

BOROUGH OF HIGHLAND PARK
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**BOROUGH OF HIGHLAND PARK
BOARD OF EDUCATION**

HIGHLAND PARK, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

**BOROUGH OF HIGHLAND PARK
BOARD OF EDUCATION**

DEPARTMENT OF ADMINISTRATION

**HIGHLAND PARK SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-8
Required Supplementary Information – Part I	
Management's Discussion and Analysis	10
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	13
A-2 Statement of Activities	14
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	16-17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18-19
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds:	
B-4 Combining Statement of Fund Net Assets	21
B-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
B-6 Combining Statement of Cash Flows	23
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	24
B-8 Statement of Changes in Fiduciary Net Assets	25
Notes to the Financial Statements	27-48
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	51-57
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	58
C-1B Education Jobs Fund Program-Budget and Actual	59
C-2 Budgetary Comparison Schedule-Special Revenue Fund	60-61
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	63

**HIGHLAND PARK SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

FINANCIAL SECTION (Continued)	<u>PAGE</u>
Other Supplemental Information	
D. School Level Schedule	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenue and Expenditures Special Revenue Fund-Budgetary Basis	67-69
E-2 Schedule of Preschool Education Aid	70
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	72
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	73
F-2A Schedule of Project Revenues, Expenditures, Project Balance to	
F-2E and Project Status-Budgetary Basis	74-78
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	80
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	81
G-3 Combining Statement of Cash Flows	82
Internal Service Fund	
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Assets	84
H-2 Statement of Changes in Fiduciary Net Assets	85
H-3 Student Activity Agency Fund-Combining Statement of Changes in Assets and Liabilities	86
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	86
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	88
I-2 Schedule of Loans Payable	89
I-3 Debt Service Fund Budgetary Comparison Schedule	90

**HIGHLAND PARK SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

PAGE

STATISTICAL SECTION (Unaudited)

Table of Contents		92
J-1	Net Assets by Component	93
J-2	Changes in Net Assets	94-96
J-3	Fund Balances, Governmental Funds	97
J-4	Changes in Fund Balances, Governmental Funds	98
J-5	General Fund-Other Local Revenues by Source	99
J-6	Assessed Value and Actual Value of Taxable Property	100
J-7	Direct and Overlapping Property Tax Rates	101
J-8	Principal Property Taxpayers	102
J-9	Property Tax Levies and Collections	103
J-10	Ratios of Outstanding Debt by Type	104
J-11	Ratios of General Bonded Debt Outstanding	105
J-12	Direct and Overlapping Governmental Activities Debt	106
J-13	Legal Debt Margin Information	107
J-14	Demographic and Economic Statistics	108
J-15	Principal Employers	109
J-16	Full Time Equivalent District Employees by Function/Program	110
J-17	Operating Statistics	111
J-18	School Building Information	112
J-19	Required Maintenance	113
J-20	Insurance Schedule	114

SINGLE AUDIT SECTION

K-1	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	114-117
K-2	Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-33 and New Jersey OMB Circular 04-04	118-119
K-3	Schedule of Expenditures of Federal Awards, Schedule A	120-122
K-4	Schedule of Expenditures State Financial Assistance, Schedule B	123-124
K-5	Notes to the Schedules of Awards and Financial Assistance	125-126
K-6	Schedule of Findings and Questioned Costs	127-129
K-7	Summary Schedule of Prior Audit Findings	129

INTRODUCTORY SECTION



Highland Park Public Schools

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Highland Park, NJ 08904
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Fax: 732-572-5502

November 29, 2011

Honorable President and
Members of the Board of Education
Highland Park School District
Middlesex County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Highland Park School District (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 financial position and results of operations of the various funds and account groups 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 as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, as well as other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, oft times presented on a multi-year basis to facilitate comparison;
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A – 133, "Audits of States, Local Governments and Non-Profit Organizations", and New Jersey OMB's Circular 98-07, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION AND OVERVIEW

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, as well as, special education for handicapped youngsters. Geographically, New Brunswick, Piscataway and Edison surround Highland Park, which has a total area of 1.8 square miles. The students attend one of three schools: Irving Primary School serves children in grades Pre-K to one; Bartle Elementary School serves students in Grades two to five; Highland Park Middle School serves students in Grades six to eight; and Highland Park High School serves students in Grades nine to twelve.

An elected nine-member Board of Education serves as the policy making body for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for all expenditures of School District revenues.

The Superintendent of Schools is the Chief Executive Officer of the School District, and is responsible to the Board of Education for total educational and support operations. The Business Administrator is the Chief Financial Officer of the District, and is responsible for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District Funds, and investing the idle funds as permitted by the laws of the State of New Jersey.

REPORTING ENTITY AND ITS SERVICES

Highland Park School District is an independent reporting entity within the criteria adopted by the G.A.S.B. as established by N.C.G.A. Statement No. 14. All funds and account groups of the District are included in this report. The Highland Park Board of Education and all its schools constitute the District's reporting entity.

AVERAGE DAILY ENROLLMENT

The District completed the 2010-2011 fiscal year with an average enrollment of 1,457 students, which is 10 fewer students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2010-11	1,457	(0.7) %
2009-10	1,467	1.1 %
2008-09	1,451	(3.7) %
2007-08	1,507	(2.0) %
2006-07	1,537	1.6 %

ECONOMIC CONDITION AND OUTLOOK

Highland Park is a mature suburban community with ninety-six percent (96%) of the land developed. Residential use accounts for approximately sixty percent (60%) of the land use while business and industry uses account for approximately ten percent (10%) of the land use. The limited amount of land available for construction of new housing units has contributed to the slow growth in population. A second factor inherent in the slow growth reflects the pattern of smaller households made up of seniors, college students and young professionals found in the Borough.

Other significant land uses in the Borough are roads and parkland. There is, however, limited vacant land available for growth and diversity in the Borough's land use. Highland Park industrial community has been declining with industrial lands under used, typical of the general decline in the Middlesex County industrial sector in favor of the service sector.

The School District, along with many other public school districts in the State of New Jersey, faces difficult economic conditions since the primary funding source of revenues is property taxes. Highland Park is currently the proportionately highest-taxed community in Middlesex County, and its overwhelming reliance on property taxes places future educational initiatives in jeopardy. Additionally, the economic conditions in the State have resulted in reduced funding, thereby exacerbating the reliance on property taxes, which are also becoming additionally restrictive as to the limits on increases.

The School District's administration is closely monitoring the cost of operations and continues to look for new funding sources, particularly grants, in order to maintain the quality educational services that the community is accustomed to expect.

EDUCATIONAL PROGRAM

"The mission of Highland Park School District is to provide the community with the finest educational services through respect for diversity and commitment to collaboration, continuous improvement, and achievement of excellence."

Major initiatives over the past year have centered toward the improvement and upgrading of the academic program for all students. Emphasis has been placed on increasing the achievement of economically disadvantaged and minority students. To this end the district has invested in intensive reading and math supplemental programs, which utilize district computer-assisted instruction technology.

The District offers college preparatory and Advanced Placement courses, and offerings are available for regular, gifted and talented, honors, as well as handicapped students. Students are offered an extensive extracurricular and athletic program, including opportunities to participate in student government, academic, service, honor societies, drama, musical performances, and sport teams for both females and males.

Every effort is made to keep special education students in the district; toward that end, a variety of in-class support, resource centers, and self-contained programs are conducted.

FACILITIES INITIATIVES

The District has made a commitment to upgrading its existing physical plant. The District is making repairs and replacements to facilities where funds allow, with priorities focused on health and safety items.

The most recent facilities projects have focused on issues related to remedying water infiltration and roofing issues district-wide. This included a complete roof replacement at Bartle School and the replacement of several roof areas at the Highland Park High School. A brick re-pointing project was conducted over two summers at Bartle School. Bartle School received a badly needed upgrade of flooring and seating in its auditorium. The District also completed a project that repaired the front entrance of the High School, including the albadome clock tower. The District has partnered with the Borough of Highland Park and County of Middlesex to create a public bathroom facility at the High School athletic complex. The District is also participating in a county-wide solar energy initiative with the County of Middlesex, which will serve various schools across the district, for implementation during the 2011-2012 school year.

INTERNAL ACCOUNTING CONTROLS

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

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

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, 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system for the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("G.U.D.P.A."). G.U.D.P.A. 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.

RISK MANAGEMENT

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

OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants: the accounting firm of William M. Colantano, Jr., C.P.A., was selected by the Board of Education to perform that function. 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 of 1984 and the related O.M.B. Circular A-133 and New Jersey O.M.B.'s Circular 98-07. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

Respectfully submitted,

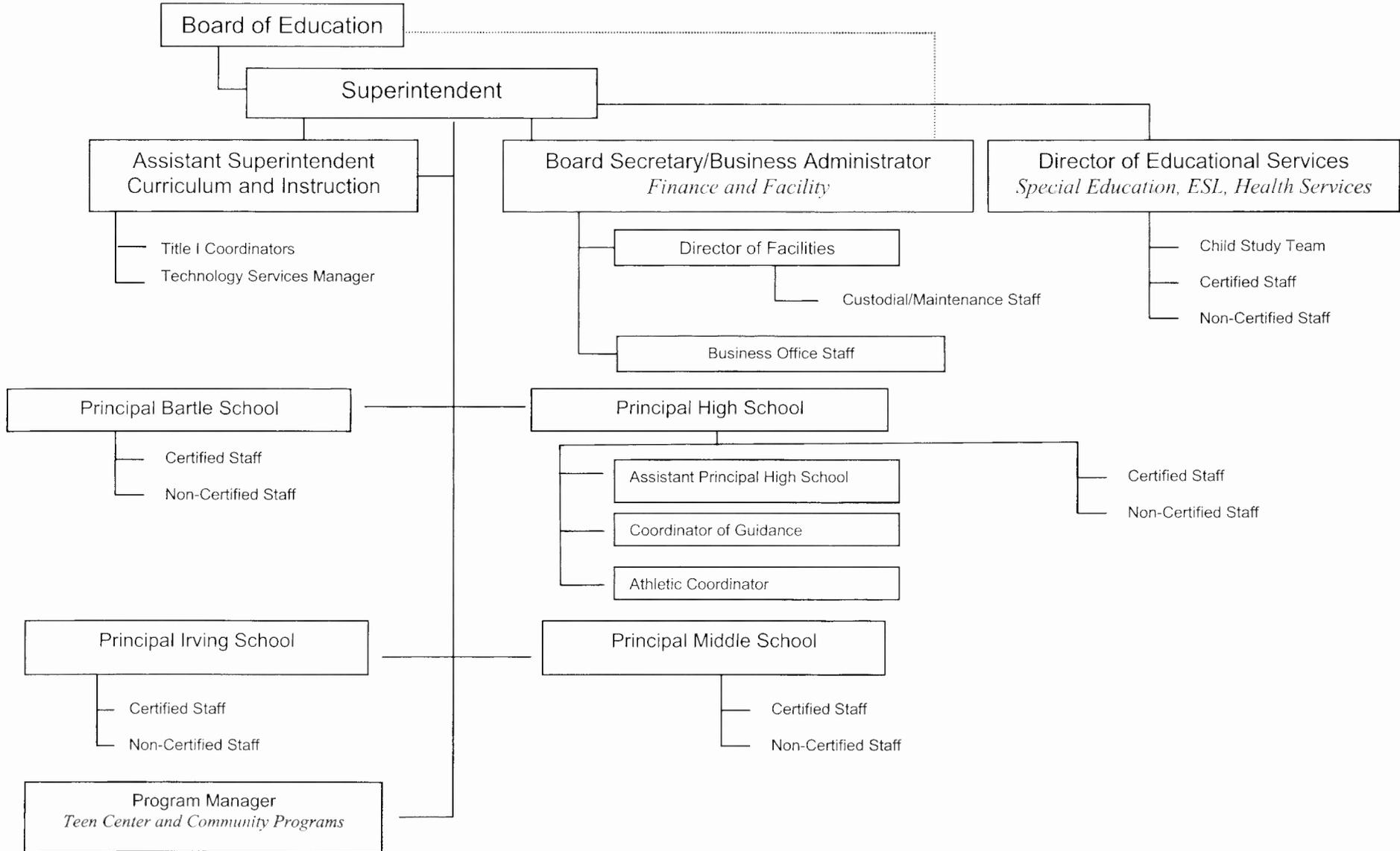


Dr. Frances R. Wood, Ed.D.
Superintendent of Schools



Linda A. Hoefele
Business Administrator/Board Secretary

HIGHLAND PARK BOARD OF EDUCATION
 Organizational Chart
 (Unit Control)



**HIGHLAND PARK BOARD OF EDUCATION
HIGHLAND PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ms. Catherine Bull	President	2012
Ms. Trish Sanchez	Vice-President	2012
Ms. Jerri Aversa		2013
Mr. Gregory Deatz		2014
Ms. Jessie Hughes		2014
Ms. Chandra Pointer-Titus		2013
Mr. Daniel Ross		2014
Ms. Anne Sherber		2013
Mr. Adam Sherman		2012
<u>Other Officials</u>		
Frances R. Wood, Ed.D.	Superintendent of Schools	
Ms. Karen Lewis	Assistant Superintendent	
Ms. Linda A. Hoefele	School Business Administrator/Board Secretary	
Ms. Kathleen Kovach	Treasurer of School Monies	

HIGHLAND PARK BOARD OF EDUCATION
HIGHAND PARK, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

Cherie L. Adams, Esq. Adams Stern Gutierrez & Lattiboudere, LLC 744 Broad Street, Suite 1600 Newark, New Jersey 07102	School Board Attorney
William M. Colantano William M. Colantano, Jr. A Professional Corporation 100 Route 31 North Washington, NJ 07882	Auditor
Obi Agudosi, AIA DMR Architects 777 Terrace Avenue, 6 th Floor Hasbrouk Heights, NJ 07604	Architect

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

November 29, 2011

Honorable President and
Members of the Board of Education
Highland Park School District
County of Middlesex, 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 Highland Park School District in the County of Middlesex, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Highland Park Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Board of Education in the County of Middlesex, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable 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 a report dated November 29, 2011 on our consideration of the Highland Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Management Discussion and Analysis and Budgetary Comparison Information 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the Highland Park Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 tables 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.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

Borough of Highland Park Public School District

Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2011

UNAUDITED

The discussion and analysis of Highland Park Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative data is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- General revenues accounted for \$27,400,010 in revenue, or 90.63 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,833,265, or 9.37 percent of total revenues of \$30,233,275.
- The School District had \$28,402,255 in expenses; only \$2,833,265 of these expenses were offset by program specific charges for services, grants or contributions, with the remainder, primarily property taxes, providing for the programs.
- Among Governmental Funds, the General Fund had \$25,369,364 in revenues and \$24,131,076 in expenditures. After accounting for net other financing uses of \$1,510,174, the General Fund's balance decreased by \$271,886 from the previous year.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can view the Highland Park Borough Public School District in the context of a financial whole, an entire operating entity.

The financial statements then proceed to provide an increasingly detailed look at specific financial entities. These financial statements are comprised of three elements: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Highland Park Borough Public School District, the General Fund is by far the most significant fund.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school District as a whole, the financial position of the School District has or has not improved. Changes in the District's financial position may be the result of many factors, including the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

The Statement of Net Assets and the Statement of Activities is separated into two distinct kinds of activities:

- Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities; and
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Before/After School Program enterprise funds are reported as a business activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund and the Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. Therefore, these statements are essentially the same. The Highland Park School District operated two enterprise fund activities: Food Service and Before/After School Care. The Food Service activities involve providing breakfast and lunch meals at a reasonable price, with the assistance of the Federal School Breakfast/Lunch Program. The Before and After School Care Program serves children from Kindergarten through Grade 5, with some other after-school activities made available for Middle School students as well.

THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net assets as of June 30, 2011, and a comparison with net assets as of June 30, 2010. The comparison between the years shows an increase in Net Assets of \$1,715,944.

HIGHLAND PARK BOARD OF EDUCATION
Table 1
Net Assets
For the Fiscal Years Ending June 30, 2011 and June 30, 2010

	6/30/11	6/30/10	Variance	
			Dollars	%
Current & Other Assets	\$ 4,778,750	\$ 4,170,348	\$ 608,402	14.59
Capital Assets	37,756,779	37,575,502	181,277	0.48
Total Assets	42,535,529	41,745,850	789,679	1.89
Long-Term Liabilities	27,262,979	28,040,892	(777,913)	(2.77)
Other Liabilities	1,809,568	1,957,920	(148,352)	(7.58)
Total Liabilities	29,072,547	29,998,812	(926,265)	(3.09)
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,356,164	12,402,849	953,315	7.69
Restricted	1,615,963	1,142,898	473,065	41.39
Unrestricted	(1,509,145)	(1,798,709)	289,564	16.10
Total Net Assets	\$ 13,462,982	\$ 11,747,038	\$ 1,715,944	14.61

The unrestricted net assets at June 30, 2011 of (\$1,509,145) shown above is not a reflection of the unavailability of funds for the District to pay its bills. As of June 30, 2011 it includes \$1,606,069 from the outstanding debt of the 1996 refunding bond issue, which was subsequently refunded by another bond issue in 2006. This amount includes initial expenditures incurred at the time of the refunding. These expenditures, however, will be more than offset by savings from future reduced debt service payments. It also includes a long-term estimated liability of \$627,729 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years, and accrued interest of \$426,713 that will be paid in the 2011-2012 school year on loan payments of existing bonds and EDA loans. The increase in unrestricted net assets from the previous year of \$289,564 is due to effective cost-cutting measures implemented by the District.

Table 2 provides a summary of the District's changes in net assets in fiscal year ending 6/30/11 with comparisons to 6/30/10.

