

**BOROUGH OF HIGHLAND PARK**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**BOROUGH OF HIGHLAND PARK  
BOARD OF EDUCATION**

**HIGHLAND PARK, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Prepared by**

**BOROUGH OF HIGHLAND PARK  
BOARD OF EDUCATION**

**DEPARTMENT OF ADMINISTRATION**

**HIGHLAND PARK SCHOOL DISTRICT  
TABLE OF CONTENTS**

<b>INTRODUCTORY SECTION</b>	<u><b>PAGE</b></u>
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7-9
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	11
<b>Basic Financial Statements</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
B-4 Combining Statement of Fund Net Position	22
B-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	23
B-6 Combining Statement of Cash Flows	24
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
<b>Notes to the Financial Statements</b>	28-52
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	55-61
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	62
C-2 Budgetary Comparison Schedule-Special Revenue Fund	63
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	65

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

<b>FINANCIAL SECTION (Continued)</b>	<u><b>PAGE</b></u>
<b>Other Supplemental Information</b>	
D. School Level Schedule	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenue and Expenditures Special Revenue Fund-Budgetary Basis	69-70
E-2 Schedule of Preschool Education Aid	71
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	73
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis	74
F-2A Schedule of Project Revenues, Expenditures, Project Balance to	
F-2D and Project Status-Budgetary Basis	75-78
F-3 Schedule of Temporary Notes Payable	79
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	81
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	82
G-3 Combining Statement of Cash Flows	83
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Position	85
H-2 Statement of Changes in Fiduciary Net Position	86
H-3 Student Activity Agency Fund-Combining Statement of Changes in Assets and Liabilities	87
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	88
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds and EDA Loans	90-91
I-2 Schedule of Obligation Under Capital Leases	92
I-3 Debt Service Fund Budgetary Comparison Schedule	93

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

**PAGE**

**STATISTICAL SECTION (Unaudited)**

Table of Contents	95
J-1 Net Position by Component	96
J-2 Changes in Net Position	97-99
J-3 Fund Balances, Governmental Funds	100
J-4 Changes in Fund Balances, Governmental Funds	101
J-5 General Fund-Other Local Revenues by Source	102
J-6 Assessed Value and Actual Value of Taxable Property	103
J-7 Direct and Overlapping Property Tax Rates	104
J-8 Principal Property Taxpayers	105
J-9 Property Tax Levies and Collections	106
J-10 Ratios of Outstanding Debt by Type	107
J-11 Ratios of General Bonded Debt Outstanding	108
J-12 Direct and Overlapping Governmental Activities Debt	109
J-13 Legal Debt Margin Information	110
J-14 Demographic and Economic Statistics	111
J-15 Principal Employers	112
J-16 Full Time Equivalent District Employees by Function/Program	113
J-17 Operating Statistics	114
J-18 School Building Information	115
J-19 Required Maintenance	116
J-20 Insurance Schedule	117

**SINGLE AUDIT SECTION**

K-1 Independent Auditor's Report-Government Auditing Standards	119-120
K-2 Independent Auditor's Report-OMB Circular A-133	121-123
K-3 Schedule of Expenditures of Federal Awards, Schedule A	124-125
K-4 Schedule of Expenditures State Financial Assistance, Schedule B	126-127
K-5 Notes to the Schedules of Awards and Financial Assistance	128-129
K-6 Schedule of Findings and Questioned Costs	130-132
K-7 Summary Schedule of Prior Audit Findings	132

## INTRODUCTORY SECTION



## Highland Park Public Schools

435 Mansfield Street  
Highland Park, NJ 08904  
Phone: 732-572-6990  
Fax: 732-572-5502

December 3, 2013

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, 2013, 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 1996 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 04-04, "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. 3. 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 2012-2013 fiscal year with an average enrollment of 1,521 students, which is 38 more students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

<b>Average Daily Enrollment</b>		
<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2012-13	1,521	2.6 %
2011-12	1,483	1.8 %
2010-11	1,457	-0.7 %
2009-10	1,467	1.1 %
2008-09	1,451	-3.7 %

## 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 renovation and improving comfort and energy efficiency of facilities. This included an upgrade of the ventilation in the auditorium at the Bartle School, including the installation of an air conditioning system. The District partnered with major donors to renovate the main section of the Highland Park High School Auditorium, which is nearing completion. The district is looking forward to continuing with a subsequent project to renovate the balcony in that auditorium. The District also partnered with the Public Service Electric and Gas Co. (PSE&G) to upgrade electric lighting fixtures across the district under the Direct Install program, sponsored by the NJ BPU. This will result in overall net savings in electric utilities costs for the District. This project is complete in the Middle/High School and the Bartle School. The District also made minor repairs to damaged facilities caused by Superstorm Sandy.

## **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, 2013.

## 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 1996 and the related O.M.B. Circular A-133 and New Jersey O.M.B.'s Circular 04-04. 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

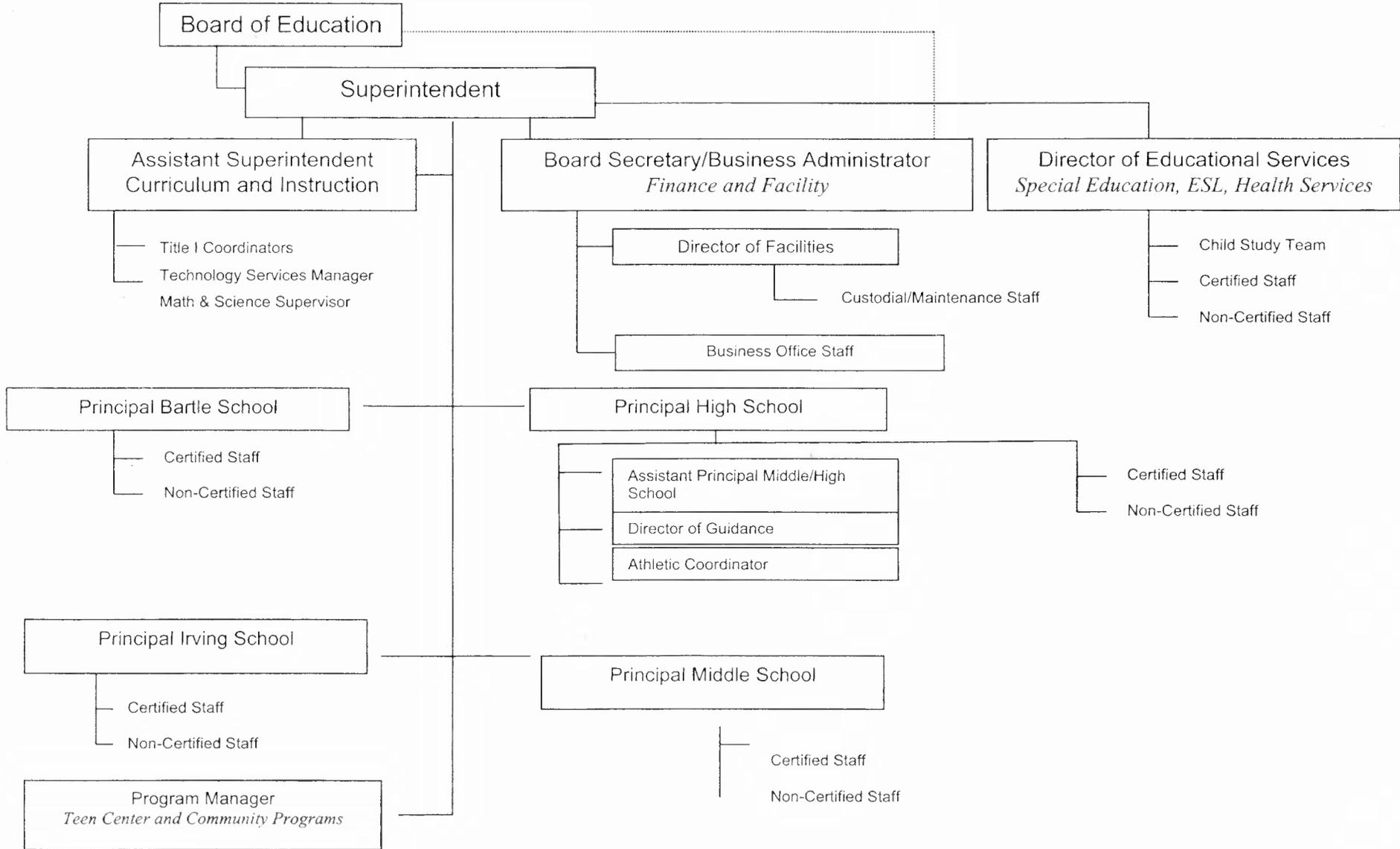
We would like to express our appreciation to the members of the Highland Park School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



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, 2013**

<b><u>Members of the Board of Education</u></b>		<b><u>Term Expires</u></b>
Ms. Catherine Bull	President	12/31/2015
Ms. Anne Sherber	Vice-President	12/31/2013
Ms. Jerri Aversa		12/31/2013
Ms. Claire Berkowitz		12/31/2015
Mr. Gregory Deatz		12/31/2014
Ms. Jessie Hughes		12/31/2014
Ms. Chandra Pointer-Titus		12/31/2013
Mr. Daniel Ross		12/31/2014
Mr. Adam Sherman		12/31/2015
<b><u>Other Officials</u></b>		
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, 2013

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 <sup>th</sup> Floor Hasbrouck Heights, NJ 07604	Architect

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

**INDEPENDENT AUDITOR'S REPORT**

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

December 3, 2013

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Highland Park School District (the District) in the County of Middlesex, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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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, 2013

#### 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, 2013. 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 2013 are as follows:

- General revenues accounted for \$29,630,783 in revenue, or 89.83 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 \$3,356,272, or 10.17 percent of total revenues of \$32,987,055.
- The School District had \$31,955,799 in expenses; only \$3,356,272 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 \$27,598,363 in revenues and \$28,287,773 in expenditures. After accounting for net other financing sources of \$63,563, the General Fund's balance decreased by \$625,847 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 Position 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 Position 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 2013?" The Statement of Net Position 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 position and changes in net position. This change in net position 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 Position 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 Position 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 position as of June 30, 2013, and a comparison with net position as of June 30, 2012. The comparison between the years shows an increase in Net Position of \$1,067,017.

**HIGHLAND PARK BOARD OF EDUCATION**  
**Table 1**  
**Net Position**  
**For the Fiscal Years Ending June 30, 2013 and June 30, 2012**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>%</u>
Current & Other Assets	\$ 5,600,824	\$ 6,898,055	\$ (1,297,231)	(18.81)
Capital Assets	39,195,307	38,241,195	954,112	2.49
<b>Total Assets</b>	<b>44,796,131</b>	<b>45,139,250</b>	<b>(343,119)</b>	<b>(0.76)</b>
Deferred Amount on Refunding	1,157,670	-	1,157,670	*
<b>Total Deferred Outflow of Resources</b>	<b>1,157,670</b>	<b>-</b>	<b>1,157,670</b>	<b>*</b>
Long-Term Liabilities	26,778,611	26,309,389	469,222	1.78
Other Liabilities	2,866,862	3,588,550	(721,688)	(20.11)
<b>Total Liabilities</b>	<b>29,645,473</b>	<b>29,897,939</b>	<b>(252,466)</b>	<b>(0.84)</b>
Net Position				
Invested in Capital Assets, Net of Related Debt	15,450,902	14,714,183	736,719	5.01
Restricted	1,344,634	1,478,028	(133,394)	(9.03)
Unrestricted	(487,208)	(950,900)	463,692	48.76
<b>Total Net Position</b>	<b>\$ 16,308,328</b>	<b>\$ 15,241,311</b>	<b>\$ 1,067,017</b>	<b>7.00</b>

The unrestricted net position at June 30, 2013 of (\$487,208) shown above is not a reflection of the unavailability of funds for the District to pay its bills. As of June 30, 2013 it includes \$1,459,696 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 \$697,322 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years, and accrued interest of \$363,423 that will be paid in the 2013-2014 school year on loan payments of existing bonds and EDA loans. The increase in unrestricted net position from the previous year of \$463,692 is due to effective cost-cutting measures implemented by the District.

**Table 2** provides a summary of the District's changes in net position in fiscal year ending 6/30/13 with comparisons to 6/30/12.

**HIGHLAND PARK BOARD OF EDUCATION**

**Table 2  
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/2013	6/30/2012	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 720,743	\$ 663,281	\$ 57,462	8.66
Operating Grants	2,570,626	1,611,919	958,707	59.48
Capital Grants	64,903	497,091	(432,188)	(86.94)
General Revenues:				
Property Taxes	23,348,534	22,928,768	419,766	1.83
Unrestricted Grants	6,136,322	5,478,065	658,257	12.02
Other	145,927	249,149	(103,222)	(41.43)
<b>TOTAL REVENUES</b>	<b>32,987,055</b>	<b>31,428,273</b>	<b>1,558,782</b>	<b>4.96</b>
Program Expenses				
Instruction:				
Regular	11,057,689	9,887,679	1,170,010	11.83
Special	3,663,691	3,111,479	552,212	17.75
Other	1,429,555	1,501,754	(72,199)	(4.81)
Support Services:				
Tuition	1,902,117	1,868,281	33,836	1.81
Student & Instructional Staff	4,662,007	4,204,905	457,102	10.87
General & Business Administration	1,767,011	1,908,409	(141,398)	(7.41)
School Administration	1,628,626	1,536,729	91,897	5.98
Maintenance	2,237,883	2,011,298	226,585	11.27
Transportation	1,312,460	1,266,543	45,917	3.63
Charter Schools	326,707	220,704	106,003	48.03
Interest on Long-Term Debt	1,111,490	1,214,753	(103,263)	(8.50)
Food Service	554,527	519,295	35,232	6.78
Community Service Program	302,036	288,115	13,921	4.83
<b>TOTAL EXPENSES</b>	<b>31,955,799</b>	<b>29,539,944</b>	<b>2,415,855</b>	<b>8.18</b>
<b>Increases (Decreases) Before Special Items</b>	<b>1,031,256</b>	<b>1,888,329</b>	<b>(857,073)</b>	<b>(45.39)</b>
Special Items:				
Transfers	-	(110,000)	110,000	(100.00)
Loss on Disposal of Capital Assets	35,761		35,761	*
<b>TOTAL SPECIAL ITEMS</b>	<b>35,761</b>	<b>(110,000)</b>	<b>145,761</b>	<b>(132.51)</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$1,067,017</b>	<b>\$1,778,329</b>	<b>\$ (711,312)</b>	<b>(40.00)</b>

\* = 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 72.71 percent of revenues for Governmental Funds for the Borough of Highland Park Public School District for fiscal year 2013. The District's total revenues for Governmental Funds were \$32,110,872 for the fiscal year ended June 30, 2013. The remaining revenues for Governmental Funds were from interest on investments, tuition, state aid, state and federal grants.

### BUSINESS-TYPE ACTIVITIES FOR FISCAL YEAR 2013

#### Food Service Program

- Food service revenues and other financing sources exceeded expenses and other financing uses by \$10,983.
- Charges for services represent \$289,781 of revenue and other financing sources, or 51.24%. 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 \$275,729.

#### Before and After School Programs

- The Before and After School Programs had Operating Revenues of \$310,673 and Operating Expenses of \$302,036. The net loss for fiscal year 2013, after factoring in a transfer out of \$25,000, was \$16,363.

**Table 3** provides a summary of the District's cost of governmental services in fiscal year ending 6/30/13 with comparisons to 6/30/12.

**HIGHLAND PARK BOARD OF EDUCATION**  
**Table 3**  
**Cost of Governmental Services**  
**For the Fiscal Years Ending June 30, 2013 and June 30, 2012**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>6/30/13</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/12</b>
Instruction	\$16,150,935	\$14,500,912	\$14,521,148	\$13,563,215
Support Services:				
Tuition	1,902,117	1,868,281	1,583,577	1,551,601
Students & Instructional Staff	4,662,007	4,204,905	4,403,175	3,832,589
General & Business Administration	1,727,011	1,908,409	1,676,185	1,805,136
School Administration	1,628,626	1,536,729	1,480,937	1,362,694
Plant Operations and Maintenance	2,237,883	2,011,298	2,209,537	2,006,016
Pupil Transportation	1,312,460	1,266,543	1,306,391	1,264,323
Charter Schools	326,707	220,704	326,707	220,704
Interest on Long-Term Debt	1,111,490	1,214,753	1,111,490	1,214,753
<b>TOTAL EXPENSES</b>	<b>\$31,099,236</b>	<b>\$28,732,534</b>	<b>\$28,619,147</b>	<b>\$26,821,031</b>

- 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 76%, continues to be from local sources including tax levy, outside tuition and miscellaneous revenues. State aid and federal aid represents approximately 24% of the total revenues.

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013:

<b>Revenues</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase/ (Decrease) From Prior Year</b>	<b>Percentage Increase/ (Decrease)</b>
Local Sources:				
Tax Levy:				
General	\$ 21,291,605	66.47%	\$ 417,482	2.00%
Debt Service	2,056,929	6.42%	2,284	0.11%
Other Revenues	1,127,618	3.52%	800,301	244.50%
State Sources	6,775,335	21.16%	399,006	6.26%
Federal Sources	778,930	2.43%	(106,769)	-12.05%
<b>TOTAL</b>	<b>\$ 32,030,417</b>	<b>100.00%</b>	<b>\$ 1,512,304</b>	<b>4.96%</b>

### 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, 2013:

<b>Expenditures</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase/ (Decrease) From Prior Year</b>	<b>Percentage Increase/ (Decrease)</b>
Current Expense	\$ 26,956,587	82.55%	\$ 2,195,641	8.87%
Capital Outlay	950,456	2.91%	759,343	397.33%
Charter Schools	326,707	1.00%	106,003	48.03%
Special Revenues	2,343,162	7.18%	981,584	72.09%
Debt Service:				
Principal	988,096	3.03%	114,148	13.06%
Interest	1,087,932	3.33%	(141,315)	-11.50%
<b>TOTAL</b>	<b>\$ 32,652,940</b>	<b>100.00%</b>	<b>\$ 4,015,404</b>	<b>14.02%</b>

### 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 2013 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
- Increases in cost of out-of-district placements
- Implementation of state-mandated initiatives
- Costs to upgrade telephone and internet communication systems
- Increases in retirement obligations and staff tuition reimbursement costs
- Increases in cost of charter school placements
- Increases in capital repairs and projects
- Reclassification of several expenditures

**CAPITAL ASSETS**

**Table 4** provides a summary of the School District's capital assets net of depreciation for fiscal years 2013 and 2012. At the end of fiscal year 2013, the District had \$39,195,307 invested in land, buildings, machinery and equipment, and construction in progress. The District expended \$1,964,343 towards the completion of various building improvement projects, the replacement of the stadium bleachers and the purchase of various technology and network items.

