will be one District position  
Revised: 7/21/10  
Board Approved 9/15/10



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joan Seery - President	2013
Gerard Freda - Vice President	2012
John Corona	2012
Ernest Eveland	2012
Richard Ford	2013
James Herbert	2014
Glen Johnstone	2012
Ralph Politi	2013
Stephanie Politi	2014

<u>Other Officers</u>	<u>Title</u>
Carol Grossi	Superintendent of Schools
William F. Albert, Jr.	Board Secretary/Business Administrator
Patricia Mackenzie	Treasurer
Maria Carrell	Director of Curriculum, Instruction and Assessment

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
Consultants and Advisors  
Year Ended June 30, 2011**

**Audit Firm**

Nisivoccia, LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856-1320

and

Lawrence Business Park  
11 Lawrence Road  
Newton, New Jersey 07860

**Attorney**

Anthony P. Sciarrillo, Esq.  
Lindabury, McCormick & Estabrook, P.C.  
53 Cardinal Drive  
P.O. Box 2369  
Westfield, New Jersey 07090

**Architect**

Parette-Somjen Architects  
439 U.S. Route 46, Suite 4  
Rockaway, New Jersey 07866

**Official Depositories**

TD Bank  
East Hanover, New Jersey 07936

Valley National Bank  
East Hanover, New Jersey 07936

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Hanover Park Regional High School District  
 County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District in the County of Morris as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District in the County of Morris as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011 on our consideration of the Board of Education of the Hanover Park Regional High School District's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 2

The Management's Discussion and Analysis and Budgetary Comparison Information on Exhibits C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Hanover Park Regional High School District's basic financial statements. The accompanying introductory section, supplementary schedules such as the combining and individual fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Nisivoccia, LLP*

NISIVOCCIA, LLP

October 3, 2011  
Mount Arlington, New Jersey

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

This section of Hanover Park Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial position increased \$2,218,005 over the course of the year.
- Overall revenue was \$32,284,841.
- Overall expenditures were \$30,002,118.
- Net assets from the District's governmental activities increased \$2,248,742 primarily as a result of a \$1.2 million reduction in debt and decreases in projected spending.
- The net assets from the District's business-type activity – food services – decreased \$30,737 due to an increase in operating costs.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Figure A-1  
Organization of Hanover Park Regional School District's Financial Report**

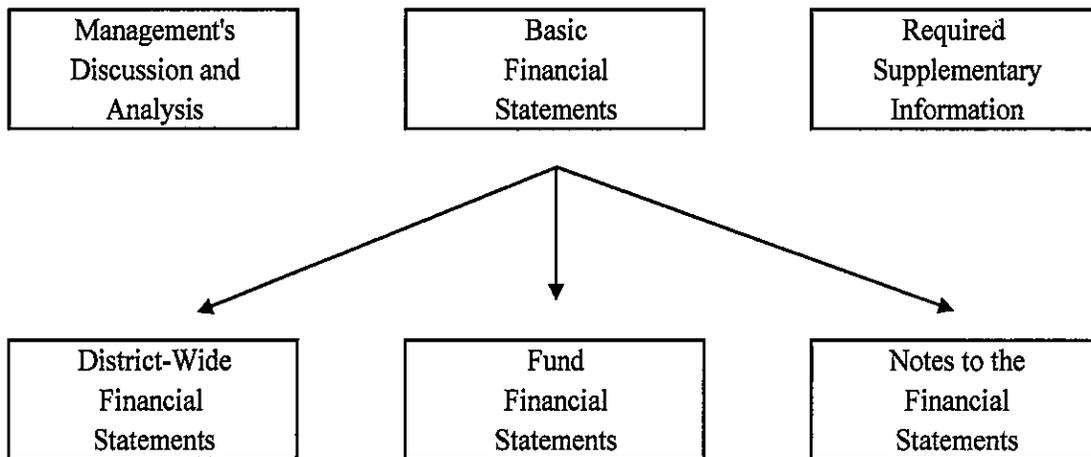


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**District-Wide Statements**

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

The two District-wide statements report the District's *net assets* and how they have changed. Net assets is the difference between the District's assets and liabilities and is one way to measure the District's financial health or *position*.

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

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

**Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Fund Financial Statements**

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to financial statements:* Provide additional information essential for a full understanding of District-Wide and fund financial statements.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Assets.* The District's combined net assets were \$32,941,144 on June 30, 2011, \$2,218,005 or 7.22% higher than they were the year before (See Figure A-3). Net assets from governmental activities increased \$2,248,742 and net assets from business-type activities decreased by \$30,737 (See Figure A-4). Net assets invested in capital assets (net of related debt) increased \$590,212, restricted net assets increased \$1,370,430 and unrestricted net assets increased \$257,363.

**Figure A-3**

**Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Current and							
Other Assets	\$ 12,826,568	\$ 12,019,552	\$ 180,299	\$ 203,791	\$ 13,006,867	\$ 12,223,343	6.41%
Capital Assets	46,840,578	47,442,304	57,187	65,249	46,897,765	47,507,553	-1.28%
Total Assets	59,667,146	59,461,856	237,486	269,040	59,904,632	59,730,896	0.29%
Long-Term Debt							
Outstanding	26,700,455	27,894,551			26,700,455	27,894,551	-4.28%
Other Liabilities	212,928	1,062,284	50,105	50,922	263,033	1,113,206	-76.37%
Total Liabilities	26,913,383	28,956,835	50,105	50,922	26,963,488	29,007,757	-7.05%
Net Assets:							
Invested in							
Capital Assets,							
Net of Related							
Debt	26,133,718	25,535,444	57,187	65,249	26,190,905	25,600,693	2.31%
Restricted	6,521,521	5,151,091			6,521,521	5,151,091	26.60%
Unrestricted/ (Deficit)	98,524	(181,514)	130,194	152,869	228,718	(28,645)	898.46%
Total Net Assets	\$ 32,753,763	\$ 30,505,021	\$ 187,381	\$ 218,118	\$ 32,941,144	\$ 30,723,139	7.22%

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Financial Analysis of the District as a Whole**

*Changes in net assets.* The District's combined net assets increased by \$2,218,005 or 7.22%. Net assets invested in capital assets increased by \$590,212 primarily due to a \$1,200,000 reduction in debt and \$225,772 in capital additions from governmental activities offset by \$829,380 in depreciation (\$821,318 from governmental and \$8,062 from business-type activities). Restricted net assets increased by \$1,370,430 largely due to \$1,048,464 in SDA grant revenue realized, increases in encumbrances of \$404,886 and capital reserve of \$333,422 offset by reductions of surplus designated for subsequent year's expenditures of \$615,316. Unrestricted net assets increased \$257,363 as a result of reduced spending to offset surplus used to support the 2010/11 budget and reductions in state aid. The net assets of the business-type activities decreased \$30,737 as a result of an increase in the cost of sales. (See Figure A-4).

**Figure A-4**

**Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Revenue:							
Program Revenue:							
Charges for Services			\$ 505,962	\$ 522,111	\$ 505,962	\$ 522,111	-3.09%
Operating Grants & Contributions	\$ 2,322,194	\$ 3,062,590			2,322,194	3,062,590	-24.18%
Capital Grants & Contributions	1,048,464	2,063,974			1,048,464	2,063,974	-49.20%
General Revenue:							
Property Taxes	27,727,252	26,648,013			27,727,252	26,648,013	4.05%
Federal & State Aid	337,033	288,635			337,033	288,635	16.77%
Other	343,591	238,973	345	2,292	343,936	241,265	42.56%
Total Revenue	31,778,534	32,302,185	506,307	524,403	32,284,841	32,826,588	-1.65%
Expenses:							
Instruction	14,976,292	15,539,344			14,976,292	15,539,344	-3.62%
Pupil & Instruction Services	5,804,733	5,659,984			5,804,733	5,659,984	2.56%
Administration and Business	2,515,465	3,243,866			2,515,465	3,243,866	-22.45%
Maintenance & Operations	2,807,016	3,145,117			2,807,016	3,145,117	-10.75%
Transportation	1,647,907	1,392,272			1,647,907	1,392,272	18.36%
Other	1,713,661	1,364,239	537,044	517,943	2,250,705	1,882,182	19.58%
Total Expenses	29,465,074	30,344,822	537,044	517,943	30,002,118	30,862,765	-2.79%
SDA Grants Cancelled	(64,718)				(64,718)		100.00%
Change in Net Assets	\$ 2,248,742	\$ 1,957,363	\$ (30,737)	\$ 6,460	\$ 2,218,005	\$ 1,963,823	

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Financial Analysis of the District as a Whole**

*Revenue Sources.* The District's total revenue for the 2010-2011 fiscal school year was \$32,284,841. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$27,727,252, or 85.88% of total revenue. (See Figure A-5). Another 11.49% came from state and federal aid and the remaining 2.64% came from charges for services and miscellaneous sources. Hanover Park Regional High School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5**

**Sources of Revenue for Fiscal Year 2011 and 2010**

Sources of Income	2011	Percentage	2010	Percentage
State Formula Aid	\$ 144,041	0.45%	\$ 920,001	2.80%
Property Taxes	27,727,252	85.88%	26,648,013	81.18%
Federal and State Categorical Grants	3,563,650	11.04%	4,495,198	13.69%
Charges for Services	505,962	1.57%	522,111	1.59%
Other	343,936	1.07%	241,265	0.73%
	<u>\$ 32,284,841</u>	<u>100.00%</u>	<u>\$ 32,826,588</u>	<u>100.00%</u>

The total cost of all programs and services was \$30,002,118. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (74.76%). (See Figure A-6). The District's administration and business activities accounted for 8.38% of total expenses. Hanover Park High School has a very unique physical plant that, while greatly appreciated in the fall and spring, creates many difficulties in the winter and in inclement weather all year round. The age and the layout of Hanover Park High School contribute to higher maintenance costs (9.36%) than those of the standard high school plant. Hanover Park also boasts the only high school in New Jersey with seven bridges on its campus. It is important to note that other expenses for the year (7.50%) include \$829,380 of depreciation - \$821,318 from its governmental and \$8,062 from its business-type activities.

**Figure A-6**

**Expenses for Fiscal Year 2011 and 2010**

Expense Category	2011	Percentage	2010	Percentage
Instruction	\$ 14,976,292	49.92%	\$ 15,539,344	50.35%
Pupil & Instruction Services	5,804,733	19.35%	5,659,984	18.34%
Administration and Business	2,515,465	8.38%	3,243,866	10.51%
Maintenance & Operations	2,807,016	9.36%	3,145,117	10.19%
Transportation	1,647,907	5.49%	1,392,272	4.51%
Other	2,250,705	7.50%	1,882,182	6.10%
	<u>\$ 30,002,118</u>	<u>100.00%</u>	<u>\$ 30,862,765</u>	<u>100.00%</u>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Governmental Activities**

The financial position of the District remains stable. Maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits cost and the costs associated with training new teachers. These and the loss of State aid resulted in the three communities in the regional district being subject to a tax increase.

Careful management of expenses remains essential for the District to sustain its financial health. The many significant cost saving measures have lead to superior transportation efficiency and fiscal restraint. The District's cost-saving measures included:

- Reduced insurance premiums for the 2010-12 year
- All employees contribute towards health and dental benefits
- Group purchasing for electric, gas, insurance and telecommunications
- Increased transportation efficiency
- Continuation of in-district special education programs

Due to the constraints placed upon the District by recent legislation, it is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010/11	2009/10	2010/11	2009/10
Instruction	\$ 14,976,292	\$ 15,539,344	\$ 13,213,832	\$ 13,362,351
Pupil & Instruction Services	5,804,733	5,659,984	5,469,021	5,322,907
Administration and Business	2,515,465	3,243,866	2,369,509	3,092,634
Maintenance & Operations	2,807,016	3,145,117	1,758,552	1,081,143
Transportation	1,647,907	1,392,272	1,569,841	994,984
Other	1,713,661	1,364,239	1,713,661	1,364,239
<b>Total</b>	<b>\$ 29,465,074</b>	<b>\$ 30,344,822</b>	<b>\$ 26,094,416</b>	<b>\$ 25,218,258</b>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Governmental Activities**

- The cost of all governmental activities this year was \$29,465,074.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,563,650).
- Most of the District's costs were financed by \$27,727,252 of District taxes.
- A portion of governmental activities was financed with \$144,041 in State Aid based on the CEIFA formula.
- The remaining \$343,591 of the District's funding came from \$314,556 in miscellaneous revenue and \$29,035 in investment earnings.

**Business-Type Activities**

- Net assets from the District's business-type activities (food service program) decreased \$30,737 primarily as a result of an increase in the cost of sales. (Refer to Figure A-4).

**Financial Analysis of the District's Funds**

The District's financial position remains stable despite the loss of State Aid and difficult economic times. Expenditures during the recent year decreased significantly as a result of the loss of all of the District's State Aid. The District reduced costs across most areas with the exception of Tuition for Out-of-District students, Transportation and Employee Benefits.

A slight decrease in enrollment will be a one year event as the 2011-12 enrollment projections show an increase above 2009-10 enrollment figures. This decrease in enrollment coupled with the loss of State Aid led to a slight reduction in staffing.

The District anticipates that the difficult economic times will continue to impact the District. The District has had a multi-year practice of utilizing funds from the unappropriated balance to reduce the tax levy. Ratables significantly declined in two of the three communities and increased only slightly in the third causing concern for the local tax levy in the future.

All of these factors are likely to continue into the next year. To maintain a stable financial position, the District must continue to practice sound financial management.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Capital Asset and Debt Administration**

**Figure A-8**

**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	0.00%
Construction in Progress	242,514	41,121,509			242,514	41,121,509	-99.41%
Site Imps.	564,788	309,434			564,788	309,434	82.52%
Buildings & Bldg. Imps.	43,081,554	2,875,007			43,081,554	2,875,007	1398.49%
Machinery, Furniture and Equipment	990,396	1,175,028	\$ 57,187	\$ 65,249	1,047,583	1,240,277	-15.54%
<b>Total</b>	<b>\$46,840,578</b>	<b>\$47,442,304</b>	<b>\$ 57,187</b>	<b>\$ 65,249</b>	<b>\$46,897,765</b>	<b>\$47,507,553</b>	<b>-1.28%</b>

The District expended \$225,772 for several capital construction projects. This increase was offset by \$829,380 in depreciation (\$821,318 from its governmental and \$8,062 from its business-type activities). Additionally, assets with historical cost of \$61,799 and accumulated depreciation of \$55,619, or a net book value of \$6,180, were disposed during the year. During the 2010-2011 school year, the District completed several projects with an aggregate cost of \$41,104,767 which were transferred to site improvements and buildings and building improvements. Construction in progress includes construction of renovations, paving upgrades and installation of security cameras at Hanover Park and Whippany Park High Schools.

**Long-Term Debt**

At year-end, the District had \$26,114,000 in general obligation bonds outstanding – a decrease of \$1,200,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Debt**

	Total School District		Percent Change
	2010/11	2009/10	
General Obligation Bonds (Financed with Property Taxes)	\$ 26,114,000	\$ 27,314,000	-4.39%
Other Long-Term Debt	586,455	580,551	1.02%
<b>Total</b>	<b>\$ 26,700,455</b>	<b>\$ 27,894,551</b>	<b>-4.28%</b>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
EAST HANOVER, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

**Long-Term Debt**

- The District retired \$1,200,000 of general obligation bonds.
- Compensated absences payable increased by \$5,904.