HIGHLAND PARK BOARD OF EDUCATION

Table 2
Changes in Net Assets

	6/30/2011	6/30/2010	Variance	
			Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 625,115	\$ 730,451	\$ (105,336)	(14.42)
Operating Grants	1,948,315	1,538,345	409,970	26.65
Capital Grants	259,835	0	259,835	*
General Revenues:				
Property Taxes	22,521,337	21,746,000	775,337	3.57
Unrestricted Grants	4,733,360	5,300,824	(567,464)	(10.71)
Other	145,313	125,851	19,462	15.46
Total Revenues	<u>30,233,275</u>	<u>29,441,471</u>	<u>791,804</u>	<u>2.69</u>
Program Expenses				
Instruction:				
Regular	8,897,577	9,156,318	(258,741)	(2.83)
Special	3,262,529	2,989,771	272,758	9.12
Other	1,643,799	1,612,358	31,441	1.95
Support Services:				
Tuition	1,804,870	1,750,764	54,106	3.09
Student & Instructional Staff	4,240,958	4,419,671	(178,713)	(4.04)
General & Business Administration	1,412,487	1,418,257	(5,770)	(0.41)
School Administration	1,380,535	1,502,289	(121,754)	(8.10)
Maintenance	2,213,377	2,232,019	(18,642)	(0.84)
Transportation	1,283,356	1,216,083	67,273	5.53
Charter Schools	194,888	112,407	82,481	73.38
Interest on Long-Term Debt	1,278,984	1,245,732	33,252	2.67
Food Service	504,307	545,600	(41,293)	(7.57)
Community Service Program	284,588	401,137	(116,549)	(29.05)
Total Expenses	<u>28,402,255</u>	<u>28,602,406</u>	<u>(200,151)</u>	<u>(0.70)</u>
Increases (Decreases) Before Special Items	<u>1,831,020</u>	<u>839,065</u>	<u>991,955</u>	<u>118.22</u>
Special Items:				
Transfers	(110,000)	(185,000)	75,000	(40.54)
Prior Year Accounts Receivable Cancelled	0	(200)	200	(100.00)
Loss on Disposal of Capital Assets	(5,076)	0	(5,076)	*
Total Special Items	<u>(115,076)</u>	<u>(185,200)</u>	<u>70,124</u>	<u>(37.86)</u>
Increase (Decrease) in Net Assets	<u>\$1,715,944</u>	<u>\$653,865</u>	<u>\$1,062,079</u>	<u>162.43</u>

* = Undefined

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the District operations. Property taxes made up 76.48 percent of revenues for Governmental Funds for the Borough of Highland Park Public School District for fiscal year 2011. The District's total revenues for Governmental Funds were \$29,448,116 for the fiscal year ended June 30, 2011. The remaining revenues for Governmental Funds were from interest on investments, tuition, state aid, state and federal grants.

BUSINESS-TYPE ACTIVITIES FOR FISCAL YEAR 2011

Food Service Program

- Food service revenues and other financing sources exceeded expenses and other financing uses by \$5,379.
- Charges for services represent \$272,828 of revenue and other financing sources, or 53.53%. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$236,430.

Before and After School Programs

- The Before and After School Programs had Operating Revenues of \$275,473 and Operating Expenses of \$284,588. The net loss for fiscal year 2011 was \$9,115.

Table 3 provides a summary of the District's cost of governmental services in fiscal year ending 6/30/11 with comparisons to 6/30/10.

HIGHLAND PARK BOARD OF EDUCATION
Table 3
Cost of Governmental Services
For the Fiscal Year Ending June 30, 2011 and June 30, 2010

	Total Cost of Services		Net Cost of Services	
	6/30/11	6/30/10	6/30/11	6/30/10
Instruction	\$13,803,905	\$13,758,447	\$12,822,722	\$13,170,401
Support Services:				
Tuition	1,804,870	1,750,764	1,325,187	1,588,055
Students & Instructional Staff	4,240,958	4,419,671	3,897,566	4,077,425
General & Business Administration	1,412,487	1,418,257	1,327,342	1,348,339
School Administration	1,380,535	1,502,289	1,224,042	1,350,231
Plant Operations and Maintenance	2,213,377	2,232,019	2,213,083	2,219,241
Pupil Transportation	1,283,356	1,216,083	1,281,012	1,214,454
Charter Schools	194,888	112,407	194,888	112,407
Interest on Long-Term Debt	1,278,984	1,245,732	1,278,984	1,245,732
Total Expenses	\$27,613,360	\$27,655,669	\$25,564,826	\$26,326,285

- Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.
- Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.
- General administration, school administration and business include expenses associated with administrative and financial supervision of the District.
- Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.
- Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.
- Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

THE DISTRICT'S REVENUES

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Revenues came primarily from three sources: tax levy; state aid; and federal grants. The major source of revenue, approximately 77%, continues to be from local sources including tax levy, outside tuition and miscellaneous revenues. State aid and federal aid represents approximately 23% of the total revenues.

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2011:

<u>Revenues</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/ (Decrease) From Prior Year</u>	<u>% Increase/ (Decrease)</u>
Local Sources:				
Tax Levy:				
General	\$ 20,464,826	69.60%	\$ 774,741	3.93
Debt Service	2,056,511	6.99%	596	0.03
Other Revenues	229,744	0.78%	78,272	51.67
State Sources	5,545,655	18.86%	187,814	3.51
Federal Sources	1,110,005	3.77%	(86,712)	(7.25)
Total	<u>\$ 29,406,741</u>	100.00%	<u>\$ 954,711</u>	3.36

THE DISTRICT'S EXPENDITURES

The following schedule represents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2011:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase/ (Decrease) From Prior Year</u>	<u>% Increase/ (Decrease)</u>
Current Expense	\$ 23,633,814	84.68	\$ (710,891)	(2.92)
Capital Outlay	234,686	0.84	(161,267)	(40.73)
Charter Schools	194,888	0.70	82,481	73.38
Special Revenues	1,711,885	6.13	421,663	32.68
Debt Service:				
Principal	840,449	3.01	33,081	4.10
Interest	1,292,895	4.63	33,821	2.69
Total	<u>\$ 27,908,617</u>	100.00	<u>\$ (301,112)</u>	(1.07)

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared according to New Jersey law and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2011 the School District amended its General Fund budget as needed to reflect the following:

- Staffing changes and staffing increases based on student needs, funded by other unfilled positions
- Shifting of funds from out-of-district placements to in-district special education programs
- Increases in pension obligations and staff tuition reimbursement costs
- Increases in cost of charter school placements
- Reclassification of several expenditures

CAPITAL ASSETS

Table 4 provides a summary of the School District's capital assets net of depreciation for fiscal years 2011 and 2010. At the end of fiscal year 2011, the District had \$37,756,779 invested in land, buildings, machinery and equipment, and construction in progress. The District expended \$796,459 towards the completion of various building improvement projects, the installation of a wireless network infrastructure and the purchase of interactive whiteboards.

HIGHLAND PARK BOARD OF EDUCATION

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	6/30/11	6/30/10	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	0.00
Construction In Progress	756,970	22,291,242	(21,534,272)	(96.60)
Land Improvements	105,634	114,140	(8,506)	(7.45)
Buildings and Improvements	36,205,761	14,516,620	21,689,141	149.41
Machinery and Equipment	262,661	225,792	36,869	16.33
Vehicles	10,753	12,708	(1,955)	(15.38)
Total	<u>\$37,756,779</u>	<u>\$37,575,502</u>	<u>\$ 181,277</u>	0.48

* = Undefined

DEBT ADMINISTRATION

On August 1, 1993, the School District borrowed \$4,048,250 from the New Jersey Economic Development Authority (NJEDA), pursuant to the NJEDA's Safe School Program and Small Projects Loan Program. The work included code and safety upgrades at the District's schools, roofing and masonry projects, and upgrades to plumbing, electrical and HVAC systems. As of June 30, 2011, the amount of \$789,747 of principal remains outstanding.

In February 1996, the District issued General Obligation Bonds in the amount of \$15,071,000. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements included additions, renovations, re-roofing projects, window replacements, re-piping, replacement of hot water heaters and various other projects.

In December 1996, the Board of Education authorized a refunding issue for the February 1996 issue in the amount of \$17,040,000. In November 2006, the District issued a second refunding issue for the February 1996 issue in the amount of \$13,985,000. As of June 30, 2011, the amount of \$11,960,000 remains outstanding.

In March 2005, the District issued General Obligation Bonds in the amount of \$13,775,000. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions, renovations, site improvements and various other projects. The New Jersey Economic Development Authority (NJEDA) will be funding an additional \$7,915,597 towards the project. The school district has been authorized to issue debt equal to the full amount of the project, pending the receipt of the state portion of the funding. As of June 30, 2011, the amount of \$13,270,000 remains outstanding.

The general obligation bonded debt of the District is limited to 4% of the overage equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$59,092,121. General obligation authorized debt at June 30, 2011 is \$27,796,275, resulting in a legal debt margin of \$31,295,846.

Table 5 provides a summary of the District's outstanding long-term debt at 6/30/11 with comparisons to 6/30/10.

HIGHLAND PARK BOARD OF EDUCATION

Table 5

Outstanding Debt at Year-End

	6/30/11	6/30/10	Variance	
			Dollars	%
2004 General Obligation Bonds	\$ 13,270,000	\$ 13,360,000	(90,000)	(0.67)
2006 Refunding Bonds for 1996 Issue	11,960,000	12,465,000	(505,000)	(4.05)
New Jersey Economic Development Authority:				
Safe Program Loan	159,800	213,066	(53,266)	(25.00)
Small Project Loan	629,947	822,130	(192,183)	(23.38)
Unamortized Bond Premium	615,503	656,542	(41,039)	(6.25)
Compensated Absences	627,729	524,154	103,575	19.76
Total	<u>\$ 27,262,979</u>	<u>\$ 28,040,892</u>	<u>\$ (777,913)</u>	<u>(2.77)</u>

FOR THE FUTURE

The Highland Park Borough Public School District is in good financial condition presently. However, the state's financial situation has resulted in decreases in state aid, so that the burden of supporting schools will rely increasingly upon the homeowner. The community's plight is exacerbated by its primarily residential nature and the lack of room for any new tax ratables. To meet the fiscal challenges of the coming years, it will be necessary to continue to seek external sources of revenue and to place additional emphasis upon sound purchasing practices and cost-containment measures. Also, the District will need to continue its efforts to share services with other governmental entities, including other Districts and the Borough of Highland Park.

CONTACTING THE SCHOOL DISTRICT

This financial report is designed to provide our citizens, taxpayers, investor's and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives.

If you have any questions about this report or need additional information contact:

Linda A. Hoefele
Highland Park Board of Education
435 Mansfield Street
Highland Park, NJ 08904

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 60,927	\$ 169,805	\$ 230,732
Internal Balances	17,333	(17,333)	
Due from Other Funds	17,231		17,231
Receivables, Net	3,144,270	43,664	3,187,934
Inventory		8,679	8,679
Bond Issuance Costs, Net	301,992		301,992
Restricted Assets:			
Cash & Cash Equivalents	1,032,182		1,032,182
Capital Assets (Note 4)			
Land and Construction in Progress	1,171,970		1,171,970
Other Capital Assets, Net of Depreciation	36,544,098	40,711	36,584,809
Total Assets	<u>42,290,003</u>	<u>245,526</u>	<u>42,535,529</u>
LIABILITIES			
Accounts Payable	834,945	26,432	861,377
Accrued Interest	426,713		426,713
Payable to Governments	7,411		7,411
Deferred Revenue	500,386	9,593	509,979
Other Current Liabilities	4,088		4,088
Long-Term Liabilities (Note 5):			
Due Within One Year	949,567		949,567
Due Beyond One Year	26,313,412		26,313,412
Total Liabilities	<u>29,036,522</u>	<u>36,025</u>	<u>29,072,547</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	13,315,453	40,711	13,356,164
Restricted for:			
Capital Reserve	500,304		500,304
Capital Projects	1,115,658		1,115,658
Debt Service	1		1
Unrestricted	<u>(1,677,935)</u>	<u>168,790</u>	<u>(1,509,145)</u>
TOTAL NET ASSETS	<u>\$ 13,253,481</u>	<u>\$ 209,501</u>	<u>\$ 13,462,982</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 6,460,092	\$ 2,437,485	\$ 34,093	\$ 304,105	\$ 111,402	\$ (8,447,977)		\$ (8,447,977)
Special Education	2,311,621	950,908	42,289	122,872	39,789	(3,057,579)		(3,057,579)
Other Special Education	533,789	126,014		305,441	9,213	(345,149)		(345,149)
Other Instruction	694,711	289,285			11,979	(972,017)		(972,017)
Support Services:								
Tuition	1,804,870			479,683		(1,325,187)		(1,325,187)
Students & Instruction Related Services	3,074,422	1,166,536		290,589	52,803	(3,897,566)		(3,897,566)
General & Business Administration Services	1,080,847	331,640	138	67,173	17,834	(1,327,342)		(1,327,342)
School Administration Services	976,620	403,915		139,678	16,815	(1,224,042)		(1,224,042)
Plant Operations & Maintenance	2,157,199	56,178	294			(2,213,083)		(2,213,083)
Pupil Transportation	1,277,902	5,454		2,344		(1,281,012)		(1,281,012)
Charter Schools	194,888					(194,888)		(194,888)
Interest on Long-Term Debt	1,278,984					(1,278,984)		(1,278,984)
Total Governmental Activities	21,845,945	5,767,415	76,814	1,711,885	259,835	(25,564,826)	\$ -	(25,564,826)
Business-Type Activities:								
Food Service	504,307		272,828	236,430			4,951	4,951
Community Service Programs	284,588		275,473				(9,115)	(9,115)
Total Business-Type Activities	788,895	-	548,301	236,430	-	-	(4,164)	(4,164)
Total Primary Government	\$ 22,634,840	\$ 5,767,415	\$ 625,115	\$ 1,948,315	\$ 259,835	(25,564,826)	(4,164)	(25,568,990)
General Revenues, Transfers and Special Items								
						20,464,826		20,464,826
						2,056,511		2,056,511
						4,733,360		4,733,360
						13,066	428	13,494
						131,819		131,819
						(110,000)		(110,000)
						(5,076)		(5,076)
						27,284,506	428	27,284,934
						1,719,680	(3,736)	1,715,944
						11,533,801	213,237	11,747,038
						\$ 13,253,481	\$ 209,501	\$ 13,462,982

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HIGHLAND PARK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 60,926			\$ 1	\$ 60,927
Due from Other Funds	1,715,745				1,715,745
Receivables from Other Governments:					
State	260,631		\$ 2,095,281		2,355,912
Federal	4,948	\$ 750,648			755,596
Local		23			23
Other Receivables	11,698	21,041			32,739
Restricted Cash	500,304		531,878		1,032,182
TOTAL ASSETS	\$ 2,554,252	\$ 771,712	\$ 2,627,159	\$ 1	\$ 5,953,124
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 723,415	\$ 52,180	\$ 59,350		\$ 834,945
Due to Other Funds	366	241,727	1,439,088		1,681,181
Payables to Governments:					
State		7,011			7,011
Federal		400			400
Deferred Revenue		500,386			500,386
Other Current Liabilities	4,088				4,088
Total Liabilities	727,869	801,704	1,498,438	\$ -	3,028,011

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 500,304				\$ 500,304
Excess Surplus	157,958				157,958
Excess Surplus-Designated for Subsequent Year's Expenditures	61,787				61,787
Committed Fund Balance:					
Year-end Encumbrances	315,076		\$ 1,158,824		1,473,900
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures	426,210				426,210
Unassigned Fund Balance	365,048	\$ (29,992)	(30,103)	\$ 1	304,954
Total Fund Balances	<u>1,826,383</u>	<u>(29,992)</u>	<u>1,128,721</u>	<u>1</u>	<u>2,925,113</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,554,252</u>	<u>\$ 771,712</u>	<u>\$ 2,627,159</u>	<u>\$ 1</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is	\$ 48,111,520				37,716,068
				<u>10,395,452</u>	
Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds					(27,262,979)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due					(426,713)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is				401,752	
				<u>99,760</u>	
Total Net Assets of Governmental Activities					<u>\$ 13,253,481</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, 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
REVENUES					
Local Sources:					
Local Tax Levy	\$ 20,464,826			\$ 2,056,511	\$ 22,521,337
Tuition Charges	76,382				76,382
Interest Earned on Capital Reserve Funds	304				304
Interest on Investments	12,762				12,762
Miscellaneous	90,876	\$ 49,420			140,296
Total	20,645,150	49,420	\$ -	2,056,511	22,751,081
State Sources	4,700,904	575,770	259,835	9,146	5,545,655
Federal Sources	23,310	1,086,695			1,110,005
Total Revenues	25,369,364	1,711,885	259,835	2,065,657	29,406,741
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	6,187,899	266,367			6,454,266
Special Education Instruction	2,232,059	73,197			2,305,256
Other Special Instruction	243,562	290,227			533,789
Other Instruction	694,021				694,021
Support Service & Undistributed Costs:					
Tuition	1,325,187	479,683			1,804,870
Student & Instruction Related Services	2,781,135	278,076			3,059,211
General & Business Administrative Services	978,846	54,369			1,033,215
School Administrative Services	850,887	123,292			974,179
Plant Operations & Maintenance	2,149,502				2,149,502
Pupil Transportation	1,275,558	2,344			1,277,902
Unallocated Benefits	4,915,158	86,278			5,001,436

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 234,686	\$ 58,052	\$ 627,526		\$ 920,264
Transfer to Charter Schools	194,888				194,888
Debt Service:					
Redemption of Principal				\$ 840,449	840,449
Interest and Other Charges	67,688			1,225,207	1,292,895
Total Expenditures	<u>24,131,076</u>	<u>1,711,885</u>	<u>627,526</u>	<u>2,065,656</u>	<u>28,536,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,238,288</u>	<u>-</u>	<u>(367,691)</u>	<u>1</u>	<u>870,598</u>
Other Financing Sources (Uses):					
Transfers In			1,400,174		1,400,174
Transfers Out	(1,510,174)				(1,510,174)
Total Other Financing Sources (Uses)	<u>(1,510,174)</u>	<u>-</u>	<u>1,400,174</u>	<u>-</u>	<u>(110,000)</u>
Net Change in Fund Balance	(271,886)	-	1,032,483	1	760,598
Fund Balances, July 1	<u>2,098,269</u>	<u>(29,992)</u>	<u>96,238</u>	<u>-</u>	<u>2,164,515</u>
Fund Balances, June 30	<u>\$ 1,826,383</u>	<u>\$ (29,992)</u>	<u>\$ 1,128,721</u>	<u>\$ 1</u>	<u>\$ 2,925,113</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK 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 Changes in Fund Balances-Governmental Fund (from B-2)	\$ 760,598
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from the disposition of assets is an other financing source in the governmental funds, while only the gain or loss is reported in the statement of activities. The difference, which is the cost basis of the assets disposed, is a reduction in the reconciliation:	
Capital Outlays	\$ 920,264
Cost Basis of Assets Disposed	(5,076)
Depreciation Expense	<u>(729,298)</u>
	185,890
Repayment of bond and loan principal and capital lease debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:	
Bond and Loan Principal Payments	840,449
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:	
Amortization of Bond Premium	41,039
Amortization of Bond Issuance Costs	<u>(18,632)</u>
	22,407
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	
	13,911
In the statement of activities, compensated absences 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	
	<u>(103,575)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,719,680</u>