**HIGHLAND PARK BOARD OF EDUCATION**

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

	<u>6/30/13</u>	<u>6/30/12</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>%</u>
Land	\$ 415,000	\$ 415,000	\$ -	0.00
Construction In Progress	1,291,991	1,804,448	(512,457)	(28.40)
Land Improvements	476,723	96,512	380,211	393.95
Buildings and Improvements	36,808,657	35,671,317	1,137,340	3.19
Machinery and Equipment	196,093	245,120	(49,027)	(20.00)
Vehicles	6,843	8,798	(1,955)	(22.22)
<b>TOTAL</b>	<b>\$39,195,307</b>	<b>\$38,241,195</b>	<b>\$ 954,112</b>	<b>2.49</b>

\* = 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, 2013, the amount of \$272,703 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, 2013, the amount of \$10,870,000 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. In October 2013, the Board of Education authorized a refunding issue for the March 2005 issue in the amount of \$13,640,000. As of June 30, 2013, the amount of \$460,000 remains outstanding on the original issue, and \$13,565,000 remains outstanding on the new refunding issue.

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, 2013 is \$55,296,999. General obligation authorized debt at June 30, 2013 is \$28,030,227, resulting in a legal debt margin of \$27,266,772.

**Table 5** provides a summary of the District's outstanding long-term debt at 6/30/13 with comparisons to 6/30/12.

**HIGHLAND PARK BOARD OF EDUCATION**

**Table 5  
Outstanding Debt at Year-End**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>%</u>
2005 General Obligation Bonds	\$ 460,000	\$ 13,180,000	(12,720,000)	(96.51)
2006 Refunding Bonds for 1996 Issue	10,870,000	11,430,000	(560,000)	(4.90)
2012 Refunding Bonds for 2005 Issue	13,565,000	-	13,565,000	*
New Jersey Economic Development Authority:				
Safe Program Loan	53,267	106,533	(53,266)	(50.00)
Small Project Loan	219,436	429,266	(209,830)	(48.88)
Unamortized Bond Premium	864,470	574,464	290,006	50.48
Leases Payable	49,116	-	49,116	*
Compensated Absences	697,322	589,126	108,196	18.37
<b>TOTAL</b>	<b>\$ 26,778,611</b>	<b>\$ 26,309,389</b>	<b>\$ 469,222</b>	<b>1.78</b>

**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 position 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 POSITION  
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 454,095	\$ 152,687	\$ 606,782
Internal Balances	(26,941)	26,941	
Due from Other Funds	28,290		28,290
Receivables, Net	3,608,877	93,131	3,702,008
Inventory		8,000	8,000
Restricted Assets:			
Cash & Cash Equivalents	1,255,744		1,255,744
Capital Assets (Note 4)			
Land and Construction in Progress	1,706,991		1,706,991
Other Capital Assets, net of depreciation	37,461,546	26,770	37,488,316
<b>Total Assets</b>	<b>44,488,602</b>	<b>307,529</b>	<b>44,796,131</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding	1,157,670	-	1,157,670
<b>LIABILITIES</b>			
Accounts Payable	899,032	39,244	938,276
Accrued Interest	363,423		363,423
Payable to Governments	5,856		5,856
Unearned Revenue	462,012	7,210	469,222
Temporary Notes Payable	1,085,996		1,085,996
Other Current Liabilities	4,089		4,089
Long-Term Liabilities (Note 5):			
Due Within One Year	1,127,474		1,127,474
Due Beyond One Year	25,651,137		25,651,137
<b>Total Liabilities</b>	<b>29,599,019</b>	<b>46,454</b>	<b>29,645,473</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,424,132	26,770	15,450,902
Restricted for:			
Legal Reserves	1,186,749		1,186,749
Capital Projects	107,635		107,635
Debt Service	50,250		50,250
Unrestricted	(721,513)	234,305	(487,208)
<b>TOTAL NET POSITION</b>	<b>\$ 16,047,253</b>	<b>\$ 261,075</b>	<b>\$ 16,308,328</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>								
Instruction:								
Regular	\$ 7,626,979	\$ 3,430,710	\$ 61,062	\$ 1,217,336	\$ 29,435	\$ (9,749,856)		\$ (9,749,856)
Special Education	2,482,627	1,181,064	30,464	59,269	9,541	(3,564,417)		(3,564,417)
Other Special Education	441,204	155,137		193,732	1,704	(400,905)		(400,905)
Other Instruction	592,194	241,020		25,000	2,244	(805,970)		(805,970)
Support Services:								
Tuition	1,902,117			318,540		(1,583,577)		(1,583,577)
Students & Instruction Related Services	3,243,267	1,418,740	280	246,063	12,489	(4,403,175)		(4,403,175)
General & Business Administration Services	1,352,002	415,009	137	85,515	5,174	(1,676,185)		(1,676,185)
School Administration Services	1,120,083	508,543		143,373	4,316	(1,480,937)		(1,480,937)
Plant Operations & Maintenance	2,215,993	21,890	28,346			(2,209,537)		(2,209,537)
Pupil Transportation	1,307,499	4,961		6,069		(1,306,391)		(1,306,391)
Charter Schools	326,707					(326,707)		(326,707)
Interest on Long-Term Debt	1,111,490					(1,111,490)		(1,111,490)
<b>Total Governmental Activities</b>	<b>23,722,162</b>	<b>7,377,074</b>	<b>120,289</b>	<b>2,294,897</b>	<b>\$ 64,903</b>	<b>(28,619,147)</b>	<b>\$ -</b>	<b>(28,619,147)</b>
<b>Business-Type Activities:</b>								
Food Service	554,527		289,781	275,729			10,983	10,983
Community Service Programs	302,036		310,673				8,637	8,637
<b>Total Business-Type Activities</b>	<b>856,563</b>	<b>-</b>	<b>600,454</b>	<b>275,729</b>	<b>-</b>	<b>-</b>	<b>19,620</b>	<b>19,620</b>
<b>Total Primary Government</b>	<b>\$ 24,578,725</b>	<b>\$ 7,377,074</b>	<b>\$ 720,743</b>	<b>\$ 2,570,626</b>	<b>\$ 64,903</b>	<b>(28,619,147)</b>	<b>19,620</b>	<b>(28,599,527)</b>
<b>General Revenues, Transfers and Special Items</b>								
						21,291,605		21,291,605
						2,056,929		2,056,929
						6,136,322		6,136,322
						2,197		2,197
						143,730		143,730
						25,000	(25,000)	
						35,761		35,761
						29,691,544	(25,000)	29,666,544
						1,072,397	(5,380)	1,067,017
						14,974,856	266,455	15,241,311
						\$ 16,047,253	\$ 261,075	\$ 16,308,328

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, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 403,845			\$ 50,250	\$ 454,095
Due from Other Funds	1,775,757				1,775,757
Receivables from Other Governments:					
State	229,625	\$ 11,971	\$ 2,577,876		2,819,472
Federal		749,119			749,119
Local	3,127	290			3,417
Other Receivables		36,869			36,869
Restricted Cash	1,186,749		68,995		1,255,744
<b>TOTAL ASSETS</b>	<b><u>\$ 3,599,103</u></b>	<b><u>\$ 798,249</u></b>	<b><u>\$ 2,646,871</u></b>	<b><u>\$ 50,250</u></b>	<b><u>\$ 7,094,473</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 838,932	\$ 60,100			\$ 899,032
Due to Other Funds	26,447	307,439	\$ 1,440,522		1,774,408
Payables to Governments:					
State		4,257			4,257
Local	1,599				1,599
Unearned Revenue	6,700	455,312			462,012
Temporary Notes Payable			1,085,996		1,085,996
Other Current Liabilities	4,089				4,089
<b>Total Liabilities</b>	<b><u>877,767</u></b>	<b><u>827,108</u></b>	<b><u>2,526,518</u></b>	<b><u>\$ -</u></b>	<b><u>4,231,393</u></b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013  
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted for:					
Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 275,830				\$ 275,830
Capital Project Fund Balance			\$ 120,353		120,353
Committed for:					
Capital Reserve Account	986,315				986,315
Emergency Reserve Account	200,434				200,434
Assigned for:					
Year-End Encumbrances	219,233				219,233
Designated for Subsequent Year's Expenditures	680,000			\$ 44,183	724,183
Debt Service Fund-Undesignated Balance				6,067	6,067
Unassigned Fund Balance	<u>359,524</u>	\$ (28,859)			<u>330,665</u>
Total Fund Balances	<u>2,721,336</u>	<u>(28,859)</u>	<u>120,353</u>	<u>50,250</u>	<u>2,863,080</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,599,103</u>	<u>\$ 798,249</u>	<u>\$ 2,646,871</u>	<u>\$ 50,250</u>	

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

Capital assets used in government activities are not financial resources & therefore are not reported in the funds	Cost	\$ 51,126,486	
	Accum Depr	<u>11,957,949</u>	39,168,537
Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds			(26,778,611)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter	Refunding Amount	1,230,024	
	Accum Amortiz	<u>72,354</u>	1,157,670
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due			<u>(363,423)</u>
Total Net Position of Governmental Activities			<u>\$ 16,047,253</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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 21,291,605			\$ 2,056,929	\$ 23,348,534
Tuition Charges	90,521				90,521
Interest Earned on Legal Reserve Funds	2,093				2,093
Interest on Investments	104				104
Miscellaneous	86,977	\$ 941,857		6,066	1,034,900
<b>Total</b>	<b>21,471,300</b>	<b>941,857</b>	<b>\$ -</b>	<b>2,062,995</b>	<b>24,476,152</b>
State Sources	6,099,895	601,278	64,903	9,259	6,775,335
Federal Sources	27,168	751,762			778,930
<b>Total Revenues</b>	<b>27,598,363</b>	<b>2,294,897</b>	<b>64,903</b>	<b>2,072,254</b>	<b>32,030,417</b>
<b>EXPENDITURES</b>					
Current:					
Instructional:					
Regular Instruction	7,335,202	283,959			7,619,161
Special Education Instruction	2,413,925	55,734			2,469,659
Other Special Instruction	264,405	176,799			441,204
Other Instruction	580,783				580,783
Support Service & Undistributed Costs:					
Tuition	1,583,577	318,540			1,902,117
Student & Instruction Related Services	2,947,208	285,540			3,232,748
General & Business Administrative Services	1,131,256	76,111	131,871		1,339,238
School Administrative Services	988,977	128,307			1,117,284
Plant Operations & Maintenance	2,190,994				2,190,994
Pupil Transportation	1,301,430	6,069			1,307,499
Unallocated Benefits	6,218,830	107,982			6,326,812

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, 2013  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 950,456	\$ 904,121	\$ 113,471		\$ 1,968,048
Transfer to Charter Schools	326,707				326,707
Debt Service:					
Redemption of Principal				\$ 988,096	988,096
Interest and Other Charges	54,023			1,033,909	1,087,932
Total Expenditures	<u>28,287,773</u>	<u>2,343,162</u>	<u>245,342</u>	<u>2,022,005</u>	<u>32,898,282</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(689,410)</u>	<u>(48,265)</u>	<u>(180,439)</u>	<u>50,249</u>	<u>(867,865)</u>
Other Financing Sources (Uses):					
Proceeds from Refunding Bond Issue			13,640,000		13,640,000
Payment to Refunding Bond Escrow Agent			(13,949,447)		(13,949,447)
Premium on Bond Issue			441,318		441,318
Premium on Temporary Notes			584		584
Capital Leases (Non-Budgeted)	49,116				49,116
Insurance Claim Proceeds for Storm Damage	35,761				35,761
Transfers In	25,584	46,898			72,482
Transfers Out	(46,898)		(584)		(47,482)
Total Other Financing Sources (Uses)	<u>63,563</u>	<u>46,898</u>	<u>131,871</u>	<u>-</u>	<u>242,332</u>
Net Change in Fund Balance	(625,847)	(1,367)	(48,568)	50,249	(625,533)
Fund Balances, July 1	<u>3,347,183</u>	<u>(27,492)</u>	<u>168,921</u>	<u>1</u>	<u>2,925,113</u>
Fund Balances, June 30	<u>\$ 2,721,336</u>	<u>\$ (28,859)</u>	<u>\$ 120,353</u>	<u>\$ 50,250</u>	<u>\$ 2,863,080</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, 2013

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ (625,533)
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	\$ 1,968,048	
Depreciation Expense	<u>(1,007,362)</u>	960,686
Government funds report long-term liability proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements		
Refunding Bond Proceeds	(13,640,000)	
Capital Lease Proceeds	<u>(49,116)</u>	(13,689,116)
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 position and are not reported in the statement of activities:		
Bond and Loan Principal Payments	988,096	
Payment to Refunding Agent treated as Deferred Outflow	<u>13,949,447</u>	14,937,543
Governmental funds report the effect of premiums or discounts when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Bond Premium	(441,318)	
Amortization of Bond Premium	<u>61,889</u>	(379,429)
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.		
		48,796
In the statement of activities, the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter.		
		(72,354)
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>(108,196)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,072,397</u>

HIGHLAND PARK SCHOOL DISTRICT  
COMBING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 8,209	\$ 144,478	\$ 152,687
Due from Other Funds	27,280		27,280
Receivables from Other Governments:			
State	2,445		2,445
Federal	80,775		80,775
Other Receivables	9,911		9,911
Inventory	8,000		8,000
Total Current Assets	<u>136,620</u>	<u>144,478</u>	<u>281,098</u>
Noncurrent Assets:			
Capital Assets	92,713		92,713
Less: Accumulated Depreciation	65,943		65,943
Total Noncurrent Assets	<u>26,770</u>	<u>-</u>	<u>26,770</u>
Total Assets	<u>163,390</u>	<u>144,478</u>	<u>307,868</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due to Other Funds		339	339
Accounts Payable	39,116	128	39,244
Unearned Revenue	7,210		7,210
Total Liabilities	<u>46,326</u>	<u>467</u>	<u>46,793</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	26,770		26,770
Unrestricted	90,294	144,011	234,305
Total Net Position	<u>\$ 117,064</u>	<u>\$ 144,011</u>	<u>\$ 261,075</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
COMBING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 152,971		\$ 152,971
Daily Sales-Non Reimbursable Programs	118,100		118,100
Special Function Sales	18,710		18,710
Before and After School Care Service Fees		\$ 310,673	310,673
Total Operating Revenues	<u>289,781</u>	<u>310,673</u>	<u>600,454</u>
Operating Expenses:			
Costs of Sales	241,310		241,310
Salaries	168,064	237,977	406,041
Employee Benefits	70,705	37,124	107,829
Purchased Property Services	18,816		18,816
Insurance	1,623		1,623
Management Fee	22,330		22,330
Other Purchased Services	2,841	8,867	11,708
General Supplies	22,264	18,068	40,332
Depreciation	6,574		6,574
Total Operating Expenses	<u>554,527</u>	<u>302,036</u>	<u>856,563</u>
Operating Income (Loss)	<u>(264,746)</u>	<u>8,637</u>	<u>(256,109)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	6,691		6,691
Federal Sources:			
National School Lunch Program:			
Cash Assistance	221,164		221,164
Non-Cash Assistance (Commodities)	25,856		25,856
National School Breakfast Program	22,018		22,018
Total Nonoperating Revenues (Expenses)	<u>275,729</u>	<u>-</u>	<u>275,729</u>
Other Financing Sources (Uses):			
Transfer Out to the General Fund	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Change in Net Position	10,983	(16,363)	(5,380)
Net Position, Beginning	<u>106,081</u>	<u>160,374</u>	<u>266,455</u>
Net Position, Ending	<u>\$ 117,064</u>	<u>\$ 144,011</u>	<u>\$ 261,075</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
COMBING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers and Departments	\$ 287,732	\$ 310,673	\$ 598,405
Payments to Employees		(237,977)	(237,977)
Payments for Employee Benefits		(37,124)	(37,124)
Payments to Food Service Management Company	(499,773)		(499,773)
Payments to Vendors	(13,702)	(26,914)	(40,616)
Net Cash Provided by (Used for) Operating Activities	<u>(225,743)</u>	<u>8,658</u>	<u>(217,085)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	4,615		4,615
Federal Sources	176,136		176,136
Interfund Activity	(23,769)	(27,000)	(50,769)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>156,982</u>	<u>(27,000)</u>	<u>129,982</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,761)	(18,342)	(87,103)
Cash and Cash Equivalents, July 1	<u>76,970</u>	<u>162,820</u>	<u>239,790</u>
Cash and Cash Equivalents, June 30	<u>\$ 8,209</u>	<u>\$ 144,478</u>	<u>\$ 152,687</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (264,746)	\$ 8,637	\$ (256,109)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	6,574		6,574
Federal Food Donation Program	25,856		25,856
(Increase) Decrease in Accounts Receivable	(8,108)		(8,108)
(Increase) Decrease in Inventory	2,512		2,512
Increase (Decrease) in Accounts Payable	12,789	21	12,810
Increase (Decrease) in Unearned Revenue	(620)		(620)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (225,743)</u>	<u>\$ 8,658</u>	<u>\$ (217,085)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 106,960	\$ 101,174	\$ 145,599	\$ 72,742
Investments			10,211	
Due from Other Funds	24,466			
Receivables from Other Governments: State				545
<b>TOTAL ASSETS</b>	<u>131,426</u>	<u>101,174</u>	<u>\$ 155,810</u>	<u>\$ 73,287</u>
<b>LIABILITIES</b>				
Due to Other Funds				\$ 52,756
Due to Student Groups			\$ 155,810	
Payroll Deductions & Withholdings				20,531
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>\$ 155,810</u>	<u>\$ 73,287</u>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 131,426</u>	<u>\$ 101,174</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
	<u>                    </u>	<u>                    </u>
ADDITIONS		
Contributions:		
Plan Members	\$ 23,756	
Other		\$ 18,102
Investment Earnings:		
Interest		70
Total Additions	<u>23,756</u>	<u>18,172</u>
DEDUCTIONS		
Unemployment Claims	11,854	
Scholarships Awarded		18,355
Total Deductions	<u>11,854</u>	<u>18,355</u>
Change in Net Position	11,902	(183)
Net Position, Beginning of the Year	<u>119,524</u>	<u>101,357</u>
Net Position, End of the Year	<u>\$ 131,426</u>	<u>\$ 101,174</u>

**NOTES TO FINANCIAL STATEMENTS**

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**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, 2013 of 1,521 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 position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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, 2013  
(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, 2013  
(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, 2013  
 (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 (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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, 2013  
(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.