**Factors Bearing on the District's Future**

At the time these financial statement were prepared an audited, the District was aware of five existing circumstances that could significantly affect its financial health in the future:

- The 2010-11 school budget was approved by the voter on April 19, 2011.
- On June 28, 2011, Chapter 78, P.L. 2011 became effective. This law increases the employee contribution to both the pension and health benefit systems.
- On July 13, 2010, the Governor signed into law a reduction of the tax cap levy CAP from a 4% to a 2% increase. This reduction in the District's primary revenue source will significantly affect the District's planned spending.
- The Governor eliminated State aid for the District for the 2010-11 fiscal year. This equated to a loss of \$1,444,955 from 2009-10.
- The labor agreement with the District's two bargaining units, the Hanover Park Regional Administrator's Association and the Hanover Park Regional Education Association, will expire on June 30, 2012.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 75 Mt. Pleasant Avenue, East Hanover, New Jersey 07936.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,682,958	\$ 169,998	\$ 7,852,956
Cash with Fiscal Agents	1,837		1,837
Internal Balances	(45)	45	
Receivable from Federal Government	127,583		127,583
Receivable from State Government	3,306,823		3,306,823
Inventories		10,256	10,256
Restricted Assets:			
Capital Reserve Account - Cash	1,657,412		1,657,412
Maintenance Reserve Account - Cash	50,000		50,000
Capital Assets:			
Site (Land) and Construction in Progress	2,203,840		2,203,840
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	44,636,738	57,187	44,693,925
<b>Total Assets</b>	<b>59,667,146</b>	<b>237,486</b>	<b>59,904,632</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	173,224		173,224
Payable to State Government	78		78
Accounts Payable - Vendors	29,369	50,105	79,474
Deferred Revenue	8,420		8,420
Noncurrent Liabilities:			
Due Within One Year	1,320,079		1,320,079
Due Beyond One Year	25,380,376		25,380,376
<b>Total Liabilities</b>	<b>26,913,383</b>	<b>50,105</b>	<b>26,963,488</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	26,133,718	57,187	26,190,905
Restricted for:			
Capital Projects	2,212,422		2,212,422
Other Purposes	4,309,099		4,309,099
Unrestricted	98,524	130,194	228,718
<b>Total Net Assets</b>	<b>\$ 32,753,763</b>	<b>\$ 187,381</b>	<b>\$ 32,941,144</b>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 11,400,691		\$ 1,084,543		\$ (10,316,148)	\$ (10,316,148)	
Special Education	1,688,779		525,402		(1,163,377)	(1,163,377)	
Other Special Instruction	170,088		16,550		(153,538)	(153,538)	
Vocational	44,193		4,295		(39,898)	(39,898)	
Other Instruction	1,672,541		131,670		(1,540,871)	(1,540,871)	
<b>Support Services:</b>							
Tuition	2,106,145				(2,106,145)	(2,106,145)	
Student & Instruction Related Services	3,698,588		335,712		(3,362,876)	(3,362,876)	
General Administration Services	789,613		39,496		(750,117)	(750,117)	
School Administration Services	1,194,218		87,369		(1,106,849)	(1,106,849)	
Central Services	488,275		19,091		(469,184)	(469,184)	
Administration Information Technology	43,359				(43,359)	(43,359)	
Plant Operations and Maintenance	2,807,016			\$ 1,048,464	(1,758,552)	(1,758,552)	
Pupil Transportation	1,647,907		78,066		(1,569,841)	(1,569,841)	
Interest on Long-Term Debt	1,054,345				(1,054,345)	(1,054,345)	
Unallocated Depreciation	659,316				(659,316)	(659,316)	
<b>Total Governmental Activities</b>	<b>29,465,074</b>	<b>\$ - 0 -</b>	<b>2,322,194</b>	<b>1,048,464</b>	<b>(26,094,416)</b>	<b>\$ - 0 -</b>	<b>(26,094,416)</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities: Food Service	\$ 537,044	\$ 505,962				\$ (31,082)	\$ (31,082)
Total Primary Government	<u>\$ 30,002,118</u>	<u>\$ 505,962</u>	<u>\$ 2,322,194</u>	<u>\$ 1,048,464</u>	\$ (26,094,416)	(31,082)	(26,125,498)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 25,465,407			\$ 25,465,407
Taxes Levied for Debt Service				2,261,845			2,261,845
Federal and State Aid not Restricted				337,033			337,033
Investment Earnings				29,035	\$ 345		29,380
Miscellaneous Income				314,556			314,556
Special Item - SDA Grants Cancelled				(64,718)			(64,718)
Total General Revenue and Special Items				<u>28,343,158</u>		<u>345</u>	<u>28,343,503</u>
Change in Net Assets				2,248,742	(30,737)		2,218,005
Net Assets - Beginning				<u>30,505,021</u>		<u>218,118</u>	<u>30,723,139</u>
Net Assets - Ending				<u>\$ 32,753,763</u>	<u>\$ 187,381</u>		<u>\$ 32,941,144</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 4,898,186		\$ 2,784,772		\$ 7,682,958
Cash with Fiscal Agents				\$ 1,837	1,837
Interfunds Receivable	115,437		253,600		369,037
Receivable from Federal Government		\$ 127,583			127,583
Receivable from State Government	383,045		2,923,778		3,306,823
Restricted Cash and Cash Equivalents	1,707,412				1,707,412
<b>Total Assets</b>	<b>\$ 7,104,080</b>	<b>\$ 127,583</b>	<b>\$ 5,962,150</b>	<b>\$ 1,837</b>	<b>\$ 13,195,650</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable - Vendors	\$ 25,721	\$ 3,648			29,369
Intergovernmental Payable - State		78			78
Interfunds Payable	253,645	115,437			369,082
Deferred Revenue		8,420			8,420
<b>Total Liabilities</b>	<b>279,366</b>	<b>127,583</b>		<b>1,837</b>	<b>408,786</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	1,657,412				1,657,412
Maintenance Reserve Account	50,000				50,000
Excess Surplus	1,717,379				1,717,379
Excess Surplus - Designated for Subsequent Year's Expenditures	1,696,962				1,696,962
Capital Projects			\$ 5,407,140		5,407,140

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Fund Balances:					
Committed:					
Capital Projects			\$ 555,010		\$ 555,010
Assigned:					
Year - End Encumbrances	\$ 694,346				694,346
Designated for Subsequent Year's Expenditures	150,412				150,412
Unassigned	858,203				858,203
Total Fund Balances	<u>6,824,714</u>		<u>5,962,150</u>		<u>12,786,864</u>
Total Liabilities and Fund Balances	<u>\$ 7,104,080</u>	<u>\$ 127,583</u>	<u>\$ 5,962,150</u>	<u>\$ 1,837</u>	<u>\$ 13,195,650</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (Exhibit A-1) are different because:

Total Fund Balances (Above)	\$ 12,786,864
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$61,035,129 and the accumulated depreciation is \$14,194,551.	46,840,578
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(173,224)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(26,700,455)</u>
Net Assets of Governmental Activities (Exhibit A-1)	<u>\$ 32,753,763</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 25,465,407			\$ 2,261,845	\$ 27,727,252
Interest Earned on Capital Reserve Funds	2,469				2,469
Miscellaneous	340,781	\$ 2,988	\$ 341		344,110
Total - Local Sources	25,808,657	2,988	341	2,261,845	28,073,831
State Sources	2,219,691	\$ 11,486	1,048,464		3,279,641
Federal Sources		425,062			425,062
Total Revenue	28,028,348	439,536	1,048,805	2,261,845	31,778,534
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	8,464,978	40,795			8,505,773
Special Education Instruction	1,195,106	69,387			1,264,493
Other Special Instruction	125,049				125,049
Vocational Programs - Instruction	32,504				32,504
Other Instruction	1,322,853				1,322,853
Support Services and Undistributed Costs:					
Tuition	1,839,699	266,446			2,106,145
Student & Instruction Related Services	2,733,498	62,908			2,796,406
General Administration Services	639,435				639,435
School Administration Services	892,738				892,738
Central Services	366,634				366,634
Administrative Information Technology	43,322				43,322

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Support Services and Undistributed Costs:					
Plant Operations and Maintenance	\$ 2,368,870				\$ 2,368,870
Pupil Transportation	1,216,651				1,216,651
Unallocated Benefits	5,896,454				5,896,454
Capital Outlay			\$ 225,772		225,772
Debt Service:					
Interest and Other Charges				\$ 1,061,845	1,061,845
Principal				1,200,000	1,200,000
<b>Total Expenditures</b>	<u>27,137,791</u>	<u>\$ 439,536</u>	<u>225,772</u>	<u>2,261,845</u>	<u>30,064,944</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>890,557</u>		<u>823,033</u>		<u>1,713,590</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
SDA Grants Cancelled			(64,718)		(64,718)
Transfers In	114,442		533,148		647,590
Transfers Out	(533,148)		(114,442)		(647,590)
<b>Total Other Financing Sources/(Uses)</b>	<u>(418,706)</u>		<u>353,988</u>		<u>(64,718)</u>
Net Change in Fund Balances	471,851		1,177,021		1,648,872
Fund Balance - July 1	<u>6,352,863</u>		<u>4,785,129</u>		<u>11,137,992</u>
Fund Balance - June 30	<u>\$ 6,824,714</u>	<u>\$ - 0 -</u>	<u>\$ 5,962,150</u>	<u>\$ - 0 -</u>	<u>\$ 12,786,864</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,648,872

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 depreciation and the disposal of capital assets exceeded capital outlays in the period.

	Depreciation Expense	\$ (821,318)	
	Disposal of Capital Assets, Net of Accumulated Depreciation	(6,180)	
	Capital Outlays	<u>225,772</u>	(601,726)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (5,904)

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. 7,500

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 1,200,000

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 2,248,742

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2011

	Business-Type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 169,998
Interfund Receivable - General Fund	45
Inventories	10,256
Total Current Assets	180,299
Non-Current Assets:	
Capital Assets:	
Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	(344,545)
Total Non-Current Assets	57,187
Total Assets	237,486
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	50,105
Total Liabilities	50,105
<u>NET ASSETS:</u>	
Investment in Capital Assets, Net of Related Debt	57,187
Unrestricted	130,194
Total Net Assets	\$ 187,381

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 490,558
Special Events	700
Free and Reduced Lunches Subsidized by District	14,704
Total Operating Revenue	505,962
Operating Expenses:	
Cost of Sales - Vendor	215,372
Cost of Sales - District	14,704
Salaries, Benefits & Payroll Taxes	215,314
Supplies, Insurance & Other Costs	12,397
Management Fee	35,604
Miscellaneous Expense	9,390
Operating Expense	26,201
Depreciation Expense	8,062
Total Operating Expenses	537,044
Operating Income/(Loss)	(31,082)
Non-Operating Income:	
Interest Income	345
Total Non-Operating Income	345
Change in Net Assets	(30,737)
Net Assets - Beginning of Year	218,118
Net Assets - End of Year	\$ 187,381

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

## Exhibit B-6

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-Type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 491,258
Receipts from District	14,704
Payments by District for the Free Lunches	(14,704)
Payments to Food Service Vendor	<u>(515,581)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(24,323)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>345</u>
Net Cash Provided by Investing Activities	<u>345</u>
Cash Flows from Noncapital Financing Activities:	
Payments to General Fund	<u>(45)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(45)</u>
Net Decrease in Cash and Cash Equivalents	(24,023)
Cash and Cash Equivalents, July 1	<u>194,021</u>
Cash and Cash Equivalents, June 30	<u>\$ 169,998</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Loss	\$ (31,082)
Adjustment to Reconcile Operating Loss to Cash Provided by (Used for) Operating Activities:	
Depreciation	8,062
Changes in Assets and Liabilities:	
(Increase) in Inventory	(486)
(Decrease) in Accounts Payable	<u>(817)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (24,323)</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Total</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 153,652	\$ 149,343	\$ 26,004	\$ 328,999
Investments	22,994			22,994
Total Assets	<u>176,646</u>	<u>149,343</u>	<u>26,004</u>	<u>351,993</u>
<b><u>LIABILITIES:</u></b>				
Payroll Deductions and Withholdings	27,041			27,041
Due to Student Groups	149,605			149,605
Total Liabilities	<u>176,646</u>			<u>176,646</u>
<b><u>NET ASSETS:</u></b>				
Held in Trust for:				
Unemployment Claims		149,343		149,343
Scholarships			26,004	26,004
Total Net Assets	<u>\$ - 0 -</u>	<u>\$ 149,343</u>	<u>\$ 26,004</u>	<u>\$ 175,347</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Total
<b>ADDITIONS:</b>			
Contributions:			
Plan Members	\$ 39,771		\$ 39,771
Donations		\$ 34,505	34,505
Total Contributions	39,771	34,505	74,276
Investment Earnings:			
Interest	460		460
Net Investment Earnings	460		460
Total Additions	40,231	34,505	74,736
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	110,778		110,778
Scholarship Payments		35,271	35,271
Total Deductions	110,778	35,271	146,049
Change in Net Assets	(70,547)	(766)	(71,313)
Net Assets - Beginning of the Year	219,890	26,770	246,660
Net Assets - End of the Year	\$ 149,343	\$ 26,004	\$ 175,347

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Hanover Park Regional High School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

Debt Service Fund: The Debt Service Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Enterprise Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the prior year. Since the State recorded the last two state aid payments in the subsequent fiscal year, the District recognized these payments in the current year GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 27,884,307	\$ 443,382
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		(3,846)
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	144,041	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>-0-</u>	
Total Revenues as reported on the Statement of Revenues,		
Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 28,028,348</u>	<u>\$ 439,536</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,137,791	\$ 443,382
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(3,846)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 27,137,791</u>	<u>\$ 439,536</u>

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Total Revenue/Fund Balance - Budgetary Basis	\$ 355,432	\$ 6,332,156
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on the GAAP Basis	<u>693,032</u>	<u>(370,006)</u>
Revenue/Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 1,048,464</u>	<u>\$ 5,962,150</u>

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents, and Investments: (Cont'd)

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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, 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. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2011.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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 fifteen years of service.

In the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$6,824,714 General Fund fund balance at June 30, 2011, \$966,387 is assigned fund balance of which \$694,346 is for year- end encumbrances and \$150,412 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012; \$1,657,412 is restricted in the capital reserve account; \$50,000 is restricted in the maintenance reserve account; \$1,696,962 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$1,717,379 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; and there is \$858,203 in unassigned fund balance.

Capital Projects Fund: Of the \$5,962,150 Capital Projects Fund fund balance at June 30, 2011, \$555,010 is committed on the GAAP basis (which is \$370,006 less than the budgetary basis due to SDA grants receivable which are not recognized until expended) and \$5,407,140 is restricted.

Debt Service Fund: The District has no Debt Service Fund balance at June 30, 2011.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund 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 year's budget. The District had excess surplus as noted above.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes 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.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital and maintenance reserves and capital projects.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$555,010 in committed resources attributable to SDA projects in the Capital Projects Fund at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$694,346 for year-end encumbrances and \$150,412 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2011.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which 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%.

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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

**Investments:**

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Cash With Fiscal Agents	Capital Reserve	Maintenance Reserve	Total
Checking Accounts	\$ 7,594,482		\$ 1,837			\$ 7,596,319
Savings Accounts	186,363			\$ 1,657,412	\$ 50,000	1,893,775
Cutwater Asset Mgmt. Certificates of Deposit	401,110	\$ 22,994				401,110 22,994
	<u>\$ 8,181,955</u>	<u>\$ 22,994</u>	<u>\$ 1,837</u>	<u>\$ 1,657,412</u>	<u>\$ 50,000</u>	<u>\$ 9,914,198</u>

During the period ended June 30, 2011, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2011, was \$9,914,198 and the bank balance was \$10,807,183. The \$401,110 balance on deposit with Cutwater Asset Management is uninsured and unregistered.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hanover Park Regional High School District by inclusion of \$800,000 on July 1, 1996 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the General Fund annual budget.