HIGHLAND PARK SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 8,403	\$ 161,402	\$ 169,805
Due from Other Funds	3,891		3,891
Receivables from Other Governments:			
State	1,454		1,454
Federal	40,314		40,314
Other Receivables	1,896		1,896
Inventory	8,679		8,679
Total Current Assets	<u>64,637</u>	<u>161,402</u>	<u>226,039</u>
Noncurrent Assets:			
Capital Assets	92,713		92,713
Less: Accumulated Depreciation	52,002		52,002
Total Noncurrent Assets	<u>40,711</u>	<u>-</u>	<u>40,711</u>
Total Assets	<u>105,348</u>	<u>161,402</u>	<u>266,750</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds		21,224	21,224
Accounts Payable	26,431	1	26,432
Deferred Revenues	9,593		9,593
Total Liabilities	<u>36,024</u>	<u>21,225</u>	<u>57,249</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	40,711		40,711
Unrestricted	28,613	140,177	168,790
Total Net Assets	<u>\$ 69,324</u>	<u>\$ 140,177</u>	<u>\$ 209,501</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 137,021		\$ 137,021
Daily Sales-Nonreimbursable Programs	122,318		122,318
Special Function Sales	13,489		13,489
Other Education, Care & Camp Fees		\$ 275,473	275,473
Total Operating Revenues	<u>272,828</u>	<u>275,473</u>	<u>548,301</u>
Operating Expenses:			
Costs of Sales	220,833		220,833
Salaries	162,220	237,305	399,525
Employee Benefits	62,838	30,154	92,992
Purchased Property Services	8,004		8,004
Insurance	1,598		1,598
Management Fee	20,116		20,116
Other Purchased Services	3,325	2,098	5,423
General Supplies	18,117	15,031	33,148
Depreciation	7,256		7,256
Total Operating Expenses	<u>504,307</u>	<u>284,588</u>	<u>788,895</u>
Operating Income (Loss)	<u>(231,479)</u>	<u>(9,115)</u>	<u>(240,594)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	5,801		5,801
Federal Sources:			
National School Lunch & Breakfast Program	199,577		199,577
Food Donation Program	31,052		31,052
Interest Earned on Investments	428		428
Total Nonoperating Revenues (Expenses)	<u>236,858</u>	<u>-</u>	<u>236,858</u>
Change in Net Assets	5,379	(9,115)	(3,736)
Net Assets, Beginning	<u>63,945</u>	<u>149,292</u>	<u>213,237</u>
Net Assets, Ending	<u>\$ 69,324</u>	<u>\$ 140,177</u>	<u>\$ 209,501</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 282,953	\$ 276,466	\$ 559,419
Payments to Employees		(237,305)	(237,305)
Payments for Employee Benefits		(30,154)	(30,154)
Payments to Food Service Management Company	(480,633)		(480,633)
Payments to Vendors	(4,839)	(21,163)	(26,002)
Net Cash Provided by (Used for) Operating Activities	(202,519)	(12,156)	(214,675)
Cash Flows from Noncapital Financing Activities:			
State Sources	5,342		5,342
Federal Sources	178,828		178,828
Interfund Activity	2,453	21,224	23,677
Net Cash Provided by (Used for) Noncapital Financing Activities	186,623	21,224	207,847
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(2,643)	-	(2,643)
Cash Flows from Investing Activities:			
Interest Earned on Investments	428	-	428
Net Increase (Decrease) in Cash and Cash Equivalents	(18,111)	9,068	(9,043)
Cash and Cash Equivalents, July 1	26,514	152,334	178,848
Cash and Cash Equivalents, June 30	\$ 8,403	\$ 161,402	\$ 169,805
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (231,479)	\$ (9,115)	\$ (240,594)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	7,256		7,256
Federal Food Donation Program	31,052		31,052
(Increase) Decrease in Accounts Receivable	36,669	993	37,662
(Increase) Decrease in Inventory	(982)		(982)
Increase (Decrease) in Accounts Payable	(47,468)	(4,034)	(51,502)
Increase (Decrease) in Deferred Revenue	2,433		2,433
Net Cash Provided by (Used for) Operating Activities	\$ (202,519)	\$ (12,156)	\$ (214,675)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS				
Cash & Cash Equivalents	\$ 91,998	\$ 111,212	\$ 135,074	\$ 227,229
Investments			10,115	
Due from Other Funds	4,084			
TOTAL ASSETS	<u>96,082</u>	<u>111,212</u>	<u>\$ 145,189</u>	<u>\$ 227,229</u>
LIABILITIES				
Due to Other Funds				\$ 21,315
Accounts Payable	4,805			
Due to Student Groups			\$ 145,189	
Payroll Deductions & Withholdings				205,914
TOTAL LIABILITIES	<u>4,805</u>	<u>-</u>	<u>\$ 145,189</u>	<u>\$ 227,229</u>
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 91,277</u>	<u>\$ 111,212</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 20,828	
Other		\$ 12,846
Investment Earnings:		
Interest	266	395
Total Additions	<u>21,094</u>	<u>13,241</u>
DEDUCTIONS		
Unemployment Claims	121,128	
Scholarships Awarded		8,010
Miscellaneous		2,881
Total Deductions	<u>121,128</u>	<u>10,891</u>
Other Financing Sources:		
Transfers In from General Fund	<u>110,000</u>	<u>-</u>
Change in Net Assets	9,966	2,350
Net Assets, Beginning of the Year	<u>81,311</u>	<u>108,862</u>
Net Assets, End of the Year	<u>\$ 91,277</u>	<u>\$ 111,212</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Basic Financial Statements Include:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.
- Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2011 of 1,457 students.

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

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

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund and the Before and After School Care Fund.

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

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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.

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicles	8

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 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. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employers share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

L. Deferred Revenue

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

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restricting imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of the following:

Capital Reserve	\$ 500,304
Debt Service	1
Capital Projects	<u>1,115,658</u>
Total Restricted Net Assets	<u>\$ 1,615,963</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Additionally, the 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.

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

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		\$ 1,828,427
Investments		<u>10,115</u>
Total Cash & Investments		<u>\$ 1,838,542</u>
	<u>Ref.</u>	
Cash & Investments:		
Governmental Funds, Statement of Net Assets	B-1	\$ 1,093,109
Enterprise Fund, Statement of Net Assets	B-4	169,805
Fiduciary Funds, Statement of Net Assets	B-7	<u>575,628</u>
Total Cash & Investments		<u>\$ 1,838,542</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$1,838,542 and the bank balance is \$3,160,958. Of the bank balance, \$371,327 is covered by federal depository insurance and \$2,789,631 is insured by GUDPA..

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

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

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district had investments with the following institutions:

<u>Institution</u>	<u>Investment Amount</u>	<u>Type of Investment</u>
Bank of America	\$ 10,115	Certificate of Deposit
Total Investments	<u>\$ 10,115</u>	

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 415,000			\$ 415,000
Construction in Progress	22,291,242	\$ 796,459	\$ 22,330,731	756,970
Total	<u>22,706,242</u>	<u>796,459</u>	<u>22,330,731</u>	<u>1,171,970</u>
Capital Assets, Being Depreciated:				
Land Improvements	750,300			750,300
Building & Improvements	22,813,925	22,343,039		45,156,964
Furniture & Equipment	921,640	111,497	16,491	1,016,646
Vehicles	15,640			15,640
Total	<u>24,501,505</u>	<u>22,454,536</u>	<u>16,491</u>	<u>46,939,550</u>
Accumulated Depreciation:				
Land Improvements	636,160	8,506		644,666
Building & Improvements	8,297,305	653,898		8,951,203
Furniture & Equipment	741,172	64,939	11,415	794,696
Vehicles	2,932	1,955		4,887
Total	<u>9,677,569</u>	<u>729,298</u>	<u>11,415</u>	<u>10,395,452</u>
Total Capital Assets, Being Depreciated, Net	<u>14,823,936</u>	<u>21,725,238</u>	<u>5,076</u>	<u>36,544,098</u>
Transfers Between Categories	<u>-0-</u>	<u>(22,330,731)</u>	<u>(22,330,731)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,530,178</u>	<u>\$ 190,966</u>	<u>\$ 5,076</u>	<u>\$ 37,716,068</u>
Business-Type Activities:				
Furniture & Equipment	\$ 90,070	\$ 2,643		\$ 92,713
Less: Accum Depreciation	<u>44,746</u>	<u>7,256</u>		<u>52,002</u>
Business-Type Activities Capital Assets, Net	<u>\$ 45,324</u>	<u>\$ (4,613)</u>	<u>\$ -0-</u>	<u>\$ 40,711</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 289,827
Special Education	107,801
Other Special Instruction	23,488
Co-Curricular Activities	31,228
Support Services:	
Student & Instruction	149,822
General & Business Admin	74,422
School Administration	45,307
Plant & Maintenance	7,403
Total Depreciation Expense, Governmental Activities	<u>\$ 729,298</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 25,825,000		\$ 595,000	\$ 25,230,000	\$ 620,000
NJ EDA Loans	1,035,196		245,449	789,747	253,948
Unamortized Bond Premiums	656,542		41,039	615,503	41,039
Compensated Absences Payable	524,154	\$ 137,501	33,926	627,729	34,580
Total Governmental Activities Long-Term Liabilities	<u>\$ 28,040,892</u>	<u>\$ 137,501</u>	<u>\$ 915,414</u>	<u>\$ 27,262,979</u>	<u>\$ 949,567</u>

Payments on the general obligation bonds and NJ EDA loans are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds and NJ EDA Loans outstanding as of June 30, 2011 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 873,948	\$ 1,189,883	\$ 2,063,831
2013	913,096	1,153,093	2,066,189
2014	947,703	1,114,606	2,062,309
2015	990,000	1,075,217	2,065,217
2016	1,035,000	1,028,030	2,063,030
2017-2021	5,970,000	4,371,356	10,341,356
2022-2026	7,580,000	2,843,963	10,423,963
2027-2030	7,710,000	886,950	8,596,950
Totals	<u>\$ 26,019,747</u>	<u>\$ 13,663,098</u>	<u>\$ 39,682,845</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds & NJ EDA Loans – General obligation school building bonds and NJ EDA Loans payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$13,985,000 – 2006 general obligation refunding bonds, due in annual installments of \$145,000 to \$1,225,000 beginning Feb 15, 2008, through Feb 15, 2025 interest from 4.00% to 5.00%	\$ 11,960,000
\$13,775,000 – 2005 general obligation school building bonds, due in annual installments of \$80,000 to \$2,060,000, beginning March 1, 2006, through March 1, 2030, interest from 4.375% to 4.50%	13,270,000
\$1,012,063 – 1993 NJ EDA safe program low interest loans, due in annual installments of \$53,266.44, beginning July 15, 1994 through July 15, 2013, interest at 1.50%	159,800
\$3,036,188 – 1993 NJ EDA small project loans, due in annual installments of \$118,342 to \$201,217, beginning July 15, 1994 through July 15, 2013, interest at 5.288%	<u>629,947</u>
	<u>\$ 26,019,747</u>

The general obligation bonded debt of the District is limited by state law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$59,092,121. General obligation debt at June 30, 2011 is \$27,796,275, resulting in a legal debt margin of \$31,295,846.

Bonds and Notes Authorized but not Issued

As of June 30, 2011, the District had \$1,776,528 of authorized but not issued debt for the school facility capital project authorized by the voters on December 14, 2004 for \$21,690,971. The authorized but not issued amount is summarized below:

Total Authorized	\$ 21,690,971
Bonds Issued	(13,775,000)
NJ SCC Aid Received @ 06/30/11	<u>(6,139,443)</u>
Total Authorized but not Issued	<u>\$ 1,776,528</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS

Description of Systems

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

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2003, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/11	\$ 740,557	100%
06/30/10	812,364	100%
06/30/09	744,077	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 248,307	100%
06/30/10	228,772	100%
06/30/09	158,837	100%

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (Cont'd)

During the year ended June 30, 2011, the State of New Jersey contributed \$707,259 to the TPAF for post-retirement medical benefits and \$33,298 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$741,887 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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 Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS, and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

Equitable Lincoln Investment Planning	TIAA-CREF UBS Paine Webber
--	-------------------------------

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 1,715,745	\$ 366
Special Revenue Fund		241,727
Capital Projects Fund		1,439,088
Food Service Enterprise Fund	3,891	
Before and After School Care Fund		21,224
Fiduciary Fund:		
Unemployment Compensation	4,084	
Payroll Agency		21,315
	\$ 1,723,720	\$ 1,723,720

The transfer of \$110,000 from the General Fund to the Unemployment Compensation Fund represents a board contribution necessitated by the cost of unemployment claims which exceeded the amount of employee withholdings for the fiscal year. The District transferred \$1,400,174 from the General Fund to the Capital Projects Fund representing capital reserve funding of \$1,060,319 and capital outlay funding of \$339,855 for projects approved in the District's Long Range Facility Plan.

The balance due from the Capital Project Fund to the General Fund of \$1,439,088 represents a loan from the General Fund due to cash flow issues related to the delayed receipt of state aid revenues. The balance due from the General Fund to the Food Service Fund of \$6,344 represents state aid receipts not yet distributed at fiscal year end. The balance due from the Unemployment Compensation Fund to the Payroll Agency Fund of \$392 represents an excess transfer of funds. The balance due from the Net Payroll Agency Fund to the General Fund of \$17,231 represents a payroll processing error which resulted in the transfer of excess funds to the Net Payroll Fund.

HIGHLAND PARK SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES (Cont'd)

The balances due to the General Fund from the Special Revenue Fund of \$15,067 and from the Before & After School Care Enterprise Fund of \$18,154 represents reimbursements for employee benefits. The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$4,084 represents employee withholdings for the unemployment trust not yet transferred at year end. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$226,205 due to cash flow issues related to the delayed receipt of grant revenues. The balances due to the Food Service Fund from the General Fund of \$366; from the Special Revenue Fund of \$455; and from the Before & After School Care Enterprise Fund of \$3,070 represents special function sales.

All interfund balances are to be liquidated within one year, except the amount due to the General Fund to the Capital Projects Fund which will be liquidated when state aid funds are fully realized.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2011 consisted of the following:

Food	\$	7,163
Supplies		<u>1,516</u>
		<u>\$ 8,679</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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

Fiscal Year	Board Contrib	Interest Earnings	Employees Contrib	Amount Reimbursed	Ending Balance
2010-2011	\$110,000	\$ 266	\$ 20,828	\$ 121,128	\$ 91,277
2009-2010	185,000	396	22,222	126,307	81,311
2008-2009	76,150	166	22,325	106,613	-0-

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 2, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the 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. 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 NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The District deposited \$500,000 to their Capital Reserve account in June of the current fiscal year.

The following schedule is a summarization of the Capital Reserve Account:

Fiscal Year	Return from Capital Projects Fund	District Contribution	Interest Earnings	Withdrawal	Ending Balance
2000-2001		\$ 1			\$ 1
2001-2002		100,000	\$ 289		100,290
2002-2003		100,000	1,907		202,197
2003-2004		100,000	1,484	\$ 154,755	148,926
2004-2005	\$ 37,668	100,000	2,546	282,722	6,418
2005-2006			215		6,633
2006-2007			331		6,964
2007-2008		350,000	269		357,233
2008-2009			2,203		359,436
2009-2010		700,000	883		1,060,319
2010-2011		500,000	304	1,060,319	500,304

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 14. MORTGAGE NOTE RECEIVABLE

On September 22, 1988 the District entered into a mortgage agreement with the Center School (the borrower) in the amount of \$1,137,360 with a yearly interest rate of zero% for the sale of District owned property.

Equal quarterly payments of the annual amount shall be made on July 1, October 1, January 1 and April 1. Payments received to date and scheduled payments to be received are as follows:

Year Ending June 30,	Amount
1993-2011 Received	\$ 706,683
2012	59,657
2013	49,158
2014	50,387
2015	51,647
2016	52,938
2017	54,262
2018	55,618
2019	<u>57,010</u>
Total	<u>\$ 1,137,360</u>

NOTE 15. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. The following is an analysis of the General Fund Balance on the "budgetary basis" as of June 30, 2011 and 2010. The total differs from the Governmental Funds Balance Sheet, which is stated on the "GAAP" basis, by \$273,431.

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the District's Long Range Facilities Plan	\$ 500,304	\$ 1,060,319
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	157,958	61,787
Excess Surplus- Designated for Subsequent Year's Expenditures-Represents excess surplus appropriated in the succeeding year's budget to reduce tax requirements	61,787	469,773
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	315,076	311,203
Assigned:		
Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	426,210	12,825
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>638,479</u>	<u>584,469</u>
Total Fund Balance	<u>\$ 2,099,814</u>	<u>\$ 2,500,376</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 16. DEFICIT FUND BALANCE

The district has a deficit fund balance of \$29,992 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements. PL 2005, Ch 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e. if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$157,958.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

HIGHLAND PARK 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
REVENUES					
Local Sources:					
Local Tax Levy	\$ 20,464,826		\$ 20,464,826	\$ 20,464,826	
Tuition from Individuals	15,000		15,000	45,715	\$ 30,715
Tuition from Other LEAs within the State				30,667	30,667
Interest on Capital Reserve Account				304	304
Interest on Investments				12,762	12,762
Other Restricted Miscellaneous Revenues	15,000		15,000		(15,000)
Miscellaneous-Unrestricted	115,000		115,000	63,568	(51,432)
Total	20,609,826	\$ -	20,609,826	20,617,842	8,016
State Sources:					
Categorical Special Education Aid	146,407	671,409	817,816	817,816	
Equalization Aid	2,732,443	(671,409)	2,061,034	2,061,034	
Extraordinary Aid	55,085		55,085	189,532	134,447
Non Public Transportation Aid				21,402	21,402
On-Behalf TPAF Pension Contributions				740,557	740,557
Reimbursed TPAF Social Security Contributions				741,887	741,887
Total	2,933,935	-	2,933,935	4,572,228	1,638,293
Federal Sources:					
Medicaid Reimbursement	25,444	-	25,444	23,310	(2,134)
TOTAL REVENUES	\$ 23,569,205	\$ -	\$ 23,569,205	\$ 25,213,380	\$ 1,644,175
EXPENDITURES					
Current:					
Regular Programs:					
Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 311,917	\$ (55,000)	\$ 256,917	\$ 228,684	\$ 28,233
Grades 1-5	2,363,219	(147,405)	2,215,814	2,212,483	3,331
Grades 6-8	1,331,477	14,030	1,345,507	1,329,780	15,727
Grades 9-12	1,645,533	149,217	1,794,750	1,785,967	8,783
Home Instruction:					
Salaries of Teachers	10,000	4,808	14,808	14,808	
Purchased Professional-Educational Services	33,400	(768)	32,632	27,879	4,753
Undistributed Instruction:					
Other Salaries for Instruction	40,866	13,023	53,889	53,889	
Purchased Professional-Educational Services	197,836	21,785	219,621	216,077	3,544
Other Purchased Services	108,748	140	108,888	83,259	25,629
General Supplies	287,077	(25,675)	261,402	166,956	94,446
Textbooks	22,363	82,340	104,703	66,890	37,813
Other Objects	4,475	(500)	3,975	1,227	2,748
Total	6,356,911	55,995	6,412,906	6,187,899	225,007
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	132,977		132,977	130,014	2,963
Other Salaries for Instruction	36,757	(3,000)	33,757	28,024	5,733
Purchased Professional-Educational Services		123	123	123	
General Supplies	1,750	3,286	5,036	1,185	3,851
Total	171,484	409	171,893	159,346	12,547
Multiple Disabilities:					
Salaries of Teachers	240,930	806	241,736	218,768	22,968
Other Salaries for Instruction	79,316	22,348	101,664	101,664	
Purchased Professional-Educational Services	6,636		6,636	6,636	
Other Purchased Services		840	840	840	
General Supplies	3,250	6,869	10,119	1,719	8,400
Total	330,132	30,863	360,995	329,627	31,368