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, if required voted upon at the annual school election in November. 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, 2013 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.

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.

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

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

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 unearned revenues at fiscal year end.

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

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 2012-2013 and 2011-2012 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 unearned 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, 2013.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (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:

<u>Assets</u>	<u>Years</u>
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, 2013  
(Continued)

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

L. Unearned revenue

Unearned 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.

Unearned 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 unearned 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

- Unassigned--includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)**

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.

**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, 2013 appear in the financial statements as summarized below:

Cash		\$ 2,289,001
Investments		10,211
Total Cash & Investments		<u>\$ 2,299,212</u>
	<u>Ref.</u>	
Cash & Investments:		
Governmental Funds, Balance Sheet	B-1	\$ 1,709,839
Enterprise Fund, Statement of Net Position	B-4	152,687
Fiduciary Funds, Statement of Net Position	B-7	436,686
Total Cash & Investments		<u>\$ 2,299,212</u>

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$2,299,212 and the bank balance is \$3,289,937. Of the bank balance, \$260,211 is covered by federal depositary insurance and \$3,029,726 is insured by GUDPA.

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 are required for:
  - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
  - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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, 2013, the district had investments with the following institutions:

<u>Institution</u>	<u>Investment Amount</u>	<u>Type of Investment</u>
Bank of America	\$ 10,211	Certificate of Deposit
Total Investments	\$ 10,211	

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 415,000			\$ 415,000
Construction in Progress	1,804,448	\$ 1,879,944	\$ 2,392,401	1,291,991
Total	<u>2,219,448</u>	<u>1,879,944</u>	<u>2,392,401</u>	<u>1,706,991</u>
Capital Assets, Being Depreciated:				
Land Improvements	750,300	400,056	32,100	1,118,256
Building & Improvements	45,507,292	2,070,284		47,577,576
Furniture & Equipment	1,028,992	10,165	331,134	708,023
Vehicles	15,640			15,640
Total	<u>47,302,224</u>	<u>2,480,505</u>	<u>363,234</u>	<u>49,419,495</u>
Accumulated Depreciation:				
Land Improvements	653,788	19,845	32,100	641,533
Building & Improvements	9,835,975	932,944		10,768,919
Furniture & Equipment	817,216	52,618	331,134	538,700
Vehicles	6,842	1,955		8,797
Total	<u>11,313,821</u>	<u>1,007,362</u>	<u>363,234</u>	<u>11,957,949</u>
Total Capital Assets, Being Depreciated, Net	<u>35,988,403</u>	<u>1,473,143</u>	<u>-0-</u>	<u>37,461,546</u>
Transfers Between Categories	<u>-0-</u>	<u>(2,392,401)</u>	<u>(2,392,401)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 38,207,851</u>	<u>\$ 960,686</u>	<u>\$ -0-</u>	<u>\$ 39,168,537</u>
Business-Type Activities:				
Furniture & Equipment	\$ 92,713			\$ 92,713
Less: Accum Depreciation	<u>59,369</u>	<u>\$ 6,574</u>		<u>65,943</u>
Business-Type Activities Capital Assets, Net	<u>\$ 33,344</u>	<u>\$ (6,574)</u>	<u>\$ -0-</u>	<u>\$ 26,770</u>

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

Instruction:	
Regular	\$ 434,058
Special Education	151,454
Other Special Instruction	24,741
Co-Curricular Activities	43,978
Support Services:	
Student & Instruction	191,516
General & Business Admin	87,790
School Administration	65,451
Plant & Maintenance	8,374
Total Depreciation Expense, Governmental Activities	<u>\$ 1,007,362</u>

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2013 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 24,610,000	\$ 13,640,000	\$ 13,355,000	\$ 24,895,000	\$ 735,000
NJ EDA Loans	535,799		263,096	272,703	272,703
Unamortized Bond Premiums	574,464	441,318	151,312	864,470	61,889
Capital Leases Payable		49,116		49,116	24,558
Compensated Absences Payable	589,126	190,311	82,115	697,322	33,324
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 26,309,389</b>	<b>\$ 14,320,745</b>	<b>\$ 13,851,523</b>	<b>\$ 26,778,611</b>	<b>\$ 1,127,474</b>

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, 2013 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,007,703	\$ 1,013,707	\$ 2,021,410
2015	1,050,000	973,119	2,023,119
2016	1,095,000	924,731	2,019,731
2017	1,150,000	878,781	2,028,781
2018	1,200,000	825,832	2,025,832
2019-2023	6,840,000	3,294,006	10,134,006
2024-2028	8,795,000	1,575,731	10,370,731
2029-2030	4,030,000	187,363	4,217,363
<b>Totals</b>	<b>\$ 25,167,703</b>	<b>\$ 9,673,270</b>	<b>\$ 34,840,973</b>

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (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, 2013, 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%	\$ 10,870,000
\$13,775,000 – 2005 general obligation school building bonds, \$12,630,000 was refunded on October 25, 2012 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%	460,000
\$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%	53,267
\$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%	219,436
\$13,640,000 – 2012 general obligation refunding bonds, due in annual installments of \$60,000 to \$2,045,000 beginning March 1, 2013, through March 1, 2030 interest from 2.00% to 4.50%	<u>13,565,000</u>
	<u>\$ 25,167,703</u>

Defeasance of Debt – On October 25, 2012, the District issued \$13,640,000 in general obligation bonds with an average interest rate of 3.32% and a true interest cost of 3.06% to advance refund \$12,630,000 of outstanding 2005 series bonds with an average interest rate of 4.47%. The net proceeds of \$13,949,447 (issue amount of \$13,640,000 plus the bond premium of \$441,318 and less \$131,871 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2005 series bonds. As a result, the portion of the 2005 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2005 series bonds generated \$756,036 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus additional proceeds returned to District) of \$604,009.

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, 2013 is \$55,296,999. General obligation debt at June 30, 2013 is \$28,030,227, resulting in a legal debt margin of \$27,266,772.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

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

Bonds and Notes Authorized but not Issued

As of June 30, 2013, 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 @ 06/30/13	<u>(6,139,443)</u>
Total Authorized but not Issued	<u>\$ 1,776,528</u>

**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).

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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](http://www.prudential.com/njdcrp).

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.

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Contribution Requirements

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual 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 noncontributing employer of the TPAF.

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/13	\$ 1,479,532	100%
06/30/12	1,058,003	100%
06/30/11	740,557	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/13	\$ 235,776	100%
06/30/12	245,853	100%
06/30/11	248,307	100%

During the year ended June 30, 2013, the State of New Jersey contributed \$785,160 to the TPAF for post-retirement medical benefits and \$34,707 for the non-contributory insurance premiums, and \$659,665 for normal pension costs and accrued liability on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$861,757 during the year ended June 30, 2013 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.

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

## 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, 2012, there were 97,661 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 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 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 States 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 [www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf](http://www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf)

**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.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**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  
 TIAA-CREF  
 Lincoln Investment Planning

**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances as of June 30, 2013 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 1,775,757	\$ 26,447
Special Revenue Fund		307,439
Capital Projects Fund		1,440,522
Food Service Enterprise Fund	27,280	
Before and After School Care Fund		339
Fiduciary Fund:		
Unemployment Compensation	24,466	
Payroll Agency		52,756
	<u>\$ 1,827,503</u>	<u>\$ 1,827,503</u>

The District transferred \$584 from the Capital Projects Fund to the General Fund representing a temporary note premium. The District also transferred \$46,898 from the General Fund to the Special Revenue Fund representing local funding for the Preschool Education Grant. The District also transferred \$25,000 from the Before and After School Care Fund to the General Fund representing accumulated fund balance distributed to the General Fund.

The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$306,945 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the Capital Project Fund to the General Fund of \$1,440,522 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 \$26,255 represents cafeteria subsidy aid received in the General Fund but not yet transferred to the Food Service Fund. The balance due from the Payroll Agency Fund to the General Fund of \$28,290 represents \$18,903 of Net Payroll balances due back to the General Fund, \$9,358 of forfeited Flex Spending balances due back to the General Fund, and \$29 for payroll agency reimbursements due to the General Fund.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

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

The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$24,466 represents employee withholdings for the unemployment trust not yet transferred at year end. The balances due to the Food Service Fund from the General Fund of \$192; from the Special Revenue Fund of \$494; and from the Before & After School Care Enterprise Fund of \$339 represents special function sales.

All interfund balances should be liquidated within one year, except the amount due to the General Fund from 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, 2013 consisted of the following:

Food	\$	5,444
Supplies		2,556
		\$ 8,000

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, 2013  
(Continued)

**NOTE 12. RISK MANAGEMENT**

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	Employee Contrib	Amount Reimbursed	Ending Balance
2012-2013	\$ -0-	\$ -0-	\$ 23,756	\$ 11,854	\$ 131,426
2011-2012	110,000	100	21,730	103,583	119,524
2010-2011	110,000	266	20,828	121,128	91,277

**NOTE 13. LEGAL RESERVE ACCOUNTS**

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 NJSA 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. Pursuant to this state statute, the District deposited \$97,000 to their Capital Reserve account by board resolution in June 2013 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return of Local Funding	With- drawal	Ending Balance
Capital	\$ 1,121,824	\$ 97,000	\$ 1,659		\$ 234,168	\$ 986,315
Emergency	200,000		434			200,434
Totals	<u>\$ 1,321,824</u>	<u>\$ 97,000</u>	<u>\$ 2,093</u>	<u>\$ -0-</u>	<u>\$ 234,168</u>	<u>\$ 1,186,749</u>

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(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.

During fiscal year 2013, the property that this mortgage was attached to was sold to a developer, and the status of the property is still being deliberated. There is a rider on the mortgage that permits the balance due on the mortgage to be forgiven (waived) if the property is converted to residential use. Since this conversion has not been formally declared, the status of the mortgage balance is under dispute. The District is considering legal action regarding the status of the mortgage. The unpaid principal balance on the mortgage as of June 30, 2013 was \$321,862.

**NOTE 15. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Balance may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Restricted:		
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 year's budgets		\$ 275,830
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	\$ 275,830	157,958
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	986,315	1,121,824
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	200,434	200,000
Assigned:		
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,	219,233	765,230
Designated for Subsequent User's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	680,000	505,489
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>704,494</u>	<u>641,647</u>
Total Fund Balance	<u>\$ 3,066,306</u>	<u>\$ 3,667,978</u>

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE 16. DEFICIT FUND BALANCE**

The district has a deficit fund balance of \$28,859 in the Special Revenue Fund as of June 30, 2013 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, 2013 is \$-0-.

**NOTE 18: TEMPORARY NOTE ISSUE**

The District issued temporary notes of \$1,085,996 on September 20, 2012 in anticipation of receiving NJ SDA funding for three ROD grant capital projects. The notes matured on September 19, 2013 and were issued with an interest rate of 1.25%. The notes were paid from NJ SDA receipts in fiscal year 2014. These notes are summarized on CAFR schedule F-3.

**NOTE 19: SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 3, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

HIGHLAND PARK SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013  
 (Continued)

**NOTE 20. RESTATEMENT OF PRIOR YEAR NET POSITION**

During the fiscal year ending June 30, 2013, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 65, debt issuance costs are now recognized as an expense in the period incurred. The following is a summary of the District's restatement of net position as of June 30, 2012:

	Governmental Activities
Net Position, June 30, 2012 as Originally Stated	\$ 15,258,216
Less:	
Expensing of Bond Issuance Costs in Prior Periods	283,360
Net Position, June 30, 2012 as Restated	\$ 14,974,856

**NOTE 21: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement clarifies the reporting requirements related to deferred assets and liabilities. Although this statement is effective for fiscal periods beginning after December 15, 2012, the District has decided to apply this statement early for their fiscal year ending June 30, 2013.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, has not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE 21: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)**

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No.70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees" This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

**BUDGETARY COMPARISON SCHEDULES**

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 21,291,605		\$ 21,291,605	\$ 21,291,605	
Tuition from Individuals	30,000		30,000	60,057	\$ 30,057
Tuition from Other LEAs Within the State				30,464	30,464
Interest on Capital Reserve Account	640		640	1,659	1,019
Interest on Emergency Reserve Account				434	434
Interest on Investments	360		360	104	(256)
Other Restricted Miscellaneous Revenues-					
Building Use Rentals	5,000		5,000	11,085	6,085
Center School Mortgage Proceeds				49,158	49,158
Miscellaneous-Unrestricted	80,000		80,000	24,854	(55,146)
<b>Total</b>	<b>21,407,605</b>	<b>\$ -</b>	<b>21,407,605</b>	<b>21,469,420</b>	<b>61,815</b>
State Sources:					
Categorical Special Education Aid	866,008		866,008	866,008	
Equalization Aid	2,606,991		2,606,991	2,606,991	
Categorical Security Aid	53,800		53,800	53,800	
Categorical Transportation Aid	69,612		69,612	69,612	
Extraordinary Aid				170,573	170,573
Nonpublic Transportation Aid				15,797	15,797
On-Behalf TPAF Pension Contributions				694,372	694,372
On-Behalf TPAF Post Retirement Medical Benefits				785,160	785,160
Reimbursed TPAF Social Security Contributions				861,757	861,757
<b>Total</b>	<b>3,596,411</b>	<b>-</b>	<b>3,596,411</b>	<b>6,124,070</b>	<b>2,527,659</b>
Federal Sources:					
Medicaid Reimbursement	19,517		19,517	27,168	7,651
<b>Total</b>	<b>19,517</b>	<b>-</b>	<b>19,517</b>	<b>27,168</b>	<b>7,651</b>
<b>TOTAL REVENUES</b>	<b>\$ 25,023,533</b>	<b>\$ -</b>	<b>\$ 25,023,533</b>	<b>\$ 27,620,658</b>	<b>\$ 2,597,125</b>
<b>EXPENDITURES</b>					
Current:					
Regular Programs:					
Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 366,334	\$ 4,047	\$ 370,381	\$ 370,381	
Grades 1-5	2,338,973	(33,220)	2,305,753	2,257,145	\$ 48,608
Grades 6-8	1,621,485	(49,659)	1,571,826	1,571,826	
Grades 9-12	2,125,319	101,340	2,226,659	2,226,659	
Home Instruction:					
Salaries of Teachers	10,200	9,420	19,620	19,620	
Purchased Professional-Educational Services	51,892		51,892	35,357	16,535
Undistributed Instruction:					
Other Salaries for Instruction	164,741	35,000	199,741	199,554	187
Purchased Professional-Educational Services	201,750	62,355	264,105	231,314	32,791
Other Purchased Services	121,000	(24,565)	96,435	83,379	13,056
General Supplies	249,507	(12,791)	236,716	200,178	36,538
Textbooks	79,028	70,874	149,902	138,982	10,920
Other Objects	1,807	(70)	1,737	807	930
<b>Total</b>	<b>7,332,036</b>	<b>162,731</b>	<b>7,494,767</b>	<b>7,335,202</b>	<b>159,565</b>
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	135,216	2,800	138,016	138,006	10
Other Salaries for Instruction	18,212	43,350	61,562	61,553	9
Purchased Professional-Educational Services		7,224	7,224	7,224	
Other Purchased Services		75	75	75	
General Supplies	1,800		1,800	1,788	12
<b>Total</b>	<b>155,228</b>	<b>53,449</b>	<b>208,677</b>	<b>208,646</b>	<b>31</b>
Multiple Disabilities:					
Salaries of Teachers	243,094	11,168	254,262	224,973	29,289
Other Salaries for Instruction	112,837	37,081	149,918	149,068	850
Purchased Professional-Educational Services	5,000	13,767	18,767	18,767	
General Supplies	3,201	(75)	3,126	1,030	2,096
<b>Total</b>	<b>364,132</b>	<b>61,941</b>	<b>426,073</b>	<b>393,838</b>	<b>32,235</b>