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

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance at July 1, 2010	\$ 1,323,990
Interest Earnings	2,469
Unexpended Funds of Completed Capital Projects	114,101
Budgeted Withdrawal	(533,148)
Increase by Board Resolution - June 22, 2011	<u>750,000</u>
Ending Balance at June 30, 2011	<u><u>\$ 1,657,412</u></u>

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the Capital Reserve were for use in DOE approved projects, consistent with the District's Long Range Facilities Plan.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution on June 22, 2011. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance at July 1, 2010	\$	-0-
Increase by Board Resolution - June 22, 2011		<u>50,000</u>
Ending Balance at June 30, 2011	<u>\$</u>	<u>50,000</u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	41,121,509	\$ 225,772	\$ (41,104,767)	242,514
Total Capital Assets not being Depreciated	<u>43,082,835</u>	<u>225,772</u>	<u>(41,104,767)</u>	<u>2,203,840</u>
Capital Assets being Depreciated:				
Site Improvements	1,893,268		301,555	2,194,823
Buildings and Building Improvements	11,858,711		40,741,413	52,600,124
Machinery and Equipment	4,036,342			4,036,342
Total Capital Assets being Depreciated	<u>17,788,321</u>	<u>- 0 -</u>	<u>41,042,968</u>	<u>58,831,289</u>
Governmental Activities Capital Assets	<u>60,871,156</u>	<u>225,772</u>	<u>(61,799)</u>	<u>61,035,129</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,583,834)	(46,201)		(1,630,035)
Buildings and Building Improvements	(8,983,704)	(590,485)	55,619	(9,518,570)
Machinery and Equipment	(2,861,314)	(184,632)		(3,045,946)
Total Accumulated Depreciation	<u>(13,428,852)</u>	<u>(821,318)</u>	<u>55,619</u>	<u>(14,194,551)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 47,442,304</u>	<u>\$ (595,546)</u>	<u>\$ (6,180)</u>	<u>\$ 46,840,578</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

## Business Type Activities:

## Capital Assets Being Depreciated:

Furniture and Equipment	\$ 401,732		\$ 401,732
Less Accumulated Depreciation	<u>(336,483)</u>	<u>\$ (8,062)</u>	<u>(344,545)</u>

Business Type Activities Capital Assets,  
Net of Accumulated Depreciation

<u>\$ 65,249</u>	<u>\$ (8,062)</u>	<u>\$ - 0 -</u>	<u>\$ 57,187</u>
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## Total Governmental and Business-Type Activities

<u>\$ 47,507,553</u>	<u>(603,608)</u>	<u>\$ (6,180)</u>	<u>\$ 46,897,765</u>
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During the year ended June 30, 2011, the District had active construction projects for additions, alterations and renovations, paving upgrades, auditorium renovations and installation of security cameras to Hanover Park and Whippany Park High Schools totaling \$47,679,437 of which the District expended \$225,772 during the year and has \$699,815 in construction encumbrances at June 30, 2011. The District completed \$41,104,767 of its capital projects during the fiscal year and disposed of capital assets originally valued at \$61,799 which were depreciated \$55,619 and had a carrying value of \$6,180.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 13,095
School Administrative Services	6,210
Plant Operations and Maintenance	17,885
Pupil Transportation	124,812
Unallocated	<u>659,316</u>
Total Depreciation	<u>\$ 821,318</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$289,857 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2011, to lease copying equipment valued at \$458,999 under operating leases which expire in 2015. Total operating lease payments made during the year ended June 30, 2011 were \$92,375. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 92,375
2013	92,375
2014	92,375
2015	<u>85,586</u>
	<u>\$ 362,711</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2010</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance 6/30/2011</u>
Serial Bonds Payable	\$ 27,314,000		\$ 1,200,000	\$ 26,114,000
Compensated Absences Payable	580,551	\$ 98,238	92,334	586,455
	<u>\$ 27,894,551</u>	<u>\$ 98,238</u>	<u>\$ 1,292,334</u>	<u>\$ 26,700,455</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$1,300,000 and the long-term portion is \$24,814,000.

The District had bonds outstanding as of June 30, 2011 as follows:

<u>Maturity Date</u>	<u>Serial Bonds Interest Rate</u>	<u>Amount</u>
10/1/2025	3.75% - 4.25%	<u>\$ 26,114,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 1,300,000	\$ 1,014,970	\$ 2,314,970
2013	1,300,000	966,220	2,266,220
2014	1,400,000	915,595	2,315,595
2015	1,500,000	859,345	2,359,345
2016	1,600,000	729,345	2,329,345
2017 - 2021	9,100,000	2,812,725	11,912,725
2022 - 2026	9,914,000	1,006,053	10,920,053
	<u>\$ 26,114,000</u>	<u>\$ 8,304,253</u>	<u>\$ 34,418,253</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 9. GENERAL LONG-TERM DEBT (Cont'd)

C. Capital Leases Payable:

As of June 30, 2011, the District had no capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$20,079 and the long-term portion is \$566,376.

The District had no liability at June 30, 2011 for compensated absences associated with its Food Service Enterprise Fund.

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. The TPAF 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 non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF, PERS and DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

District Contributions to PERS amounted to \$363,998, \$266,731 and \$226,463 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the District.

The employer and employee contributions to DCRP for the fiscal years ended June 30, 2011, 2010 and 2009 were \$115, \$0- and \$0-, respectively.

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, 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. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$811,463, \$780,375 and \$738,018 for 2011, 2010, and 2009, respectively.

NOTE 12. DEFERRED COMPENSATION

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

The plan administrator is as follows:

Lincoln Investment Planning, Inc.  
4 Commerce Drive, 3<sup>rd</sup> Floor  
Cranford, NJ 07016

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

The following is a summary of the District's contributions, employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ - 0 -	\$ 40,231	\$ 110,778	\$ 149,343
2009-2010	- 0 -	45,233	50,991	219,890
2008-2009	- 0 -	42,377	26,620	225,648

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2011.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 115,437	\$ 253,645
Special Revenue Fund		115,437
Capital Projects Fund	253,600	
Food Service Enterprise Fund	45	
	<u>\$ 369,082</u>	<u>\$ 369,082</u>

The Capital Projects Fund interfund balance at June 30, 2011 represents the General Fund current year budget appropriation for the local share of capital projects due to the Capital Projects Fund offset by interest earnings and unexpended capital projects proceeds which have not been remitted to the General Fund as of June 30, 2011. The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable.

During the fiscal year, the General Fund authorized a transfer of \$533,148 to the Capital Projects Fund for the local share of costs associated with newly authorized capital projects, and the Capital Projects Fund authorized a transfer of \$114,442 to the General Fund for the unexpended balance of local funds attributable to complete capital projects.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 16. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the regional school district on a predetermined, agreed-upon schedule.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 694,346	\$ 24,650	\$ 699,815	\$ 1,418,811

On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$24,650 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as a reduction in grants receivables or an increase in deferred revenue in the Special Revenue Fund.

**BUDGETARY COMPARISON SCHEDULES**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 25,465,407		\$ 25,465,407	\$ 25,465,407	
Interest Earned on Capital Reserve Funds	10,000		10,000	2,469	\$ (7,531)
Miscellaneous	200,000		200,000	340,781	140,781
<b>Total - Local Sources</b>	<u>25,675,407</u>		<u>25,675,407</u>	<u>25,808,657</u>	<u>133,250</u>
<b>State Sources:</b>					
Extraordinary Aid				325,852	325,852
Non-Public Transportation Aid				13,655	13,655
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				38,204	38,204
TPAF Post Retirement Medical Benefits (On-Behalf - Non-Budgeted)				811,463	811,463
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				886,476	886,476
<b>Total State Sources</b>				<u>2,075,650</u>	<u>2,075,650</u>
<b>TOTAL REVENUES</b>	<u>25,675,407</u>		<u>25,675,407</u>	<u>27,884,307</u>	<u>2,208,900</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
<b>Regular Programs - Instruction:</b>					
Grades 9-12 - Salaries of Teachers	\$ 8,318,353	\$ (105,367)	\$ 8,212,986	\$ 7,852,628	\$ 360,358
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	20,000	(3,459)	16,541	14,735	1,806
Purchased Professional-Educational Services	6,948	14,078	21,026	19,158	1,868
Other Purchased Services (400-500 series)	559	68	627	453	174
<b>Regular Programs - Undistributed Instruction:</b>					
Purchased Professional - Educational Services	14,800		14,800	2,839	11,961
Other Purchased Services (400-500 series)	244,229	2,998	247,227	167,102	80,125
General Supplies	394,608	10,728	405,336	326,006	79,330
Textbooks	127,419	(22,643)	104,776	80,506	24,270
Other Objects	6,918	(492)	6,426	1,551	4,875
<b>Total Regular Programs - Instruction</b>	<b>9,133,834</b>	<b>(104,089)</b>	<b>9,029,745</b>	<b>8,464,978</b>	<b>564,767</b>
<b>Special Education - Instruction:</b>					
<b>Cognitive Mild:</b>					
Salaries of Teachers	102,805		102,805	91,152	11,653
Other Salaries for Instruction	3,814		3,814		3,814
Other Purchased Services (400-500 series)	148		148	80	68
General Supplies	988	(200)	788	426	362
Other Objects	198		198		198
<b>Total Cognitive - Mild</b>	<b>107,953</b>	<b>(200)</b>	<b>107,753</b>	<b>91,658</b>	<b>16,095</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	\$ 66,054		\$ 66,054	\$ 64,097	1,957
General Supplies	727		727	115	\$ 727
Textbooks	485		485	115	370
Other Objects	97		97		97
<b>Total Behavioral Disabilities</b>	<b>67,363</b>		<b>67,363</b>	<b>64,212</b>	<b>3,151</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	837,495		837,495	758,384	79,111
Other Salaries for Instruction	317,770		317,770	279,331	38,439
Other Purchased Services (400-500 series)	148		148		148
General Supplies	5,135		5,135	737	4,398
Textbooks	1,435		1,435	784	651
<b>Total Resource Room/Resource Center</b>	<b>1,161,983</b>		<b>1,161,983</b>	<b>1,039,236</b>	<b>122,747</b>
<b>Total Special Education - Instruction</b>	<b>1,337,299</b>	<b>\$ (200)</b>	<b>1,337,099</b>	<b>1,195,106</b>	<b>141,993</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	103,640		103,640	98,598	5,042
Other Purchased Services (400-500 series)	1,000		1,000	76	924
General Supplies	500		500		500
<b>Total Basic Skills/Remedial - Instruction</b>	<b>105,140</b>		<b>105,140</b>	<b>98,674</b>	<b>6,466</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	\$ 27,333		\$ 27,333	\$ 26,051	\$ 1,282
General Supplies	1,824		1,824	324	1,500
<b>Total Bilingual Education - Instruction</b>	<b>29,157</b>		<b>29,157</b>	<b>26,375</b>	<b>2,782</b>
<b>Vocational Programs - Local - Instruction</b>					
Salaries of Teachers	33,933		33,933	32,457	1,476
Other Purchased Services (400-500 series)	300		300	47	253
General Supplies	500		500		500
<b>Total Vocational Programs - Local - Instruction</b>	<b>34,733</b>		<b>34,733</b>	<b>32,504</b>	<b>2,229</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	256,816		256,816	236,343	20,473
Purchased Services (300-500 series)	18,886	\$ 3,953	22,839	19,050	3,789
Supplies and Materials	12,557	1,698	14,255	9,503	4,752
Other Objects	19,913	(1,655)	18,258	10,062	8,196
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>308,172</b>	<b>3,996</b>	<b>312,168</b>	<b>274,958</b>	<b>37,210</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 859,447		\$ 859,447	\$ 755,906	\$ 103,541
Purchased Services (300-500 series)	199,607	\$ (5,900)	193,707	164,248	29,459
Supplies and Materials	93,871	(3,788)	90,083	74,239	15,844
Other Objects	46,728	10,855	57,583	53,502	4,081
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>1,199,653</b>	<b>1,167</b>	<b>1,200,820</b>	<b>1,047,895</b>	<b>152,925</b>
<b>Total Instruction</b>	<b>12,147,988</b>	<b>(99,126)</b>	<b>12,048,862</b>	<b>11,140,490</b>	<b>908,372</b>
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition to Other LEAs Within the State - Special	244,415	(553)	243,862	226,281	17,581
Tuition to County Vocational School District - Regular	266,290	46,000	312,290	308,608	3,682
Tuition to County Vocational School District - Special	73,031	(61,212)	11,819	9,640	2,179
Tuition to CSSD & Regular Day Schools		73,100	73,100	73,099	1
Tuition to Private Schools for the Handicapped - Within State	1,220,621	(76,710)	1,143,911	1,058,247	85,664
Tuition to Private Schools for the Handicapped - Outside State	59,645	129,367	189,012	163,824	25,188
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,864,002</b>	<b>109,992</b>	<b>1,973,994</b>	<b>1,839,699</b>	<b>134,295</b>
<b>Attendance &amp; Social Work:</b>					
Salaries	138,208		138,208	134,641	3,567
Supplies and Materials	600		600	413	187
<b>Total Attendance &amp; Social Work</b>	<b>138,808</b>		<b>138,808</b>	<b>135,054</b>	<b>3,754</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Health Services:</b>					
Salaries	\$ 168,294	\$ 6,500	\$ 174,794	\$ 166,787	\$ 8,007
Purchased Professional and Technical Services	83,710	(10,820)	72,890	47,098	25,792
Other Purchased Services (400-500 series)	572	218	790	720	70
Supplies and Materials	5,144	(173)	4,971	4,815	156
Other Objects	455	(35)	420	364	56
<b>Total Health Services</b>	<b>258,175</b>	<b>(4,310)</b>	<b>253,865</b>	<b>219,784</b>	<b>34,081</b>
<b>Speech, OT, PT and Related Services:</b>					
Salaries of Other Professional Staff	100,712		100,712	96,126	4,586
Purchased Professional - Educational Services	64,964		64,964	45,707	19,257
Supplies and Materials	764		764	244	520
Other Objects	107	200	307	219	88
<b>Total Speech, OT, PT and Related Services</b>	<b>166,547</b>	<b>200</b>	<b>166,747</b>	<b>142,296</b>	<b>24,451</b>
<b>Other Support Services - Students - Extra Services:</b>					
Purchased Professional - Educational Services	48,946		48,946	31,567	17,379
Supplies and Materials	284		284		284
<b>Total Other Support Services - Students - Extra Services</b>	<b>49,230</b>		<b>49,230</b>	<b>31,567</b>	<b>17,663</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Guidance:</b>					
Salaries of Other Professional Staff	\$ 856,224	\$ 289	\$ 856,513	\$ 825,851	\$ 30,662
Salaries of Secretarial and Clerical Assistants	129,523	(289)	129,234	124,780	4,454
Other Purchased Professional and Technical Services		1,660	1,660		1,660
Other Purchased Services (400-500 series)	34,659	1,386	36,045	27,236	8,809
Supplies and Materials	7,987	500	8,487	7,851	636
Other Objects	5,731	(500)	5,231	1,651	3,580
<b>Total Guidance</b>	<b>1,034,124</b>	<b>3,046</b>	<b>1,037,170</b>	<b>987,369</b>	<b>49,801</b>
<b>Child Study Teams:</b>					
Salaries of Other Professional Staff	502,131		502,131	445,043	57,088
Salaries of Secretarial and Clerical Assistants	76,845		76,845	72,827	4,018
Purchased Professional - Educational Services	6,179		6,179	475	5,704
Miscellaneous Purchased Services (400-500 series)	8,889	400	9,289	4,819	4,470
Supplies and Materials	7,222	(400)	6,822	4,978	1,844
Other Objects	719		719	381	338
<b>Total Child Study Teams</b>	<b>601,985</b>		<b>601,985</b>	<b>528,523</b>	<b>73,462</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	189,812		189,812	188,672	1,140
Salaries of Secretarial and Clerical Assistants	63,713		63,713	60,797	2,916
Other Purchased Services	500	300	800	355	445
Supplies and Materials	500	1,284	1,784	1,345	439
<b>Total Improvement of Instructional Services</b>	<b>254,525</b>	<b>1,584</b>	<b>256,109</b>	<b>251,169</b>	<b>4,940</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Educational Media Services/School Library:</b>					
Salaries	\$ 212,314		\$ 212,314	\$ 201,140	\$ 11,174
Salaries of Technology Coordinators	39,679		39,679	39,679	
Other Purchased Services (400-500 series)	19,447	\$ (123)	19,324	10,134	9,190
Supplies and Materials	70,919	223	71,142	68,312	2,830
Other Objects	150		150	135	15
<b>Total Educational Media Services/School Library</b>	<b>342,509</b>	<b>100</b>	<b>342,609</b>	<b>319,400</b>	<b>23,209</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Supervisors of Instruction	93,489		93,489	86,823	6,666
Salaries of Secretarial and Clerical Assistants	31,381		31,381	29,944	1,437
Other Purchased Services (400-500 series)	6,155	(100)	6,055	1,353	4,702
Supplies and Materials	1,500	(1,284)	216	216	
Other Objects	10,500	(1,400)	9,100		9,100
<b>Total Instructional Staff Training Services</b>	<b>143,025</b>	<b>(2,784)</b>	<b>140,241</b>	<b>118,336</b>	<b>21,905</b>
<b>Support Services - General Administration:</b>					
Salaries	431,376		431,376	409,420	21,956
Legal Services	80,846		80,846	76,679	4,167
Audit Fees	56,200		56,200	56,200	
Architectural/Engineering Services	13,093	(222)	12,871	17	12,854
Other Purchased Professional Services	3,000	222	3,222	3,222	
Purchased Professional and Technical Services	1,500		1,500		1,500
Communications/Telephone	12,323	(854)	11,469	11,207	262
BOE Other Purchased Services	3,000	(252)	2,748		2,748
Other Purchased Services (400-500 series)	54,854	(274)	54,580	49,382	5,198