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 1,333,199	\$ 26,039	\$ 1,359,238	\$ 1,359,238	
Other Salaries for Instruction	248,282	(18,000)	230,282	221,391	\$ 8,891
Purchased Professional-Educational Services	13,000		13,000	13,000	
General Supplies	4,800	20,550	25,350	20,498	4,852
Total	1,599,281	28,589	1,627,870	1,614,127	13,743
Preschool Disabilities-Part Time:					
Salaries of Teachers	29,418	51,967	81,385	81,385	
Other Salaries for Instruction	14,897	31,538	46,435	46,039	396
Purchased Professional-Educational Services	1,535		1,535	1,535	
General Supplies	750		750		750
Total	46,600	83,505	130,105	128,959	1,146
Total Special Education	2,147,497	143,366	2,290,863	2,232,059	58,804
Bilingual Education:					
Salaries of Teachers	252,132		252,132	235,788	16,344
Purchased Professional-Educational Services	3,380		3,380	3,380	
General Supplies	7,655	(1,240)	6,415	4,394	2,021
Total	263,167	(1,240)	261,927	243,562	18,365
School Sponsored Co/Extra Curricular Activities:					
Salaries	120,571		120,571	109,134	11,437
Other Purchased Services	42,275	(17,305)	24,970	22,275	2,695
Supplies & Materials	9,525	(500)	9,025	6,820	2,205
Other Objects	6,985		6,985	5,224	1,761
Total	179,356	(17,805)	161,551	143,453	18,098
School Sponsored Athletics:					
Salaries	289,086	(1,657)	287,429	229,788	57,641
Other Purchased Services	38,456	(2,854)	35,602	34,062	1,540
Supplies & Materials	8,245	6,997	15,242	10,617	4,625
Other Objects	7,750	660	8,410	8,380	30
Total	343,537	3,146	346,683	282,847	63,836
Summer School-Instruction:					
Salaries of Teachers	38,570	31,031	69,601	31,895	37,706
Other Supplemental/At Risk Programs-Instruction:					
Salaries of Reading Specialists	267,220	-	267,220	235,826	31,394
Total Instruction Regular	\$ 9,596,258	\$ 214,493	\$ 9,810,751	\$ 9,357,541	\$ 453,210
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within the State-Regular		\$ 16,530	\$ 16,530	\$ 16,530	
Other LEAs Within the State-Special	\$ 540,700	(86,930)	453,770	434,151	\$ 19,619
County Special Services & Regional Day Schools	162,216	(66,400)	95,816	95,816	
Private Schools for Disabled Within the State	688,029	86,161	774,190	774,190	
Private Schools for Disabled & Other LEAs- Special, Outside the State	69,730	(69,730)			
State Facilities	4,779		4,779	4,500	279
Tuition-Other	12,826	(1,330)	11,496		11,496
Total	1,478,280	(121,699)	1,356,581	1,325,187	31,394

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Attendance & Social Work:					
Salaries	\$ 53,969	\$ (18,030)	\$ 35,939	\$ 35,939	
Other Purchased Services	6,180	7,320	13,500	13,500	
Supplies & Materials	150	60	210	175	\$ 35
Total	60,299	(10,650)	49,649	49,614	35
Health Services:					
Salaries	263,266	(237)	263,029	252,651	10,378
Purchased Professional & Technical Services	16,440	9,141	25,581	25,581	
Other Purchased Services	3,690	313	4,003	1,335	2,668
Supplies & Materials	3,550		3,550	2,310	1,240
Other Objects	270		270	255	15
Total	287,216	9,217	296,433	282,132	14,301
Speech, OT, PT & Related Services:					
Salaries	247,532	42,223	289,755	281,607	8,148
Purchased Professional-Educational Services	86,854	(18,006)	68,848	68,848	
Supplies & Materials	1,300	3,000	4,300	3,923	377
Total	335,686	27,217	362,903	354,378	8,525
Other Support Services-Students-Extraord. Services:					
Salaries	172,434	(27,000)	145,434	143,099	2,335
Purchased Professional-Educational Services	20,602	39,684	60,286	36,313	23,973
Supplies & Materials	4,500		4,500	4,324	176
Other Objects	345	1	346	70	276
Total	197,881	12,685	210,566	183,806	26,760
Guidance:					
Salaries of Other Professional Staff	505,926	(10,000)	495,926	477,094	18,832
Salaries of Secretarial & Clerical Assistants	108,001	(13,242)	94,759	94,650	109
Other Purchased Professional & Technical Services	6,250	2,180	8,430	6,888	1,542
Other Purchased Services	14,290	1,101	15,391	5,614	9,777
Supplies & Materials	6,200	(300)	5,900	3,966	1,934
Other Objects	100	800	900	840	60
Total	640,767	(19,461)	621,306	589,052	32,254
Child Study Team:					
Salaries of Other Professional Staff	455,649	(7,000)	448,649	432,896	15,753
Salaries of Secretarial & Clerical Assistants	108,053	(1,500)	106,553	104,518	2,035
Other Salaries	1,500		1,500		1,500
Purchased Professional-Educational Services	26,950	31,925	58,875	52,745	6,130
Other Purchased Professional & Technical Services	14,635	5,400	20,035	17,132	2,903
Miscellaneous Purchased Services	7,232	(3,000)	4,232	4,232	
Supplies & Materials	8,300		8,300	3,470	4,830
Other Objects	900		900	390	510
Total	623,219	25,825	649,044	615,383	33,661
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	85,449		85,449	80,912	4,537
Salaries of Other Professional Staff	15,525	(8,525)	7,000	2,211	4,789
Salaries of Secretarial & Clerical Assistants	59,138		59,138	54,778	4,360
Other Salaries	121,547		121,547	102,445	19,102
Other Purchased Services	2,850		2,850	228	2,622
Supplies & Materials	4,294		4,294	298	3,996
Other Objects	1,850		1,850	1,060	790
Total	290,653	(8,525)	282,128	241,932	40,196

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Educational Media Services/School Library:					
Salaries	\$ 336,970	\$ 4,724	\$ 341,694	\$ 341,694	
Purchased Professional and Technical Services	4,834		4,834	2,961	\$ 1,873
Other Purchased Services	14,070	252	14,322	10,222	4,100
Supplies & Materials	26,770	2,345	29,115	23,936	5,179
Other Objects	300	(152)	148		148
Total	382,944	7,169	390,113	378,813	11,300
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	46,373		46,373	44,805	1,568
Salaries of Secretarial & Clerical Assistants	29,498	529	30,027	30,027	
Other Salaries	6,210		6,210	3,041	3,169
Purchased Professional-Educational Services	1,720	1,350	3,070	1,383	1,687
Other Purchased Services	12,400	(4,025)	8,375	5,247	3,128
Supplies & Materials	1,800		1,800	212	1,588
Other Objects	1,850		1,850	1,310	540
Total	99,851	(2,146)	97,705	86,025	11,680
Support Services-General Administration:					
Salaries	282,607	1,115	283,722	279,841	3,881
Legal Services	52,038	(8,914)	43,124	26,397	16,727
Audit Fees	32,000	750	32,750	32,750	
Architectural/Engineering Services	2,000	8,164	10,164		10,164
Other Purchased Professional Services	12,500		12,500	8,913	3,587
Communications/Telephone	119,849	3,860	123,709	102,876	20,833
Board of Education Other Purchased Services	1,000		1,000	44	956
Other Purchased Services	105,824		105,824	90,500	15,324
General Supplies	10,000		10,000	2,970	7,030
Board of Education In-House Training/Mtg. Supplies	2,500		2,500	1,795	705
Miscellaneous Expenditures	4,300		4,300	3,699	601
Board of Education Membership Dues & Fees	14,840		14,840	14,485	355
Total	639,458	4,975	644,433	564,270	80,163
Support Services-School Administration:					
Salaries of Principals & Assistant Principals	654,425		654,425	559,213	95,212
Salaries of Secretarial & Clerical Assistants	213,127	42,856	255,983	237,498	18,485
Purchased Professional & Technical Services	5,750	(2,370)	3,380	760	2,620
Other Purchased Services	43,345	(6,881)	36,464	23,598	12,866
Supplies & Materials	37,500	(272)	37,228	23,588	13,640
Other Objects	7,200	(32)	7,168	6,230	938
Total	961,347	33,301	994,648	850,887	143,761
Central Services:					
Salaries	356,474		356,474	334,311	22,163
Purchased Professional Services	13,190		13,190	3,450	9,740
Purchased Technical Services	15,236		15,236	12,346	2,890
Miscellaneous Purchased Services	29,494		29,494	12,042	17,452
Supplies & Materials	12,000		12,000	5,224	6,776
Miscellaneous Expenditures	1,525		1,525	1,480	45
Total	427,919	-	427,919	368,853	59,066

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Administrative Information Technology:					
Salaries	\$ 38,091		\$ 38,091	\$ 37,614	\$ 477
Other Purchased Services	5,000		5,000	1,769	3,231
Supplies & Materials	16,001	\$ (6,000)	10,001	6,340	3,661
Total	59,092	(6,000)	53,092	45,723	7,369
Required Maintenance for School Facilities:					
Salaries	17,850		17,850	17,246	604
Cleaning, Repair, and Maintenance Services	332,446	26,491	358,937	325,026	33,911
General Supplies	23,500	3,800	27,300	23,100	4,200
Total	373,796	30,291	404,087	365,372	38,715
Custodial Services:					
Salaries	71,400		71,400	68,986	2,414
Salaries of Non-instructional Aides	41,100		41,100	27,779	13,321
Purchased Professional and Technical Services	16,850	(5,800)	11,050	6,012	5,038
Cleaning, Repair, and Maintenance Services	882,351	(23,492)	858,859	850,422	8,437
Other Purchased Property Services	60,125	(10,200)	49,925	29,600	20,325
Insurance	52,500		52,500	47,258	5,242
General Supplies	13,000	(2,262)	10,738	10,507	231
Energy (Natural Gas)	255,521	(93,757)	161,764	127,586	34,178
Energy (Electricity)	589,766	(138,945)	450,821	442,675	8,146
Other Objects	1,500	18,298	19,798	19,798	
Total	1,984,113	(256,158)	1,727,955	1,630,623	97,332
Care & Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	7,000	99,386	106,386	105,065	1,321
General Supplies	10,000	7,445	17,445	17,222	223
Total	17,000	106,831	123,831	122,287	1,544
Security:					
Salaries	24,574		24,574	24,098	476
Purchased Professional and Technical Services	1,500	331	1,831	721	1,110
Cleaning, Repair, and Maintenance Services	2,000	6,305	8,305	6,272	2,033
General Supplies		661	661	129	532
Total	28,074	7,297	35,371	31,220	4,151
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School)-Regular	5,279	95	5,374	5,374	
Salaries for Pupil Transportation (Between Home & School)-Special Education	5,279	95	5,374	5,374	
Management Fee-ESC & CTSA Programs	31,634		31,634	31,512	122
Contracted Services (Other Than Between Home & School)-Vendors	58,405	3,459	61,864	55,848	6,016
Contracted Services (Between Home & School)-Joint Agreements		13,796	13,796	13,796	
Contracted Services (Special Education Students)-Vendors	82,057	(1)	82,056	78,900	3,156
Contracted Services (Special Education Students)-Joint Agreements	78,300	(16,532)	61,768	59,785	1,983
Contracted Services (Regular Students)-ESC'S & CTSA'S	345,734	2,736	348,470	348,470	
Contracted Services (Special Education Students)-ESC'S & CTSA'S	566,484	27,481	593,965	593,541	424
Contracted Services-Aid In Lieu of Payments-(Non-public Schools)	99,008		99,008	82,958	16,050
Total	1,272,180	31,129	1,303,309	1,275,558	27,751

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 265,000	\$ 12,047	\$ 277,047	\$ 229,162	\$ 47,885
Other Retirement Contributions-PERS	218,414	30,390	248,804	248,307	497
Other Retirement Contributions-Regular		1,982	1,982	1,982	
Workmen's Compensations	105,050	(12,372)	92,678	83,933	8,745
Health Benefits	2,901,990	(32,047)	2,869,943	2,752,255	117,688
Tuition Reimbursement	25,000	19,319	44,319	39,729	4,590
Other Employee Benefits	109,435	(4,318)	105,117	77,346	27,771
Total	<u>3,624,889</u>	<u>15,001</u>	<u>3,639,890</u>	<u>3,432,714</u>	<u>207,176</u>
On-Behalf TPAF Pension Contributions				740,557	(740,557)
Reimbursed TPAF Social Security Contributions				741,887	(741,887)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,482,444</u>	<u>(1,482,444)</u>
Total Undistributed Expenditures	<u>\$ 13,784,664</u>	<u>\$ (113,701)</u>	<u>\$ 13,670,963</u>	<u>\$ 14,276,273</u>	<u>\$ (605,310)</u>
TOTAL CURRENT	<u>\$ 23,380,922</u>	<u>\$ 100,792</u>	<u>\$ 23,481,714</u>	<u>\$ 23,633,814</u>	<u>\$ (152,100)</u>
CAPITAL OUTLAY					
Equipment:					
Grades 6-8		\$ 5,892	\$ 5,892	\$ 5,892	
School-Sponsored and Other Instructional Programs		5,869	5,869	3,735	\$ 2,134
Undistributed Expenditures:					
School Administration		4,733	4,733	4,416	317
Administration Information Technology		3,433	3,433	3,433	
Custodial Services		19,981	19,981	957	19,024
Noninstructional Services		20,012	20,012	20,012	
Total	<u>\$ -</u>	<u>59,920</u>	<u>59,920</u>	<u>38,445</u>	<u>21,475</u>
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	60,000	(46,262)	13,738	9,481	4,257
Construction Services	640,174	(428,231)	211,943	159,452	52,491
Other Objects (NJ SDA Debt Service Assessment)	67,688		67,688	67,688	
Total	<u>767,862</u>	<u>(474,493)</u>	<u>293,369</u>	<u>236,621</u>	<u>56,748</u>
TOTAL CAPITAL OUTLAY	<u>\$ 767,862</u>	<u>\$ (414,573)</u>	<u>\$ 353,289</u>	<u>\$ 275,066</u>	<u>\$ 78,223</u>
Transfer of Funds to Charter Schools	<u>\$ 154,155</u>	<u>\$ 40,733</u>	<u>\$ 194,888</u>	<u>\$ 194,888</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 24,302,939</u>	<u>\$ (273,048)</u>	<u>\$ 24,029,891</u>	<u>\$ 24,103,768</u>	<u>\$ (73,877)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (733,734)</u>	<u>\$ 273,048</u>	<u>\$ (460,686)</u>	<u>\$ 1,109,612</u>	<u>\$ 1,570,298</u>
Other Financing Sources (Uses):					
Transfers Out:					
Capital Reserve Fund to Capital Projects Fund		(1,060,319)	(1,060,319)	(1,060,319)	
Capital Outlay Fund to Capital Projects Fund		(339,855)	(339,855)	(339,855)	
Unemployment Compensation Fund	(110,000)		(110,000)	(110,000)	
Total Other Financing Sources (Uses)	<u>(110,000)</u>	<u>(1,400,174)</u>	<u>(1,510,174)</u>	<u>(1,510,174)</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	<u>(843,734)</u>	<u>(1,127,126)</u>	<u>(1,970,860)</u>	<u>(400,562)</u>	<u>1,570,298</u>
Fund Balances, July 1	<u>2,500,376</u>	<u>-</u>	<u>2,500,376</u>	<u>2,500,376</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 1,656,642</u>	<u>\$ (1,127,126)</u>	<u>\$ 529,516</u>	<u>\$ 2,099,814</u>	<u>\$ 1,570,298</u>

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (311,203)	\$ (311,203)	\$ (311,203)	
Increase in Capital Reserve		500,000	500,000	500,304	\$ 304
Withdrawal from Capital Reserve	\$ (361,136)	(699,183)	(1,060,319)	(1,060,319)	
Budgeted Fund Balance	(482,598)	(616,740)	(1,099,338)	470,656	1,569,994
TOTAL	\$ (843,734)	\$ (1,127,126)	\$ (1,970,860)	\$ (400,562)	\$ 1,570,298
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve				\$ 500,304	
Excess Surplus:					
Prior Year-Designated for 2011-2012 Budget				61,787	
Current Year-Designated for 2012-2013 Budget				157,958	
Committed Fund Balance:					
Yearend Encumbrances				315,076	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				426,210	
Unassigned Fund Balance				638,479	
				<u>2,099,814</u>	
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(273,431)	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,826,383</u>	

HIGHLAND PARK SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

HIGHLAND PARK SCHOOL DISTRICT
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 84,466		\$ 84,466	\$ 55,185	\$ (29,281)
State Sources	597,311		597,311	580,653	(16,658)
Federal Sources	1,523,438		1,523,438	1,091,118	(432,320)
TOTAL REVENUES	\$ 2,205,215	\$ -	\$ 2,205,215	\$ 1,726,956	\$ (478,259)
EXPENDITURES					
Instruction:					
Salaries for Teachers	\$ 434,047	\$ (85,550)	\$ 348,497	\$ 300,997	\$ 47,500
Other Salaries for Instruction	90,845	4,478	95,323	95,323	
Purchased Professional & Technical Services	69,228	(36,540)	32,688	25,174	7,514
Tuition	589,384	84,214	673,598	479,682	193,916
Other Purchased Services	29,615	11,325	40,940	31,847	9,093
General Supplies	131,819	106,124	237,943	186,092	51,851
Textbooks	2,501		2,501	2,501	
Other Objects	300		300		300
Totals	1,347,739	84,051	1,431,790	1,121,616	310,174
Support Services:					
Salaries of Supervisors of Instruction	138,488	(9,446)	129,042	123,504	5,538
Salaries of Program Directors	51,186	3,664	54,850	43,525	11,325
Salaries of Other Professional Staff	120,833	6,270	127,103	121,943	5,160
Salaries of Secretarial & Clerical Assistants	8,882	2,410	11,292	11,292	