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 1,362,033	\$ 24,179	\$ 1,386,212	\$ 1,386,212	
Other Salaries for Instruction	318,853	(70,389)	248,464	242,856	\$ 5,608
Purchased Professional-Educational Services	15,000	28,550	43,550	43,550	
Other Purchased Services	6,000		6,000	2,950	3,050
General Supplies	8,713	(571)	8,142	5,816	2,326
Total	1,710,599	(18,231)	1,692,368	1,681,384	10,984
Autism:					
Salaries of Teachers		45,560	45,560	45,557	3
Other Salaries for Instruction		39,789	39,789	39,789	
Purchased Professional-Educational Services		7,657	7,657	7,657	
Total	-	93,006	93,006	93,003	3
Preschool Disabilities-Full Time:					
Salaries of Teachers	86,270	(59,743)	26,527	26,479	48
Other Salaries for Instruction	53,394	(46,106)	7,288	7,288	
Purchased Professional-Educational Services	1,500	1,557	3,057	3,057	
General Supplies	1,500		1,500	230	1,270
Total	142,664	(104,292)	38,372	37,054	1,318
Total Special Education	2,372,623	85,873	2,458,496	2,413,925	44,571
Bilingual Education:					
Salaries of Teachers	256,740	83	256,823	256,823	
Purchased Professional-Educational Services	1,500	1,678	3,178	3,178	
General Supplies	7,037		7,037	4,404	2,633
Total	265,277	1,761	267,038	264,405	2,633
School Sponsored Co/Extra Curricular Activities:					
Salaries	125,492	(2,500)	122,992	109,363	13,629
Purchased Services	25,814		25,814	21,140	4,674
Supplies and Materials	10,417	(100)	10,317	7,905	2,412
Other Objects	7,374		7,374	5,398	1,976
Total	169,097	(2,600)	166,497	143,806	22,691
School Sponsored Athletics:					
Salaries	243,867	(7,500)	236,367	232,334	4,033
Purchased Services	38,868	8,500	47,368	38,601	8,767
Supplies and Materials	8,333		8,333	8,157	176
Other Objects	8,228	1,500	9,728	9,457	271
Total	299,296	2,500	301,796	288,549	13,247
Other Supplemental/At Risk Programs-Instruction:					
Salaries of Teachers	221,483	(73,000)	148,483	148,428	55
Total Instruction-Regular	\$ 10,659,812	\$ 177,265	\$ 10,837,077	\$ 10,594,315	\$ 242,762
Undistributed Expenditures:					
Instruction-Tuition:					
Other LEAs Within the State-Regular	\$ 18,865	\$ (330)	\$ 18,535	\$ 18,535	
Other LEAs Within the State-Special	463,820	(36,916)	426,904	421,098	\$ 5,806
County Special Services Districts and Regional Day Schools	73,176	(8,016)	65,160	65,160	
Private Schools for Disabled Within the State	800,603	137,166	937,769	924,184	13,585
Private Schools for Disabled & Other LEAs- Special, Outside the State		21,364	21,364	21,363	1
State Facilities	53,970		53,970	53,970	
Tuition-Other	51,016	31,732	82,748	79,267	3,481
Total	1,461,450	145,000	1,606,450	1,583,577	22,873

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Attendance & Social Work:					
Salaries	\$ 39,926	\$ (2,816)	\$ 37,110	\$ 37,110	
Other Purchased Services	6,180	570	6,750	6,750	
Total	46,106	(2,246)	43,860	43,860	\$ -
Health Services:					
Salaries	267,323	(3,277)	264,046	263,954	92
Purchased Professional & Technical Services	31,782		31,782	29,206	2,576
Other Purchased Services	2,305		2,305	926	1,379
Supplies and Materials	2,947	1,809	4,756	4,500	256
Other Objects	270		270	255	15
Total	304,627	(1,468)	303,159	298,841	4,318
Speech, OT, PT & Related Services:					
Salaries	268,939	(48,450)	220,489	220,197	292
Purchased Professional-Educational Services	147,087		147,087	44,556	102,531
Supplies and Materials	2,914		2,914	2,690	224
Total	418,940	(48,450)	370,490	267,443	103,047
Other Support Services-Students-Extraordinary Svc:					
Salaries	138,744	(56,040)	82,704	82,599	105
Purchased Professional-Educational Services	77,800	(3,111)	74,689	56,045	18,644
Supplies and Materials	3,955	(2)	3,953	2,344	1,609
Other Objects	360	2	362	362	
Total	220,859	(59,151)	161,708	141,350	20,358
Guidance:					
Salaries of Other Professional Staff	528,554	(7,043)	521,511	521,414	97
Salaries of Secretarial & Clerical Assistants	99,446	4,205	103,651	103,651	
Other Salaries		451	451	451	
Purchased Professional-Educational Services	2,160		2,160	1,440	720
Other Purchased Professional & Technical Services	8,241	(700)	7,541	2,809	4,732
Other Purchased Services	10,186	(51)	10,135	6,847	3,288
Supplies and Materials	4,619	(1,950)	2,669	1,377	1,292
Other Objects	2,210		2,210	40	2,170
Total	655,416	(5,088)	650,328	638,029	12,299
Child Study Team:					
Salaries of Other Professional Staff	432,002	(4,478)	427,524	426,701	823
Salaries of Secretarial & Clerical Assistants	103,779	(2,701)	101,078	100,895	183
Other Salaries	1,592		1,592	1,205	387
Purchased Professional-Educational Services	61,541		61,541	39,282	22,259
Other Purchased Professional & Technical Services	21,035		21,035	14,150	6,885
Miscellaneous Purchased Services	8,606		8,606	5,137	3,469
Supplies and Materials	11,084		11,084	8,853	2,231
Other Objects	1,490		1,490	1,277	213
Total	641,129	(7,179)	633,950	597,500	36,450
Improvement of Instruction Services:					
Salaries of Supervisor of Instruction	128,596	5,499	134,095	134,049	46
Salaries of Other Professional Staff	45,300	(30,087)	15,213	15,213	
Salaries of Secretarial & Clerical Assistants	56,857	(2)	56,855	55,951	904
Other Salaries	136,058	118,000	254,058	253,899	159
Other Purchased Services	2,850		2,850	760	2,090
Supplies and Materials	7,241		7,241	3,201	4,040
Other Objects	1,850	924	2,774	1,911	863
Total	378,752	94,334	473,086	464,984	8,102

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Educational Media Services/School Library:					
Salaries	\$ 182,619	\$ (44,744)	\$ 137,875	\$ 137,684	\$ 191
Salaries of Technology Coordinators	172,312	5,189	177,501	177,501	
Purchased Professional and Technical Services	3,000	(1,068)	1,932	1,931	1
Other Purchased Services	13,340	784	14,124	12,469	1,655
Supplies and Materials	17,013	300	17,313	14,520	2,793
<b>Total</b>	<b>388,284</b>	<b>(39,539)</b>	<b>348,745</b>	<b>344,105</b>	<b>4,640</b>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	89,115	5,670	94,785	94,785	
Salaries of Secretarial & Clerical Assistants	31,152	1	31,153	31,152	1
Other Salaries	6,367		6,367	3,511	2,856
Purchased Professional-Educational Services	1,220	3,596	4,816	3,839	977
Other Purchased Services	10,478	(1,846)	8,632	6,477	2,155
Supplies and Materials	9,639	1,200	10,839	9,865	974
Other Objects	1,850		1,850	1,467	383
<b>Total</b>	<b>149,821</b>	<b>8,621</b>	<b>158,442</b>	<b>151,096</b>	<b>7,346</b>
Support Services-General Administration:					
Salaries	290,874	8,858	299,732	299,730	2
Legal Services	50,000	(13,417)	36,583	36,583	
Audit Fees	33,500		33,500	33,500	
Architectural/Engineering Services	2,838		2,838	2,112	726
Other Purchased Professional Services	5,500	6,500	12,000	11,515	485
Communications/Telephone	128,802	49,884	178,686	149,821	28,865
Board of Education Other Purchased Services	1,000	(120)	880	546	334
Other Purchased Services	97,687	2,624	100,311	93,920	6,391
General Supplies	11,539		11,539	8,708	2,831
Board of Education In-House Training/Mtg Supplies	2,135	1,860	3,995	3,620	375
Miscellaneous Expenditures	4,000	(602)	3,398	3,007	391
Board of Education Membership Dues & Fees	15,000		15,000	14,585	415
<b>Total</b>	<b>642,875</b>	<b>55,587</b>	<b>698,462</b>	<b>657,647</b>	<b>40,815</b>
Support Services-School Administration:					
Salaries of Principals/Ass't Principals/Prog. Directors	654,601	(25,900)	628,701	628,619	82
Salaries of Secretarial & Clerical Assistants	250,749	42,408	293,157	293,157	
Purchased Professional & Technical Services	2,500	475	2,975	2,070	905
Other Purchased Services	37,714	(5,419)	32,295	27,879	4,416
Supplies and Materials	30,742	2,010	32,752	30,950	1,802
Other Objects	9,800	(3,261)	6,539	6,302	237
<b>Total</b>	<b>986,106</b>	<b>10,313</b>	<b>996,419</b>	<b>988,977</b>	<b>7,442</b>
Central Services:					
Salaries	358,540	138	358,678	357,202	1,476
Purchased Professional Services	8,240	3,000	11,240	10,317	923
Purchased Technical Services	17,553	(4,923)	12,630	12,527	103
Miscellaneous Purchased Services	19,119	12,926	32,045	30,755	1,290
Supplies & Materials	11,622		11,622	7,830	3,792
Interest on Current Loans		14,630	14,630	4,061	10,569
Miscellaneous Expenditures	1,525		1,525	1,501	24
<b>Total</b>	<b>416,599</b>	<b>25,771</b>	<b>442,370</b>	<b>424,193</b>	<b>18,177</b>

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Administrative Information Technology:					
Salaries	\$ 39,056	\$ 1	\$ 39,057	\$ 39,056	\$ 1
Other Purchased Services	5,750	880	6,630	6,630	
Supplies and Materials	13,001	(2,000)	11,001	3,730	7,271
Total	57,807	(1,119)	56,688	49,416	7,272
Required Maintenance for School Facilities:					
Cleaning, Repair, and Maintenance Services	421,200	18,568	439,768	411,210	28,558
General Supplies	35,497	19,062	54,559	53,353	1,206
Total	456,697	37,630	494,327	464,563	29,764
Custodial Services:					
Salaries of Noninstructional Aides	22,701	786	23,487	23,252	235
Purchased Professional and Technical Services	12,116		12,116	11,370	746
Cleaning, Repair, and Maintenance Services	954,376	(1,771)	952,605	914,114	38,491
Other Purchased Property Services	41,500		41,500	30,144	11,356
Insurance	54,819	(10,911)	43,908	43,908	
General Supplies	12,950	4,837	17,787	13,727	4,060
Energy (Natural Gas)	206,972	(34,136)	172,836	101,808	71,028
Energy (Electricity)	531,050	(92,834)	438,216	417,144	21,072
Other Objects	3,230		3,230	294	2,936
Total	1,839,714	(134,029)	1,705,685	1,555,761	149,924
Care & Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	68,122	17,830	85,952	75,420	10,532
General Supplies	13,000		13,000	11,105	1,895
Total	81,122	17,830	98,952	86,525	12,427
Security:					
Salaries	29,059	36	29,095	29,094	1
Purchased Professional and Technical Services	980	556	1,536	1,318	218
Cleaning, Repair, and Maintenance Services	1,000	14,802	15,802	15,802	
General Supplies	1,000	1,500	2,500	2,170	330
Total	32,039	16,894	48,933	48,384	549
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School)-Regular	5,575		5,575	5,575	
Salaries for Pupil Transportation (Between Home & School)-Special Education	5,575		5,575	5,575	
Management Fee-ESC & CTSA Programs	32,903	186	33,089	33,089	
Contracted Services-Aid In Lieu of Payments-Non-public Schools	101,440	(17,618)	83,822	70,548	13,274
Contracted Services (Other Than Between Home & School)-Vendors	55,501	10,881	66,382	60,853	5,529
Contracted Services (Between Home & School)-Joint Agreements	19,307		19,307	17,023	2,284
Contracted Services (Special Education Students)-Vendors	83,065		83,065	82,014	1,051
Contracted Services (Special Education Students)-Joint Agreements	34,830	2,639	37,469	37,469	
Contracted Services (Regular Students)-ESC'S & CTSA'S	341,223	4,012	345,235	345,235	
Contracted Services (Special Education Students)-ESC'S & CTSA'S	650,041	19,197	669,238	644,049	25,189
Total	1,329,460	19,297	1,348,757	1,301,430	47,327

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Cont'd)</b>					
Current: (cont'd)					
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	\$ 255,000		\$ 255,000	\$ 234,451	\$ 20,549
Other Retirement Contributions-PERS	267,169	\$ (16,218)	250,951	235,776	15,175
Other Retirement Contributions-Regular		1,254	1,254	1,254	
Unemployment Compensation	110,000	(110,000)			
Workmen's Compensations	96,097	2,503	98,600	98,600	
Health Benefits	3,488,674	(135,585)	3,353,089	3,187,177	165,912
Tuition Reimbursement	51,002	(1,980)	49,022	27,788	21,234
Other Employee Benefits	100,520	1,980	102,500	92,495	10,005
<b>Total</b>	<b>4,368,462</b>	<b>(258,046)</b>	<b>4,110,416</b>	<b>3,877,541</b>	<b>232,875</b>
On-Behalf TPAF Pension Contributions				694,372	(694,372)
On-Behalf TPAF Post Retirement Medical Benefits				785,160	(785,160)
Reimbursed TPAF Social Security Contributions				861,757	(861,757)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,341,289</b>	<b>(2,341,289)</b>
<b>Total Undistributed Expenditures</b>	<b>\$ 14,876,265</b>	<b>\$ (125,038)</b>	<b>\$ 14,751,227</b>	<b>\$ 16,326,511</b>	<b>\$ (1,575,284)</b>
<b>TOTAL CURRENT</b>	<b>\$ 25,536,077</b>	<b>\$ 52,227</b>	<b>\$ 25,588,304</b>	<b>\$ 26,920,826</b>	<b>\$ (1,332,522)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
School-Sponsored/Other Instructional Programs	\$ 28,823		\$ 28,823	\$ 28,823	
Undistributed Expenditures:					
General Administration	2,400		2,400	2,400	
Central Services		\$ 2,180	2,180	2,180	
Administration Information Technology	2,180	(2,180)			
Required Maintenance for School Facilities		32,499	32,499	3,705	\$ 28,794
<b>Total</b>	<b>33,403</b>	<b>32,499</b>	<b>65,902</b>	<b>37,108</b>	<b>28,794</b>
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	49,519	38,337	87,856	76,639	11,217
Construction Services	715,000	110,510	825,510	785,713	39,797
Assessment for Debt Service on SDA Funding	54,023		54,023	54,023	
<b>Total</b>	<b>818,542</b>	<b>148,847</b>	<b>967,389</b>	<b>916,375</b>	<b>51,014</b>
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures:					
Operation & Maintenance of Plant	-	-	-	49,116	(49,116)
<b>TOTAL CAPITAL OUTLAY</b>	<b>\$ 851,945</b>	<b>\$ 181,346</b>	<b>\$ 1,033,291</b>	<b>\$ 1,002,599</b>	<b>\$ 30,692</b>
<b>TRANSFER OF FUNDS TO CHARTER SCHOOLS</b>	<b>\$ 291,650</b>	<b>\$ 35,057</b>	<b>\$ 326,707</b>	<b>\$ 326,707</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,679,672</b>	<b>\$ 268,630</b>	<b>\$ 26,948,302</b>	<b>\$ 28,250,132</b>	<b>\$ (1,301,830)</b>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	\$ (1,656,139)	\$ (268,630)	\$ (1,924,769)	\$ (629,474)	\$ 1,295,295
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				49,116	49,116
Transfers In from Capital Projects Fund				584	584
Transfers In from Before & After School Care Fund				25,000	25,000
Transfers Out:					
Capital Outlay Fund to Capital Projects Fund	(100,000)	100,000			
Special Revenue Fund-Preschool Programs	(46,898)		(46,898)	(46,898)	
<b>Total Other Financing Sources (Uses)</b>	<b>(146,898)</b>	<b>100,000</b>	<b>(46,898)</b>	<b>27,802</b>	<b>74,700</b>

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	\$ (1,803,037)	\$ (168,630)	\$ (1,971,667)	\$ (601,672)	\$ 1,369,995
Fund Balances, July 1	3,667,978	-	3,667,978	3,667,978	-
Fund Balances, June 30	\$ 1,864,941	\$ (168,630)	\$ 1,696,311	\$ 3,066,306	\$ 1,369,995
<u>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</u>					
Adjustment for Prior Year Encumbrances	\$ (765,230)		\$ (765,230)	\$ (765,230)	
Increase in Capital Reserve		\$ 98,659	98,659	98,659	
Withdrawal from Capital Reserve	(375,000)	140,832	(234,168)	(234,168)	
Increase in Emergency Reserve		434	434	434	
Budgeted Fund Balance	(663,447)	(408,555)	(1,071,362)	298,633	\$ 1,369,995
TOTAL	\$ (1,803,677)	\$ (168,630)	\$ (1,971,667)	\$ (601,672)	\$ 1,369,995

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Excess Surplus:	
Prior Year-Designated for 2012-2013 Budget	\$ 275,830
Committed Fund Balance:	
Capital Reserve	986,315
Emergency Reserve	200,434
Assigned Fund Balance:	
Year-End Encumbrances	219,233
Designated for Subsequent Year's Expenditures	680,000
Unassigned Fund Balance	704,494
	<u>3,066,306</u>
Reconciliation to Governmental Statements (GAAP):	
Last State Aid Payment not Recognized on GAAP Basis	<u>(344,970)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,721,336</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, 2013

(NOT APPLICABLE TO THIS REPORT)