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Support Services - General Administration (Cont'd):</b>					
General Supplies	\$ 8,494		\$ 8,494	\$ 7,531	\$ 963
BOE In-House Training/Meeting Supplies	500		500		500
Judgements		\$ 2,950	2,950	2,950	
Miscellaneous Expenditures	12,151		12,151	9,598	2,553
BOE Membership Dues and Fees	14,000		14,000	13,229	771
<b>Total Support Services - General Administration</b>	<b>691,337</b>	<b>1,570</b>	<b>692,907</b>	<b>639,435</b>	<b>53,472</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	710,312		710,312	633,265	77,047
Salaries of Secretarial and Clerical Assistants	211,680		211,680	200,696	10,984
Other Purchased Services (400-500 series)	37,818	(2,060)	35,758	25,450	10,308
Supplies and Materials	18,612	1,825	20,437	17,546	2,891
Other Objects	26,877	(1,095)	25,782	15,781	10,001
<b>Total Support Services - School Administration</b>	<b>1,005,299</b>	<b>(1,330)</b>	<b>1,003,969</b>	<b>892,738</b>	<b>111,231</b>
<b>Central Services:</b>					
Salaries	313,497		313,497	298,552	14,945
Purchased Technical Services	23,100	528	23,628	21,528	2,100
Miscellaneous Purchased Services (400-500 series)	69,508	(2,868)	66,640	36,228	30,412
Supplies and Materials	12,621		12,621	7,423	5,198
Other Objects	3,440		3,440	2,903	537
<b>Total Central Services</b>	<b>422,166</b>	<b>(2,340)</b>	<b>419,826</b>	<b>366,634</b>	<b>53,192</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Administration Information Technology:</b>					
Salaries	\$ 39,678	\$ 4,000	\$ 43,678	\$ 43,214	\$ 464
Other Purchased Services (400-500 series)	1,812		1,812		1,812
Supplies and Materials	110		110	108	2
<b>Total Administration Information Technology</b>	<b>41,600</b>	<b>4,000</b>	<b>45,600</b>	<b>43,322</b>	<b>2,278</b>
<b>Required Maintenance of School Facilities:</b>					
Salaries	267,958		267,958	245,135	22,823
Cleaning, Repair and Maintenance Services	219,178	19,490	238,668	152,299	86,369
General Supplies	90,624	(553)	90,071	71,034	19,037
<b>Total Required Maintenance of School Facilities</b>	<b>577,760</b>	<b>18,937</b>	<b>596,697</b>	<b>468,468</b>	<b>128,229</b>
<b>Custodial Services:</b>					
Salaries	758,364	(5,000)	753,364	691,703	61,661
Purchased Professional and Technical Services	15,000	(8,305)	6,695	2,490	4,205
Cleaning, Repair and Maintenance Services	60,916	(1,547)	59,369	32,763	26,606
Other Purchased Property Services	79,340	(2,233)	77,107	45,499	31,608
Insurance	180,000	(55,620)	124,380	123,989	391
Miscellaneous Purchased Services	11,130		11,130		11,130
General Supplies	73,929	(2,389)	71,540	49,698	21,842
Energy (Natural Gas)	524,942	(25,000)	499,942	231,060	268,882
Energy (Electricity)	479,500	(25,000)	454,500	397,711	56,789
Other Objects		100	100	100	
<b>Total Custodial Services</b>	<b>2,183,121</b>	<b>(124,994)</b>	<b>2,058,127</b>	<b>1,575,013</b>	<b>483,114</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
<b>Undistributed Expenditures:</b>					
<b>Care &amp; Upkeep of Grounds:</b>					
Salaries	\$ 247,609		\$ 247,609	\$ 230,532	\$ 17,077
Purchased Professional and Technical Services	7,600		7,600	600	7,000
Cleaning, Repair and Maintenance Services	49,513	\$ (17,302)	32,211	1,690	30,521
General Supplies	74,745	14,700	89,445	74,891	14,554
<b>Total Care &amp; Upkeep of Grounds</b>	<b>379,467</b>	<b>(2,602)</b>	<b>376,865</b>	<b>307,713</b>	<b>69,152</b>
<b>Security:</b>					
Purchased Professional and Technical Services		620	620	620	
General Supplies		17,432	17,432	17,056	376
<b>Total Security</b>		<b>18,052</b>	<b>18,052</b>	<b>17,676</b>	<b>376</b>
<b>Total Undist. Expend. - Operations &amp; Maintenance of Plant</b>	<b>3,140,348</b>	<b>(90,607)</b>	<b>3,049,741</b>	<b>2,368,870</b>	<b>680,871</b>
<b>Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	18,000	9,087	27,087	27,087	
<b>Salaries for Pupil Transportation:</b>					
Between Home and School - Regular	524,413	9,844	534,257	491,049	43,208
Between Home and School - Special Education	186,000	(11,800)	174,200	174,181	19
Other than Between Home and School - Regular	162,067	(37,721)	124,346	122,769	1,577
Between Home and School - Nonpublic	52,250	(42,709)	9,541	9,541	
Management Fee - ESC & CTSA Transportation Program	3,410		3,410	676	2,734
Other Purchased Professional & Technical Services	2,700		2,700	580	2,120

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Student Transportation Services (Cont'd):					
Cleaning, Repair and Maintenance Services	\$ 9,350		\$ 9,350	\$ 1,583	\$ 7,767
Contract Service (Reg. Students) - ESCs and CTSA's	28,401		28,401	25,649	2,752
Contract Service (Spl. Ed. Students) - ESCs and CTSA's	6,541	\$ 40,800	47,341	42,900	4,441
Aid in Lieu of Payments - Nonpublic	73,804	(32,500)	41,304	39,672	1,632
Miscellaneous Purchased Services - Transportation	26,960		26,960	20,010	6,950
General Supplies	236,715	59,557	296,272	256,856	39,416
Other Objects	3,656	443	4,099	4,098	1
<b>Total Student Transportation Services</b>	<b>1,334,267</b>	<b>(4,999)</b>	<b>1,329,268</b>	<b>1,216,651</b>	<b>112,617</b>
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	461,000		461,000	398,748	62,252
Other Retirement Contributions - PERS	320,000	52,838	372,838	372,838	
Workmen's Compensation	248,000	(48,000)	200,000	199,300	700
Health Benefits	3,660,000	(205,991)	3,454,009	3,129,732	324,277
Tuition Reimbursement	56,451	(3,700)	52,751	47,039	5,712
Other Employee Benefits	27,617		27,617	12,654	14,963
<b>Total Unallocated Benefits</b>	<b>4,773,068</b>	<b>(204,853)</b>	<b>4,568,215</b>	<b>4,160,311</b>	<b>407,904</b>
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (Non-Budgeted)				38,204	(38,204)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				811,463	(811,463)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				886,476	(886,476)
<b>Total On-Behalf Contributions</b>				<b>1,736,143</b>	<b>(1,736,143)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>4,773,068</b>	<b>(204,853)</b>	<b>4,568,215</b>	<b>5,896,454</b>	<b>(1,328,239)</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Total Undistributed Expenditures	\$ 16,261,015	\$ (190,731)	\$ 16,070,284	\$ 15,997,301	\$ 72,983
<b>TOTAL CURRENT EXPENSE</b>	<u>28,409,003</u>	<u>(289,857)</u>	<u>28,119,146</u>	<u>27,137,791</u>	<u>981,355</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Grades 9-12	5,000	(5,000)			
<b>Special Education - Instruction:</b>					
School-Sponsored and Other Instructional Programs		11,745	11,745		11,745
<b>Undistributed Expenditures:</b>					
Support Services - Child Study Teams	2,080	(2,080)			
Care and Upkeep of Grounds		39,318	39,318		39,318
School Buses - Regular		245,874	245,874		245,874
<b>Total Equipment</b>	<u>7,080</u>	<u>289,857</u>	<u>296,937</u>		<u>296,937</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>7,080</u>	<u>289,857</u>	<u>296,937</u>		<u>296,937</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 28,416,083		\$ 28,416,083	\$ 27,137,791	\$ 1,278,292
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,740,676)		(2,740,676)	746,516	3,487,192
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund - Interest Earnings				341	341
Transfer from Capital Projects Fund - Unexpended Balances				114,101	114,101
Transfer Capital Reserve to Capital Projects Fund	(533,148)		(533,148)	(533,148)	
Transfer to Food Service Fund	(1,474)		(1,474)		1,474
Total Other Financing Sources/(Uses)	(534,622)		(534,622)	(418,706)	115,916
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(3,275,298)		(3,275,298)	327,810	3,603,108
Fund Balance, July 1	6,496,904		6,496,904	6,496,904	
Fund Balance, June 30	\$ 3,221,606	\$ - 0 -	\$ 3,221,606	\$ 6,824,714	\$ 3,603,108
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,657,412	
Maintenance Reserve				50,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,696,962	
Excess Surplus				1,717,379	
Assigned:					
Year - End Encumbrances				694,346	
Designated for Subsequent Year's Expenditures				150,412	
Unassigned				858,203	
Fund Balance per Governmental Funds Budgetary/(GAAP) Basis				\$ 6,824,714	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUE:</b>					
Local Sources		\$ 5,346	\$ 5,346	\$ 4,021	\$ (1,325)
State Sources		14,829	14,829	14,829	
Federal Sources	\$ 302,447	127,198	429,645	424,532	(5,113)
<b>Total Revenue</b>	<u>302,447</u>	<u>147,373</u>	<u>449,820</u>	<u>443,382</u>	<u>(6,438)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries		700	700		700
Tuition	257,145	9,431	266,576	266,490	86
General Supplies	24,597	87,635	112,232	109,691	2,541
Textbooks		1,080	1,080	1,080	
<b>Total Instruction</b>	<u>281,742</u>	<u>98,846</u>	<u>380,588</u>	<u>377,261</u>	<u>3,327</u>
Support Services:					
Benefits		54	54		54
Purchased Professional and Technical Services	8,000	22,415	30,415	29,515	900
Purchased Professional/Educational Services		1,280	1,280	1,280	
Purchased Property Services		5,316	5,316	5,079	237
Other Purchased Services	10,428	12,514	22,942	22,412	530
Supplies and Materials	2,277	6,948	9,225	7,835	1,390
<b>Total Support Services</b>	<u>20,705</u>	<u>48,527</u>	<u>69,232</u>	<u>66,121</u>	<u>3,111</u>
<b>Total Expenditures</b>	<u>302,447</u>	<u>147,373</u>	<u>449,820</u>	<u>443,382</u>	<u>6,438</u>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 27,884,307	\$ 443,382
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(3,846)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Basis	144,041	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	-0-	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 28,028,348	\$ 439,536
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 27,137,791	\$ 443,382
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for Budgetary Purposes, but in the year the Supplies are received for Financial Reporting Purposes.		(3,846)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 27,137,791	\$ 439,536

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the prior year. Since the State recorded the last two state aid payments in the subsequent fiscal year, the District recognized these payments in the current year GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind			
	Title I	Title IIA	Title IIA Carryover	Title II D
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 29,194	\$ 17,219	\$ 15	\$ 59
Total Revenue	29,194	17,219	15	59
EXPENDITURES:				
Instruction:				
Tuition				
General Supplies	29,194			
Textbooks				
Total Instruction	29,194			
Support Services:				
Purchased Professional & Technical Services		5,000	15	
Purchased Professional - Educational Services				
Purchased Property Services				
Other Purchased Services		8,000		59
Supplies and Materials		4,219		
Total Support Services		17,219	15	59
Total Expenditures	\$ 29,194	\$ 17,219	\$ 15	\$ 59

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>IDEA Part B Basic</u>	<u>ARRA - IDEA Part B Basic</u>	<u>Learn &amp; Serve</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>
REVENUE:					
Local Sources					
State Sources				\$ 1,280	\$ 1,080
Federal Sources	\$ 265,925	\$ 102,910	\$ 9,210		
Total Revenue	<u>265,925</u>	<u>102,910</u>	<u>9,210</u>	<u>1,280</u>	<u>1,080</u>
EXPENDITURES:					
Instruction:					
Tuition	265,925	565			
General Supplies		70,960	5,537		
Textbooks					1,080
Total Instruction	<u>265,925</u>	<u>71,525</u>	<u>5,537</u>		<u>1,080</u>
Support Services:					
Purchased Professional & Technical Services		24,000	500		
Purchased Professional - Educational Services				1,280	
Purchased Property Services		5,079			
Other Purchased Services			1,884		
Supplies and Materials		2,306	1,289		
Total Support Services		<u>31,385</u>	<u>3,673</u>	<u>1,280</u>	
Total Expenditures	<u>\$ 265,925</u>	<u>\$ 102,910</u>	<u>\$ 9,210</u>	<u>\$ 1,280</u>	<u>\$ 1,080</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic Auxiliary Services	Nonpublic Handicapped Services		Local Grants	Totals 6/30/2011
	Compensatory Education	Supplemental Instruction	Examination & Classification		
REVENUE:					
Local Sources				\$ 4,021	\$ 4,021
State Sources	\$ 4,605	\$ 4,517	\$ 3,347		14,829
Federal Sources					424,532
Total Revenue	4,605	4,517	3,347	4,021	443,382
EXPENDITURES:					
Instruction:					
Tuition					266,490
General Supplies				4,000	109,691
Textbooks					1,080
Total Instruction				4,000	377,261
Support Services:					
Purchased Professional & Technical Services					29,515
Purchased Professional - Educational Services					1,280
Purchased Property Services					5,079
Other Purchased Services	4,605	4,517	3,347		22,412
Supplies and Materials				21	7,835
Total Support Services	4,605	4,517	3,347	21	66,121
Total Expenditures	\$ 4,605	\$ 4,517	\$ 3,347	\$ 4,021	\$ 443,382