HIGHLAND PARK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Support Services (cont'd):					
Other Salaries	\$ 57,354	\$ 18,038	\$ 75,392	\$ 44,892	\$ 30,500
Personal Services-Employee Benefits	130,962	(31,323)	99,639	86,276	13,363
Purchased Professional & Technical Services	145,547	(53,554)	91,993	33,000	58,993
Purchased Professional Educational Services	20,013	14,917	34,930	18,790	16,140
Contracted Services-Transportation	1,681	1,371	3,052	2,761	291
Other Purchased Services	41,322	(26,935)	14,387	9,232	5,155
Supplies & Materials	71,026	(1,670)	69,356	48,766	20,590
Other Objects		3,307	3,307	3,307	
Total	<u>787,294</u>	<u>(72,951)</u>	<u>714,343</u>	<u>547,288</u>	<u>167,055</u>
Facilities Acquisition & Construction Services:					
Instructional Equipment	59,392	(11,100)	48,292	47,918	374
Non-instructional Equipment	10,790		10,790	10,134	656
Total	<u>70,182</u>	<u>(11,100)</u>	<u>59,082</u>	<u>58,052</u>	<u>1,030</u>
TOTAL EXPENDITURES	<u>\$ 2,205,215</u>	<u>\$ -</u>	<u>\$ 2,205,215</u>	<u>\$ 1,726,956</u>	<u>\$ 478,259</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 25,213,380	\$ 1,726,956
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances-Prior Year		16,361
Prior Year Encumbrances-Adjustment		(2,112)
Outstanding Encumbrances-Current Year		(29,320)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33):		
State Aid Receivable-Prior Year	402,107	29,992
State Aid Receivable-Current Year	(273,431)	(29,992)
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	<u>27,308</u>	
Total Revenues (GAAP Basis)	<u>\$ 25,369,364</u>	<u>\$ 1,711,885</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 24,103,768	\$ 1,726,956
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:		
Outstanding Encumbrances-Prior Year		16,361
Prior Year Encumbrances-Adjustment		(2,112)
Outstanding Encumbrances-Current Year		(29,320)
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	<u>27,308</u>	
Total Expenditures (GAAP Basis)	<u>\$ 24,131,076</u>	<u>\$ 1,711,885</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

HIGHLAND PARK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Total Brought Forward	NCLB Title I	NCLB Title II A	NCLB Title II D	NCLB Title III	NCLB Title IV	Total
REVENUES							
Local Sources	\$ 55,185						\$ 55,185
State Sources	580,653						580,653
Federal Sources	714,706	\$ 311,180	\$ 50,945	\$ 731	\$ 13,464	\$ 92	1,091,118
TOTAL REVENUES	\$ 1,350,544	\$ 311,180	\$ 50,945	\$ 731	\$ 13,464	\$ 92	\$ 1,726,956
EXPENDITURES							
Instruction:							
Salaries of Teachers	\$ 165,505	\$ 123,519		\$ 528	\$ 11,445		\$ 300,997
Other Salaries for Instruction	95,323						95,323
Purchased Professional & Technical Services	25,174						25,174
Tuition	479,682						479,682
Other Purchased Services	18,421	13,426					31,847
General Supplies	64,386	121,614				\$ 92	186,092
Textbooks	2,501						2,501
Total	850,992	258,559	\$ -	528	11,445	92	1,121,616
Support Services:							
Salaries of Supervisors of Instruction	112,660	10,844					123,504
Salaries of Program Directors			43,525				43,525
Salaries of Other Professional Staff	121,943						121,943
Salaries of Secretarial & Clerical Assistants	11,292						11,292
Other Salaries	44,892						44,892
Personal Services-Employee Benefits	63,321	15,433	5,769	77	1,676		86,276
Purchased Professional & Technical Services	25,858	7,142					33,000
Purchased Professional-Educational Services	9,427	7,760	1,603				18,790
Contracted Services-Transportation	2,761						2,761
Other Purchased Services	5,158	4,074					9,232
Supplies & Materials	40,881	7,368	48	126	343		48,766
Other Objects	3,307						3,307
Total	441,500	52,621	50,945	203	2,019	-	547,288
Facilities Acquisition & Construction Services:							
Instructional Equipment	47,918						47,918
Non-Instructional Equipment	10,134						10,134
Total	58,052	-	-	-	-	-	58,052
TOTAL EXPENDITURES	\$ 1,350,544	\$ 311,180	\$ 50,945	\$ 731	\$ 13,464	\$ 92	\$ 1,726,956

HIGHLAND PARK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Total Brought Forward	IDEA Basic	IDEA Preschool	ARRA Title I	ARRA IDEA Basic	ARRA IDEA Preschool	Total Carried Forward
REVENUES							
Local Sources	\$ 55,185						\$ 55,185
State Sources	580,653						580,653
Federal Sources		\$ 445,433	\$ 24,722	\$ 47,287	\$ 185,662	\$ 11,602	714,706
TOTAL REVENUES	\$ 635,838	\$ 445,433	\$ 24,722	\$ 47,287	\$ 185,662	\$ 11,602	\$ 1,350,544
EXPENDITURES							
Instruction:							
Salaries of Teachers	\$ 129,111		\$ 22,966	\$ 13,428			\$ 165,505
Other Salaries for Instruction	95,323						95,323
Purchased Professional & Technical Services	25,174						25,174
Tuition		\$ 377,858			\$ 101,824		479,682
Other Purchased Services	18,421						18,421
General Supplies	7,311	3,009		13,490	34,600	\$ 5,976	64,386
Textbooks	2,501						2,501
Total	277,841	380,867	22,966	26,918	136,424	5,976	850,992
Support Services:							
Salaries of Supervisors of Instruction	112,660						112,660
Salaries of Other Professional Staff	121,943						121,943
Salaries of Secretarial & Clerical Assistants	11,292						11,292
Other Salaries	1,322	43,570					44,892
Personal Services-Employee Benefits	57,205	3,333	1,756	1,027			63,321
Purchased Professional & Technical Services	4,257	8,236		12,933	432		25,858
Purchased Professional-Educational Services		9,427					9,427
Contracted Services-Transportation	2,761						2,761
Other Purchased Services	2,798			360	2,000		5,158
Supplies & Materials	30,318			6,049	4,514		40,881
Other Objects	3,307						3,307
Total	347,863	64,566	1,756	20,369	6,946	-	441,500
Facilities Acquisition & Construction Services:							
Instructional Equipment					42,292	5,626	47,918
Non-Instructional Equipment	10,134						10,134
Total	10,134	-	-	-	42,292	5,626	58,052
TOTAL EXPENDITURES	\$ 635,838	\$ 445,433	\$ 24,722	\$ 47,287	\$ 185,662	\$ 11,602	\$ 1,350,544

HIGHLAND PARK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Educational Foundation	Other Local Grants	School Based Youth Services Program	NJ Preschool Education Aid	NJ Non- Public Funds	Total Carried Forward
REVENUES						
Local Sources	\$ 26,056	\$ 29,129				\$ 55,185
State Sources			\$ 267,940	\$ 299,916	\$ 12,797	580,653
TOTAL REVENUES	\$ 26,056	\$ 29,129	\$ 267,940	\$ 299,916	\$ 12,797	\$ 635,838
EXPENDITURES						
Instruction:						
Salaries for Teachers				\$ 129,111		\$ 129,111
Other Salaries for Instruction				95,323		95,323
Purchased Professional & Technical Services	\$ 16,162			2,366	\$ 6,646	25,174
Other Purchased Services	5,527	\$ 12,894				18,421
General Supplies	4,367	2,944				7,311
Textbooks					2,501	2,501
Total	26,056	15,838	\$ -	226,800	9,147	277,841
Support Services:						
Salaries of Supervisors of Instruction			80,660	32,000		112,660
Salaries of Other Professional Staff			121,943			121,943
Salaries of Secretarial & Clerical Assistants			11,292			11,292
Other Salaries		1,322				1,322
Personal Services-Employee Benefits		102	15,987	41,116		57,205
Purchased Professional & Technical Services			1,293		2,964	4,257
Contracted Services-Transportation			2,075		686	2,761
Other Purchased Services		444	2,354			2,798
Supplies & Materials		1,289	29,029			30,318
Other Objects			3,307			3,307
Total	-	3,157	267,940	73,116	3,650	347,863
Facilities Acquisition & Construction Services:						
Noninstructional Equipment		10,134				10,134
Total	-	10,134	-	-	-	10,134
TOTAL EXPENDITURES	\$ 26,056	\$ 29,129	\$ 267,940	\$ 299,916	\$ 12,797	\$ 635,838

HIGHLAND PARK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 129,111	\$ 129,111	
Other Salaries for Instruction	95,323	95,323	
Purchased Professional & Technical Services	2,366	2,366	
	<u>226,800</u>	<u>226,800</u>	<u>\$ -</u>
Support Services:			
Salaries of Supervisors of Instruction	32,000	32,000	
Personal Services-Employee Benefits	41,116	41,116	
Total Support Services	<u>73,116</u>	<u>73,116</u>	<u>-</u>
Total	<u>\$ 299,916</u>	<u>\$ 299,916</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total Revised 2010-2011 Preschool Education Aid Allocation	\$ 299,916
Add: Actual ECPA/PEA Carryover (June 30, 2010)	<u>-</u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	299,916
Less: 2009-2010 Budgeted Preschool Education Aid	<u>299,916</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	-
Add 2010-2011 Unexpended Preschool Education Aid	<u>-</u>
2010-2011 Actual Carryover-Preschool Education Aid	<u>\$ -</u>
2010-2011 Preschool Education Aid Carryover Budgeted for Preschool Programs 2010-2011	<u>\$ -</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/11
			Prior Years	Current Year	
ADA Improvements	03/12/04	\$ 205,391	\$ 202,391		\$ 3,000
Renovating, Furnishing & Equipping the Three Existing Schools	08/17/04	21,690,971	21,669,088	\$ 939	20,944
Irving School Waterproofing Project	02/28/11	126,460		114,198	12,262
Bartle School Gym Floor Replacement Due to Water Damage	02/28/11	1,550,920		157,483	1,393,437
High School Clock Tower and Roof Renovations and Locker Room Ventilation	02/28/11	808,790		354,906	453,884
Totals		<u>\$ 24,382,532</u>	<u>\$ 21,871,479</u>	<u>\$ 627,526</u>	<u>\$ 1,883,527</u>

HIGHLAND PARK 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

Revenues and Other Financing Sources:	
Local Sources-Transfer from Capital Reserve	\$ 1,060,319
Local Sources-Transfer from Capital Outlay	339,855
State Sources-SDA Grant	1,085,996
Total Revenues	<u>2,486,170</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	189,651
Construction Services	437,875
Total Expenditures	<u>627,526</u>
Change in Fund Balance	1,858,644
Fund Balance-Beginning	<u>97,169</u>
Fund Balance-Ending	<u>\$ 1,955,813</u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 1,955,813
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	2,095,281
Budgetary Basis (Schedule K-4)	<u>(2,922,373)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 1,128,721</u>
<u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 1,085,996
Adjustment to GAAP Basis	<u>(826,161)</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 259,835</u>

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ADA IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve	\$ 216,000		\$ 216,000	\$ 143,340
State Sources-SDA Grant	62,051		62,051	62,051
Total Revenues	278,051	\$ -	278,051	205,391
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	33,631		33,631	36,631
Construction Services	168,760		168,760	168,760
Total Expenditures	202,391	-	202,391	205,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 75,660	\$ -	\$ 75,660	\$ -

Additional Project Information

Project Number	2150-085-04-00PD
Project Number	2150-050-04-00PB
Project Number	2150-070-04-00PC
Grant Date	03/12/04
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 444,745
Reduced Authorized Cost	\$ (239,354)
Revised Authorized Cost	\$ 205,391
Percentage Completion	99%

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
RENOVATIONS TO THE THREE EXISTING SCHOOLS &
CONSTRUCTION, FURNISHING AND EQUIPPING VARIOUS SCHOOL
RENOVATIONS AND ADDITIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Bond Proceeds	\$ 13,775,000		\$ 13,775,000	\$ 13,775,000
State Sources-SDA Grant	7,915,597		7,915,597	7,915,597
Local Sources-Other				374
Total Revenues	<u>21,690,597</u>	<u>\$ -</u>	<u>21,690,597</u>	<u>21,690,971</u>
Expenditures and Other Financing Uses:				
Bond Issue Costs	78,136		78,136	78,136
Purchased Professional & Technical Services	2,419,919	939	2,420,858	2,470,858
Insurance	44,958		44,958	44,958
Other Purchased Services	80,478		80,478	80,478
Construction Services	19,045,597		19,045,597	18,916,541
Equipment & Furniture Purchases				100,000
Total Expenditures	<u>21,669,088</u>	<u>939</u>	<u>21,670,027</u>	<u>21,690,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 21,509</u>	<u>\$ (939)</u>	<u>\$ 20,570</u>	<u>\$ -</u>

Additional Project Information

Project Number	2150-070-05-00YC
Project Number	2150-085-05-00YF
Project Number	2150-050-05-00YA
Grant Date	08/17/04
Bond Authorization Date	01/31/05
Bonds Authorized	\$ 21,690,971
Bonds Issued	\$ 13,755,000
Original Authorized Cost	\$ 21,690,971
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 21,690,971
Percentage Completion	100%

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
IRVING SCHOOL WATERPROOFING PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve		\$ 69,380	\$ 69,380	\$ 69,380
State Sources-SDA Grant		57,080	57,080	57,080
Total Revenues	\$ -	126,460	126,460	126,460
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		24,364	24,364	37,000
Construction Services		89,834	89,834	89,460
Total Expenditures	-	114,198	114,198	126,460
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 12,262	\$ 12,262	\$ -

Additional Project Information

Project Number	2150-070-10-1001
Grant Date	02/28/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 142,700
Reduced Authorized Cost	\$ (16,240)
Revised Authorized Cost	\$ 126,460
Percentage Completion	90%

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
BARTLE SCHOOL GYM FLOOR REPLACEMENT DUE TO WATER DAMAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve		\$ 848,120	\$ 848,120	\$ 848,120
State Sources-SDA Grant		702,800	702,800	702,800
Total Revenues	\$ -	1,550,920	1,550,920	1,550,920
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		95,253	95,253	150,000
Construction Services		62,230	62,230	1,400,920
Total Expenditures	-	157,483	157,483	1,550,920
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 1,393,437	\$ 1,393,437	\$ -

Additional Project Information

Project Number	2150-085-10-1003
Grant Date	02/28/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,757,000
Reduced Authorized Cost	\$ (206,080)
Revised Authorized Cost	\$ 1,550,920
Percentage Completion	10%

HIGHLAND PARK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
HIGH SCHOOL CLOCK TOWER AND ROOF RENOVATIONS AND LOCKER ROOM VENTILATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve		\$ 142,819	\$ 142,819	\$ 142,819
Local Sources-Transfer from Capital Outlay		339,855	339,855	339,855
State Sources-SDA Grant		326,116	326,116	326,116
Total Revenues	\$ -	808,790	808,790	808,790
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		69,095	69,095	95,000
Construction Services		285,811	285,811	713,790
Total Expenditures	-	354,906	354,906	808,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 453,884	\$ 453,884	\$ -

Additional Project Information

Project Number	2150-050-10-1002
Grant Date	02/28/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 815,290
Reduced Authorized Cost	\$ (6,500)
Revised Authorized Cost	\$ 808,790
Percentage Completion	44%

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

HIGHLAND PARK SCHOOL DISTRICT
 COMBINING STATEMENT OF FUND NET ASSETS
 ENTERPRISE FUNDS
 JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 8,403	\$ 161,402	\$ 169,805
Due from Other Funds	3,891		3,891
Receivables from Other Governments:			
State	1,454		1,454
Federal	40,314		40,314
Other Receivables	1,896		1,896
Inventory	8,679		8,679
Total Current Assets	<u>64,637</u>	<u>161,402</u>	<u>226,039</u>
Noncurrent Assets:			
Capital Assets	92,713		92,713
Less: Accumulated Depreciation	52,002		52,002
Total Noncurrent Assets	<u>40,711</u>	<u>-</u>	<u>40,711</u>
Total Assets	<u>105,348</u>	<u>161,402</u>	<u>266,750</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds		21,224	21,224
Accounts Payable	26,431	1	26,432
Deferred Revenues	9,593		9,593
Total Liabilities	<u>36,024</u>	<u>21,225</u>	<u>57,249</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	40,711		40,711
Unrestricted	28,613	140,177	168,790
Total Net Assets	<u>\$ 69,324</u>	<u>\$ 140,177</u>	<u>\$ 209,501</u>

HIGHLAND PARK SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 137,021		\$ 137,021
Daily Sales-Non Reimbursable Programs	122,318		122,318
Special Function Sales	13,489		13,489
Other Education, Care & Camp Fees		\$ 275,473	275,473
Total Operating Revenues	<u>272,828</u>	<u>275,473</u>	<u>548,301</u>
Operating Expenses:			
Costs of Sales	220,833		220,833
Salaries	162,220	237,305	399,525
Employee Benefits	62,838	30,154	92,992
Purchased Property Services	8,004		8,004
Insurance	1,598		1,598
Management Fee	20,116		20,116
Other Purchased Services	3,325	2,098	5,423
General Supplies	18,117	15,031	33,148
Depreciation	7,256		7,256
Total Operating Expenses	<u>504,307</u>	<u>284,588</u>	<u>788,895</u>
Operating Income (Loss)	<u>(231,479)</u>	<u>(9,115)</u>	<u>(240,594)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	5,801		5,801
Federal Sources:			
National School Lunch & Breakfast Program	199,577		199,577
Food Donation Program	31,052		31,052
Interest Earned on Investments	428		428
Total Nonoperating Revenues (Expenses)	<u>236,858</u>	<u>-</u>	<u>236,858</u>
Change in Net Assets	5,379	(9,115)	(3,736)
Net Assets, Beginning	<u>63,945</u>	<u>149,292</u>	<u>213,237</u>
Net Assets, Ending	<u>\$ 69,324</u>	<u>\$ 140,177</u>	<u>\$ 209,501</u>

HIGHLAND PARK SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Service Fund	Before & After School Care Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 282,953	\$ 276,466	\$ 559,419
Payments to Employees		(237,305)	(237,305)
Payments for Employee Benefits		(30,154)	(30,154)
Payments to Food Service Management Company	(480,633)		(480,633)
Payments to Vendors	(4,839)	(21,163)	(26,002)
Net Cash Provided by (Used for) Operating Activities	<u>(202,519)</u>	<u>(12,156)</u>	<u>(214,675)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	5,342		5,342
Federal Sources	178,828		178,828
Interfund Activity	2,453	21,224	23,677
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>186,623</u>	<u>21,224</u>	<u>207,847</u>
Cash Flows from Capital & Related Financing Activities:			
Purchase of Capital Assets	(2,643)	-	(2,643)
Cash Flows from Investing Activities:			
Interest Earned on Investments	428	-	428
Net Increase (Decrease) in Cash and Cash Equivalents	(18,111)	9,068	(9,043)
Cash and Cash Equivalents, July 1	<u>26,514</u>	<u>152,334</u>	<u>178,848</u>
Cash and Cash Equivalents, June 30	<u>\$ 8,403</u>	<u>\$ 161,402</u>	<u>\$ 169,805</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (231,479)	\$ (9,115)	\$ (240,594)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	7,256		7,256
Federal Food Donation Program	31,052		31,052
(Increase) Decrease in Accounts Receivable	36,669	993	37,662
(Increase) Decrease in Inventory	(982)		(982)
Increase (Decrease) in Accounts Payable	(47,468)	(4,034)	(51,502)
Increase (Decrease) in Deferred Revenue	2,433		2,433
Net Cash Provided by (Used for) Operating Activities	<u>\$ (202,519)</u>	<u>\$ (12,156)</u>	<u>\$ (214,675)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