HIGHLAND PARK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources	\$ 167,195		\$ 167,195	\$ 118,847	\$ (48,348)
State Sources	593,882		593,882	589,625	(4,257)
Federal Sources	1,085,478		1,085,478	756,585	(328,893)
<b>TOTAL REVENUES</b>	<b>1,846,555</b>	<b>\$ -</b>	<b>1,846,555</b>	<b>1,465,057</b>	<b>(381,498)</b>
Other Financing Sources:					
Transfer from General Fund	46,898	-	46,898	46,898	-
<b>TOTAL INFLOWS</b>	<b>\$ 1,893,453</b>	<b>\$ -</b>	<b>\$ 1,893,453</b>	<b>\$ 1,511,955</b>	<b>\$ (381,498)</b>
<b>EXPENDITURES</b>					
Instruction:					
Salaries for Teachers	\$ 404,837	\$ (69,152)	\$ 335,685	\$ 302,171	\$ 33,514
Other Salaries for Instruction	105,787	76,290	182,077	140,985	41,092
Purchased Professional & Technical Services	20,626	(1,000)	19,626	16,580	3,046
Tuition	504,834	(21,486)	483,348	318,540	164,808
Other Purchased Services	28,703		28,703	16,546	12,157
General Supplies	53,178	33,343	86,521	54,860	31,661
Textbooks	3,804		3,804	2,942	862
Other Objects	615		615		615
<b>Totals</b>	<b>1,122,384</b>	<b>17,995</b>	<b>1,140,379</b>	<b>852,624</b>	<b>287,755</b>
Support Services:					
Salaries of Supervisors of Instruction	27,205	98,416	125,621	121,262	4,359
Salaries of Program Directors	163,517	(85,151)	78,366	73,705	4,661
Salaries of Other Professional Staff	82,700		82,700	82,700	
Salaries of Secretarial & Clerical Assistants	9,451		9,451	9,451	
Other Salaries	137,254	(3,829)	133,425	97,804	35,621
Personal Services-Employee Benefits	123,522	177	123,699	115,715	7,984
Purchased Professional & Technical Services	74,135	(67,754)	6,381	2,987	3,394
Purchased Professional Educational Services	13,328	32,311	45,639	34,383	11,256
Contracted Services-Transportation	5,324	745	6,069	6,069	
Other Purchased Services	13,304	6,319	19,623	15,524	4,099
Supplies & Materials	30,476	771	31,247	21,070	10,177
Other Objects	2,349		2,349	2,349	
<b>Total</b>	<b>682,565</b>	<b>(17,995)</b>	<b>664,570</b>	<b>583,019</b>	<b>81,551</b>
Facilities Acquisition & Construction Services:					
Construction Services	88,504	-	88,504	76,312	12,192
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,893,453</b>	<b>\$ -</b>	<b>\$ 1,893,453</b>	<b>\$ 1,511,955</b>	<b>\$ 381,498</b>

**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>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 27,620,658	\$ 1,465,057
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		909,278
Prior Year Encumbrances-Adjustment		(5,674)
Outstanding Encumbrances-Current Year		(72,397)
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	320,795	27,492
State Aid Receivable-Current Year	(344,970)	(28,859)
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	1,880	
Total Revenues (GAAP Basis)	\$ 27,598,363	\$ 2,294,897
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 28,250,132	\$ 1,511,955
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		909,278
Prior Year Encumbrances-Adjustment		(5,674)
Outstanding Encumbrances-Current Year		(72,397)
Insurance claim recovery for Hurricane Sandy damage costs incurred is treated as "Other Financing Sources" and increases expenditures for GAAP purposes	35,761	
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	1,880	
Total Expenditures (GAAP Basis)	\$ 28,287,773	\$ 2,343,162

**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, 2013

	Total Brought Forward	NJ Non- Public Funds	IDEA Basic	IDEA Preschool	NCLB Title I	NCLB Title II A	NCLB Title III	Total
<b>REVENUES</b>								
Local Sources	\$ 118,847							\$ 118,847
State Sources	570,979	\$ 18,646						589,625
Federal Sources			\$ 410,638	\$ 10,924	\$ 271,774	\$ 48,356	\$ 14,893	756,585
<b>TOTAL REVENUES</b>	<b>689,826</b>	<b>18,646</b>	<b>410,638</b>	<b>10,924</b>	<b>271,774</b>	<b>48,356</b>	<b>14,893</b>	<b>1,465,057</b>
Other Financing Sources:								
Transfer From General Fund	46,898	-	-	-	-	-	-	46,898
<b>TOTAL INFLOWS</b>	<b>\$ 736,724</b>	<b>\$ 18,646</b>	<b>\$ 410,638</b>	<b>\$ 10,924</b>	<b>\$ 271,774</b>	<b>\$ 48,356</b>	<b>\$ 14,893</b>	<b>\$ 1,511,955</b>
<b>EXPENDITURES</b>								
Instruction:								
Salaries of Teachers	\$ 135,620		\$ 36,064		\$ 118,270		\$ 12,217	\$ 302,171
Other Salaries for Instruction	106,387			\$ 10,148	24,450			140,985
Purchased Professional & Technical Services	4,648	\$ 11,932						16,580
Tuition			318,540					318,540
Other Purchased Services	16,546							16,546
General Supplies	13,090		1,163		40,607			54,860
Textbooks		2,942						2,942
<b>Total</b>	<b>276,291</b>	<b>14,874</b>	<b>355,767</b>	<b>10,148</b>	<b>183,327</b>	<b>\$ -</b>	<b>12,217</b>	<b>852,624</b>
Support Services:								
Salaries of Supervisors of Instruction	84,897				36,365			121,262
Salaries of Program Directors	33,959					39,746		73,705
Salaries of Other Professional Staff	82,700							82,700
Salaries of Secretarial & Clerical Assistants	9,451							9,451
Other Salaries	68,626		26,170		3,008			97,804
Personal Services-Employee Benefits	74,789		4,761	776	24,103	8,610	2,676	115,715
Purchased Professional & Technical Services		2,987						2,987
Purchased Professional-Educational Services	1,503		21,003		11,877			34,383
Contracted Services-Transportation	5,284	785						6,069
Other Purchased Services	6,335				9,189			15,524
Supplies & Materials	14,228		2,937		3,905			21,070
Other Objects	2,349							2,349
<b>Total</b>	<b>384,121</b>	<b>3,772</b>	<b>54,871</b>	<b>776</b>	<b>88,447</b>	<b>48,356</b>	<b>2,676</b>	<b>583,019</b>
Facilities Acquisition & Construction Services:								
Construction Services	76,312	-	-	-	-	-	-	76,312
<b>TOTAL EXPENDITURES</b>	<b>\$ 736,724</b>	<b>\$ 18,646</b>	<b>\$ 410,638</b>	<b>\$ 10,924</b>	<b>\$ 271,774</b>	<b>\$ 48,356</b>	<b>\$ 14,893</b>	<b>\$ 1,511,955</b>

HIGHLAND PARK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

	Educational Foundation	Other Local Grants	School Based Youth Services Program	NJ Preschool Education Aid	Total Carried Forward
REVENUES					
Local Sources	\$ 106,239	\$ 12,608			\$ 118,847
State Sources			\$ 282,387	\$ 288,592	570,979
<b>TOTAL REVENUES</b>	<b>106,239</b>	<b>12,608</b>	<b>282,387</b>	<b>288,592</b>	<b>689,826</b>
Other Financing Sources:					
Transfer From General Fund	-	-	-	46,898	46,898
<b>TOTAL INFLOWS</b>	<b>\$ 106,239</b>	<b>\$ 12,608</b>	<b>\$ 282,387</b>	<b>\$ 335,490</b>	<b>\$ 736,724</b>
EXPENDITURES					
Instruction:					
Salaries for Teachers				\$ 135,620	\$ 135,620
Other Salaries for Instruction				106,387	106,387
Purchased Professional & Technical Services	\$ 4,648				4,648
Other Purchased Services	12,414	\$ 4,132			16,546
General Supplies	12,865	225			13,090
<b>Total</b>	<b>29,927</b>	<b>4,357</b>	<b>\$ -</b>	<b>242,007</b>	<b>276,291</b>
Support Services:					
Salaries of Supervisors of Instruction			84,897		84,897
Salaries of Program Directors				33,959	33,959
Salaries of Other Professional Staff			82,700		82,700
Salaries of Secretarial & Clerical Assistants			9,451		9,451
Other Salaries		1,932	66,694		68,626
Personal Services-Employee Benefits			15,265	59,524	74,789
Purchased Professional Educational Services			1,503		1,503
Contracted Services-Transportation			5,284		5,284
Other Purchased Services		4,000	2,335		6,335
Supplies & Materials		2,319	11,909		14,228
Other Objects			2,349		2,349
<b>Total</b>	<b>-</b>	<b>8,251</b>	<b>282,387</b>	<b>93,483</b>	<b>384,121</b>
Facilities Acquisition & Construction Services:					
Construction Services	76,312	-	-	-	76,312
<b>TOTAL EXPENDITURES</b>	<b>\$ 106,239</b>	<b>\$ 12,608</b>	<b>\$ 282,387</b>	<b>\$ 335,490</b>	<b>\$ 736,724</b>

HIGHLAND PARK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction:			
Salaries of Teachers	\$ 135,620	\$ 135,620	
Other Salaries for Instruction	106,387	106,387	
	<u>242,007</u>	<u>242,007</u>	<u>\$ -</u>
Support Services:			
Salaries of Program Directors	33,959	33,959	
Personal Services-Employee Benefits	59,524	59,524	
Total Support Services	<u>93,483</u>	<u>93,483</u>	<u>-</u>
Total	<u>\$ 335,490</u>	<u>\$ 335,490</u>	<u>\$ -</u>

**Calculation of Budget & Carryover**

Total Revised 2012-2013 Preschool Education Aid Allocation	\$ 288,592
Add: Actual ECPA/PEA Carryover (June 30, 2012)	-
Add: Budgeted Transfer From General Fund	<u>46,898</u>
Total Preschool Education Aid Funds Available for 2012-2013 Budget	335,490
Less: 2012-2013 Budgeted Preschool Education Aid	<u>335,490</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013	-
Add 2012-2013 Unexpended Preschool Education Aid	<u>-</u>
2012-2013 Actual Carryover-Preschool Education Aid	<u>\$ -</u>
2012-2013 Preschool Education Aid Carryover Budgeted for Preschool Programs 2013-2014	<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, 2013

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/13
			Prior Years	Current Year	
ADA Improvements	03/12/04	\$ 202,391	\$ 202,391		
Renovating, Furnishing & Equipping the Three Existing Schools	08/17/04	21,690,971	21,670,571		\$ 20,400
Bartle School Roof Replacement and Masonry Restoration Project	02/28/11	1,442,072	1,435,305	\$ (2,595)	9,362
High School Clock Tower and Roof Renovations and Locker Room Ventilation	02/28/11	808,790	692,724	116,066	
Totals		<u>\$ 24,144,224</u>	<u>\$ 24,000,991</u>	<u>\$ 113,471</u>	<u>\$ 29,762</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, 2013

Revenues and Other Financing Sources:	
State Sources-SDA Grant	\$ 19,176
Total Revenues	<u>19,176</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	2,048
Construction Services	111,423
Total Expenditures	<u>113,471</u>
Change in Fund Balance	(94,295)
Fund Balance-Beginning	<u>218,519</u>
Fund Balance-Ending	<u>\$ 124,224</u>
 <u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund Balance-Budgetary Basis (Schedule F-2)	\$ 124,224
Receivables from Other Governments-State:	
GAAP Basis (Schedule B-1)	2,577,876
Budgetary Basis (Schedule K-4)	<u>(2,581,747)</u>
Fund Balance-GAAP Basis (Schedule B-1)	<u>\$ 120,353</u>
 <u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>	
State Financial Assistance-Budgetary Basis (Schedule F-2)	\$ 19,176
Adjustment to GAAP Basis	<u>45,727</u>
State Financial Assistance-GAAP Basis (Schedule B-2)	<u>\$ 64,903</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, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources-Transfer from Capital Reserve	\$ 216,000		\$ 216,000	\$ 121,164
State Sources-SDA Grant	62,051	\$ 19,176	81,227	81,227
Total Revenues	<u>278,051</u>	<u>19,176</u>	<u>297,227</u>	<u>202,391</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	33,631		33,631	33,631
Construction Services	168,760		168,760	168,760
Total Expenditures	<u>202,391</u>	<u>-</u>	<u>202,391</u>	<u>202,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 75,660</u>	<u>\$ 19,176</u>	<u>\$ 94,836</u>	<u>\$ -</u>

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	\$ (242,354)
Revised Authorized Cost	\$ 202,391
Percentage Completion	100%

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, 2013

	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
Legal Fees-General Administrative Expenses	544		544	3,544
Purchased Professional & Technical Services	2,420,858		2,420,858	2,420,858
Insurance	44,958		44,958	44,958
Other Purchased Services	80,478		80,478	80,478
Construction Services	19,045,597		19,045,597	19,062,997
Total Expenditures	<u>21,670,571</u>	<u>-</u>	<u>21,670,571</u>	<u>21,690,971</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 20,026</u>	<u>\$ -</u>	<u>\$ 20,026</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  
HIGH SCHOOL CLOCK TOWER AND ROOF RENOVATIONS AND LOCKER ROOM VENTILATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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	<u>808,790</u>	<u>\$ -</u>	<u>808,790</u>	<u>808,790</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	106,652	2,048	108,700	108,700
Construction Services	586,072	114,018	700,090	700,090
Total Expenditures	<u>692,724</u>	<u>116,066</u>	<u>808,790</u>	<u>808,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 116,066</u>	<u>\$ (116,066)</u>	<u>\$ -</u>	<u>\$ -</u>

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	100%

HIGHLAND PARK SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
BARTLE SCHOOL ROOF REPLACEMENT AND MASONRY RESTORATION PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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
Local Sources-Transfer from Capital Outlay	171,555		171,555	171,555
State Sources-SDA Grant	422,397		422,397	422,397
Total Revenues	<u>1,442,072</u>	<u>\$ -</u>	<u>1,442,072</u>	<u>1,442,072</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	112,846		112,846	112,846
Construction Services	901,940	(2,595)	899,345	908,707
Transfer to General Fund Capital Reserve	420,519		420,519	420,519
Total Expenditures	<u>1,435,305</u>	<u>(2,595)</u>	<u>1,432,710</u>	<u>1,442,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,767</u>	<u>\$ 2,595</u>	<u>\$ 9,362</u>	<u>\$ -</u>

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	\$ (314,928)
Revised Authorized Cost	\$ 1,442,072
Percentage Completion	99%

HIGHLAND PARK SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF TEMPORARY NOTES PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Issue	Original Date of Issue	Original Amount of Issue	Issue Date	Maturity Date	Interest Rate	Balance 07/01/12	Issued	Redeemed	Balance 06/30/13
Three ROD Projects- Grants Dated 2/28/11	09/22/11	\$ 1,085,996	09/22/11	09/21/12	1.50%	\$ 1,085,996		\$ 1,085,996	
			09/20/12	09/19/13	1.25%		\$ 1,085,996	\$ 1,085,996	
						<u>\$ 1,085,996</u>	<u>\$ 1,085,996</u>	<u>\$ 1,085,996</u>	<u>\$ 1,085,996</u>

## **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 POSITION  
 ENTERPRISE FUNDS  
 JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 8,209	\$ 144,478	\$ 152,687
Due from Other Funds	27,280		27,280
Receivables from Other Governments:			
State	2,445		2,445
Federal	80,775		80,775
Other Receivables	9,911		9,911
Inventory	8,000		8,000
<b>Total Current Assets</b>	<u>136,620</u>	<u>144,478</u>	<u>281,098</u>
Noncurrent Assets:			
Capital Assets	92,713		92,713
Less: Accumulated Depreciation	65,943		65,943
<b>Total Noncurrent Assets</b>	<u>26,770</u>	<u>-</u>	<u>26,770</u>
<b>Total Assets</b>	<u>163,390</u>	<u>144,478</u>	<u>307,868</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due to Other Funds		339	339
Accounts Payable	39,116	128	39,244
Unearned Revenue	7,210		7,210
<b>Total Liabilities</b>	<u>46,326</u>	<u>467</u>	<u>46,793</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	26,770		26,770
Unrestricted	90,294	144,011	234,305
<b>Total Net Position</b>	<u>\$ 117,064</u>	<u>\$ 144,011</u>	<u>\$ 261,075</u>

HIGHLAND PARK SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 152,971		\$ 152,971
Daily Sales-Non Reimbursable Programs	118,100		118,100
Special Function Sales	18,710		18,710
Before and After School Care Service Fees		\$ 310,673	310,673
Total Operating Revenues	<u>289,781</u>	<u>310,673</u>	<u>600,454</u>
Operating Expenses:			
Costs of Sales	241,310		241,310
Salaries	168,064	237,977	406,041
Employee Benefits	70,705	37,124	107,829
Purchased Property Services	18,816		18,816
Insurance	1,623		1,623
Management Fee	22,330		22,330
Other Purchased Services	2,841	8,867	11,708
General Supplies	22,264	18,068	40,332
Depreciation	6,574		6,574
Total Operating Expenses	<u>554,527</u>	<u>302,036</u>	<u>856,563</u>
Operating Income (Loss)	<u>(264,746)</u>	<u>8,637</u>	<u>(256,109)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	6,691		6,691
Federal Sources:			
National School Lunch Program:			
Cash Assistance	221,164		221,164
Non-Cash Assistance (Commodities)	25,856		25,856
National School Breakfast Program	22,018		22,018
Total Nonoperating Revenues (Expenses)	<u>275,729</u>	<u>-</u>	<u>275,729</u>
Other Financing Sources (Uses):			
Transfer Out to the General Fund	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Change in Net Position	10,983	(16,363)	(5,380)
Net Position, Beginning	<u>106,081</u>	<u>160,374</u>	<u>266,455</u>
Net Position, Ending	<u>\$ 117,064</u>	<u>\$ 144,011</u>	<u>\$ 261,075</u>