**CAPITAL PROJECTS FUND**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 533,148
State Sources - SDA Grants	355,432
Interest Income	341
	<hr/>
Total Revenue and Other Financing Sources	888,921
	<hr/>
Expenditures and Other Financing Uses:	
Other Purchased Professional Technical Services	62,765
Construction Services	161,907
Other Objects	1,100
Operating Transfer Out - General Fund - Interest Earnings	341
Operating Transfer Out - General Fund - Unexpended Balances	114,101
SDA Grants Cancelled	70,534
	<hr/>
Total Expenditures and Other Financing Uses	410,748
	<hr/>
Excess/(Deficiency) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	478,173
	<hr/>
Fund Balance - Beginning Balance	5,853,983
	<hr/>
Fund Balance - Ending Balance	\$ 6,332,156
	<hr/>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 5,407,140
Committed	925,016
	<hr/>
Fund Balance per Budgetary Basis	6,332,156
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP Basis):	
SDA Grant Receivable not Recognized on GAAP Basis	(370,006)
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 5,962,150
	<hr/>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS**  
**ADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Total	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Bond Proceeds	\$ 20,195,767		\$ 20,195,767	\$ 20,195,767
Local Share	42		42	42
SDA Grant	9,616,996		9,616,996	9,616,996
<b>Total Revenue and Other Financing Sources</b>	<b>29,812,805</b>		<b>29,812,805</b>	<b>29,812,805</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	3,192,895		3,192,895	4,284,013
Construction Services	23,685,851		23,685,851	24,201,067
Other Objects	471,829		471,829	1,327,725
<b>Total Expenditures</b>	<b>27,350,575</b>		<b>27,350,575</b>	<b>29,812,805</b>
<b>Excess of Revenue &amp; Other Financing Sources Over Expenditures</b>	<b>\$ 2,462,230</b>	<b>\$ - 0 -</b>	<b>\$ 2,462,230</b>	<b>\$ - 0 -</b>

**Additional Project Information:**

Project Number	1990-050-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 20,195,767
Bonds Issued	\$ - 0 -
Original Authorized Cost	\$ 29,812,805
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 29,812,805
% Increase over Original Authorized Cost	0%
% Completion	92%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
ADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
<b>Revenue and Other Financing Sources:</b>				
Bond Proceeds	\$ 11,518,233		\$ 11,518,233	\$ 11,518,233
Local Share	42		42	42
SDA Grant	4,879,272		4,879,272	4,879,272
<b>Total Revenues and Other Financing Sources</b>	<b>16,397,547</b>		<b>16,397,547</b>	<b>16,397,547</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	1,768,239		1,768,239	2,313,233
Construction Services	11,379,287		11,379,287	12,896,961
Other Objects	305,111		305,111	1,187,353
<b>Total Expenditures</b>	<b>13,452,637</b>		<b>13,452,637</b>	<b>16,397,547</b>
<b>Excess of Revenue &amp; Other Financing Sources Over Expenditures</b>	<b>\$ 2,944,910</b>	<b>\$ - 0 -</b>	<b>\$ 2,944,910</b>	<b>\$ - 0 -</b>

**Additional Project Information:**

Project Number	1990-070-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 11,518,233
Bonds Issued	\$ - 0 -
Original Authorized Cost	\$ 16,397,547
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 16,397,547
% Increase over Original Authorized Cost	0%
% Completion	82%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS**  
**PAVING UPGRADES AT HANOVER PARK HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Total	Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve	\$ 174,489	\$ (47,148)	\$ 127,341	\$ 127,341
SDA Grant	116,326	(28,689)	87,637	87,637
Total Revenues	290,815	(75,837)	214,978	214,978
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	19,567		19,567	19,567
Construction Services	195,411		195,411	195,411
Total Expenditures	214,978		214,978	214,978
<b>Excess of Revenue and Other Financing Sources</b>				
Over Expenditures	\$ 75,837	\$ (75,837)	\$ - 0 -	\$ - 0 -
<b>Additional Project Information:</b>				
Project Number	1990-050-09-1003			
Grant Date	8/28/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 290,815			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 214,978			
% Increase over Original Authorized Cost	0%			
% Completion	100%			
Original Target Completion Date	September 2010			
Revised Target Completion Date	November 2010			

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
PAVING UPGRADES AT WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Total	Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve	\$ 117,225	\$ (66,953)	\$ 50,272	\$ 50,272
SDA Grant	78,150	(41,845)	36,305	36,305
Total Revenues	195,375	(108,798)	86,577	86,577
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	11,778		11,778	11,778
Construction Services	74,799		74,799	74,799
Total Expenditures	86,577		86,577	86,577
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	\$ 108,798	\$ (108,798)	\$ - 0 -	\$ - 0 -
<b>Additional Project Information:</b>				
Project Number	1990-070-09-1005			
Grant Date	8/28/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 195,375			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 86,577			
% Increase over Original Authorized Cost	0%			
% Completion	100%			
Original Target Completion Date	September 2010			
Revised Target Completion Date	November 2010			

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS**  
**INSTALLATION OF SECURITY CAMERAS AT HANOVER PARK HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Total	Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve	\$ 127,020		\$ 127,020	\$ 127,020
SDA Grant	84,680		84,680	84,680
<b>Total Revenues</b>	<b>211,700</b>		<b>211,700</b>	<b>211,700</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	13,092		13,092	19,200
Construction Services		\$ 113,472	113,472	192,443
Other Objects				57
<b>Total Expenditures</b>	<b>13,092</b>	<b>113,472</b>	<b>126,564</b>	<b>211,700</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ 198,608</b>	<b>\$ (113,472)</b>	<b>\$ 85,136</b>	<b>\$ - 0 -</b>
<b>Additional Project Information:</b>				
Project Number	1990-050-09-1004			
Grant Date	8/28/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 211,700			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 211,700			
% Increase over Original Authorized Cost	0%			
% Completion	60%			
Original Target Completion Date	September 2010			
Revised Target Completion Date	June 2012			

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS**  
**INSTALLATION OF SECURITY CAMERAS AT WHIPPANY PARK HIGH SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Total	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve	\$ 40,350		\$ 40,350	\$ 40,350
SDA Grant	26,900		26,900	26,900
<b>Total Revenues</b>	<b>67,250</b>		<b>67,250</b>	<b>67,250</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	3,650		3,650	8,814
Construction Services		\$ 48,435	48,435	58,436
<b>Total Expenditures</b>	<b>3,650</b>	<b>48,435</b>	<b>52,085</b>	<b>67,250</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ 63,600</b>	<b>\$ (48,435)</b>	<b>\$ 15,165</b>	<b>\$ - 0 -</b>

**Additional Project Information:**

Project Number	1990-070-09-1006
Grant Date	8/28/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 67,250
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 67,250
% Increase over Original Authorized Cost	0%
% Completion	77%
Original Target Completion Date	September 2010
Revised Target Completion Date	June 2012

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS**  
**PAVING UPGRADES AT HANOVER PARK HIGH SCHOOL - PHASE II**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Total	Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve		\$ 381,048	\$ 381,048	\$ 381,048
SDA Grant		254,032	254,032	254,032
<b>Total Revenues</b>		<b>635,080</b>	<b>635,080</b>	<b>635,080</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services		46,264	46,264	54,500
Construction Services				579,480
Other Objects		1,100	1,100	1,100
<b>Total Expenditures</b>		<b>47,364</b>	<b>47,364</b>	<b>635,080</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ - 0 -</b>	<b>\$ 587,716</b>	<b>\$ 587,716</b>	<b>\$ - 0 -</b>
<b>Additional Project Information:</b>				
Project Number	1990-050-10-1001			
Grant Date	11/30/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	635,080		
Additional Authorized Cost	\$	- 0 -		
Revised Authorized Cost	\$	635,080		
% Increase over Original Authorized Cost		0%		
% Completion		7%		
Original Target Completion Date	June 2012			
Revised Target Completion Date	June 2012			

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
PARTIAL ROOF REPLACEMENT AT WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
<b>Revenue and Other Financing Sources:</b>				
Transfer from Capital Reserve		\$ 152,100	\$ 152,100	\$ 152,100
SDA Grant		101,400	101,400	101,400
<b>Total Revenues</b>		<u>253,500</u>	<u>253,500</u>	<u>253,500</u>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services		16,501	16,501	22,500
Construction Services				231,000
<b>Total Expenditures</b>		<u>16,501</u>	<u>16,501</u>	<u>253,500</u>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<u>\$ - 0 -</u>	<u>\$ 236,999</u>	<u>\$ 236,999</u>	<u>\$ - 0 -</u>
<b>Additional Project Information:</b>				
Project Number	1990-070-10-1002			
Grant Date	11/30/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	253,500		
Additional Authorized Cost	\$	- 0 -		
Revised Authorized Cost	\$	253,500		
% Increase over Original Authorized Cost		0%		
% Completion		7%		
Original Target Completion Date	June 2012			
Revised Target Completion Date	June 2012			

PROPRIETARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 169,998
Interfund Receivable - General Fund	45
Inventories	<u>10,256</u>

## Total Current Assets

<u>180,299</u>
----------------

## Non-Current Assets:

## Capital Assets:

Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	<u>(344,545)</u>

## Total Non-Current Assets

<u>57,187</u>
---------------

## Total Assets

<u>237,486</u>
----------------

LIABILITIES:

Accounts Payable - Vendors	<u>50,105</u>
----------------------------	---------------

## Total Liabilities

<u>50,105</u>
---------------

NET ASSETS:

Investment in Capital Assets, Net of Related Debt	57,187
Unrestricted	<u>130,194</u>

## Total Net Assets

<u>\$ 187,381</u>
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## Exhibit G-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 490,558
Special Events	700
Free and Reduced Lunches Subsidized by District	14,704
	<hr/>
Total Operating Revenue	505,962
	<hr/>
Operating Expenses:	
Cost of Sales - Vendor	215,372
Cost of Sales - District	14,704
Salaries, Benefits & Payroll Taxes	215,314
Supplies and Materials	12,397
Management Fee	35,604
Miscellaneous Expense	9,390
Operating Expense	26,201
Depreciation Expense	8,062
	<hr/>
Total Operating Expenses	537,044
	<hr/>
Operating Loss	(31,082)
Non-Operating Income:	
Interest Income	345
	<hr/>
Total Non-Operating Income	345
	<hr/>
Change in Net Assets	(30,737)
Net Assets - Beginning of Year	218,118
	<hr/>
Net Assets - End of Year	\$ 187,381
	<hr/> <hr/>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 491,258
Receipts from District	14,704
Payments by District for Free Lunches	(14,704)
Payments to Food Service Vendor	<u>(515,581)</u>
Net Cash Provided (Used) by Operating Activities	<u>(24,323)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>345</u>
Net Cash Provided by Investing Activities	<u>345</u>
Net Cash from Noncapital Financing Activities:	
Payments to General Fund	<u>(45)</u>
Net Cash Provided(Used) by Noncapital Financing Activities	<u>(45)</u>
Net Decrease in Cash and Cash Equivalents	(24,023)
Cash and Cash Equivalents, July 1	<u>194,021</u>
Cash and Cash Equivalents, June 30	<u>\$ 169,998</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:	
Operating Loss	\$ (31,082)
Adjustment to Reconcile Operating Loss to Cash	
Provided by Operating Activities:	
Depreciation	8,062
Changes in Assets and Liabilities:	
Increase in Inventory	(486)
Decrease in Accounts Payable	<u>(817)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (24,323)</u>

**FIDUCIARY FUNDS**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
<b><u>ASSETS:</u></b>						
Cash and Cash Equivalents	\$ 126,611	\$ 27,041	\$ 153,652	\$ 149,343	\$ 26,004	\$ 328,999
Investments	22,994		22,994			22,994
<b>Total Assets</b>	<b>149,605</b>	<b>27,041</b>	<b>176,646</b>	<b>149,343</b>	<b>26,004</b>	<b>351,993</b>
<b><u>LIABILITIES:</u></b>						
Payroll Deductions and Withholdings		27,041	27,041			27,041
Due to Student Groups	149,605		149,605			149,605
<b>Total Liabilities</b>	<b>149,605</b>	<b>27,041</b>	<b>176,646</b>			<b>176,646</b>
<b><u>NET ASSETS:</u></b>						
Held in Trust for:						
Unemployment Claims				149,343		149,343
Scholarships					26,004	26,004
<b>Total Net Assets</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ 149,343</b>	<b>\$ 26,004</b>	<b>\$ 175,347</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
<b>ADDITIONS:</b>			
Contributions:			
Plan Members	\$ 39,771		\$ 39,771
Donations		\$ 34,505	34,505
Total Contributions	39,771	34,505	74,276
Investment Earnings:			
Interest	460		460
Net Investment Earnings	460		460
Total Additions	40,231	34,505	74,736
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	110,778		110,778
Scholarship Payments		35,271	35,271
Total Deductions	110,778	35,271	146,049
Change in Net Assets	(70,547)	(766)	(71,313)
Net Assets - Beginning of the Year	219,890	26,770	246,660
Net Assets - End of the Year	\$ 149,343	\$ 26,004	\$ 175,347

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 194,716	\$ 537,148	\$ 605,253	\$ 126,611
Investments	22,987	22,994	22,987	22,994
Total Assets	<u>\$ 217,703</u>	<u>\$ 560,142</u>	<u>\$ 628,240</u>	<u>\$ 149,605</u>
 <b><u>LIABILITIES:</u></b>				
Liabilities:				
Accounts Payable - Vendors	\$ 44,596		\$ 44,596	
Due to Student Groups	173,107	560,142	583,644	\$ 149,605
Total Liabilities	<u>\$ 217,703</u>	<u>\$ 560,142</u>	<u>\$ 628,240</u>	<u>\$ 149,605</u>

Exhibit H-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Senior High Schools:				
Hanover Park	\$ 112,663	\$ 262,910	\$ 265,003	\$ 110,570
Whippany Park	60,444	297,232	318,641	39,035
	<u>60,444</u>	<u>297,232</u>	<u>318,641</u>	<u>39,035</u>
Total All Schools	<u>\$ 173,107</u>	<u>\$ 560,142</u>	<u>\$ 583,644</u>	<u>\$ 149,605</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 16,723	\$ 22,385,836	\$ 22,375,518	\$ 27,041
Total Assets	<u>\$ 16,723</u>	<u>\$ 22,385,836</u>	<u>\$ 22,375,518</u>	<u>\$ 27,041</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 16,723	\$ 22,385,836	\$ 22,375,518	\$ 27,041
Total Liabilities	<u>\$ 16,723</u>	<u>\$ 22,385,836</u>	<u>\$ 22,375,518</u>	<u>\$ 27,041</u>

LONG-TERM DEBT



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,261,845		\$ 2,261,845	\$ 2,261,845	
Total Revenues	<u>2,261,845</u>		<u>2,261,845</u>	<u>2,261,845</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,061,845		1,061,845	1,061,845	
Redemption of Principal	<u>1,200,000</u>		<u>1,200,000</u>	<u>1,200,000</u>	
Total Regular Debt Service	<u>2,261,845</u>		<u>2,261,845</u>	<u>2,261,845</u>	
Total Expenditures	<u>2,261,845</u>		<u>2,261,845</u>	<u>2,261,845</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	- 0 -	\$ - 0 -	- 0 -	- 0 -	\$ - 0 -
Fund Balance, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