HIGHLAND PARK SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS					
Cash & Cash Equivalents	\$ 91,998	\$ 111,212	\$ 135,074	\$ 227,229	\$ 565,513
Investments			10,115		10,115
Due from Other Funds	4,084				4,084
Totals Assets	<u>96,082</u>	<u>111,212</u>	<u>145,189</u>	<u>227,229</u>	<u>579,712</u>
LIABILITIES					
Due to Other Funds				21,315	21,315
Accounts Payable	4,805				4,805
Due to Student Groups			145,189		145,189
Payroll Deductions & Withholdings				205,914	205,914
Total Liabilities	<u>4,805</u>	<u>-</u>	<u>145,189</u>	<u>227,229</u>	<u>377,223</u>
NET ASSETS					
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 91,277</u>	<u>\$ 111,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,489</u>

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

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
ADDITIONS			
Contributions:			
Plan Members	\$ 20,828		\$ 20,828
Other		\$ 12,846	12,846
Investment Earnings:			
Interest	266	395	661
Total Additions	<u>21,094</u>	<u>13,241</u>	<u>34,335</u>
DEDUCTIONS			
Unemployment Claims	121,128		121,128
Scholarships Awarded		8,010	8,010
Miscellaneous		2,881	2,881
	<u>121,128</u>	<u>10,891</u>	<u>132,019</u>
Other Financing Sources:			
Transfers In from General Fund	<u>110,000</u>	-	<u>110,000</u>
Change in Net Assets	9,966	2,350	12,316
Net Assets, Beginning of the Year	<u>81,311</u>	<u>108,862</u>	<u>190,173</u>
Net Assets, End of the Year	<u>\$ 91,277</u>	<u>\$ 111,212</u>	<u>\$ 202,489</u>

HIGHLAND PARK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
School Activities:				
Irving School	\$ 6,961	\$ 4,217	\$ 4,127	\$ 7,051
Bartle School	17,281	16,475	14,144	19,612
Middle School	4,673	39,930	37,348	7,255
Highland Park High School:				
Activity	105,665	172,619	167,013	111,271
Athletic		32,010	32,010	
	<u>\$ 134,580</u>	<u>\$ 265,251</u>	<u>\$ 254,642</u>	<u>\$ 145,189</u>

HIGHLAND PARK SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
ASSETS				
Cash & Cash Equivalents	\$ 132,211	\$ 15,129,942	\$ 15,034,924	\$ 227,229
Due from Other Funds	2,044		2,044	
TOTAL ASSETS	<u>\$ 134,255</u>	<u>\$ 15,129,942</u>	<u>\$ 15,036,968</u>	<u>\$ 227,229</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 117,023	\$ 6,117,994	\$ 6,029,103	\$ 205,914
Due to Other Funds	17,232	20,828	16,745	21,315
Net Payroll		8,991,120	8,991,120	
TOTAL LIABILITIES	<u>\$ 134,255</u>	<u>\$ 15,129,942</u>	<u>\$ 15,036,968</u>	<u>\$ 227,229</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

HIGHLAND PARK SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
School District-Variou Improvements Refunding Issue	11/17/06	\$ 13,985,000	02/15/12	\$ 530,000	4.00%				
			02/15/13	560,000					
			02/15/14	585,000	5.00%				
			02/15/15	620,000					
			02/15/16	655,000					
			02/15/17	695,000					
			02/15/18	805,000					
			02/15/19	870,000	4.00%				
			02/15/20	915,000					
			02/15/21	1,040,000	5.00%				
			02/15/22	1,090,000					
			02/15/23	1,170,000					
			02/15/24	1,200,000					
			02/15/25	1,225,000					
					\$ 12,465,000		\$ 505,000	\$ 11,960,000	
General Obligation Bonds of 2005	03/08/05	13,775,000	03/01/12-						
			03/01/14	90,000	4.375%				
			03/01/15	370,000					
			03/01/16	380,000					
			03/01/17	395,000					
			03/01/18	335,000					
			03/01/19	325,000					
			03/01/20	330,000					
			03/01/21	260,000					
			03/01/22	270,000					
			03/01/23	260,000					
			03/01/24	300,000					
			03/01/25	345,000					
			03/01/26	1,720,000	4.40%				
			03/01/27	1,800,000	4.50%				
03/01/28	1,880,000								
03/01/29	1,970,000								
03/01/30	2,060,000								
					13,360,000		90,000	13,270,000	
					\$ 25,825,000	\$ -	\$ 595,000	\$ 25,230,000	

HIGHLAND PARK SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF LOANS PAYABLE
 JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
New Jersey Economic Development Authority Safe Program Loan	08/01/95	\$ 1,012,063	07/15/11	\$ 53,267	1.500%	\$ 213,066		\$ 53,266	\$ 159,800
			07/15/12	53,266					
			07/15/13	53,267					
New Jersey Economic Development Authority Small Project Loan	08/01/93	3,036,187	07/15/11	200,681	5.288%	822,130		192,183	629,947
			07/15/12	209,830					
			07/15/13	219,436					
						<u>\$ 1,035,196</u>	<u>\$ -</u>	<u>\$ 245,449</u>	<u>\$ 789,747</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,056,511		\$ 2,056,511	\$ 2,056,511	
State Sources:					
Debt Service Aid-State Support	9,146		9,146	9,146	
Total Revenues	<u>2,065,657</u>	\$ -	<u>2,065,657</u>	<u>2,065,657</u>	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	1,225,207		1,225,207	1,225,207	
Redemption of Principal	840,450		840,450	840,449	1
Total Expenditures	<u>2,065,657</u>	-	<u>2,065,657</u>	<u>2,065,656</u>	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation of Excess (Deficiency of Revenue Over (Under) Expenditures:					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

STATISTICAL SECTION

HIGHLAND PARK SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
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 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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 to 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.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

HIGHLAND PARK SCHOOL DISTRICT
 NET ASSETS BY COMPONENT
 LAST NINE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENT ACTIVITIES									
Invested in Capital Assets, Net of Related Debt	\$ 1,834,151	\$ 2,086,572	\$ 2,230,739	\$ 4,089,129	\$ 9,957,848	\$ 10,770,628	\$ 11,593,747	\$ 12,357,525	\$ 13,315,453
Restricted	235	186,693	173,127	149,445	155,148	587,640	576,114	1,142,898	1,615,963
Unrestricted	(1,474,568)	(1,739,575)	(1,538,298)	(623,208)	(1,092,027)	(1,736,837)	(1,297,089)	(1,966,622)	(1,677,935)
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 359,818	\$ 533,690	\$ 865,568	\$ 3,615,366	\$ 9,020,969	\$ 9,621,431	\$ 10,872,772	\$ 11,533,801	\$ 13,253,481
BUSINESS-TYPE ACTIVITIES									
Invested in Capital Assets, Net of Related Debt	\$ 36,385	\$ 53,936	\$ 48,974	\$ 46,886	\$ 42,752	\$ 58,693	\$ 52,471	\$ 45,324	\$ 40,711
Unrestricted	47,783	31,829	92,598	38,343	42,848	83,144	167,930	167,913	168,790
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 84,168	\$ 85,765	\$ 141,572	\$ 85,229	\$ 85,600	\$ 141,837	\$ 220,401	\$ 213,237	\$ 209,501
DISTRICT-WIDE									
Invested in Capital Assets, Net of Related Debt	\$ 1,870,536	\$ 2,140,508	\$ 2,279,713	\$ 4,136,015	\$ 10,000,600	\$ 10,829,321	\$ 11,646,218	\$ 12,402,849	\$ 13,356,164
Restricted	235	186,693	173,127	149,445	155,148	587,640	576,114	1,142,898	1,615,963
Unrestricted	(1,426,785)	(1,707,746)	(1,445,700)	(584,865)	(1,049,179)	(1,653,693)	(1,129,159)	(1,798,709)	(1,509,145)
TOTAL DISTRICT-WIDE	\$ 443,986	\$ 619,455	\$ 1,007,140	\$ 3,700,595	\$ 9,106,569	\$ 9,763,268	\$ 11,093,173	\$ 11,747,038	\$ 13,462,982

HIGHLAND PARK SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES									
Governmental Activities:									
Instruction:									
Regular	\$ 8,544,555	\$ 8,576,003	\$ 9,270,811	\$ 9,940,335	\$ 10,094,536	\$ 10,307,353	\$ 9,573,546	\$ 9,156,318	\$ 8,897,577
Special Education	1,257,438	1,349,742	1,652,260	1,518,158	2,205,385	2,615,781	2,609,222	2,989,771	3,262,529
Other Special Education	328,985	389,905	460,261	635,600	526,932	736,405	496,443	485,936	659,803
Other Instruction	408,175	548,053	663,240	714,374	641,149	709,853	672,637	1,126,422	983,996
Support Services:									
Tuition	898,947	909,471	805,326	1,076,502	1,579,855	1,722,016	1,763,726	1,750,764	1,804,870
Student & Instruction Related Services	4,367,800	4,685,918	3,891,286	4,445,642	4,482,339	4,706,208	4,389,406	4,419,671	4,240,958
General & Business Administrative Services	1,517,803	1,487,329	1,726,312	1,395,372	1,769,296	1,748,463	1,503,870	1,418,257	1,412,487
School Administration	1,217,942	1,171,820	1,347,514	1,199,723	1,342,109	1,436,481	1,380,141	1,502,289	1,380,535
Plant Operations & Maintenance	1,743,831	1,848,345	1,986,552	1,769,849	2,199,153	2,181,302	2,304,046	2,232,019	2,213,377
Pupil Transportation	855,517	873,558	819,968	1,041,815	1,392,987	1,311,731	1,245,772	1,216,083	1,283,356
Special Schools	40,956	14,320	26,916	20,000	3,690				
Transfer to Charter Schools	30,384	53,039	53,809	69,983	50,282	69,048	66,733	112,407	194,888
Interest on Long Term Debt	962,855	931,290	1,044,774	1,472,697	1,174,091	1,339,177	1,290,577	1,245,732	1,278,984
Total Governmental Activities Expenses	22,175,188	22,838,793	23,749,029	25,300,050	27,461,804	28,883,818	27,296,119	27,655,669	27,613,360
Business-Type Activities:									
Food Services	523,840	479,779	475,390	532,544	563,109	602,539	555,129	545,600	504,307
Other	302,644	343,233	335,609	383,254	335,393	382,620	467,428	401,137	284,588
Total Business-Type Activities	826,484	823,012	810,999	915,798	898,502	985,159	1,022,557	946,737	788,895
TOTAL DISTRICT EXPENSES	\$ 23,001,672	\$ 23,661,805	\$ 24,560,028	\$ 26,215,848	\$ 28,360,306	\$ 29,868,977	\$ 28,318,676	\$ 28,602,406	\$ 28,402,255

HIGHLAND PARK SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES									
Governmental Activities:									
Charges for Services:									
Regular Instruction	\$ 46,041	\$ 35,684	\$ 67,777	\$ 53,690	\$ 37,814	\$ 23,835	\$ 33,338	\$ 28,663	\$ 34,093
Special Education Instruction							10,951		42,289
Other Instruction								3,551	
Student & Instructional Related Services		181	300						
General & Business Administrative Services		495	150	105	4,102	135	256	140	138
Plant Operations & Maintenance	8,528	42,749	14,588	18,802	26,777	21,423	20,918	7,778	294
Operating Grants & Contributions	2,397,476	2,472,120	2,616,900	2,764,276	2,501,542	2,586,175	1,351,035	1,289,252	1,711,885
Capital Grants & Contributions			83,185	1,599,332	5,302,879	783,098	310,401		259,835
Total Governmental Activities Program Revenues	2,452,045	2,551,229	2,782,900	4,436,205	7,873,114	3,414,666	1,726,899	1,329,384	2,048,534
Business-Type Activities:									
Charges for Services:									
Food Service	345,586	300,171	314,692	337,256	352,856	376,895	339,574	302,562	272,828
Other	303,634	339,246	373,343	338,638	355,547	412,396	553,773	387,757	275,473
Operating Grants & Contributions	172,848	190,102	175,215	184,593	194,424	199,839	207,442	249,093	236,430
Total Business-Type Activities Program Revenues	822,068	829,519	863,250	860,487	902,827	989,130	1,100,789	939,412	784,731
TOTAL DISTRICT-PROGRAM REVENUES	\$ 3,274,113	\$ 3,380,748	\$ 3,646,150	\$ 5,296,692	\$ 8,775,941	\$ 4,403,796	\$ 2,827,688	\$ 2,268,796	\$ 2,833,265
NET (EXPENSE) REVENUES									
Governmental Activities	\$ (19,723,143)	\$ (20,287,564)	\$ (20,966,129)	\$ (20,863,845)	\$ (19,588,690)	\$ (25,469,152)	\$ (25,569,220)	\$ (26,326,285)	\$ (25,564,826)
Business-Type Activities	(4,416)	6,507	52,251	(55,311)	4,325	3,971	78,232	(7,325)	(4,164)
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (19,727,559)	\$ (20,281,057)	\$ (20,913,878)	\$ (20,919,156)	\$ (19,584,365)	\$ (25,465,181)	\$ (25,490,988)	\$ (26,333,610)	\$ (25,568,990)

HIGHLAND PARK SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS									
Governmental Activities:									
Property Taxes Levied for General Purposes	\$ 14,458,419	\$ 15,135,495	\$ 15,661,490	\$ 16,683,190	\$ 17,580,347	\$ 18,647,753	\$ 19,125,082	\$ 19,690,085	\$ 20,464,826
Property Taxes Levied for Debt Service	1,424,976	1,424,637	1,306,654	2,117,804	2,120,213	1,972,159	2,051,618	2,055,915	2,056,511
Unrestricted Grants & Contributions	3,197,993	3,812,788	3,919,089	4,219,855	5,103,699	5,340,516	5,550,906	5,300,824	4,733,360
Investment Earnings	19,882	23,617	179,988	564,018	439,280	146,178	23,916	22,003	13,066
Miscellaneous Income	78,749	72,399	179,645	64,776	117,593	103,792	149,866	103,487	131,819
Transfers Out		(7,500)	(20,519)	(37,000)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)
Special Item-Prior Year Accounts Receivable Cancelled	(8,990)								
Special Item-Payment to Refunding Bond Agent					(329,839)				
Special Item-NJ EDA Loan Forgiveness			71,660						
Special Item-Gain (Loss) on Disposal of Capital Assets				1,000		(1,614)	(4,677)		(5,076)
Total Governmental Activities	<u>19,171,029</u>	<u>20,461,436</u>	<u>21,298,007</u>	<u>23,613,643</u>	<u>24,994,293</u>	<u>26,069,614</u>	<u>26,820,561</u>	<u>26,987,314</u>	<u>27,284,506</u>
Business-Type Activities:									
Investment Earnings	622	509	1,398	1,262	1,365	753	332	361	428
Miscellaneous Income				75					
Transfers In						50,170			
Special Item-Prior Year Management Company Profit					6,570				
Special Item-Prior Year Special Function Revenue (Expenses)					(11,889)	1,343			
Special Item-Prior Year Accounts Receivable Cancelled		(5,419)						(200)	
Special Item-Prior Year Accounts Payable Cancelled			2,158						
Special Item-Prior Year Other Liability Cancelled				103					
Special Item-Prior Year Subsidy Income Refunded				(2,472)					
Total Business-Type Activities	<u>622</u>	<u>(4,910)</u>	<u>3,556</u>	<u>(1,032)</u>	<u>(3,954)</u>	<u>52,266</u>	<u>332</u>	<u>161</u>	<u>428</u>
TOTAL DISTRICT-WIDE	<u>\$ 19,171,651</u>	<u>\$ 20,456,526</u>	<u>\$ 21,301,563</u>	<u>\$ 23,612,611</u>	<u>\$ 24,990,339</u>	<u>\$ 26,121,880</u>	<u>\$ 26,820,893</u>	<u>\$ 26,987,475</u>	<u>\$ 27,284,934</u>
CHANGE IN NET ASSETS									
Governmental Activities	\$ (552,114)	\$ 173,872	\$ 331,878	\$ 2,749,798	\$ 5,405,603	\$ 600,462	\$ 1,251,341	\$ 661,029	\$ 1,719,680
Business-Type Activities	(3,794)	1,597	55,807	(56,343)	371	56,237	78,564	(7,164)	(3,736)
TOTAL DISTRICT	<u>\$ (555,908)</u>	<u>\$ 175,469</u>	<u>\$ 387,685</u>	<u>\$ 2,693,455</u>	<u>\$ 5,405,974</u>	<u>\$ 656,699</u>	<u>\$ 1,329,905</u>	<u>\$ 653,865</u>	<u>\$ 1,715,944</u>

HIGHLAND PARK SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST NINE FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 364,239	\$ 236,907	\$ 630,850	\$ 1,823,123	\$ 1,709,407	\$ 1,184,420	\$ 1,353,924	\$ 1,903,082	\$ 1,035,125
Unreserved	842,614	855,176	479,977	296,949	399,440	626,468	686,073	195,187	791,258
Total General Fund	<u>\$ 1,206,853</u>	<u>\$ 1,092,083</u>	<u>\$ 1,110,827</u>	<u>\$ 2,120,072</u>	<u>\$ 2,108,847</u>	<u>\$ 1,810,888</u>	<u>\$ 2,039,997</u>	<u>\$ 2,098,269</u>	<u>\$ 1,826,383</u>
All Other Governmental Funds:									
Reserved, Reported In:									
Capital Projects Fund		\$ 8,145	\$ 1,717,166	\$ 16,103,603	\$ 2,378,350	\$ 534,174	\$ 373,685	\$ 7,000	\$ 1,158,824
Unreserved, Reported In:									
Special Revenue Fund	\$ (66,583)	(63,227)	(63,227)	(63,227)	(63,227)	(73,377)	(29,022)	(29,992)	(29,992)
Capital Projects Fund		(8,142)	12,128,793	(4,810,535)	(453,911)	25,385	90,003	89,238	(30,103)
Debt Service Fund	235			11,915	76,215	1	1		1
Total All Other Governmental Funds	<u>\$ (66,348)</u>	<u>\$ (63,224)</u>	<u>\$ 13,782,732</u>	<u>\$ 11,241,756</u>	<u>\$ 1,937,427</u>	<u>\$ 486,183</u>	<u>\$ 434,667</u>	<u>\$ 66,246</u>	<u>\$ 1,098,730</u>