HIGHLAND PARK SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund	Before & After School Care Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers and Departments	\$ 287,732	\$ 310,673	\$ 598,405
Payments to Employees		(237,977)	(237,977)
Payments for Employee Benefits		(37,124)	(37,124)
Payments to Food Service Management Company	(499,773)		(499,773)
Payments to Vendors	(13,702)	(26,914)	(40,616)
Net Cash Provided by (Used for) Operating Activities	<u>(225,743)</u>	<u>8,658</u>	<u>(217,085)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	4,615		4,615
Federal Sources	176,136		176,136
Interfund Activity	(23,769)	(27,000)	(50,769)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>156,982</u>	<u>(27,000)</u>	<u>129,982</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,761)	(18,342)	(87,103)
Cash and Cash Equivalents, July 1	<u>76,970</u>	<u>162,820</u>	<u>239,790</u>
Cash and Cash Equivalents, June 30	<u>\$ 8,209</u>	<u>\$ 144,478</u>	<u>\$ 152,687</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (264,746)	\$ 8,637	\$ (256,109)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	6,574		6,574
Federal Food Donation Program	25,856		25,856
(Increase) Decrease in Accounts Receivable	(8,108)		(8,108)
(Increase) Decrease in Inventory	2,512		2,512
Increase (Decrease) in Accounts Payable	12,789	21	12,810
Increase (Decrease) in Unearned Revenue	(620)		(620)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (225,743)</u>	<u>\$ 8,658</u>	<u>\$ (217,085)</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 POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 106,960	\$ 101,174	\$ 145,599	\$ 72,742	\$ 426,475
Investments			10,211		10,211
Due from Other Funds	24,466				24,466
<b>Totals Assets</b>	<u>131,426</u>	<u>101,174</u>	<u>155,810</u>	<u>72,742</u>	<u>461,152</u>
<b>LIABILITIES</b>					
Due to Other Funds				52,756	52,756
Due to Student Groups			155,810		155,810
Payroll Deductions & Withholdings				20,531	20,531
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>155,810</u>	<u>73,287</u>	<u>229,097</u>
<b>NET POSITION</b>					
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 131,426</u>	<u>\$ 101,174</u>	<u>\$ -</u>	<u>\$ (545)</u>	<u>\$ 232,055</u>

HIGHLAND PARK SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
ADDITIONS			
Contributions:			
Plan Members	\$ 23,756		\$ 23,756
Other		\$ 18,102	18,102
Investment Earnings:			
Interest		70	70
Total Additions	<u>23,756</u>	<u>18,172</u>	<u>41,928</u>
DEDUCTIONS			
Unemployment Claims	11,854		11,854
Scholarships Awarded		18,355	18,355
	<u>11,854</u>	<u>18,355</u>	<u>30,209</u>
Change in Net Position	11,902	(183)	11,719
Net Position, Beginning	<u>119,524</u>	<u>101,357</u>	<u>220,881</u>
Net Position, Ending	<u>\$ 131,426</u>	<u>\$ 101,174</u>	<u>\$ 232,600</u>

HIGHLAND PARK SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 172,830	\$ 267,561	\$ 294,792	\$ 145,599
Investments	10,165	46		10,211
<b>TOTAL ASSETS</b>	<b>\$ 182,995</b>	<b>\$ 267,607</b>	<b>\$ 294,792</b>	<b>\$ 155,810</b>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 812	\$ 990	\$ 1,802	
Due to Student Groups:				
Irving School	6,616	6,910	6,720	\$ 6,806
Bartle School	18,974	15,114	15,181	18,907
Middle School	8,262	49,997	49,051	9,208
Highland Park High School:				
Activity	147,803	163,971	190,885	120,889
Athletic		30,625	30,625	
Other	528		528	
	<b>\$ 182,995</b>	<b>\$ 267,607</b>	<b>\$ 294,792</b>	<b>\$ 155,810</b>

HIGHLAND PARK SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 82,695	\$ 16,687,645	\$ 16,697,598	\$ 72,742
Receivables from Other Governments-State		545		545
<b>TOTAL ASSETS</b>	<u>\$ 82,695</u>	<u>\$ 16,688,190</u>	<u>\$ 16,697,598</u>	<u>\$ 73,287</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 34,678	\$ 6,840,915	\$ 6,855,062	\$ 20,531
Due to Other Funds	48,017	37,517	32,778	52,756
Net Payroll		9,809,758	9,809,758	
<b>TOTAL LIABILITIES</b>	<u>\$ 82,695</u>	<u>\$ 16,688,190</u>	<u>\$ 16,697,598</u>	<u>\$ 73,287</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 AND EDA LOANS  
JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
School District-Variou Improvements Refunding Issue	11/17/06	\$ 13,985,000	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	4.00%				
			02/15/19	870,000					
			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					
General Obligation Bonds of 2005	03/08/05	13,775,000	03/01/14	90,000	4.375%	13,180,000		12,720,000	460,000
			03/01/15	370,000					
Refunding School Bonds, Series 2012	10/25/12	13,640,000	03/01/14	60,000	2.000%				
			03/01/15	60,000	3.000%				
			03/01/16	440,000					
			03/01/17	455,000					
			03/01/18	395,000	4.000%				
			03/01/19	385,000					
			03/01/20	390,000					
			03/01/21	320,000					
			03/01/22	335,000	4.500%				
			03/01/23	325,000					
			03/01/24	370,000					
			03/01/25	415,000	4.000%				
			03/01/26	1,790,000					
			03/01/27	1,870,000					
			03/01/28	1,925,000					
			03/01/29	1,985,000	3.000%				
03/01/30	2,045,000								
						\$ 13,640,000	75,000	13,565,000	

HIGHLAND PARK SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS AND EDA LOANS  
JUNE 30, 2013  
(Continued)

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
New Jersey Economic Development Authority Safe Program Loan	08/01/95	\$ 1,012,063	07/15/13	\$ 53,267	1.500%	\$ 106,533		\$ 53,266	\$ 53,267
New Jersey Economic Development Authority Small Project Loan	08/01/93	3,036,187	07/15/13	219,436	5.288%	429,266		209,830	219,436
						<u>\$ 25,145,799</u>	<u>\$ 13,640,000</u>	<u>\$ 13,618,096</u>	<u>\$ 25,167,703</u>

Analysis of Amount Retired

Budget Expenditures	\$ 988,096
Deferred Outflow for Refunding of 2005 Bonds	<u>12,630,000</u>
	<u>\$ 13,618,096</u>

HIGHLAND PARK SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 JUNE 30, 2013

	Interest Rate	Amount of Original Issue	Balance 07/01/12	Issued Current Year	Retired Current Year	Balance 06/30/13
Energy Efficient Lighting Upgrades for High/Middle School	0.00%	\$ 49,116	\$ -	\$ 49,116	\$ -	\$ 49,116

HIGHLAND PARK SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 2,056,929		\$ 2,056,929	\$ 2,056,929	
Miscellaneous Revenue				6,066	\$ 6,066
State Sources:					
Debt Service Aid-State Support	9,259		9,259	9,259	
<b>Total Revenues</b>	<u>2,066,188</u>	<u>\$ -</u>	<u>2,066,188</u>	<u>2,072,254</u>	<u>\$ 6,066</u>
<b>EXPENDITURES</b>					
Regular Debt Service:					
Interest on Bonds	1,153,093	(75,000)	1,078,093	1,033,909	44,184
Redemption of Principal	913,096	75,000	988,096	988,096	
<b>Total Expenditures</b>	<u>2,066,189</u>	<u>-</u>	<u>2,066,189</u>	<u>2,022,005</u>	<u>44,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	50,249	50,250
Fund Balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,250</u>	<u>\$ 50,250</u>
Recapitulation of Excess (Deficiency of Revenue Over (Under) Expenditures:					
Budgeted Fund Balance	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 50,249</u>	<u>\$ 50,250</u>

**STATISTICAL SECTION**

HIGHLAND PARK SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
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
<b>REVENUE CAPACITY</b>	
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
<b>DEBT CAPACITY</b>	
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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
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
<b>OPERATING INFORMATION</b>	
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 POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GOVERNMENT ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 2,086,572	\$ 2,230,739	\$ 4,089,129	\$ 9,957,848	\$ 10,770,628	\$ 11,593,747	\$ 12,357,525	\$ 13,315,453	\$ 14,680,839	\$ 15,424,132
Restricted	186,693	173,127	149,445	155,148	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634
Unrestricted	(1,739,575)	(1,538,298)	(623,208)	(1,092,027)	(1,736,837)	(1,297,089)	(1,966,622)	(1,677,935)	(1,184,011)	(721,513)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 533,690</b>	<b>\$ 865,568</b>	<b>\$ 3,615,366</b>	<b>\$ 9,020,969</b>	<b>\$ 9,621,431</b>	<b>\$ 10,872,772</b>	<b>\$ 11,533,801</b>	<b>\$ 13,253,481</b>	<b>\$ 14,974,856</b>	<b>\$ 16,047,253</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 53,936	\$ 48,974	\$ 46,886	\$ 42,752	\$ 58,693	\$ 52,471	\$ 45,324	\$ 40,711	\$ 33,344	\$ 26,770
Unrestricted	31,829	92,598	38,343	42,848	83,144	167,930	167,913	168,790	233,111	234,305
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 85,765</b>	<b>\$ 141,572</b>	<b>\$ 85,229</b>	<b>\$ 85,600</b>	<b>\$ 141,837</b>	<b>\$ 220,401</b>	<b>\$ 213,237</b>	<b>\$ 209,501</b>	<b>\$ 266,455</b>	<b>\$ 261,075</b>
<b>DISTRICT-WIDE</b>										
Net Investment in Capital Assets	\$ 2,140,508	\$ 2,279,713	\$ 4,136,015	\$ 10,000,600	\$ 10,829,321	\$ 11,646,218	\$ 12,402,849	\$ 13,356,164	\$ 14,714,183	\$ 15,450,902
Restricted	186,693	173,127	149,445	155,148	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634
Unrestricted	(1,707,746)	(1,445,700)	(584,865)	(1,049,179)	(1,653,693)	(1,129,159)	(1,798,709)	(1,509,145)	(950,900)	(487,208)
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 619,455</b>	<b>\$ 1,007,140</b>	<b>\$ 3,700,595</b>	<b>\$ 9,106,569</b>	<b>\$ 9,763,268</b>	<b>\$ 11,093,173</b>	<b>\$ 11,747,038</b>	<b>\$ 13,462,982</b>	<b>\$ 15,241,311</b>	<b>\$ 16,308,328</b>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENSES</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 8,576,003	\$ 9,270,811	\$ 9,940,335	\$ 10,094,536	\$ 10,307,353	\$ 9,573,546	\$ 9,156,318	\$ 8,897,577	\$ 9,887,679	\$ 11,057,689
Special Education	1,349,742	1,652,260	1,518,158	2,205,385	2,615,781	2,609,222	2,989,771	3,262,529	3,111,479	3,663,691
Other Special Education	389,905	460,261	635,600	526,932	736,405	496,443	485,936	659,803	587,261	596,341
Other Instruction	548,053	663,240	714,374	641,149	709,853	672,637	1,126,422	983,996	914,493	833,214
Support Services:										
Tuition	909,471	805,326	1,076,502	1,579,855	1,722,016	1,763,726	1,750,764	1,804,870	1,868,281	1,902,117
Student & Instruction Related Services	4,685,918	3,891,286	4,445,642	4,482,339	4,706,208	4,389,406	4,419,671	4,240,958	4,204,905	4,662,007
General & Business Administrative Services	1,487,329	1,726,312	1,395,372	1,769,296	1,748,463	1,503,870	1,418,257	1,412,487	1,908,409	1,767,011
School Administration	1,171,820	1,347,514	1,199,723	1,342,109	1,436,481	1,380,141	1,502,289	1,380,535	1,536,729	1,628,626
Plant Operations & Maintenance	1,848,345	1,986,552	1,769,849	2,199,153	2,181,302	2,304,046	2,232,019	2,213,377	2,011,298	2,237,883
Pupil Transportation	873,558	819,968	1,041,815	1,392,987	1,311,731	1,245,772	1,216,083	1,283,356	1,266,543	1,312,460
Special Schools	14,320	26,916	20,000	3,690						
Transfer to Charter Schools	53,039	53,809	69,983	50,282	69,048	66,733	112,407	194,888	220,704	326,707
Interest on Long Term Debt	931,290	1,044,774	1,472,697	1,174,091	1,339,177	1,290,577	1,245,732	1,278,984	1,214,753	1,111,490
<b>Total Governmental Activities Expenses</b>	<b>22,838,793</b>	<b>23,749,029</b>	<b>25,300,050</b>	<b>27,461,804</b>	<b>28,883,818</b>	<b>27,296,119</b>	<b>27,655,669</b>	<b>27,613,360</b>	<b>28,732,534</b>	<b>31,099,236</b>
Business-Type Activities:										
Food Services	479,779	475,390	532,544	563,109	602,539	555,129	545,600	504,307	519,295	554,527
Other	343,233	335,609	383,254	335,393	382,620	467,428	401,137	284,588	288,115	302,036
<b>Total Business-Type Activities</b>	<b>823,012</b>	<b>810,999</b>	<b>915,798</b>	<b>898,502</b>	<b>985,159</b>	<b>1,022,557</b>	<b>946,737</b>	<b>788,895</b>	<b>807,410</b>	<b>856,563</b>
<b>TOTAL DISTRICT EXPENSES</b>	<b>\$ 23,661,805</b>	<b>\$ 24,560,028</b>	<b>\$ 26,215,848</b>	<b>\$ 28,360,306</b>	<b>\$ 29,868,977</b>	<b>\$ 28,318,676</b>	<b>\$ 28,602,406</b>	<b>\$ 28,402,255</b>	<b>\$ 29,539,944</b>	<b>\$ 31,955,799</b>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 35,684	\$ 67,777	\$ 53,690	\$ 37,814	\$ 23,835	\$ 33,338	\$ 28,663	\$ 34,093	\$ 46,095	\$ 61,062
Special Education Instruction						10,951		42,289	9,400	30,464
Other Instruction							3,551			
Student & Instructional Related Services	181	300								280
General & Business Administrative Services	495	150	105	4,102	135	256	140	138	10	137
Plant Operations & Maintenance	42,749	14,588	18,802	26,777	21,423	20,918	7,778	294	5,282	28,346
Operating Grants & Contributions	2,472,120	2,616,900	2,764,276	2,501,542	2,586,175	1,351,035	1,289,252	1,711,885	1,353,625	2,294,897
Capital Grants & Contributions		83,185	1,599,332	5,302,879	783,098	310,401		259,835	497,091	64,903
<b>Total Governmental Activities Program Revenues</b>	<b>2,551,229</b>	<b>2,782,900</b>	<b>4,436,205</b>	<b>7,873,114</b>	<b>3,414,666</b>	<b>1,726,899</b>	<b>1,329,384</b>	<b>2,048,534</b>	<b>1,911,503</b>	<b>2,480,089</b>
Business-Type Activities:										
Charges for Services:										
Food Service	300,171	314,692	337,256	352,856	376,895	339,574	302,562	272,828	294,182	289,781
Other	339,246	373,343	338,638	355,547	412,396	553,773	387,757	275,473	308,312	310,673
Operating Grants & Contributions	190,102	175,215	184,593	194,424	199,839	207,442	249,093	236,430	258,294	275,729
<b>Total Business-Type Activities Program Revenues</b>	<b>829,519</b>	<b>863,250</b>	<b>860,487</b>	<b>902,827</b>	<b>989,130</b>	<b>1,100,789</b>	<b>939,412</b>	<b>784,731</b>	<b>860,788</b>	<b>876,183</b>
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 3,380,748</b>	<b>\$ 3,646,150</b>	<b>\$ 5,296,692</b>	<b>\$ 8,775,941</b>	<b>\$ 4,403,796</b>	<b>\$ 2,827,688</b>	<b>\$ 2,268,796</b>	<b>\$ 2,833,265</b>	<b>\$ 2,772,291</b>	<b>\$ 3,356,272</b>
<b>NET (EXPENSE) REVENUES</b>										
Governmental Activities	\$ (20,287,564)	\$ (20,966,129)	\$ (20,863,845)	\$ (19,588,690)	\$ (25,469,152)	\$ (25,569,220)	\$ (26,326,285)	\$ (25,564,826)	\$ (26,821,031)	\$ (28,619,147)
Business-Type Activities	6,507	52,251	(55,311)	4,325	3,971	78,232	(7,325)	(4,164)	53,378	19,620
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (20,281,057)</b>	<b>\$ (20,913,878)</b>	<b>\$ (20,919,156)</b>	<b>\$ (19,584,365)</b>	<b>\$ (25,465,181)</b>	<b>\$ (25,490,988)</b>	<b>\$ (26,333,610)</b>	<b>\$ (25,568,990)</b>	<b>\$ (26,767,653)</b>	<b>\$ (28,599,527)</b>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 15,135,495	\$ 15,661,490	\$ 16,683,190	\$ 17,580,347	\$ 18,647,753	\$ 19,125,082	\$ 19,690,085	\$ 20,464,826	\$ 20,874,123	\$ 21,291,605
Property Taxes Levied for Debt Service	1,424,637	1,306,654	2,117,804	2,120,213	1,972,159	2,051,618	2,055,915	2,056,511	2,054,645	2,056,929
Unrestricted Grants & Contributions	3,812,788	3,919,089	4,219,855	5,103,699	5,340,516	5,550,906	5,300,824	4,733,360	5,478,065	6,136,322
Investment Earnings	23,617	179,988	564,018	439,280	146,178	23,916	22,003	13,066	4,391	2,197
Miscellaneous Income	72,399	179,645	64,776	117,593	103,792	149,866	103,487	131,819	241,182	143,730
Transfers In/(Out)	(7,500)	(20,519)	(37,000)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000
Special Item-Insurance Proceeds for Storm Damage										35,761
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)		
<b>Total Governmental Activities</b>	<b>20,461,436</b>	<b>21,298,007</b>	<b>23,613,643</b>	<b>24,994,293</b>	<b>26,069,614</b>	<b>26,820,561</b>	<b>26,987,314</b>	<b>27,284,506</b>	<b>28,542,406</b>	<b>29,691,544</b>
Business-Type Activities:										
Investment Earnings	509	1,398	1,262	1,365	753	332	361	428	58	
Miscellaneous Income			75						3,518	
Transfers In/(Out)					50,170					(25,000)
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 Canceled	(5,419)						(200)			
Special Item-Prior Year Accounts Payable Canceled		2,158								
Special Item-Prior Year Other Liability Canceled			103							
Special Item-Prior Year Subsidy Income Refunded			(2,472)							
<b>Total Business-Type Activities</b>	<b>(4,910)</b>	<b>3,556</b>	<b>(1,032)</b>	<b>(3,954)</b>	<b>52,266</b>	<b>332</b>	<b>161</b>	<b>428</b>	<b>3,576</b>	<b>(25,000)</b>
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 20,456,526</b>	<b>\$ 21,301,563</b>	<b>\$ 23,612,611</b>	<b>\$ 24,990,339</b>	<b>\$ 26,121,880</b>	<b>\$ 26,820,893</b>	<b>\$ 26,987,475</b>	<b>\$ 27,284,934</b>	<b>\$ 28,545,982</b>	<b>\$ 29,666,544</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 173,872	\$ 331,878	\$ 2,749,798	\$ 5,405,603	\$ 600,462	\$ 1,251,341	\$ 661,029	\$ 1,719,680	\$ 1,721,375	\$ 1,072,397
Business-Type Activities	1,597	55,807	(56,343)	371	56,237	78,564	(7,164)	(3,736)	56,954	(5,380)
<b>TOTAL DISTRICT</b>	<b>\$ 175,469</b>	<b>\$ 387,685</b>	<b>\$ 2,693,455</b>	<b>\$ 5,405,974</b>	<b>\$ 656,699</b>	<b>\$ 1,329,905</b>	<b>\$ 653,865</b>	<b>\$ 1,715,944</b>	<b>\$ 1,778,329</b>	<b>\$ 1,067,017</b>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 83,009	\$ 326,816	\$ 1,074,531	\$ 1,261,428	\$ 468,471	\$ 469,773	\$ 531,560	\$ 219,745	\$ 433,788	\$ 275,830
Committed	148,926	6,418	6,633	6,964	357,233	359,436	1,060,319	500,304	1,321,824	1,186,749
Assigned	396,695	493,139	741,959	468,015	601,716	954,715	324,028	741,286	1,270,719	899,233
Unassigned	463,453	284,454	296,949	372,440	383,468	256,073	182,362	365,048	320,852	359,524
<b>Total General Fund</b>	<b>\$ 1,092,083</b>	<b>\$ 1,110,827</b>	<b>\$ 2,120,072</b>	<b>\$ 2,108,847</b>	<b>\$ 1,810,888</b>	<b>\$ 2,039,997</b>	<b>\$ 2,098,269</b>	<b>\$ 1,826,383</b>	<b>\$ 3,347,183</b>	<b>\$ 2,721,336</b>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 3	\$ 13,845,959	\$ 11,293,068	\$ 1,924,439	\$ 559,559	\$ 463,688	\$ 96,238	\$ 1,128,721	\$ 168,921	\$ 120,353
Assigned, Reported In:										
Debt Service Fund			11,915	76,215	1	1		1	1	50,250
Unassigned, Reported In:										
Special Revenue Fund	(63,227)	(63,227)	(63,227)	(63,227)	(73,377)	(29,022)	(29,992)	(29,992)	(27,492)	(28,859)
<b>Total All Other Governmental Funds</b>	<b>\$ (63,224)</b>	<b>\$ 13,782,732</b>	<b>\$ 11,241,756</b>	<b>\$ 1,937,427</b>	<b>\$ 486,183</b>	<b>\$ 434,667</b>	<b>\$ 66,246</b>	<b>\$ 1,098,730</b>	<b>\$ 141,430</b>	<b>\$ 141,744</b>