**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 the 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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 5,413,577	\$ 7,013,149	\$ 7,880,961	\$ 23,023,578	\$ 24,125,211	\$ 25,535,444	\$ 26,133,718
Restricted	4,532,218	5,909,053	7,558,720	988,126	4,649,793	5,151,091	6,521,521
Unrestricted (Deficit)	(92,424)	(307,724)	(285,034)	(285,000)	(227,346)	(181,514)	98,524
<b>Total Governmental Activities Net Assets</b>	<b>\$ 9,853,371</b>	<b>\$ 12,614,478</b>	<b>\$ 15,154,647</b>	<b>\$ 23,726,704</b>	<b>\$ 28,547,658</b>	<b>\$ 30,505,021</b>	<b>\$ 32,753,763</b>
<b>Business-Type Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 45,182	\$ 95,088	\$ 85,012	\$ 77,743	\$ 67,620	\$ 65,249	\$ 57,187
Unrestricted	55,639	88,290	122,816	138,934	144,038	152,869	130,194
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 100,821</b>	<b>\$ 183,378</b>	<b>\$ 207,828</b>	<b>\$ 216,677</b>	<b>\$ 211,658</b>	<b>\$ 218,118</b>	<b>\$ 187,381</b>
<b>District-Wide:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 5,458,759	\$ 7,108,237	\$ 7,965,973	\$ 23,101,321	\$ 24,192,831	\$ 25,600,693	\$ 26,190,905
Restricted	4,532,218	5,909,053	7,558,720	988,126	4,649,793	5,151,091	6,521,521
Unrestricted (Deficit)	(36,785)	(219,434)	(162,218)	(146,066)	(83,308)	(28,645)	228,718
<b>Total District-Wide Net Assets</b>	<b>\$ 9,954,192</b>	<b>\$ 12,797,856</b>	<b>\$ 15,362,475</b>	<b>\$ 23,943,381</b>	<b>\$ 28,759,316</b>	<b>\$ 30,723,139</b>	<b>\$ 32,941,144</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

Expenses:	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 10,370,635	\$ 10,360,478	\$ 11,146,754	\$ 11,842,624	\$ 11,772,001	\$ 11,668,199	\$ 11,400,691
Special Education	1,338,921	1,717,818	1,902,828	1,819,998	1,986,729	1,844,042	1,688,779
Other Special Instruction	235,836	232,510	248,867	208,165	165,195	169,922	170,088
Vocational	25,125	26,797	38,400	22,986	42,372	43,701	44,193
Other Instruction	1,488,928	1,747,613	1,702,777	1,810,509	1,820,603	1,813,480	1,672,541
<b>Support Services:</b>							
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145
Student & Instruction Related Services	2,863,192	2,965,079	3,204,003	3,385,509	3,391,036	3,952,123	3,698,588
General Administration Services	662,611	773,971	731,662	816,146	771,458	936,526	789,613
School Administration Services	1,211,683	1,168,665	1,310,301	1,447,765	1,349,924	1,314,592	1,194,218
Central Services	377,606	394,169	427,165	475,268	721,842	934,560	488,275
Administration Information Technology						58,188	43,359
Plant Operations And Maintenance	2,619,899	2,932,726	2,932,566	2,922,787	3,171,200	3,145,117	2,807,016
Pupil Transportation	1,367,187	1,731,272	1,433,609	1,846,415	1,705,133	1,392,272	1,647,907
Interest On Long-Term Debt	14,674	1,095,639	1,218,012	1,180,677	1,142,178	1,099,345	1,054,345
Capital Outlay					1,848	354	
Unallocated Depreciation	151,939	288,114	264,794	265,867	259,886	264,540	659,316
<b>Total Governmental Activities Expenses</b>	<b>23,405,850</b>	<b>25,907,122</b>	<b>27,375,943</b>	<b>29,126,176</b>	<b>29,441,303</b>	<b>30,344,822</b>	<b>29,465,074</b>
<b>Business-Type activities:</b>							
Food Service	560,379	593,769	577,842	548,383	540,464	517,943	537,044
<b>Total Business-Type Activities Expense</b>	<b>560,379</b>	<b>593,769</b>	<b>577,842</b>	<b>548,383</b>	<b>540,464</b>	<b>517,943</b>	<b>537,044</b>
<b>Total District-Wide Expenses</b>	<b>23,966,229</b>	<b>26,500,891</b>	<b>27,953,785</b>	<b>29,674,559</b>	<b>29,981,767</b>	<b>30,862,765</b>	<b>30,002,118</b>

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Program Revenues:</b>							
<b>Governmental Activities:</b>							
Operating Grants and Contributions	\$ 3,036,271	\$ 3,270,161	\$ 4,088,667	\$ 4,118,634	\$ 3,227,951	\$ 3,062,590	\$ 2,322,194
Capital Grants and Contributions	72,481	79,572		7,558,938	4,372,026	2,063,974	1,048,464
<b>Total Governmental Activities Program Revenues</b>	<b>3,108,752</b>	<b>3,349,733</b>	<b>4,088,667</b>	<b>11,677,572</b>	<b>7,599,977</b>	<b>5,126,564</b>	<b>3,370,658</b>
<b>Business-Type Activities:</b>							
<b>Charges for Services:</b>							
Food Service	589,478	599,940	594,188	539,974	534,013	522,111	505,962
<b>Total Business Type Activities Program Revenues</b>	<b>589,478</b>	<b>599,940</b>	<b>594,188</b>	<b>539,974</b>	<b>534,013</b>	<b>522,111</b>	<b>505,962</b>
<b>Total District-Wide Program Revenues</b>	<b>3,698,230</b>	<b>3,949,673</b>	<b>4,682,855</b>	<b>12,217,546</b>	<b>8,133,990</b>	<b>5,648,675</b>	<b>3,876,620</b>
<b>Net (Expense)/Revenue:</b>							
Governmental Activities	(20,297,098)	(22,557,389)	(23,287,276)	(17,448,604)	(21,841,326)	(25,218,258)	(26,094,416)
Business-Type Activities	29,099	6,171	16,346	(8,409)	(6,451)	4,168	(31,082)
<b>Total District-Wide Net (Expense)/Revenue</b>	<b>(20,267,999)</b>	<b>(22,551,218)</b>	<b>(23,270,930)</b>	<b>(17,457,013)</b>	<b>(21,847,777)</b>	<b>(25,214,090)</b>	<b>(26,125,498)</b>
<b>General Revenues and Other Changes in Net Assets:</b>							
<b>Governmental Activities:</b>							
Property Taxes Levied for General Purposes, Net	20,359,342	22,186,318	21,772,560	22,643,462	23,549,200	24,341,168	25,465,407
Taxes Levied for Debt Service	215,639	899,077	2,220,783	2,287,093	2,248,595	2,306,845	2,261,845
Unrestricted Grants and Contributions	201,619	174,214	264,016	328,802	318,473	288,635	337,033
Investment Earnings	119,850	966,380	1,463,463	474,429	245,239	13,332	29,035
Miscellaneous Income	108,121	76,824	125,679	295,367	300,773	227,401	314,556
Transfers	(7,569)	(9,894)	(19,056)	(8,493)		(1,760)	

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**  
**LAST SEVEN FISCAL YEARS**  
**UNAUDITED**  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets:</b>							
<b>Governmental Activities:</b>							
Special Item - Revaluation of Capital Assets		\$ 1,025,577					
Special Item - SDA Grants Cancelled							\$ (64,718)
<b>Total Governmental Activities General Revenues and Other Changes</b>	<b>\$ 20,997,002</b>	<b>25,318,496</b>	<b>\$ 25,827,445</b>	<b>\$ 26,020,660</b>	<b>\$ 26,662,280</b>	<b>\$ 27,175,621</b>	<b>28,343,158</b>
<b>Business-Type Activities:</b>							
Investment Earnings	2,201	5,121	8,104	5,910	1,432	532	345
Transfers	7,569	9,894		8,493		1,760	
Capital Contributions				2,855			
Special Item - Revaluation of Capital Assets		61,371					
<b>Total Business-Type Activities General Revenues and Other Changes</b>	<b>9,770</b>	<b>76,386</b>	<b>8,104</b>	<b>17,258</b>	<b>1,432</b>	<b>2,292</b>	<b>345</b>
<b>Total District-Wide General Revenues and Other Changes in Net Assets</b>	<b>21,006,772</b>	<b>25,394,882</b>	<b>25,835,549</b>	<b>26,037,918</b>	<b>26,663,712</b>	<b>27,177,913</b>	<b>28,343,503</b>
<b>Change in Net Assets:</b>							
Governmental Activities	699,904	2,761,107	2,540,169	8,572,056	4,820,954	1,957,363	2,248,742
Business-Type Activities	38,869	82,557	24,450	8,849	(5,019)	6,460	(30,737)
<b>Total District-Wide Change in Net Assets</b>	<b>\$ 738,773</b>	<b>\$ 2,843,664</b>	<b>\$ 2,564,619</b>	<b>\$ 8,580,905</b>	<b>\$ 4,815,935</b>	<b>\$ 1,963,823</b>	<b>\$ 2,218,005</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**  
**UNAUDITED**  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Restricted/Reserved	\$ 4,382,715	\$ 5,905,990	\$ 7,558,719	\$ 7,182,210	\$ 6,854,679	\$ 5,650,730	\$ 5,121,753
Unreserved	804,288	463,605	460,137	571,529	653,202	702,133	
Assigned							844,758
Unassigned							858,203
<b>Total General Fund</b>	<b>\$ 5,187,003</b>	<b>\$ 6,369,595</b>	<b>\$ 8,018,856</b>	<b>\$ 7,753,739</b>	<b>\$ 7,507,881</b>	<b>\$ 6,352,863</b>	<b>\$ 6,824,714</b>
Other Governmental Funds:							
Restricted/Reserved for:							
Capital Projects Fund		\$ 1,753,548	\$ 19,795,073	\$ 4,700,881	\$ 1,046,170	\$ 189,483	\$ 5,407,140
Committed:							
Capital Projects Fund							555,010
Unreserved (Deficit),							
Reported In:							
Capital Projects Fund	\$ (208,693)	26,792,185	(7,861,118)	(1,709,349)	2,277,015	4,595,646	
Debt Service Fund	3,064	3,063	1				
<b>Total Other Governmental Funds</b>	<b>\$ (205,629)</b>	<b>\$ 28,548,796</b>	<b>\$ 11,933,956</b>	<b>\$ 2,991,532</b>	<b>\$ 3,323,185</b>	<b>\$ 4,785,129</b>	<b>\$ 5,962,150</b>
<b>Total All Governmental Funds</b>	<b>\$ 4,981,374</b>	<b>\$ 34,918,391</b>	<b>\$ 19,952,812</b>	<b>\$ 10,745,271</b>	<b>\$ 10,831,066</b>	<b>\$ 11,137,992</b>	<b>\$ 12,786,864</b>

This schedule does not contain ten years of information as GASB #44 was implemented during during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Fiscal Year Ending June 30,

Revenues:	2005	2006	2007	2008	2009	2010	2011
Tax Levy	\$ 20,574,981	\$ 23,085,395	\$ 23,993,343	\$ 24,930,555	\$ 25,797,795	\$ 26,648,013	\$ 27,727,252
Interest Earnings	119,850	966,380	10,566	9,944	5,396	2,198	2,469
Miscellaneous	108,121	76,824	1,568,658	759,852	540,616	238,535	344,110
State Sources	3,064,492	3,264,247	4,118,055	11,718,790	7,625,410	4,936,442	3,279,641
Federal Sources	245,879	259,700	244,546	287,584	293,040	478,757	425,062
<b>Total Revenue</b>	<b>24,113,323</b>	<b>27,652,546</b>	<b>29,935,168</b>	<b>37,706,725</b>	<b>34,262,257</b>	<b>32,303,945</b>	<b>31,778,534</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Regular	7,715,539	8,071,203	8,089,235	8,705,187	8,849,454	8,759,281	8,505,773
Special Education	1,000,798	1,359,993	1,430,055	1,453,147	1,544,195	1,374,221	1,264,493
Other Special Instruction	167,219	173,357	178,230	150,311	122,337	122,600	125,049
Vocational	25,125	26,797	27,562	16,669	31,410	32,250	32,504
Other Instruction	1,300,767	1,335,318	1,319,442	1,412,849	1,439,508	1,413,012	1,322,853
<b>Support Services:</b>							
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145
Student & Instruction Related Services	2,206,591	2,322,572	2,362,354	2,510,673	2,759,258	3,085,421	2,796,406
General Administration Services	592,289	626,232	584,206	632,039	679,439	751,069	639,435
School Administration Services	935,449	894,249	953,504	1,045,483	1,040,877	996,213	892,738
Central Services	319,335	316,823	321,123	360,021	661,073	865,190	366,634
Administrative Information Technology		4,473				47,137	43,322
Plant Operations And Maintenance	2,389,996	2,421,971	2,335,720	2,458,773	2,801,400	2,675,558	2,368,870
Pupil Transportation	1,066,096	1,220,997	1,115,187	1,300,536	1,233,759	1,196,527	1,216,651
Unallocated Benefits	4,623,059	5,085,307	6,179,218	6,281,238	5,298,392	5,765,708	5,896,454

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Expenditures: (Cont'd)	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Capital Outlay	\$ 561,321	\$ 4,075,325	\$ 16,947,805	\$ 17,210,293	\$ 4,326,867	\$ 896,366	\$ 225,772
Debt Service:							
Principal	197,905	124,000	1,000,000	1,100,000	1,100,000	1,200,000	1,200,000
Interest and Other Charges	14,674	888,748	1,223,845	1,187,094	1,148,595	1,106,845	1,061,845
<b>Total Expenditures</b>	<b>23,793,777</b>	<b>29,419,636</b>	<b>44,881,691</b>	<b>46,905,773</b>	<b>34,176,462</b>	<b>31,995,259</b>	<b>30,064,944</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	319,546	(1,767,090)	(14,946,523)	(9,199,048)	85,795	308,686	1,713,590
Other Financing Sources/(Uses):							
Bond Proceeds		31,714,000					
SDA Grants Cancelled							(64,718)
Transfers In	106,045	1,706,071	1,244,320	1,014,486	41,035	1,031,508	647,590
Transfers Out	(113,614)	(1,715,965)	(1,263,376)	(1,022,979)	(41,035)	(1,033,268)	(647,590)
<b>Total Other Financing Sources/(Uses)</b>	<b>(7,569)</b>	<b>31,704,106</b>	<b>(19,056)</b>	<b>(8,493)</b>	<b>(41,035)</b>	<b>(1,760)</b>	<b>(64,718)</b>
<b>Net Change In Fund Balances</b>	<b>\$ 311,977</b>	<b>\$ 29,937,016</b>	<b>\$ (14,965,579)</b>	<b>\$ (9,207,541)</b>	<b>\$ 85,795</b>	<b>\$ 306,926</b>	<b>\$ 1,648,872</b>
Debt Service As A Percentage Of Noncapital Expenditures	0.92%	4.00%	7.96%	7.70%	7.53%	7.42%	7.58%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

Fiscal Year Ending June 30,	Interest on Investments	Rentals- Use of Facilities	Athletic Fees	Other	Total
2002	\$ 115,953	\$ 12,318		\$ 56,704	\$ 184,975
2003	89,704	13,678		26,495	129,877
2004	105,287	13,199		65,885	184,371
2005	119,850	13,944		94,177	227,971
2006	116,309	7,991		68,833	193,133
2007	219,143	3,143		112,618	334,904
2008	158,248	1,568		145,495	305,311
2009	273,182	3,390		228,405	504,977
2010	12,200	1,913		225,487	239,601
2011	29,035	7,892	\$ 16,284	290,039	343,250

Source: Hanover Park Regional High School District Financial Reports.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST SEVEN YEARS  
 UNAUDITED**

**EAST HANOVER TOWNSHIP**

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	\$ 33,857,800	\$ 1,365,638,900			\$ 907,849,900	\$ 166,259,500		\$ 2,473,606,100	\$ 3,057,155	\$ 2,476,663,255	\$ 109,940,700	\$ .27	\$ 2,595,008,463
2005	30,941,400	1,373,868,900			891,080,700	161,390,200		2,457,281,200	2,498,689	2,459,779,889	112,024,800	.31	3,012,237,212
2006	27,842,000	1,392,164,500			860,768,600	158,651,300		2,439,426,400	2,204,322	2,441,630,722	113,425,400	.35	3,263,474,645
2007	28,357,400	1,398,387,900			858,164,200	159,026,300		2,443,935,800	2,450,212	2,446,386,012	114,438,200	.36	3,451,954,019
2008	25,273,000	1,412,610,900			903,419,300	158,521,600		2,499,824,800	2,382,719	2,502,207,519	116,712,200	.36	3,721,861,548
2009	23,661,400	1,413,759,500			832,574,597	200,519,200		2,470,514,697	2,650,113	2,473,164,810	116,803,900	.39	3,699,322,656
2010	22,852,400	1,417,254,300			820,763,797	200,142,200	\$ 224,300	2,461,236,997	2,595,764	2,463,832,761	117,931,800	.41	4,044,758,170