HIGHLAND PARK SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	\$ 15,197,699	\$ 15,883,395	\$ 16,560,132	\$ 16,968,144	\$ 18,800,994	\$ 19,700,560	\$ 20,619,912	\$ 21,176,700	\$ 21,746,000	\$ 22,521,337
Tuition Charges	57,254	46,041	34,324	67,515	53,905	37,314	23,835	39,934	28,663	76,382
Interest Earnings	24,242	19,882	23,617	179,988	563,803	439,280	146,178	23,916	22,003	13,066
Miscellaneous	111,816	133,830	153,240	215,546	123,605	133,775	136,808	184,377	100,806	140,296
State Sources	4,258,393	4,889,954	5,398,087	5,489,023	5,854,705	6,695,828	7,099,005	6,209,897	5,357,841	5,285,820
State Sources-Capital Projects				83,185	1,599,332	5,302,879	783,098	310,401		259,835
Federal Sources	867,580	888,322	1,069,258	1,021,830	1,080,818	867,974	769,426	630,739	1,196,717	1,110,005
Total Revenues	20,516,984	21,861,424	23,238,658	24,025,231	28,077,162	33,177,610	29,578,262	28,575,964	28,452,030	29,406,741
Expenditures:										
Instruction:										
Regular Instruction	6,255,918	5,782,685	5,953,697	6,145,004	6,419,524	6,299,046	6,535,275	6,877,160	6,514,936	6,187,899
Special Education Instruction	996,907	871,028	887,828	1,186,638	1,060,120	1,477,670	1,727,937	1,890,684	2,087,987	2,232,059
Other Special Instruction	184,254	117,915	98,799	120,232	198,101	208,885	231,264	238,532	249,108	243,562
School Sponsored/Other Instructional	387,066	391,096	420,361	518,996	540,670	484,499	528,237	496,530	803,805	694,021
Support Services:										
Tuition	730,735	898,947	909,471	570,193	776,998	1,232,919	1,418,877	1,544,207	1,588,055	1,325,187
Student & Inst Related Services	1,596,471	2,184,118	2,306,585	2,362,102	2,525,537	2,578,772	2,733,522	3,015,690	2,929,618	2,781,135
General Administration	413,924	690,804	730,356	753,658	599,054	688,718	662,134	599,287	540,782	564,270
School Administration Services	698,542	941,002	831,563	784,115	749,288	800,968	818,510	886,022	929,273	850,887
Central Services	426,533	525,284	482,058	488,415	416,154	574,476	636,204	457,733	383,945	368,853
Administrative Information Technology				85,291	50,897	59,118	51,277	60,696	55,749	45,723
Plant Operations & Maintenance	1,782,249	1,651,413	1,849,051	1,974,824	1,758,727	2,165,319	2,136,233	2,236,832	2,146,722	2,149,502
Pupil Transportation	868,962	850,750	867,484	810,215	1,021,623	1,390,050	1,306,768	1,237,312	1,208,805	1,275,558
Employee Benefits	1,259,844	1,978,836	2,076,132	2,124,168	2,528,666	2,536,248	2,809,315	3,086,387	3,295,083	3,432,714
On-Behalf TPAF Pension & Social Security Contribution	657,818	1,162,270	1,433,319	1,520,040	1,787,039	2,555,344	2,669,005	1,529,760	1,610,837	1,482,444
Capital Outlay	189,228	58,339	87,776	27,822	95,432	81,791	50,742	324,511	395,953	234,686
Lease Purchase Agreement-Principal	38,709	41,404	44,288	47,370	50,669	49,550				
Special Schools	42,630	39,786	14,320	20,865	20,000	3,690				
Transfers to Charter Schools	32,012	30,384	49,014	53,809	69,983	50,282	69,048	66,733	112,407	194,888
Special Revenue Funds	2,588,470	2,693,419	2,709,820	2,616,900	2,764,276	2,501,542	2,596,325	1,306,680	1,290,222	1,711,885
Capital Projects Fund	29,943		154,755	514,407	4,022,844	14,874,319	2,147,978	406,272	367,450	627,526
Debt Service:										
Principal	440,931	481,036	506,780	466,013	643,785	825,498	737,474	769,865	807,368	840,449
Interest & Other Charges	978,192	955,034	929,347	851,683	1,473,506	1,241,621	1,322,170	1,291,328	1,259,074	1,292,895
Total Expenditures	20,599,338	22,345,550	23,342,804	24,042,760	29,572,893	42,680,325	31,188,295	28,322,221	28,577,179	28,536,143
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(82,354)	(484,126)	(104,146)	(17,529)	(1,495,731)	(9,502,715)	(1,610,033)	253,743	(125,149)	870,598
Other Financing Sources (Uses):										
Prior Year Accounts Receivable Cancelled		(8,990)								
Proceeds from Bond Issue				13,775,000						
Proceeds from Refunding Bond Issue						13,985,000				
Payment to Refunding Bond Escrow Agent						(14,464,839)				
Premium on Bond Issue				127,748		682,650				
Premium on Note Issue						21,350				
Proceeds from Sale of Capital Assets					1,000					
Transfers In (Out)			(7,500)	(20,519)	(37,000)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)
Total Other Financing Sources (Uses)	-	(8,990)	(7,500)	13,882,229	(36,000)	187,161	(139,170)	(76,150)	(185,000)	(110,000)
Net Change in Fund Balances	\$ (82,354)	\$ (493,116)	\$ (111,646)	\$ 13,864,700	\$ (1,531,731)	\$ (9,315,554)	\$ (1,749,203)	\$ 177,593	\$ (310,149)	\$ 760,598
Debt Service as a Percentage of Non-capital Expenditures	7.70%	7.10%	6.85%	6.17%	9.31%	8.27%	7.65%	8.07%	8.03%	8.35%

Source: District Records

NOTE: Non capital expenditures are total expenditures less capital outlay, capital projects and debt service expenditures.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

HIGHLAND PARK SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 21,606	\$ 19,882	\$ 23,614	\$ 50,612	\$ 69,501	\$ 112,771	\$ 97,265	\$ 23,779	\$ 22,003	\$ 13,066
Insurance Claim		\$ 19,180	12,629	34,554						
Insurance Dividends				7,926		14,262	13,355	13,348	5,032	8,808
Mortgage Loan Proceeds	37,466	38,402	39,363	40,347	41,355	42,389	43,449	44,535	45,649	46,790
Rentals	8,725		9,418	200	713	18,665	15,660	11,821	2,700	
Prior Year:										
Account Balance Canceled			1,748		17,898	408				
Accounts Payable Canceled			8,811	22,434						
Refund	22,563	16,849	6,483	38,506	12,396	3,427	6,084	5,202	11,321	6,693
Outstanding Checks Voided		4,513	10	2,295	2,480	7,430		8,756		
Energy Savings Reimbursement	11,503	8,258	15,800	12,824						
E- Rate Rebates								36,545		
Miscellaneous Refunds			3,617	1,798						
Bid Spec Fees						4,450				
Restitution						1,166		328	434	
Donations and Local Contributions										27,308
Tuition	57,254	46,041	34,324	67,515	53,690	37,314	23,835	39,934	28,663	76,382
Proceeds from Sale of Capital Assets								2,112	90	
Miscellaneous	3,891	75	98	296	155	139		425	62	1,277
Annual Totals	<u>\$ 163,008</u>	<u>\$ 153,200</u>	<u>\$ 155,915</u>	<u>\$ 279,307</u>	<u>\$ 198,188</u>	<u>\$ 242,421</u>	<u>\$ 199,648</u>	<u>\$ 186,785</u>	<u>\$ 115,954</u>	<u>\$ 180,324</u>

Sources: District Records

HIGHLAND PARK SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 3,199,400	\$ 3,053,900	\$ 3,133,400	\$ 3,243,500	\$ 3,232,600	\$ 3,073,900	\$ 3,412,100	\$ 3,460,700	\$ 3,402,400	\$ 8,975,900
Residential	389,139,200	389,462,200	388,663,400	389,950,600	391,197,500	392,449,400	394,142,800	395,306,400	396,844,200	397,445,000
Commercial	48,462,300	48,916,300	50,070,600	49,871,800	49,817,900	49,407,300	48,518,800	48,823,000	49,040,700	48,760,300
Industrial	5,045,200	5,045,200	5,045,200	5,026,400	5,050,200	4,750,900	5,044,900	4,763,800	4,763,800	2,808,400
Apartment	83,322,600	83,018,400	83,667,500	83,969,000	85,455,600	80,728,300	80,112,600	80,459,300	80,459,300	77,138,600
Total Assessed Value	529,168,700	529,496,000	530,580,100	532,061,300	534,753,800	530,409,800	531,231,200	532,813,200	534,510,400	535,128,200
Public Utilities (a)	648,934	612,257	517,461	421,763	344,060	310,037	306,318	311,208	304,824	276,411
Net Valuation Taxable	\$ 529,817,634	\$ 530,108,257	\$ 531,097,561	\$ 532,483,063	\$ 535,097,860	\$ 530,719,837	\$ 531,537,518	\$ 533,124,408	\$ 534,815,224	\$ 535,404,611
Estimated Actual County Equal Value	\$ 771,821,286	\$ 848,988,240	\$ 998,679,130	\$ 1,139,488,686	\$ 1,280,751,221	\$ 1,428,657,064	\$ 1,488,066,959	\$ 1,512,628,292	\$ 1,501,446,445	\$ 1,436,556,510
Percentage of Net Valuation to Est. Actual County Equal Value	68.65%	62.44%	53.18%	46.73%	41.78%	37.15%	35.72%	35.24%	35.62%	37.27%
Total Direct Schl. Tax Rate (b)	\$ 2.94	\$ 3.06	\$ 3.16	\$ 3.34	\$ 3.60	\$ 3.80	\$ 3.93	\$ 4.02	\$ 4.14	\$ 4.24

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

- (a) Taxable value of machinery, implements and equipments of telephone and messenger system companies
- (b) Tax rates are per \$100

* Revalued/Reassessed

HIGHLAND PARK SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)	Municipality	County	
			Total Direct School Tax Rate			
2002	\$ 2.68	\$ 0.26	\$ 2.94	\$ 1.21	\$ 0.59	\$ 4.74
2003	2.80	0.26	3.06	1.27	0.62	4.95
2004	2.92	0.24	3.16	1.33	0.67	5.16
2005	2.96	0.38	3.34	1.37	0.68	5.39
2006	3.21	0.39	3.60	1.41	0.71	5.72
2007	3.44	0.36	3.80	1.48	0.77	6.05
2008	3.55	0.38	3.93	1.57	0.80	6.30
2009	3.64	0.38	4.02	1.63	0.84	6.49
2010	3.76	0.38	4.14	1.66	0.84	6.64
2011	3.86	0.38	4.24	1.71	0.90	6.85

Sources: Municipal Tax Collector

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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

HIGHLAND PARK SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Cedar Lane-Treetops	\$ 8,000,000	1	1.49%	\$ 9,814,400	1	1.85%
Cedar Arms Association	5,220,000	2	0.97%	6,600,000	3	1.25%
Donaldson Park	5,019,800	3	0.94%	5,019,800	4	0.95%
CLA Management Company	4,994,800	4	0.93%	8,090,500	2	1.53%
Rutgers University c/o Richardson	4,922,100	5	0.92%	4,922,100	5	0.93%
Cedar Holding Associates	4,871,600	6	0.91%	4,871,600	6	0.92%
Orchard Gardens	4,600,300	7	0.86%	4,600,300	7	0.87%
Highland Montgomery LLC	3,704,000	8	0.69%	3,704,000	8	0.70%
East Coast Harper & Highland House/Gardens	3,544,600	9	0.66%			
Highland Park Manor LLC	2,712,600	10	0.51%	2,712,600	9	0.51%
Parktowne House Apartments				2,586,000	10	0.49%
	<u>\$ 47,589,800</u>		<u>8.88%</u>	<u>\$ 52,921,300</u>		<u>10.00%</u>

Source: Municipal Tax Assessor

HIGHLAND PARK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 23,871,663	\$ 23,851,492	99.92%
2002	25,128,668	25,020,515	99.57%
2003	26,268,951	26,245,746	99.91%
2004	27,568,543	27,561,330	99.97%
2005	28,973,759	28,795,133	99.38%
2006	30,817,261	30,794,288	99.93%
2007	32,357,491	32,309,292	99.85%
2008	33,831,273	33,808,188	99.93%
2009	34,875,063	34,863,397	99.97%
2010	35,671,962	35,652,607	99.95%

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

(a) School taxes are collected by the Municipal Tax Collector. Under New Jersey 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.

HIGHLAND PARK SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Obligation Bonds	Governmental Activities			Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
		Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 18,544,675		\$ 311,299			\$ 18,855,974	3.48%	\$ 1,343
2003	18,063,639		240,232			18,303,871	3.34%	1,305
2004	17,556,859		163,895			17,720,754	3.16%	1,267
2005	30,794,186		100,219			30,894,405	5.32%	2,196
2006	30,150,401		49,550			30,199,951	4.82%	2,160
2007	29,174,903			\$ 7,000,000		36,174,903	5.41%	2,574
2008	28,437,429			5,000,000		33,437,429	4.80%	2,357
2009	27,667,564					27,667,564	4.07%	1,930
2010	26,860,196					26,860,196	3.95%	1,874
2011	26,019,747					26,019,747	N/A	1,816

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

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

HIGHLAND PARK SCHOOL DISTRICT
 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 18,544,675		\$ 18,544,675	3.50%	\$ 1,320
2003	18,063,639		18,063,639	3.41%	1,288
2004	17,556,859		17,556,859	3.31%	1,256
2005	30,794,186		30,794,186	5.78%	2,189
2006	30,150,401		30,150,401	5.63%	2,156
2007	29,174,903		29,174,903	5.50%	2,076
2008	28,437,429		28,437,429	5.35%	2,004
2009	27,667,564		27,667,564	5.19%	1,930
2010	26,860,196		26,860,196	5.02%	1,874
2011	26,019,747		26,019,747	4.86%	1,816

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

HIGHLAND PARK SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 14,125,649	100.00	\$ 14,125,649
County General Obligation Debt	915,414,439	1.35	<u>12,344,925</u>
Subtotal, Overlapping Debt			26,470,574
School District Direct Debt			<u>28,391,275</u>
Total Direct and Overlapping Debt			<u>\$ 54,861,849</u>

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

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

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

HIGHLAND PARK SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2010	\$ 1,434,157,231
2009	1,495,825,940
2008	1,501,925,926
	<u>\$ 4,431,909,097</u>

Average Equalized Valuation of Taxable Property \$ 1,477,303,032

Debt Limit (4.0% of Average Equalization Value) \$ 59,092,121 (a)

Total Net Debt Applicable to Limit 27,796,275

Legal Debt Margin \$ 31,295,846

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 28,912,982	\$ 31,125,241	\$ 35,768,445	\$ 40,695,424	\$ 46,375,421	\$ 51,244,335	\$ 55,904,247	\$ 58,950,149	\$ 59,992,854	\$ 59,092,121
Total Net Debt Applicable	<u>18,544,675</u>	<u>18,063,639</u>	<u>17,556,859</u>	<u>38,690,372</u>	<u>38,026,794</u>	<u>37,051,296</u>	<u>33,437,429</u>	<u>29,444,092</u>	<u>28,636,724</u>	<u>27,796,275</u>
Legal Debt Margin	<u>\$ 10,368,307</u>	<u>\$ 13,061,602</u>	<u>\$ 18,211,586</u>	<u>\$ 2,005,052</u>	<u>\$ 8,348,627</u>	<u>\$ 14,193,039</u>	<u>\$ 22,466,818</u>	<u>\$ 29,506,057</u>	<u>\$ 31,356,130</u>	<u>\$ 31,295,846</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	64.14%	58.04%	49.08%	95.07%	82.00%	72.30%	59.81%	49.95%	47.73%	47.04%

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

(a) Limit Set by NJSA 18A:24-19

HIGHLAND PARK SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2002	14,044	\$ 541,705,168	\$ 38,572	5.60%
2003	14,024	547,482,936	39,039	5.60%
2004	13,982	559,951,136	40,048	4.70%
2005	14,068	581,120,944	41,308	4.00%
2006	13,984	626,804,832	44,823	4.20%
2007	14,053	668,079,620	47,540	3.70%
2008	14,187	696,241,212	49,076	4.50%
2009	14,332	679,222,144	47,392	7.70%
2010	14,332	N/A	N/A	7.80%
2011	14,332	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2000 census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

HIGHLAND PARK SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

HIGHLAND PARK SCHOOL DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST EIGHT FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:								
Regular	135.0	137.0	139.0	137.0	120.0	115.0	110.0	99.1
Special Education	15.0	18.0	20.0	27.0	56.0	44.0	45.4	48.2
Other Instruction	1.0		2.0	2.0	3.6	3.6	3.6	3.6
Support Services:								
Student and Instruction Related Services	48.0	48.0	45.0	45.0	44.0	54.0	51.9	50.7
General Administration	2.0	2.0	2.0	2.0	2.0	3.2	3.2	3.2
School Administration Services	14.0	10.0	11.0	10.0	10.9	11.2	12.7	11.5
Central Services	7.0	6.0	7.0	7.0	6.5	5.8	5.8	4.8
Administrative Information Technology		2.0	1.0	1.0	0.5	0.5	0.5	0.5
Plant Operations and Maintenance	2.0	3.0	6.0	4.0	4.5	3.9	3.2	3.6
Total	<u>224.0</u>	<u>226.0</u>	<u>233.0</u>	<u>235.0</u>	<u>248.0</u>	<u>241.2</u>	<u>236.3</u>	<u>225.2</u>

Sources: District Personnel Records

Note: Information prior to fiscal year 2004 is unavailable

HIGHLAND PARK SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	1,597	\$ 18,922,335	\$ 11,849	3.35%	173	1 to 11.33	1,607.0	1,512.0	2.23%	94.09%
2003	1,570	20,809,737	13,255	11.86%	161	1 to 10.33	1,580.0	1,503.0	-1.68%	95.13%
2004	1,614	21,619,858	13,395	1.06%	166	1 to 14.33	1,614.0	1,539.0	2.15%	95.35%
2005	1,553	22,135,465	14,253	6.41%	158	1 to 13.00	1,519.0	1,449.0	-5.89%	95.39%
2006	1,534	23,286,657	15,180	6.50%	169	1 to 19.00	1,513.0	1,436.0	-0.39%	94.91%
2007	1,544	25,607,546	16,585	9.25%	167	1 to 19.75	1,537.4	1,462.4	1.61%	95.12%
2008	1,486	26,929,931	18,122	9.27%	158	1 to 13.44	1,507.2	1,432.5	-1.96%	95.04%
2009	1,445	25,530,245	17,668	-2.51%	152	1 to 19.75	1,451.1	1,384.1	-3.72%	95.38%
2010	1,473	25,747,334	17,480	-1.07%	153	1 to 19.93	1,466.7	1,390.5	1.08%	94.80%
2011	1,457	25,540,587	17,530	0.29%	149	1 to 20.03	1,456.9	1,379.7	-0.67%	94.70%

Source: District Records

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents or certificated staff.