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Tax Levy	\$ 16,560,132	\$ 16,968,144	\$ 18,800,994	\$ 19,700,560	\$ 20,619,912	\$ 21,176,700	\$ 21,746,000	\$ 22,521,337	\$ 22,928,768	\$ 23,348,534
Tuition Charges	34,324	67,515	53,905	37,314	23,835	39,934	28,663	76,382	55,495	90,521
Interest Earnings	23,617	179,988	563,803	439,280	146,178	23,916	22,003	13,066	4,391	2,197
Miscellaneous	153,240	215,546	123,605	133,775	136,808	184,377	100,806	140,296	267,431	1,034,900
State Sources	5,398,087	5,489,023	5,854,705	6,695,828	7,099,005	6,209,897	5,357,841	5,285,820	5,879,238	6,710,432
State Sources-Capital Projects		83,185	1,599,332	5,302,879	783,098	310,401		259,835	497,091	64,903
Federal Sources	1,069,258	1,021,830	1,080,818	867,974	769,426	630,739	1,196,717	1,110,005	885,699	778,930
<b>Total Revenues</b>	<b>23,238,658</b>	<b>24,025,231</b>	<b>28,077,162</b>	<b>33,177,610</b>	<b>29,578,262</b>	<b>28,575,964</b>	<b>28,452,030</b>	<b>29,406,741</b>	<b>30,518,113</b>	<b>32,030,417</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	5,953,697	6,145,004	6,419,524	6,299,046	6,535,275	6,877,160	6,514,936	6,187,899	6,785,092	7,335,202
Special Education Instruction	887,828	1,186,638	1,060,120	1,477,670	1,727,937	1,890,684	2,087,987	2,232,059	2,073,818	2,413,925
Other Special Instruction	98,799	120,232	198,101	208,885	231,264	238,532	249,108	243,562	254,013	264,405
School Sponsored/Other Instructional	420,361	518,996	540,670	484,499	528,237	496,530	803,805	694,021	639,463	580,783
<b>Support Services:</b>										
Tuition	909,471	570,193	776,998	1,232,919	1,418,877	1,544,207	1,588,055	1,325,187	1,551,601	1,583,577
Student & Inst Related Services	2,306,585	2,362,102	2,525,537	2,578,772	2,733,522	3,015,690	2,929,618	2,781,135	2,716,128	2,947,208
General Administration	730,356	753,658	599,054	688,718	662,134	599,287	540,782	564,270	681,821	657,647
School Administration Services	831,563	784,115	749,288	800,968	818,510	886,022	929,273	850,887	942,431	988,977
Central Services	482,058	488,415	416,154	574,476	636,204	457,733	383,945	368,853	416,759	424,193
Administrative Information Technology		85,291	50,897	59,118	51,277	60,696	55,749	45,723	55,958	49,416
Plant Operations & Maintenance	1,849,051	1,974,824	1,758,727	2,165,319	2,136,233	2,236,832	2,146,722	2,149,502	1,976,206	2,190,994
Pupil Transportation	867,484	810,215	1,021,623	1,390,050	1,306,768	1,237,312	1,208,805	1,275,558	1,258,988	1,301,430
Employee Benefits	2,076,132	2,124,168	2,528,666	2,536,248	2,809,315	3,086,387	3,295,083	3,432,714	3,578,330	3,877,541
On-Behalf TPAF Pension & Social Security Contribution	1,433,319	1,520,040	1,787,039	2,555,344	2,669,005	1,529,760	1,610,837	1,482,444	1,830,338	2,341,289
Capital Outlay	87,776	27,822	95,432	81,791	50,742	324,511	395,953	234,686	191,113	950,456
Lease Purchase Agreement-Principal	44,288	47,370	50,669	49,550						
Special Schools	14,320	20,865	20,000	3,690						
Transfers to Charter Schools	49,014	53,809	69,983	50,282	69,048	66,733	112,407	194,888	220,704	326,707
Special Revenue Funds	2,709,820	2,616,900	2,764,276	2,501,542	2,596,325	1,306,680	1,290,222	1,711,885	1,361,578	2,343,162
Capital Projects Fund	154,755	514,407	4,022,844	14,874,319	2,147,978	406,272	367,450	627,526	1,207,927	245,342
<b>Debt Service:</b>										
Principal	506,780	466,013	643,785	825,498	737,474	769,865	807,368	840,449	873,948	988,096
Interest & Other Charges	929,347	851,683	1,473,506	1,241,621	1,322,170	1,291,328	1,259,074	1,292,895	1,229,247	1,087,932
<b>Total Expenditures</b>	<b>23,342,804</b>	<b>24,042,760</b>	<b>29,572,893</b>	<b>42,680,325</b>	<b>31,188,295</b>	<b>28,322,221</b>	<b>28,577,179</b>	<b>28,536,143</b>	<b>29,845,463</b>	<b>32,898,282</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,146)	(17,529)	(1,495,731)	(9,502,715)	(1,610,033)	253,743	(125,149)	870,598	672,650	(867,865)
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-budgeted)										49,116
Proceeds from Bond Issue		13,775,000								
Proceeds from Refunding Bond Issue				13,985,000						13,640,000
Payment to Refunding Bond Escrow Agent				(14,464,839)						(13,949,447)
Premium on Bond Issue		127,748		682,650						441,318
Premium on Note Issue				21,350						584
Proceeds from Sale of Capital Assets			1,000						850	
Insurance Claim Proceeds for Storm Damage										35,761
Transfers In (Out)	(7,500)	(20,519)	(37,000)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000
<b>Total Other Financing Sources (Uses)</b>	<b>(7,500)</b>	<b>13,882,229</b>	<b>(36,000)</b>	<b>187,161</b>	<b>(139,170)</b>	<b>(76,150)</b>	<b>(185,000)</b>	<b>(110,000)</b>	<b>(109,150)</b>	<b>242,332</b>
<b>Net Change in Fund Balances</b>	<b>\$ (111,646)</b>	<b>\$ 13,864,700</b>	<b>\$ (1,531,731)</b>	<b>\$ (9,315,554)</b>	<b>\$ (1,749,203)</b>	<b>\$ 177,593</b>	<b>\$ (310,149)</b>	<b>\$ 760,598</b>	<b>\$ 563,500</b>	<b>\$ (625,533)</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>6.85%</b>	<b>6.17%</b>	<b>9.31%</b>	<b>8.27%</b>	<b>7.65%</b>	<b>8.07%</b>	<b>8.03%</b>	<b>8.35%</b>	<b>7.98%</b>	<b>7.01%</b>

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 23,614	\$ 50,612	\$ 69,501	\$ 112,771	\$ 97,265	\$ 23,779	\$ 22,003	\$ 13,066	\$ 4,391	\$ 2,197
Insurance Claim	12,629	34,554								
Insurance Dividends		7,926		14,262	13,355	13,348	5,032	8,808		
Mortgage Loan Proceeds	39,363	40,347	41,355	42,389	43,449	44,535	45,649	46,790	47,960	49,158
Rentals	9,418	200	713	18,665	15,660	11,821	2,700		1,375	11,085
Prior Year:										
Account Balance Canceled	1,748		17,898	408						9,387
Accounts Payable Canceled	8,811	22,434								
Refund	6,483	38,506	12,396	3,427	6,084	5,202	11,321	6,693	23,568	2,982
Outstanding Checks Voided	10	2,295	2,480	7,430		8,756				
Energy Savings Reimbursement	15,800	12,824								
E- Rate Rebates						36,545				7,791
Miscellaneous Refunds	3,617	1,798								512
Bid Spec Fees				4,450						
Restitution				1,166		328	434		410	
Donations and Local Contributions								27,308		1,880
Tuition	34,324	67,515	53,690	37,314	23,835	39,934	28,663	76,382	55,495	90,521
Proceeds from Sale of Capital Assets						2,112	90			
Lawsuit Settlement Proceeds									126,000	
Energy Rebates										3,475
Miscellaneous	98	296	155	139		425	62	1,277	1,365	707
<b>Annual Totals</b>	<b>\$ 155,915</b>	<b>\$ 279,307</b>	<b>\$ 198,188</b>	<b>\$ 242,421</b>	<b>\$ 199,648</b>	<b>\$ 186,785</b>	<b>\$ 115,954</b>	<b>\$ 180,324</b>	<b>\$ 260,564</b>	<b>\$ 179,695</b>

Sources: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 3,133,400	\$ 3,243,500	\$ 3,232,600	\$ 3,073,900	\$ 3,412,100	\$ 3,460,700	\$ 3,402,400	\$ 8,975,900	\$ 7,665,900	\$ 4,941,000
Residential	388,663,400	389,950,600	391,197,500	392,449,400	394,142,800	395,306,400	396,844,200	397,445,000	401,239,600	409,902,700
Commercial	50,070,600	49,871,800	49,817,900	49,407,300	48,518,800	48,823,000	49,040,700	48,760,300	48,480,900	47,375,500
Industrial	5,045,200	5,026,400	5,050,200	4,750,900	5,044,900	4,763,800	4,763,800	2,808,400	2,808,400	2,808,400
Apartment	83,667,500	83,969,000	85,455,600	80,728,300	80,112,600	80,459,300	80,459,300	77,138,600	77,035,000	76,839,300
<b>Total Assessed Value</b>	<b>530,580,100</b>	<b>532,061,300</b>	<b>534,753,800</b>	<b>530,409,800</b>	<b>531,231,200</b>	<b>532,813,200</b>	<b>534,510,400</b>	<b>535,128,200</b>	<b>537,229,800</b>	<b>541,866,900</b>
Public Utilities (a)	517,461	421,763	344,060	310,037	306,318	311,208	304,824	276,411	40	40
<b>Net Valuation Taxable</b>	<b>\$ 531,097,561</b>	<b>\$ 532,483,063</b>	<b>\$ 535,097,860</b>	<b>\$ 530,719,837</b>	<b>\$ 531,537,518</b>	<b>\$ 533,124,408</b>	<b>\$ 534,815,224</b>	<b>\$ 535,404,611</b>	<b>\$ 537,229,840</b>	<b>\$ 541,866,940</b>
Estimated Actual County Equalized Value	\$ 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	\$ 1,358,356,106	\$ 1,371,814,938
Percentage of Net Valuation to Estimated Actual County Equalized Value	53.18%	46.73%	41.78%	37.15%	35.72%	35.24%	35.62%	37.27%	39.55%	39.50%
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 3.16</b>	<b>\$ 3.34</b>	<b>\$ 3.60</b>	<b>\$ 3.80</b>	<b>\$ 3.93</b>	<b>\$ 4.02</b>	<b>\$ 4.14</b>	<b>\$ 4.24</b>	<b>\$ 4.31</b>	<b>\$ 4.33</b>

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			
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
2012	3.93	0.38	4.31	1.77	0.91	6.99
2013	3.97	0.36	4.33	1.86	0.98	7.17

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

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Tree Tops at Highlands LLC	\$ 8,000,000	1	1.48%	\$ 9,814,400	1	1.85%
Cedar Arms Associates LLC	5,220,000	2	0.96%	6,600,000	3	1.24%
Donaldson Park Apartments	5,019,800	3	0.93%	5,019,800	4	0.95%
CLA Management Company	4,994,800	4	0.92%	8,090,500	2	1.52%
Rutgers University c/o Richardson	4,922,100	5	0.91%			
Cedar Holding Associates	4,871,600	6	0.90%	4,871,600	6	0.92%
Orchard Gardens	4,600,300	7	0.85%	4,600,300	7	0.87%
Highland Montgomery LLC	3,704,000	8	0.68%	3,704,000	8	0.70%
East Coast Harper & Highland House/Gardens	3,544,600	9	0.65%			
Highland Park Manor LLC	2,712,600	10	0.50%	2,712,600	9	0.51%
Forest Glen				4,922,100	5	0.93%
Parktowne House Apartments				2,586,000	10	0.49%
	<u>\$ 47,589,800</u>		<u>8.78%</u>	<u>\$ 52,921,300</u>		<u>9.98%</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
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%
2011	36,980,545	36,921,189	99.84%
2012	38,186,051	38,182,144	99.99%

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.	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	\$ 17,556,859		\$ 163,895			\$ 17,720,754	3.27%	\$ 1,267
2005	30,794,186		100,219			30,894,405	5.54%	2,196
2006	30,150,401		49,550			30,199,951	5.29%	2,160
2007	29,174,903			\$ 7,000,000		36,174,903	5.82%	2,574
2008	28,437,429			5,000,000		33,437,429	5.02%	2,357
2009	27,667,564					27,667,564	3.90%	1,930
2010	26,860,196					26,860,196	4.09%	1,919
2011	26,019,747					26,019,747	3.84%	1,851
2012	25,145,799			1,085,996		26,231,795	3.73%	1,835
2013	25,167,703			1,085,996		26,253,699	N/A	1,836

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	Deductions	Net General Bonded Debt		
	Bonds		Outstanding		
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%	1,919
2011	26,019,747		26,019,747	4.86%	1,851
2012	25,145,799		25,145,799	4.68%	1,759
2013	25,167,703		25,167,703	2.99%	1,760

**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, 2013

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 19,393,477	100.00	\$ 19,393,477
County General Obligation Debt	894,743,318	1.36	<u>12,170,676</u>
Subtotal, Overlapping Debt			31,564,153
School District Direct Debt			<u>28,755,227</u>
Total Direct and Overlapping Debt			<u>\$ 60,319,380</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 2013

Equalized Valuation Basis

2012	\$ 1,360,075,443
2011	1,353,042,225
2010	<u>1,434,157,231</u>

\$ 4,147,274,899

Average Equalized Valuation of Taxable Property

\$ 1,382,424,966

Debt Limit (4.0% of Average Equalization Value)

\$ 55,296,999 (a)

Total Net Debt Applicable to Limit

28,030,227

Legal Debt Margin

\$ 27,266,772

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 35,768,445	\$ 40,695,424	\$ 46,375,421	\$ 51,244,335	\$ 55,904,247	\$ 58,950,149	\$ 59,992,854	\$ 59,092,121	\$ 57,107,005	\$ 55,296,999
Total Net Debt Applicable	<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>	<u>28,008,323</u>	<u>28,030,227</u>
Legal Debt Margin	<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>	<u>\$ 29,098,682</u>	<u>\$ 27,266,772</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	49.08%	95.07%	82.00%	72.30%	59.81%	49.95%	47.73%	47.04%	49.05%	50.69%