**FLORHAM PARK BOROUGH**

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	\$ 35,821,900	\$ 798,733,500	\$ 119,800		\$ 520,540,800	\$ 139,784,900	\$ 94,075,100	\$ 1,589,076,000	\$ 3,227,999	\$ 1,592,303,999	\$ 207,460,300	\$ .36	\$ 2,633,854,740
2005	37,896,500	804,072,800	119,800		517,707,600	139,829,100	86,852,200	1,586,478,000	2,706,314	1,589,186,314	207,460,300	.39	2,843,114,880
2006 *	72,140,300	1,963,783,600	119,800		868,630,200	229,991,100	161,878,700	3,296,543,700	4,552,436	3,301,812,963	426,591,000	.20	2,976,989,614
2007	66,582,200	1,977,590,900	119,800	\$ 716,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	427,072,800	.19	3,158,254,479
2008	64,246,500	1,989,080,900	119,800	716,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	437,120,100	.19	3,334,433,794
2009	126,647,500	2,011,843,600	119,800	748,300	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	447,021,900	.20	3,357,907,547
2010	128,845,700	2,047,551,750	119,800	748,300	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	447,729,600	.21	3,332,562,174

**HANOVER TOWNSHIP**

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	\$ 58,565,900	\$ 1,103,935,122	\$ 9,100	\$ 3,800	\$ 585,563,111	\$ 246,987,800	\$ 28,868,800	\$ 2,023,933,633	\$ 18,615,177	\$ 2,042,548,810	\$ 263,721,500	\$ .39	\$ 2,949,990,716
2005	71,739,900	1,107,353,322	9,100	3,800	542,556,011	260,008,400	28,868,800	2,010,539,333	16,296,284	2,026,835,617	264,102,300	.39	3,081,610,785
2006	79,203,300	1,121,055,622	9,100	3,800	547,450,911	237,416,200	28,868,800	2,014,007,733	13,066,727	2,014,007,733	264,560,900	.42	3,616,015,325
2007	75,065,500	1,123,936,422	9,100	3,800	546,826,011	244,676,100	28,868,800	2,019,385,733	12,068,528	2,031,454,261	269,329,200	.44	3,949,502,848
2008	74,908,200	1,139,038,922	9,100	3,800	573,242,511	212,569,800	28,868,800	2,028,641,133	11,274,582	2,039,915,715	269,514,700	.42	4,131,893,285
2009	72,641,900	1,148,171,700	7,600	7,600	538,942,500	213,530,700	28,868,800	2,002,170,800	11,255,992	2,013,787,492	271,431,000	.47	4,139,864,889
2010	65,676,800	1,153,279,300	7,600	368,300	524,527,300	214,138,200	28,868,800	1,986,866,300	11,175,509	1,998,041,809	271,947,500	.49	4,166,464,286

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

- \* Revaluation of real property took effect in this year.
- <sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
- <sup>b</sup> Tax rates are per \$100 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Municipal Tax Assessors.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN YEARS**

**UNAUDITED**

*(Rate per \$100 of Assessed Value)*

**EAST HANOVER TOWNSHIP**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			East Hanover School	East Hanover Township	Morris County	
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct				
2001	0.49	0.01	0.50	0.85	0.63	0.47	2.45
2002	* 0.26	* 0.00	* 0.26	* 0.49	* 0.38	* 0.24	1.37
2003	0.25	0.00	0.25	0.54	0.38	0.29	1.46
2004	0.27	0.00	0.27	0.52	0.42	0.30	1.51
2005	0.30	0.01	0.31	0.57	0.47	0.32	1.67
2006	0.32	0.03	0.35	0.60	0.49	0.33	1.78
2007	0.33	0.03	0.36	0.64	0.51	0.33	1.84
2008	0.33	0.03	0.36	1.02	0.52	0.35	2.25
2009	0.36	0.03	0.39	0.69	0.54	0.34	1.96
2010	0.38	0.03	0.41	0.72	0.56	0.38	2.07

**FLORHAM PARK BOROUGH**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Florham Park School	Florham Park Borough	Morris County	
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct				
2001	0.32	0.00	0.32	0.60	0.46	0.37	1.75
2002	0.33	0.00	0.33	0.63	0.47	0.40	1.83
2003	0.34	0.00	0.34	0.69	0.49	0.44	1.96
2004	0.36	0.00	0.36	0.76	0.52	0.46	2.10
2005	0.38	0.01	0.39	0.80	0.59	0.47	2.25
2006	* 0.18	* 0.02	* 0.20	* 0.41	* 0.32	* 0.23	1.15
2007	0.18	0.02	0.19	0.43	0.32	0.22	1.16
2008	0.17	0.02	0.19	0.65	0.33	0.21	1.38
2009	0.18	0.02	0.20	0.45	0.35	0.23	1.22
2010	0.19	0.02	0.21	0.46	0.35	0.23	1.25

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

**LAST TEN YEARS**

**UNAUDITED**

*(Rate per \$100 of Assessed Value)*

**HANOVER TOWNSHIP**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Hanover Township School	Hanover Township	Morris County	
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct				
2001	0.31	0.00	0.31	0.69	0.40	0.36	1.76
2002	0.34	0.00	0.34	0.71	0.42	0.38	1.85
2003	0.37	0.00	0.37	0.75	0.44	0.40	1.96
2004	0.39	0.00	0.39	0.79	0.50	0.40	2.08
2005	0.38	0.01	0.39	0.84	0.54	0.41	2.18
2006	0.38	0.04	0.42	0.90	0.57	0.45	2.33
2007	0.40	0.04	0.44	0.94	0.60	0.46	2.44
2008	0.38	0.04	0.42	1.43	0.64	0.47	2.96
2009	0.43	0.04	0.47	1.02	0.67	0.47	2.63
2010	0.45	0.04	0.49	1.07	0.73	0.47	2.76

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

\* Revaluation of real property became effective in this year.

Source: Municipal Tax Collectors and School Business Administrator.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

EAST HANOVER TOWNSHIP

<u>2010</u>			<u>2001</u>		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Novartis Pharmaceuticals	\$ 353,910,100	14.14%	Novartis	\$ 146,149,500	11.46%
Kraft Foods N America Inc	71,962,600	2.88%	Vornado Properties	45,615,700	3.58%
New Hanover LLC	24,917,000	1.00%	Nabisco	29,992,800	2.35%
Castle Ridge Plaza, LLC	22,000,000	0.88%	Givaudan Corporation	15,416,700	1.21%
Givaudan Fragrances Corporation	21,400,000	0.86%	Schindling Reheinberger	15,211,500	1.19%
Paradigm East Hanover, LLC	21,303,497	0.85%	Costco	13,263,700	1.04%
Eagle Rock Executive C/O Well Main	20,000,000	0.80%	Castle Ridge Plaza	12,771,100	1.00%
Givaudan Flavors Corporation Tax Dept	19,991,300	0.80%	Reckson Operation Partnership	12,591,000	0.99%
Eric Richard DH Company LLC	15,500,000	0.62%	Heller Hanover Ltd	11,736,300	0.92%
Costco Wholesale Corp	14,000,000	0.56%	GI Partners	11,431,000	0.90%
<b>Total</b>	<b>\$ 584,984,497</b>	<b>23.38%</b>	<b>Total</b>	<b>\$ 314,179,300</b>	<b>24.64%</b>

Source: Municipal Tax Assessor.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

FLORHAM PARK BOROUGH

<u>2010</u>			<u>2001</u>		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
300Campus Drive LLC	\$ 108,017,200	3.58%	Park Avenue Realty	\$ 77,358,100	5.16%
100 Campus Drive LLC	73,000,900	2.42%	Exxon Research	69,800,000	4.66%
Wells Reit II	69,600,000	2.30%	Rock Florham LLC	51,368,000	3.43%
Avalonbay Communities Inc.	63,369,900	2.26%	100/200 Campus Drive	50,214,600	3.35%
Sun Valley Plaza, LLC	46,245,600	2.16%	Hamilton Park	28,944,400	1.93%
LH Florham	43,000,000	2.16%	Koll Bren	36,417,900	2.43%
100-200 Campus Drive LLC	37,283,200	1.53%	Avalon Bay Communities	33,478,100	2.23%
Advance Realty Management	34,865,300	1.23%	Dolce/AEW Properties	28,944,400	1.93%
LFT Real Est & Life Time Fitness	33,900,000	1.18%	Campus Drive LLc	27,032,800	1.80%
Wells Reit II	31,436,900	1.15%	Rock Florham LLC	25,587,600	1.71%
<b>Total</b>	<b><u>\$ 540,719,000</u></b>	<b><u>19.97%</u></b>	<b>Total</b>	<b><u>\$ 429,145,900</u></b>	<b><u>28.63%</u></b>

Source: Municipal Tax Assessor.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

HANOVER TOWNSHIP

2010			2001		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
LTI NJ Finance LLC	\$ 42,737,300	2.14%	NS-MGP Inc. (Lucent Technology)	\$ 140,435,600	7.01%
JP Morgan Chase	42,229,800	2.11%	Bear Stearn & Company	46,346,200	2.31%
Hartz Mountain Industries	27,587,300	1.38%	Hartz Mountain Industries	45,151,500	2.25%
Marriott Corporation	24,607,500	1.23%	Patriot American Hospitality	43,300,000	2.16%
Sterling Apartments LLC	24,600,300	1.23%	Marriot Corporation	41,028,400	20.50%
Interstate Realty Company	21,904,000	1.10%	NJ Bell (Bell Atlantic)	28,770,725	1.44%
CLF Parsippany- Cadbury Adams	21,462,400	1.07%	Interstate Realty Company	24,600,300	1.23%
LSAC Morris County LP/CAE	21,355,600	1.07%	First Industrial LP	18,688,100	0.93%
Fan Pier Land Company	19,200,000	0.96%	BASF	13,382,700	0.01%
River Park Business Center LLC	18,300,400	0.92%	HPTCY Corporation	12,631,700	0.63%
<b>Total</b>	<b>\$ 263,984,600</b>	<b>13.21%</b>		<b>\$ 414,335,225</b>	<b>38.47%</b>

Source: Municipal Tax Assessor.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 17,858,895	\$ 17,858,895	100.00%	- 0 -
2003	18,594,363	18,594,363	100.00%	- 0 -
2004	19,947,763	19,947,763	100.00%	- 0 -
2005	20,574,981	20,574,981	100.00%	- 0 -
2006	23,085,395	23,085,395	100.00%	- 0 -
2007	23,993,343	23,993,343	100.00%	- 0 -
2008	22,643,462	22,643,462	100.00%	- 0 -
2009	25,797,795	25,797,795	100.00%	- 0 -
2010	26,648,013	26,648,013	100.00%	- 0 -
2011	27,727,252	27,727,252	100.00%	- 0 -

<sup>a</sup> School taxes are collected by the Municipal Tax Collectors. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Hanover Park Regional High School District records including the Certificate and Report of School Taxes (A4F form).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of District Personal Income <sup>a</sup>	District Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	NJEDA Loans	Grant Anticipation Notes			
2002	\$ 649,000	\$140,686	\$ 80,955		\$ 789,686	0.04%	\$ 21.66
2003	474,000	103,471	51,930		577,471	0.03%	15.58
2004	299,000	63,944	22,905		362,944	0.02%	9.75
2005	124,000	21,962			145,962	0.01%	3.91
2006	31,714,000				31,714,000	1.25%	853.12
2007	30,714,000				30,714,000	1.16%	828.65
2008	29,614,000			\$ 10,000,000	39,614,000	1.49%	1,064.46
2009	28,514,000			8,500,000	37,014,000	1.45%	991.59
2010	27,314,000				27,314,000	1.07%	731.73
2011	26,114,000				26,114,000	1.03%	699.58

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

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

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value <sup>a</sup> of Property	District Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 649,000	\$ -0-	\$ 649,000	0.01%	\$ 17.81
2003	474,000	- 0 -	474,000	0.01%	12.79
2004	299,000	- 0 -	299,000	0.01%	8.03
2005	124,000	- 0 -	124,000	0.01%	3.32
2006	31,714,000	- 0 -	31,714,000	1.23%	853.12
2007	30,714,000	- 0 -	30,714,000	1.18%	828.65
2008	29,614,000	- 0 -	29,614,000	1.13%	795.75
2009	28,514,000	- 0 -	28,514,000	1.09%	763.88
2010	27,314,000	- 0 -	27,314,000	1.05%	731.73
2011	26,114,000	- 0 -	26,114,000	1.01%	699.58

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

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
UNAUDITED  
AS OF DECEMBER 31, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
East Hanover Township	\$ 16,885,221	100.00%	\$ 16,885,221
Florham Park Borough	45,925,972	100.00%	45,925,972
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	249,234,104	11.28%	<u>28,115,378</u>
Subtotal, Overlapping Debt			90,926,571
Hanover Park Regional School District Direct Debt			<u>26,114,000</u>
Total Direct and Overlapping Debt			<u>\$ 117,040,571</u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 182,023,176	\$ 267,326,393	\$ 220,894,461	\$ 243,005,252	\$ 266,669,279	\$ 289,902,495	\$ 311,274,977	\$ 221,552,302	\$ 336,152,819	\$ 338,737,158
Total Net Debt Applicable to Limit	729,955	525,930	321,905	124,000	31,714,000	30,714,000	39,614,000	37,014,000	27,314,000	26,114,000
Legal Debt Margin	<u>\$ 181,293,221</u>	<u>\$ 266,800,463</u>	<u>\$ 220,572,556</u>	<u>\$ 242,881,252</u>	<u>\$ 234,955,279</u>	<u>\$ 259,188,495</u>	<u>\$ 271,660,977</u>	<u>\$ 184,538,302</u>	<u>\$ 308,838,819</u>	<u>\$ 312,623,158</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	0.40%	0.20%	0.15%	0.05%	11.89%	10.59%	12.73%	16.71%	8.13%	7.71%

Legal Debt Margin Calculation for Fiscal Year 2011

	East Hanover Township	Florham Park Borough	Hanover Township	Total
Equalized valuation basis				
2008	\$ 3,718,317,418	\$ 3,329,717,907	\$ 4,109,056,376	\$ 11,157,091,701
2009	4,036,129,222	3,306,029,230	4,117,893,276	11,460,051,728
2010	3,811,144,312	3,360,587,791	4,084,840,255	11,256,572,358
	<u>\$ 11,565,590,952</u>	<u>\$ 9,996,334,928</u>	<u>\$ 12,311,789,907</u>	<u>\$ 33,873,715,787</u>
Average Equalized Valuation of Taxable Property				<u>\$ 11,291,238,596</u>
Debt Limit (3% of average equalization value) <sup>a</sup>				338,737,158
Net Bonded School Debt - June 30, 2011				<u>26,114,000</u>
Legal Debt Margin				<u>\$ 312,623,158</u>

<sup>a</sup> Limit set by NJSA 18A:24-19 for a regional school district; other % limits would be applicable for other districts.