(c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

HIGHLAND PARK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDINGS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary Schools:										
<u>Irving School (1915)</u>										
Square Feet	51,889	51,889	51,889	51,889	51,889	51,889	54,521	54,521	54,521	54,521
Capacity (Students)	475	475	475	475	475	475	475	475	475	475
Enrollment	407	420	418	428	432	449	312	294	301	290
<u>Bartle School (1966)</u>										
Square Feet	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	500	480	469	427	409	434	470	478	453	417
Middle School:										
<u>Highland Park Middle School (1998)</u>										
Square Feet	57,620	57,620	57,620	57,620	57,620	57,620	78,744	78,744	78,744	78,744
Capacity (students)	250	250	250	250	250	250	250	250	250	250
Enrollment	253	258	228	219	215	221	326	306	310	334
High School:										
<u>Highland Park High School (1925)</u>										
Square Feet	118,751	118,751	118,751	118,751	118,751	118,751	144,286	144,286	144,286	144,286
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	449	439	467	467	451	439	419	387	411	416
Other:										
<u>Maintenance Building (1925)</u>										
Square Feet	3,000	3,000	3,000	3,000	3,000	3,000	10,000	10,000	10,000	10,000

Number of Schools at June 30, 2011
 Elementary = 2
 Middle School = 1
 Senior High School = 1
 Other = 1

Source: District Facilities Office
 N/A=Not Available

Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

HIGHLAND PARK SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE
 LAST TEN FISCAL YEARS

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

Fiscal Year Ended	*School Facilities			Total
	Bartle Elementary School	Irving Elementary School	Highland Park Middle & High School	
2002	\$ 68,833	\$ 37,990	\$ 152,175	\$ 258,998
2003	58,591	33,802	132,956	225,349
2004	95,065	43,142	167,562	305,769
2005	82,131	62,989	200,131	345,251
2006	67,376	49,232	164,286	280,894
2007	88,465	87,668	231,804	407,937
2008	103,930	78,963	235,155	418,048
2009	97,423	82,764	237,821	418,008
2010	90,624	75,038	262,344	428,006
2011	96,121	60,166	209,085	365,372
	<u>\$ 848,559</u>	<u>\$ 611,754</u>	<u>\$ 1,993,319</u>	<u>\$ 3,453,632</u>

*School facilities as defined under
 EFCFA (NJAC 6A:26-1.2 &
 NJAC 6:24-1.3)

Source: District Records

HIGHLAND PARK SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy-Utica Mutual:		
Property-Blanket Building & Contents	\$ 98,592,625	\$ 1,000
Comprehensive General Liability	3,000,000	
Comprehensive Automobile Liability	1,000,000	500
Crime Policy	100,000	
Inland Marine Policy	330,000	250
 Umbrella Liability-Utica Mutual:		
Umbrella Policy	10,000,000	
 School Board Legal Liability-Utica Mutual:		
Per Occurrence	1,000,000	7,500
General Aggregate	3,000,000	7,500
 Student Accident Insurance-Monumental Life Insurance Company of Pittsburgh PA:		
Policy Limit	5,000,000	
 Worker's Compensation-NJ School Board Assoc:		
Employer's Liability	2,000,000	
 NJ CAP Excess Liability-Fireman's Fund Insurance:		
Excess Liability	50,000,000	
 Public Employees' Faithful Performance-Western Surety Company:		
Treasurer of School Monies Bond	225,000	
Business Administrator's Bond	100,000	
Bookkeeper/Secretary's Bond	100,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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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

November 29, 2011

Honorable President and
Members of the Board of Education
Highland Park School District
County of Middlesex, New Jersey

We have audited the financial statements of the Board of Education of the Highland Park School District in the County of Middlesex as of and for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

November 29, 2011

Honorable President and
Members of the Board of Education
Highland Park School District
County of Middlesex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Highland Park School District in the County of Middlesex, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education'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; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as WE considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2011		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Departments of Education and Health & Human Services:													
General Fund:													
Education Jobs Fund	84.410A	ARRA-215011	\$ 135,883	08/10/2010-09/30/2012									
Medical Assistance Program	94.778	N/A	23,310	07/01/2010-06/30/2011			\$ 18,362	\$ 23,310					
Total General Fund					\$ -	\$ -	18,362	23,310	\$ -	\$ -	(4,948)	\$ -	\$ -
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title I	84.010A	NCLB-215004	396,289	09/01/2003-08/31/2004	138					138			
NCLB Title I	84.010A	NCLB-215009	257,321	09/01/2008-08/31/2009	(15,530)		15,530						
NCLB Title I Carryover	84.010A	NCLB-215009	257,321	09/01/2009-08/31/2010	53			53					
NCLB Title I	84.010A	NCLB-215010	263,135	09/01/2009-08/31/2010	17,627	(59,261)	112,115	123,849	2,112		(51,256)		
NCLB Title I Carryover	84.010A	NCLB-215010	263,135	09/01/2009-08/31/2010		59,261		58,663				598	
NCLB Title I	84.010A	NCLB-215011	263,447	09/01/2010-08/31/2011			40,248	128,615			(223,199)	134,832	
NCLB Title IIA	84.281A	NCLB-215004	59,371	09/01/2003-08/31/2004	750					750			
NCLB Title IIA	84.367A	NCLB-215009	59,250	09/01/2008-08/31/2009	(6,031)		6,031						
NCLB Title IIA Carryover	84.367A	NCLB-215009	59,250	09/01/2009-08/31/2010	75			48				27	
NCLB Title IIA	84.367A	NCLB-215010	59,289	09/01/2009-08/31/2010	(13,241)	(3,933)	20,362	7,148			(3,960)		
NCLB Title IIA Carryover	84.367A	NCLB-215010	59,289	09/01/2009-08/31/2010		3,933		3,933					
NCLB Title IIA	84.367A	NCLB-215011	59,608	09/01/2010-08/31/2011			23,223	39,816			(36,385)	19,792	
NCLB Title IID	84.318X	NCLB-215009	2,112	09/01/2008-08/31/2009	(78)					78			
NCLB Title IID Carryover	84.318X	NCLB-215009	2,112	09/01/2009-08/31/2010	78					(78)			
NCLB Title IID	84.318X	NCLB-215010	2,618	09/01/2009-08/31/2010	(1,087)	(181)	1,087				(181)		
NCLB Title IID Carryover	84.318X	NCLB-215010	2,618	09/01/2009-08/31/2010		181		126				55	
NCLB Title IID	84.318X	NCLB-215011	608	09/01/2010-08/31/2011			302	605			(306)	3	
NCLB Title III	84.365A	NCLB-215004	12,246	09/01/2003-08/31/2004	2,957					2,957			
NCLB Title III	84.365A	NCLB-215009	20,410	09/01/2008-08/31/2009	(3,531)		3,188				(343)		
NCLB Title III	84.365A	NCLB-215010	13,848	09/01/2009-08/31/2010	(2,844)	(343)	3,187						
NCLB Title III Carryover	84.365A	NCLB-215010	13,848	09/01/2009-08/31/2010		343		343					
NCLB Title III	84.365A	NCLB-215011	17,026	09/01/2010-08/31/2011			6,867	13,121			(10,159)	3,905	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2011		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: (Cont'd) Special Revenue Fund: (cont'd)													
NCLB Title III Immigrant Carryover	84.365A	NCLB-215007	\$ 25,365	09/01/2006-08/31/2007	\$ 1,466					\$ 1,466			
NCLB Title IV	84.186A	NCLB-215009	5,330	09/01/2008-08/31/2009	(195)				\$ 104		\$ (91)		
NCLB Title IV	84.186A	NCLB-215010	5,030	09/01/2009-08/31/2010	(1,287)	\$ (197)	\$ 1,483		1				
NCLB Title IV Carryover	84.186A	NCLB-215010	5,030	09/01/2009-08/31/2010		197		\$ 92	(105)				
NCLB Title V	84.298A	NCLB-215004	10,468	09/01/2003-08/31/2004	1,300					1,300			
IDEA Basic	84.027A	IDEA-215004	386,513	09/01/2003-08/31/2004	4,547					4,547			
IDEA Basic Carryover	84.027	IDEA-215008	378,107	09/01/2007-08/31/2008	2,429					2,429			
IDEA Basic	84.027	IDEA-215010	364,922	09/01/2009-08/31/2010	239,461	(34,077)	37,852	277,313			(34,077)		
IDEA Basic Carryover	84.027	IDEA-215010	364,922	09/01/2009-08/31/2010		34,077		34,077					
IDEA Basic	84.027	IDEA-215011	373,754	09/01/2010-08/31/2011			127,497	134,043			(246,257)	\$ 239,711	
IDEA Preschool	84.173A	IDEA-215004	29,631	09/01/2003-08/31/2004	121					121			
IDEA Preschool	84.173	IDEA-215010	12,303	09/01/2009-08/31/2010	10,727	(361)	1,192	11,919	400		(361)	\$ 400	
IDEA Preschool Carryover	84.173	IDEA-215010	12,303	09/01/2009-08/31/2010		361						361	
IDEA Preschool	84.173	IDEA-215011	12,902	09/01/2010-08/31/2011			7,643	12,803			(5,259)	99	
Even Start Family Literacy Program	84.213C	04000-283	125,000	10/01/2003-09/30/2004	163					163			
Evening School for Foreign Born Residents	N/A	EFB-215002	3,769	09/01/2001-08/31/2002	1,144					1,144			
ARRA Title I Part A	84.389	ARRA-215010	80,962	09/01/2009-08/31/2011	(228)		13,903	38,238			(45,991)	21,428	
ARRA School Improvement Grant	84.388	ARRA-215010	10,880	09/01/2009-08/31/2011				9,049			(10,880)	1,831	
ARRA IDEA Basic	84.391	ARRA-215010	348,968	09/01/2009-08/31/2011	(76,621)		195,812	185,662			(75,011)	8,540	
ARRA IDEA Preschool	84.392	ARRA-215010	12,582	09/01/2009-08/31/2011				5,626	11,602		(6,932)	956	
Total Special Revenue Fund					160,897	-	623,148	1,091,118	2,512	13,549	(750,648)	432,138	400

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2011			
											Accounts Receivable	Deferred Revenue	Due to Grantor	
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:														
Food Donation Program	10.550	N/A	\$ 32,604	07/01/2009-06/30/2010	\$ 2,459			\$ 2,459						
Food Donation Program	10.550	N/A	31,337	07/01/2010-06/30/2011			\$ 31,337	28,593				\$ 2,744		
School Breakfast Program	10.553	N/A	20,636	07/01/2009-06/30/2010	(2,131)		2,131							
School Breakfast Program	10.553	N/A	20,075	07/01/2010-06/30/2011			15,789	20,075			\$ (4,286)			
National School Lunch Program	10.555	N/A	184,599	07/01/2009-06/30/2010	(17,434)		17,434							
National School Lunch Program	10.555	N/A	179,502	07/01/2010-06/30/2011			143,474	179,502				(36,028)		
Total Enterprise Fund					(17,106)	\$ -	210,165	230,629	\$ -	\$ -		(40,314)	2,744	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 143,791	\$ -	\$ 851,675	\$ 1,345,057	\$ 2,512	\$ 13,549		\$ (795,910)	\$ 434,882	\$ 400

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Cash Received	Budgetary Expenditure	Adjustment/ Carryover	Repayment of Prior Year Balances	Balance June 30, 2011			MEMO			
									Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures		
State Department of Education															
General Fund:															
Categorical Special Education Aid	11-495-034	\$ 817,816	07/01/2010-												
	-5120-089		06/30/2011		\$ 817,816	\$ 817,816							\$ (77,675)	\$ 817,816	
Equalization Aid	11-495-034	2,061,034	07/01/2010-												
	-5120-078		06/30/2011		2,061,034	2,061,034							(195,756)	2,061,034	
Extraordinary Aid	10-100-034	143,528	07/01/2009-												
	-5120-473		06/30/2010	\$ (143,528)	143,528									143,528	
Extraordinary Aid	11-100-034	189,532	07/01/2010-												
	-5120-473		06/30/2011			189,532				\$ (189,532)				189,532	
Nonpublic Remote Transportation Aid	10-495-034	27,481	07/01/2009-												
	-5120-014		06/30/2010	(27,481)	27,481									27,481	
Nonpublic Remote Transportation Aid	11-495-034	21,402	07/01/2010-												
	-5120-014		06/30/2011			21,402				(21,402)				21,402	
On-Behalf TPAF Pension Contribution-Post Retirement Medical	11-495-034	707,259	07/01/2010-												
	-5095-001		06/30/2011		707,259	707,259								707,259	
On-Behalf TPAF Pension Contribution-Non Contributory Group Insurance	11-495-034	33,298	07/01/2010-												
	-5095-007		06/30/2011		33,298	33,298								33,298	
Reimbursed TPAF Social Security Contribution	10-495-034	798,473	07/01/2009-												
	-5095-002		06/30/2010	(40,008)	40,008									798,473	
Reimbursed TPAF Social Security Contribution	11-495-034	741,887	07/01/2010-												
	-5095-002		06/30/2011		692,190	741,887				(49,697)				741,887	
Total General Fund				(211,017)	4,522,614	4,572,228	\$ -	\$ -		(260,631)	\$ -	\$ -	(273,431)	5,541,710	
Special Revenue Fund:															
Preschool Education Aid	11-495-034	299,916	07/01/2010-												
	-5120-086		06/30/2011		299,916	299,916							(29,992)	299,916	
School Based Youth Services Program	02-100-054	255,000	07/01/2001-												
	-7500-068		06/30/2002	15				15						254,985	
School Based Youth Services Program	03-100-054	254,000	07/01/2002-												
	-7500-068		06/30/2003	716				716						253,284	
School Based Youth Services Program	04-100-054	254,000	07/01/2003-												
	-7500-068		06/30/2004	298				298						253,702	
School Based Youth Services Program	11-100-054	277,587	07/01/2010-												
	-7500-068		06/30/2011		277,587	267,940				9,647				267,940	
Nonpublic Textbook Aid	11-100-034	2,501	07/01/2010-												
	-5120-064		06/30/2011		2,501	2,501								2,501	
Nonpublic Nursing Services	11-100-034	2,964	07/01/2010-												
	-5120-070		06/30/2011		2,964	2,964								2,964	
Nonpublic Auxiliary/Handicapped Transportation Aid	11-100-034	976	07/01/2010-												
	-5120-068		06/30/2011		976	686						290		686	
Nonpublic Auxiliary Services Aid Compensatory Education	11-100-034	5,024	07/01/2010-												
	-5120-067		06/30/2011		5,024	3,514						1,510		3,514	
Nonpublic Handicapped Aid Supplemental Instruction	10-100-034	2,389	07/01/2009-												
	-5120-066		06/30/2010	1,593				1,593						796	
Nonpublic Handicapped Aid Supplemental Instruction	11-100-034	2,779	07/01/2010-												
	-5120-066		06/30/2011		2,779	1,946						833		1,946	
Nonpublic Handicapped Aid Examination & Classification	11-100-034	4,782	07/01/2010-												
	-5120-066		06/30/2011		4,782	640						4,142		640	
Nonpublic Handicapped Aid Corrective Speech	10-100-034	897	07/01/2009-												
	-5120-066		06/30/2010	897				897							
Nonpublic Handicapped Aid Corrective Speech	11-100-034	782	07/01/2009-												
	-5120-066		06/30/2010		782	546						236		546	
Total Special Revenue Fund				3,519	597,311	580,653	-	3,519		-	9,647	7,011	(29,992)	1,343,420	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010	Cash Received	Budgetary Expenditure	Adjustment/ Carryover	Repayment of Prior Year Balances	Balance June 30, 2011			MEMO	
									Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education (Cont'd)													
Capital Projects Fund (NJ SDA): 2150-													
ADA Improvements:													
High School/Middle School	050-04-00PB	\$ 19,882	N/A	\$ (19,882)					\$ (19,882)				\$ 19,882
Irving School	050-04-00PC	3,656	N/A	(1,828)					(1,828)				3,656
Bartle School	050-04-00PD	38,513	N/A	(38,513)					(38,513)				38,513
2004 Building Additions:													
High School/Middle School	085-05-00YB	3,958,636	N/A	(771,934)					(771,934)				3,958,636
Irving School	070-05-00YC	3,375,430	N/A	(658,209)					(658,209)				3,375,430
Bartle School	085-05-00YF	581,531	N/A	(346,011)					(346,011)				581,531
Irving School Waterproofing Project	070-10-1001	57,080	N/A		\$ 57,080				(57,080)				57,080
Bartle School Gym Floor Replacement	085-10-1003	702,800	N/A			702,800			(702,800)				702,800
High School Clock Tower/Roof Renovations/Locker Room Ventilation	050-10-1002	326,116				326,116			(326,116)				326,116
Total Capital Projects Fund (NJ SDA)				<u>(1,836,377)</u>	<u>\$ -</u>	<u>1,085,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,922,373)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>9,063,644</u>
Debt Service Fund:													
Debt Service Aid-State Support	11-495-034 -5120-017	9,146	07/01/2010- 06/30/2011	-	9,146	9,146	-	-	-	-	-	-	9,146
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	10-100-010 -3350-023	9,021	07/01/2009- 06/30/2010	(845)	845								9,021
State School Lunch Program	11-100-010 -3350-023	5,801	07/01/2010- 06/30/2011		4,347	5,801			(1,454)				5,801
State School Breakfast Program	10-100-010 -3350-021	1,515	07/01/2009- 06/30/2010	(150)	150								1,515
Total Enterprise Fund				<u>(995)</u>	<u>5,342</u>	<u>5,801</u>	<u>-</u>	<u>-</u>	<u>(1,454)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,337</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (2,044,870)</u>	<u>\$ 5,134,413</u>	<u>\$ 6,253,824</u>	<u>\$ -</u>	<u>\$ 3,519</u>	<u>\$ (3,184,458)</u>	<u>\$ 9,647</u>	<u>\$ 7,011</u>	<u>\$ (303,423)</u>	<u>\$ 15,974,257</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$128,676 for the general fund, (\$15,071) for the special revenue fund and (\$826,161) for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds and Exhibit F-2 for the capital projects fund.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 23,310	\$ 4,700,904	\$ 4,724,214
Special Revenue Fund	\$ 49,420	1,086,695	575,770	1,711,885
Capital Projects Fund			259,835	259,835
Debt Service Fund			9,146	9,146
Enterprise Fund		230,629	5,801	236,430
	<u>\$ 49,420</u>	<u>\$ 1,340,634</u>	<u>\$ 5,551,456</u>	<u>\$ 6,941,510</u>

HIGHLAND PARK SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE
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. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

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

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to Financial Statements Noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Type of Auditor's Report Issued on Compliance for Major Programs? Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes X No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
84.391	\$ 185,662	ARRA IDEA Basic
84.027	445,433	IDEA Basic
84.010A	311,180	NCLB Title I
10.555	179,502	National School Lunch Program

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

 \$ 300,000

Auditee qualified as a low-risk auditee

 X Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

 \$ 300,000

Auditee Qualified as low-risk auditee

 X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs:

 Unqualified

Internal Control Over Major Programs:

1. Material weakness(es) identified?

 Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses?

 Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04?

 Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5095-002	\$ 741,887	Reimbursed TPAF Social Security Aid
11-495-034-5120-078	2,061,034	Equalization Aid
11-495-034-5120-089	817,816	Categorical Special Education Aid
11-495-034-5120-086	299,916	Preschool Education Aid
Various	108,996	School Development Authority Cluster
11-100-054-7500-068	267,940	School Bused Youth Services Program

HIGHLAND PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

SECTION II-FINANCIAL STATEMENT FINDINGS

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

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

K-7

There were no prior year findings or questioned costs.