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 )
2004	13,982	\$ 554,512,138	\$ 39,659	4.70%
2005	14,068	574,340,168	40,826	4.00%
2006	13,984	618,148,736	44,204	4.20%
2007	14,053	660,364,523	46,991	3.70%
2008	14,187	701,745,768	49,464	5.00%
2009	14,332	672,342,784	46,912	7.80%
2010	13,997	675,439,232	48,256	7.80%
2011	14,060	691,794,180	49,203	7.60%
2012	14,299	N/A	N/A	7.70%
2013	14,299	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 2010 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	2013			2004		
	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 NINE FISCAL YEARS

FUNCTION/PROGRAM	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	135.0	137.0	139.0	137.0	120.0	115.0	110.0	99.1	105.4	117.1
Special Education	15.0	18.0	20.0	27.0	56.0	44.0	45.4	48.2	49.1	56.8
Other Instruction	1.0		2.0	2.0	3.6	3.6	3.6	3.6	8.0	7.1
Support Services:										
Student and Instruction Related Services	48.0	48.0	45.0	45.0	44.0	54.0	51.9	50.7	46.3	46.0
General Administration	2.0	2.0	2.0	2.0	2.0	3.2	3.2	3.2	3.2	2.2
School Administration Services	14.0	10.0	11.0	10.0	10.9	11.2	12.7	11.5	11.5	12.2
Central Services	7.0	6.0	7.0	7.0	6.5	5.8	5.8	4.8	5.1	5.5
Administrative Information Technology		2.0	1.0	1.0	0.5	0.5	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	2.2	2.3
<b>Total</b>	<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>	<u>231.3</u>	<u>249.7</u>

Sources: District Personnel Records

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
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%
2012	1,483	26,297,672	17,733	1.16%	151	1 to 21.07	1,470.5	1,406.8	0.93%	95.67%
2013	1,521	29,626,456	19,478	9.84%	142	1 to 22.94	1,531.1	1,460.0	4.12%	95.36%

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary Schools:										
<u>Irving School (1915)</u>										
Square Feet	51,889	51,889	51,889	51,889	54,521	54,521	54,521	54,521	54,521	54,521
Capacity (Students)	475	475	475	475	500	500	500	500	500	500
Enrollment	418	428	432	449	312	294	301	290	299	335
<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	469	427	409	434	470	478	453	417	447	422
Middle School:										
<u>Highland Park Middle School (1998)</u>										
Square Feet	57,620	57,620	57,620	57,620	78,744	78,744	78,744	78,744	78,744	78,744
Capacity (students)	250	250	250	250	350	350	350	350	350	350
Enrollment	228	219	215	221	326	306	310	334	322	355
High School:										
<u>Highland Park High School (1925)</u>										
Square Feet	144,286	144,286	144,286	144,286	144,286	144,286	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	451
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, 2013

- 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	
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
2012	103,226	92,190	254,960	450,376
2013	113,053	74,976	276,534	464,563
	<u>\$ 937,414</u>	<u>\$ 707,128</u>	<u>\$ 2,239,682</u>	<u>\$ 3,884,224</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, 2013  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy-Utica Mutual:		
Property-Blanket Building & Contents	\$ 74,036,703	\$ 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	10,000
 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	228,000	
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

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

## INDEPENDENT AUDITOR'S REPORT

December 3, 2013

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Highland Park School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated December 3, 2013.

### **Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



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

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
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Fax # (908) 689-8388  
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## INDEPENDENT AUDITOR'S REPORT

December 3, 2013

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

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

We have audited the Board of Education of the Highland Park School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. 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.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 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 or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133  
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated December 3, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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, 2013

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustments	Repayment of Prior Year Balance	Balance June 30, 2013		
											Accounts Receivable	Unearned Revenue	Due to Grantor
US Departments of Education and Health & Human Services:													
General Fund:													
Medical Assistance Program	94.778	N/A	\$ 27,168	07/01/2012-06/30/2013			\$ 27,168	\$ 27,168					
Medical Assistance Program	94.778	N/A	9,369	07/01/2011-06/30/2012	\$ (5,911)		5,911						
Total General Fund					(5,911)	\$ -	33,079	27,168	\$ -	\$ -	\$ -	\$ -	
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title I	84.010A	NCLB-215011	263,447	09/01/2010-08/31/2011	(38,698)		38,698						
NCLB Title I	84.010A	NCLB-215012	245,737	09/01/2011-08/31/2012	(46,322)	(26,634)	141,120	94,798			(26,634)		
NCLB Title I Carryover	84.010A	NCLB-215012	245,737	09/01/2012-08/31/2013		26,634		26,592				42	
NCLB Title I	84.010A	NCLB-215013	251,084	09/01/2012-08/31/2013				150,384			(251,084)	100,700	
NCLB Title IIA	84.367A	NCLB-215011	59,608	09/01/2010-08/31/2011	(9,577)		9,577						
NCLB Title IIA	84.367A	NCLB-215012	54,416	09/01/2011-08/31/2012	(16,015)	(377)	21,603	5,588			(377)		
NCLB Title IIA Carryover	84.367A	NCLB-215011	54,416	09/01/2011-08/31/2012		377						377	
NCLB Title IIA	84.367A	NCLB-215013	49,198	09/01/2012-08/31/2013				42,768			(49,198)	6,430	
NCLB Title III	84.365A	NCLB-215011	17,026	09/01/2010-08/31/2011		(3,905)				3,905			
NCLB Title III	84.365A	NCLB-215012	14,644	09/01/2011-08/31/2012	(4,165)	(633)	260				(4,538)		
NCLB Title III Carryover	84.365A	NCLB-215012	14,644	09/01/2012-08/31/2013		4,538		4,538					
NCLB Title III	84.365A	NCLB-215013	11,749	09/01/2012-08/31/2013				10,355			(11,749)	1,394	

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, 2013  
(Continued)

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustments	Repayment of Prior Year Balance	Balance June 30, 2013		
											Accounts Receivable	Unearned Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: (Cont'd) Special Revenue Fund: (cont'd) Special Education Cluster (IDEA):													
IDEA Basic	84.027	IDEA-215011	\$ 373,754	09/01/2010-08/31/2011	\$ (5,017)		\$ 5,017						
IDEA Basic Carryover	84.027	IDEA-215011	373,754	09/01/2011-08/31/2012	5,017			\$ 5,017					
IDEA Basic	84.027	IDEA-215012	378,171	09/01/2011-08/31/2012	(7,381)		238,338	239,028			\$ (8,071)		
IDEA Basic	84.027	IDEA-215013	384,151	09/01/2012-08/31/2013				166,593			(384,151)	\$ 217,558	
IDEA Preschool	84.173	IDEA-215010	12,303	09/01/2009-08/31/2010	400					\$ 400			
IDEA Preschool	84.173	IDEA-215012	12,852	09/01/2011-08/31/2012	(5,783)		5,783	384			(384)		
IDEA Preschool	84.173	IDEA-215013	12,933	09/01/2012-08/31/2013				10,540			(12,933)	2,393	
IDEA Cluster Subtotal					(12,764)	\$ -	249,138	421,562	\$ -	400	(405,539)	219,951	\$ -
Total Special Revenue Fund					(127,541)	-	460,396	756,585	3,905	400	(749,119)	328,894	-
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:													
Child Nutrition Cluster:													
National School Lunch Program-Cash Assistance	10.555	N/A	200,583	07/01/2011-06/30/2012	(12,254)		12,254						
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	32,195	07/01/2011-06/30/2012	2,437			2,437					
National School Lunch Program-Cash Assistance	10.555	N/A	221,164	07/01/2012-06/30/2013			148,459	221,164			(72,705)		
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	23,994	07/01/2012-06/30/2013			23,994	23,419				575	
School Breakfast Program	10.553	N/A	19,006	07/01/2011-06/30/2012	(1,475)		1,475						
School Breakfast Program	10.553	N/A	22,018	07/01/2012-06/30/2013			13,948	22,018			(8,070)		
Total Enterprise Fund/Child Nutrition Cluster					(11,292)	-	200,130	269,038	-	-	(80,775)	575	-
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<b>\$ (144,744)</b>	<b>\$ -</b>	<b>\$ 693,605</b>	<b>\$ 1,052,791</b>	<b>\$ 3,905</b>	<b>\$ 400</b>	<b>\$ (829,894)</b>	<b>\$ 329,469</b>	<b>\$ -</b>

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, 2013

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Adjustments	Repayment of Prior Year Balances	Balance June 30, 2013			MEMO		
				Unearned Rev. (Accts. Rec.)	Due to Grantor					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures	
State Department of Education															
General Fund:															
Categorical Special Education Aid	13-495-034	\$ 866,008	07/01/2012-												
	-5120-089		06/30/2013			\$ 866,008	\$ 866,008						\$ 83,068	\$ 866,008	
Equalization Aid	13-495-034	2,606,991	07/01/2012-												
	-5120-078		06/30/2013			2,606,991	2,606,991						250,064	2,606,991	
Categorical Security Aid	13-495-034	53,800	07/01/2012-												
	-5120-084		06/30/2013			53,800	53,800						5,161	53,800	
Categorical Transportation Aid	13-495-034	69,612	07/01/2012-												
	-5120-078		06/30/2013			69,612	69,612						6,677	69,612	
Extraordinary Aid	12-100-034	148,974	07/01/2011-												
	-5120-473		06/30/2012	\$ (148,974)		148,974								148,974	
Extraordinary Aid	13-100-034	170,573	07/01/2012-												
	-5120-473		06/30/2013				170,573			\$ (170,573)				170,573	
Nonpublic Remote Transportation Aid	12-495-034	19,197	07/01/2011-												
	-5120-014		06/30/2012	(19,197)		19,197								19,197	
Nonpublic Remote Transportation Aid	13-495-034	15,797	07/01/2012-												
	-5120-014		06/30/2013				15,797			(15,797)				15,797	
On-Behalf TPAF Pension Contribution- Post Retirement Medical	13-495-034	785,160	07/01/2012-												
	-5095-001		06/30/2013			785,160	785,160							785,160	
On-Behalf TPAF Pension Contribution- Non-Contributory Group Insurance	13-495-034	34,707	07/01/2012-												
	-5095-007		06/30/2013			34,707	34,707							34,707	
On-Behalf TPAF Pension Contribution- Normal Costs and Accrued Liability	13-495-034	659,665	07/01/2012-												
	-5095-006		06/30/2013			659,665	659,665							659,665	
Reimbursed TPAF Social Security Contribution	12-495-034	772,335	07/01/2012-												
	-5095-002		06/30/2013	(39,492)		39,492								772,335	
Reimbursed TPAF Social Security Contribution	13-495-034	861,757	07/01/2012-												
	-5095-002		06/30/2013			743,048	861,757			(118,709)				861,757	
Total General Fund				(207,663)	\$ -	6,026,654	6,124,070	\$ -	\$ -	(305,079)	\$ -	\$ -	344,970	7,064,576	
Special Revenue Fund:															
Preschool Education Aid	13-495-034	288,592	07/01/2012-												
	-5120-086		06/30/2013			288,592	288,592						28,859	288,592	
School Based Youth Services Program	11-100-054	277,587	07/01/2010-												
	-7500-068		06/30/2011		9,646				9,646					267,941	
School Based Youth Services Program	13-100-054	282,387	07/01/2012-												
	-7500-068		06/30/2013			277,587	282,387			(4,800)				282,387	
Nonpublic Technology Initiative Aid	13-100-034	1,405	07/01/2012-												
	-5120-373		06/30/2013			1,405	1,316						89	1,316	
Nonpublic Textbook Aid	11-100-034	2,501	07/01/2010-												
	-5120-064		06/30/2011		27				27					2,474	
Nonpublic Textbook Aid	12-100-034	3,177	07/01/2011-												
	-5120-064		06/30/2012		141				141					3,036	
Nonpublic Textbook Aid	13-100-034	3,804	07/01/2012-												
	-5120-064		06/30/2013			3,804	2,942						862	2,942	
Nonpublic Nursing Services	12-100-034	4,538	07/01/2011-												
	-5120-070		06/30/2012		149				149					4,389	
Nonpublic Nursing Services	13-100-034	5,281	07/01/2012-												
	-5120-070		06/30/2013			367	2,987			(4,914)		2,294		2,987	
Nonpublic Auxiliary/Handicapped Transportation Aid	13-100-034	785	07/01/2012-												
	-5120-068		06/30/2013			785	785							785	
Nonpublic Auxiliary/Handicapped Transportation Aid	12-100-034	680	07/01/2011-												
	-5120-068		06/30/2012			680								680	
Nonpublic Auxiliary Services Aid Compensatory Education	11-100-034	5,024	07/01/2010-												
	-5120-067		06/30/2011		1,556				1,556					3,514	

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, 2013  
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Adjustments	Repayment of Prior Year Balances	Balance June 30, 2013			MEMO	
				Unearned Rev. (Accts. Rec.)	Due to Grantor					Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education (Cont'd)														
Special Revenue Fund: (Cont'd)														
Nonpublic Auxiliary Services Aid	12-100-034	\$ 1,691	07/01/2011-											
Compensatory Education	-5120-067		06/30/2012		\$ 1,691				\$ 1,691					
Nonpublic Auxiliary Services Aid	13-100-034	1,672	07/01/2012-											
Compensatory Education	-5120-067		06/30/2013			\$ 1,672	\$ 1,672							\$ 1,672
Nonpublic Auxiliary Services Aid	13-100-034	2,257	07/01/2012-											
Home Instruction	-5120-067		06/30/2013				2,257			\$ (2,257)				2,257
Nonpublic Handicapped Aid	13-100-034	2,775	07/01/2012-											
Supplemental Instruction	-5120-066		06/30/2013			2,775	2,082					\$ 693		2,082
Nonpublic Handicapped Aid	12-100-034	5,479	07/01/2011-											
Examination & Classification	-5120-066		06/30/2012		486				486					
Nonpublic Handicapped Aid	13-100-034	4,143	07/01/2012-											
Examination & Classification	-5120-066		06/30/2013			4,143	3,824					319		3,824
Nonpublic Handicapped Aid	13-100-034	781	07/01/2012-											
Corrective Speech	-5120-066		06/30/2013			781	781							781
Nonpublic Handicapped Aid	12-100-034	790	07/01/2011-											
Corrective Speech	-5120-066		06/30/2012		790				790					
<b>Total Special Revenue Fund</b>				<b>\$ -</b>	<b>14,486</b>	<b>582,591</b>	<b>589,625</b>	<b>\$ -</b>	<b>14,486</b>	<b>(11,971)</b>	<b>\$ -</b>	<b>4,257</b>	<b>\$ 28,859</b>	<b>871,659</b>
Capital Projects Fund (NJ SDA):														
ADA Improvements:														
High School/Middle School	050-04-00PB	32,099	N/A	(19,882)		32,099	12,217							32,099
Irving School	050-04-00PC	10,615	N/A	(1,828)		8,787	6,959							10,615
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	171,555	N/A	(422,397)						(422,397)				171,555
High School Clock Tower/Roof														
Renovations/Locker Room Ventilation	050-10-1002	326,116		(326,116)						(326,116)				326,116
<b>Total Capital Projects Fund (NJ SDA)</b>				<b>(2,641,970)</b>	<b>-</b>	<b>79,399</b>	<b>19,176</b>	<b>-</b>	<b>-</b>	<b>(2,581,747)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,551,575</b>
Debt Service Fund:														
Debt Service Aid-State Support	13-495-034	9,259	07/01/2012-											
	-5120-017		06/30/2013			9,259	9,259							9,259
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	12-100-010	6,203	07/01/2011-											
	-3350-023		06/30/2012	(369)		369								6,203
State School Lunch Program	13-100-010	6,691	07/01/2012-											
	-3350-023		06/30/2013			4,246	6,691			(2,445)				6,691
<b>Total Enterprise Fund</b>				<b>(369)</b>	<b>-</b>	<b>4,615</b>	<b>6,691</b>	<b>-</b>	<b>-</b>	<b>(2,445)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,894</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (2,850,002)</b>	<b>\$ 14,486</b>	<b>\$ 6,702,518</b>	<b>\$ 6,748,821</b>	<b>\$ -</b>	<b>\$ 14,486</b>	<b>\$ (2,901,242)</b>	<b>\$ -</b>	<b>\$ 4,257</b>	<b>\$ 373,829</b>	<b>\$ 16,509,963</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2013

**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 (\$24,175) for the general fund, \$829,840 for the special revenue fund and \$45,727 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		\$ 27,168	\$ 6,099,895	\$ 6,127,063
Special Revenue Fund	\$ 941,857	751,762	601,278	2,294,897
Capital Projects Fund			64,903	64,903
Debt Service Fund			9,259	9,259
Enterprise Fund		<u>269,038</u>	<u>6,691</u>	<u>275,729</u>
	<u>\$ 941,857</u>	<u>\$ 1,047,968</u>	<u>\$ 6,782,026</u>	<u>\$ 8,771,851</u>

HIGHLAND PARK SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2013  
(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, 2013. 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, 2013.

Schedule K-3 Special Revenue Fund Section:

1. NCLB Title III: adjustments of \$3,905 for grant year 2011 represents prior year correction of carry-over funds.

HIGHLAND PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified?            Yes   X   No

2. 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? Unmodified

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>
84.010A	\$ 271,774	NCLB Title I
IDEA Cluster:		
84.027	410,638	IDEA Basic
84.173	10,924	IDEA Preschool
Child Nutrition Cluster:		
10.553	22,018	School Breakfast Program National School Lunch Program:
10.555	221,164	Cash Assistance
10.555	25,856	Non-Cash Assistance (Commodities)

HIGHLAND PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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: Unmodified

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>
13-495-034-5095-002	\$ 861,757	Reimbursed TPAF Social Security Aid
13-495-034-5120-078	2,606,991	Equalization Aid
13-495-034-5120-086	288,592	Preschool Education Aid
13-495-034-5120-089	866,008	Categorical Special Education Aid
13-100-034-5120-473	170,573	Extraordinary Aid
13-100-054-7500-068	282,387	School Based Youth Services Program Aid

HIGHLAND PARK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(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, 2013.

HIGHLAND PARK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

There were no prior year findings or questioned costs.