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**EAST HANOVER TOWNSHIP**

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2002	11,390	\$ 56,535	\$ 643,933,650	2.50%
2003	11,372	57,018	648,408,696	3.80%
2004	11,399	61,101	696,490,299	3.80%
2005	11,426	63,297	723,231,522	3.00%
2006	11,388	68,364	778,529,232	3.50%
2007	11,311	71,300	806,474,300	3.20%
2008	11,338	71,527	810,973,126	4.20%
2009	11,372	68,251	776,150,372	7.20%
2010	11,372 **	68,251 *	776,150,372	7.30%
2011	11,372 **	68,251 *	776,150,372	N/A

**FLORHAM PARK BOROUGH**

Year	Borough Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2002	12,207	\$ 56,535	\$ 690,122,745	3.00%
2003	12,448	57,018	709,760,064	4.60%
2004	12,444	61,101	760,340,844	4.50%
2005	12,467	63,297	789,123,699	3.60%
2006	12,373	68,364	845,867,772	2.80%
2007	12,298	71,300	876,847,400	2.40%
2008	12,355	71,527	883,716,085	3.20%
2009	12,347	68,251	842,695,097	5.60%
2010	12,347 **	68,251 *	842,695,097	5.60%
2011	12,347 **	68,251 *	842,695,097	N/A

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

**HANOVER TOWNSHIP**

<u>Year</u>	<u>Township Population<sup>a</sup></u>	<u>Morris County Per Capita Personal Income<sup>b</sup></u>	<u>Township Personal Income<sup>c</sup></u>	<u>Township Unemployment Rate<sup>d</sup></u>
2002	12,853	\$ 56,535	\$ 726,644,355	2.50%
2003	13,235	57,018	754,633,230	3.80%
2004	13,372	61,101	817,042,572	3.80%
2005	13,466	63,297	852,357,402	3.00%
2006	13,413	68,364	916,966,332	1.80%
2007	13,456	71,300	959,412,800	1.70%
2008	13,522	71,527	967,188,094	2.20%
2009	13,609	68,251	928,827,859	3.90%
2010	13,609 **	68,251 *	928,827,859	3.90%
2011	13,609 **	68,251 *	928,827,859	N/A

\* - Latest Morris County per capita personal income available (2009) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes.

N/A - Information Unavailable

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>2010</u>			<u>2001</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Novartis	4,990	1.99%			
Atlantic Health System	4,933	1.97%			
US Army Armament Research and Development	4,442	1.77%			
United Parcel Service	2,332	0.93%			Information is Not Available
County of Morris	1,959	0.78%			
ADP	1,924	0.77%			
AT&T	1,550	0.62%			
Saint Clare's	1,531	0.61%			
BASF Corporation	1,400	0.56%			
Avis Budget Group, Inc	<u>1,378</u>	0.55%			
Total	<u>26,439</u>	10.55%			
Total County Employment	<u>250,640</u>				

Source: Morris County Treasurer's Office and Unemployment data provided by the NJ Department of Labor and Workforce Development.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST SEVEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Instruction:</b>							
Regular	109.0	111.0	110.0	110.0	110.0	112.0	110.6
Special Education	19.0	22.0	24.0	25.0	25.0	24.0	26.3
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	0.4
Co-Curricular Athletics							2.0
<b>Support Services:</b>							
Student & Instruction							
Related Services	30.1	30.1	33.1	33.1	33.1	36.1	32.2
School Administrative Services	12.0	12.0	12.0	12.0	12.0	10.0	8.6
General/Business							
Administrative Services	8.0	8.0	8.0	8.0	8.0	8.5	10.3
Plant Operations/Maintenance	27.0	27.0	27.0	27.0	27.0	27.0	25.6
Basic Skills/Bilingual							1.4
Pupil Transportation	32.0	32.0	33.0	34.0	34.0	35.0	37.0
<b>Total</b>	<u>238.1</u>	<u>243.1</u>	<u>248.1</u>	<u>250.1</u>	<u>250.1</u>	<u>253.6</u>	<u>254.4</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Personnel Records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
2005	1,493.3	\$ 23,019,877	\$ 15,415	-0.22%	157	1:10.7	1,493.3	1,420.4	4.33%	95.12%
2006	1,501.4	24,331,563	16,206	-0.22%	160	1:11.3	1,501.4	1,447.5	0.54%	96.41%
2007	1,559.0	25,710,041	16,491	1.76%	132	1:11.8	1,559.4	1,511.1	3.86%	96.90%
2008	1,507.0	27,408,386	18,187	10.28%	124	1:12.2	1,505.3	1,459.9	-3.47%	96.98%
2009	1,445.0	27,601,000	19,101	5.02%	124	1:11.8	1,449.9	1,385.7	-3.68%	95.57%
2010	1,458.0	28,792,048	19,748	3.39%	127	1:11.5	1,452.7	1,410.5	0.19%	97.10%
2011	1,431.0	27,577,327	19,271	-2.41%	123	1:11.6	1,429.1	1,360.1	-1.62%	95.17%

Note: Enrollment based on annual October District count.

- <sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.
- <sup>b</sup> Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.
- <sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.
- <sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS

<u>District Buildings</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Hanover Park High School:</b>							
Square Feet	165,713	165,713	165,713	165,713	165,713	165,713	165,713
Capacity (Students)	1,097	1,097	1,097	1,097	1,097	1,204	1,204
Enrollment	856	869	919	892	847	838	805
<b>Whippany Park High School:</b>							
Square Feet	133,448	133,448	133,448	133,448	133,448	133,448	133,448
Capacity (Students)	884	884	884	884	884	908	908
Enrollment	637	632	640	615	608	620	626

Number of Schools at June 30, 2011:

High Schools = 2

Note: Enrollment is based on the annual October District count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Facilities Office.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required Maintenance for School Facilities (Account #11-000-261-XXX)

School Facilities*	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Hanover Park High School	\$ 351,619	\$ 306,461	\$ 300,363	\$ 279,678	\$ 222,108	\$ 187,782	\$ 212,294	\$ 303,139	\$ 303,114	\$ 271,125
Whippany Park High School	291,611	218,508	209,660	178,810	185,591	178,490	185,564	198,742	259,206	197,343
<b>Total School Facilities</b>	<b>\$ 643,230</b>	<b>\$ 524,969</b>	<b>\$ 510,023</b>	<b>\$ 458,488</b>	<b>\$ 407,699</b>	<b>\$ 366,272</b>	<b>\$ 397,858</b>	<b>\$ 501,881</b>	<b>\$ 562,320</b>	<b>\$ 468,468</b>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
School Alliance Insurance Fund:		
Property - Blanket Building and Contents	\$ 101,213,141	\$ 1,000
Comprehensive General Liability	5,000,000	1,000
Comprehensive Auto Liability	5,000,000	1,000
Comprehensive Crime Coverage	500,000	1,000
Flood	10,000,000	Subject to FEMA
Earthquake	25,000,000	
Boiler and Machinery	100,000,000	1,000
Umbrella Liability -		
School Alliance Insurance Fund	\$10,000,000 / 10,000,000	1,000
School Board Legal Liability -		
School Alliance Insurance Fund	\$5,000,000 / 10,000,000	25,000
Storage Tank System -		
Zurich Insurance, Inc.	\$1,000,000 / 2,000,000	5,000
Workers' Compensation Insurance -		
School Alliance Insurance Fund	250,000	
Public Employees' Faithful Performance Blanket		
Position Bond -		
Universal Bonding Insurance Company		
Board Secretary	250,000	
Treasurer	250,000	
Commercial Environmental Impairment Liability -		
American Safety Casualty Insurance Company		
Per Occurrence	1,000,000	10,000
Aggregate Per Named Insured	25,000,000	
SIR- Per Pollution Condition	10,000	

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION



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Independent Auditors' 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*

The Honorable President and Members  
 of the Board of Education  
 Hanover Park Regional High School District  
 County of Morris, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. However, we noted a certain matter that we have reported to the Board in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* date October 3, 2011.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Nisivoccia, LLP*

NISIVOCCIA, LLP

October 3, 2011  
Mount Arlington, New Jersey

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members  
 of the Board of Education  
 Hanover Park Regional High School District  
 County of Morris, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Hanover Park Regional High School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major state programs for the fiscal year ended June 30, 2011. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board'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. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

The Honorable President and Members  
of the Board of Education  
Hanover Park Regional High School District  
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

October 3, 2011  
Mount Arlington, New Jersey

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010		Cash Received	Budgetary Expenditures	Balance June 30, 2011		
					Accounts Receivable	Deferred Revenue			Accounts Receivable	Deferred Revenue	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA 199011	9/1/10-8/31/11	\$ 265,925			\$ 236,153	\$ (265,925)	\$ (29,772)		
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA199011	7/1/09-8/31/11	294,855	\$ (16,755)		7,557	(102,910)	(112,108)		
Total Special Education Cluster						(16,755)	243,710	(368,835)	(141,880)		
No Child Left Behind Consolidated Grant:											
Title I	84.010	NCLB199011	9/1/10-8/31/11	29,194			29,194	(29,194)			
Title I	84.010	NCLB199010	9/1/09-8/31/10	25,892	(3,533)		840		(2,693)		
Title IIA	84.367A	NCLB199011	9/1/10-8/31/11	17,219			16,972	(17,219)	(247)		
Title IIA	84.367A	NCLB199010	9/1/09-8/31/10	18,288	(5,801)		4,686	(15)	(1,130)		
Title IIA	84.367A	NCLB199009	9/1/08-8/31/09	16,703	(3,072)		3,072				
Title IIA	84.367A	NCLB199008	9/1/07-8/31/08	14,853		\$ 450				\$ 450	
Title IID	84.318	NCLB199011	9/1/10-8/31/11	59			59	(59)			
Title IID	84.318	NCLB199010	9/1/09-8/31/10	133	(103)		103				
Title IV	84.186A	NCLB199010	9/1/09-8/31/10	989	(726)		500		(226)		
Title IV - Carryover	84.186A	NCLB199009	9/1/08-8/31/10	1,009	(1,009)		307		(702)		
Total No Child Left Behind Consolidated Grant						(14,244)	450	55,733	(46,487)	(4,998)	450
Learn and Serve America	94.004	10-CJ14-D02	9/1/10-8/31/11	14,000			10,500	(9,210)		1,290	
Total U.S. Department of Education						(30,999)	450	309,943	(424,532)	(146,878)	1,740
Total Federal Awards						\$ (30,999)	\$ 450	\$ 309,943	\$ (424,532)	\$ (146,878)	\$ 1,740

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010		Cash Received	Budgetary Expenditures	Accounts Receivable Canceled	Repayment of Prior Years' Balances	Balance June 30, 2011		Memo	
				(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor	(Accounts Receivable)	Cumulative Total Expenditures
<b>NJ Department of Education:</b>													
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 447,070	\$ (68,449)		\$ 68,449							\$ (447,070)
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	73,026	(11,181)		11,181							(73,026)
Categorical Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	420,698	(64,411)		64,411							(420,698)
Extraordinary Aid	10-495-034-5120-473	7/1/09-6/30/10	212,866	(212,866)		212,866							(212,866)
Special Education Costs	11-495-034-5120-473	7/1/10-6/30/11	325,852				\$ (325,852)		\$ (325,852)		\$ (325,852)		(325,852)
Non-Public Transportation	10-495-034-5120-014	7/1/09-6/30/10	12,164	(12,164)		12,164							(12,164)
Non-Public Transportation	11-495-034-5120-014	7/1/10-6/30/11	13,655				(13,655)		(13,655)		(13,655)		(13,655)
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	905,512	(44,079)		44,079							(905,512)
	11-495-034-5095-002	7/1/10-6/30/11	886,476			842,938	(886,476)		(43,538)		(43,538)		(886,476)
<b>Total General Fund State Aid</b>				<b>(413,150)</b>		<b>1,256,088</b>	<b>(1,225,983)</b>		<b>(383,045)</b>		<b>(383,045)</b>		<b>(3,297,319)</b>
<b>NJ Nonpublic Aid:</b>													
Nursing Services (Chapter 226)	11-100-034-5120-070	7/1/10-6/30/11	1,280			1,280	(1,280)						(1,280)
Textbook Aid (Chapter 194)	10-100-034-5120-064	7/1/09-6/30/10	456		\$ 456				\$ (456)				
Textbook Aid (Chapter 194)	11-100-034-5120-064	7/1/10-6/30/11	1,080			1,080	(1,080)						(1,080)
<b>Auxiliary Services:</b>													
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	4,605			4,605	(4,605)						(4,605)
<b>Handicapped Services:</b>													
Examination/Classification	11-100-034-5120-066	7/1/10-6/30/11	3,347			3,347	(3,347)						(3,347)
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	4,517			4,517	(4,517)						(4,517)
Character Education Aid	06-100-034-5120-418	7/01/05-6/30/06	4,000		78					\$ 78			(3,922)
<b>Total Special Revenue Fund</b>					<b>534</b>	<b>14,829</b>	<b>(14,829)</b>				<b>78</b>		<b>(18,751)</b>
<b>Total NJ Department of Education</b>				<b>(413,150)</b>	<b>534</b>	<b>1,270,917</b>	<b>(1,240,812)</b>			<b>(383,045)</b>	<b>78</b>	<b>(383,045)</b>	<b>(3,316,070)</b>
<b>Schools Development Authority:</b>													
Educational Facilities and Capital Financing Act	1990-050-04-1000	7/1/05-6/30/11	9,616,996	(1,875,314)						(1,875,314)		(1,875,314)	(9,616,996)
	1990-070-04-1000	7/1/05-6/30/11	4,879,272	(951,459)						(951,459)		(951,459)	(4,879,272)
	1990-050-09-1003	7/1/09-6/30/11	116,326	(28,689)				\$ (28,689)					(87,637)
	1990-070-09-1005	7/1/09-6/30/11	78,150	(41,845)				(41,845)					(36,305)
	1990-050-09-1004	7/1/09-6/30/11	84,680	(84,680)			(50,625)		(50,625)		(84,680)		(50,625)
	1990-070-09-1006	7/1/09-6/30/11	26,900	(26,900)			(20,834)		(20,834)		(26,900)		(20,834)
	1990-050-10-1001	7/1/10-6/30/11	254,032				(18,946)		(18,946)		(254,032)		(18,946)
	1990-070-10-1002	7/1/10-6/30/11	101,400				(6,600)		(6,600)		(101,400)		(6,600)
<b>Total Schools Development Authority</b>				<b>(3,008,887)</b>			<b>(97,005)</b>	<b>(70,534)</b>		<b>(2,923,778)</b>		<b>(3,293,785)</b>	<b>(14,717,215)</b>
<b>Total State Awards</b>				<b>\$ (3,422,037)</b>	<b>\$ 534</b>	<b>\$ 1,270,917</b>	<b>\$ (1,337,817)</b>	<b>\$ (70,534)</b>	<b>\$ - 0 -</b>	<b>\$ (3,306,823)</b>	<b>\$ 78</b>	<b>\$ (3,676,830)</b>	<b>\$ (18,033,285)</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 for the prior year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the final two payments for the prior year are recognized in the current year. There were no current year payments subject to state deferral. 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$144,041 for the General Fund, (\$3,846) for the Special Revenue Fund and \$693,032 for the Capital Projects Fund. See Exhibits C-3 and F-1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General, Special Revenue and Capital Projects Funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non-Contributory Insurance and Post Retirement Medical Benefits Contributions revenue of \$38,204 and \$811,463 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,219,691	\$ 2,219,691
Special Revenue Fund	\$ 425,062	11,486	436,548
Capital Projects Fund		1,048,464	1,048,464
Total Awards	<u>\$ 425,062</u>	<u>\$ 3,279,641</u>	<u>\$ 3,704,703</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$15,157,756 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. The District has realized the grants in full on the budgetary basis, except for an amount of \$70,534 which was cancelled, has collected \$11,793,437 and therefore, \$3,293,785 is receivable on the budgetary basis as of June 30, 2011. The District realizes grants receivable on the GAAP basis as they are expended and has expended or drawn down \$14,593,273 of the grants - \$11,669,495 has been collected and \$2,923,778 is receivable on the GAAP basis as of June 30, 2011.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* or Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year ended June 30, 2011 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's major state programs for the current fiscal year consisted of the following state awards:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Extraordinary Aid - Special Education	11-495-034-5120-473	7/1/10-6/30/11	\$ 325,852	\$ 325,852
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	886,476	886,476

- The threshold for distinguishing Type A and Type B federal and state programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circular NJOMB 04-04.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2010.