

**HANOVER PARK
REGIONAL HIGH SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

**Hanover Park
Regional High School District**

East Hanover, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)

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

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

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

HANOVER PARK HIGH SCHOOL
 WHIPPANY PARK HIGH SCHOOL

November 11, 2016

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. **REPORTING ENTITY AND ITS SERVICES:** The Hanover Park Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hanover Park Regional High School District and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 1,528 students, which is a decrease of 72 students from the previous year's enrollment.

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 2
November 11, 2016

2. ECONOMIC CONDITION AND OUTLOOK: According to the Municipal Administrators from East Hanover, Florham Park and Hanover, the overall outlook is stable and positive. East Hanover has no major changes anticipated in ratables or housing starts. Florham Park continues to experience growth annually, particularly in commercial ratables. Hanover Township anticipates a Wegmans Food Market, the possibility of a BJ's Wholesale Store and 24 new townhomes.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2015-2016, please contact the Superintendent's Office.

Students in the Class of 2016 at both of the District's high schools were granted diplomas in June 2016.

	<u>Regular Pupils</u>	<u>Special Education Pupils</u>	<u>Total Pupils</u>
Grade 12 Enrollment 6/30/16	378	64	442 *
No. Students Graduating	376	42	418
No. Students Denied a Diploma	2	16	18

* Includes 16 out of district students

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2016.

	<u>4-Year College</u>	<u>2-Year College</u>	<u>Armed Forces</u>	<u>Other Education</u>	<u>Total</u>
Hanover Park	188	31	4	4	227
Whippany Park	146	30	0	1	177

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

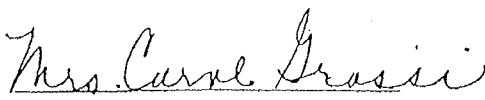
As a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation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

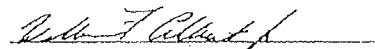
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts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

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
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November 11, 2016

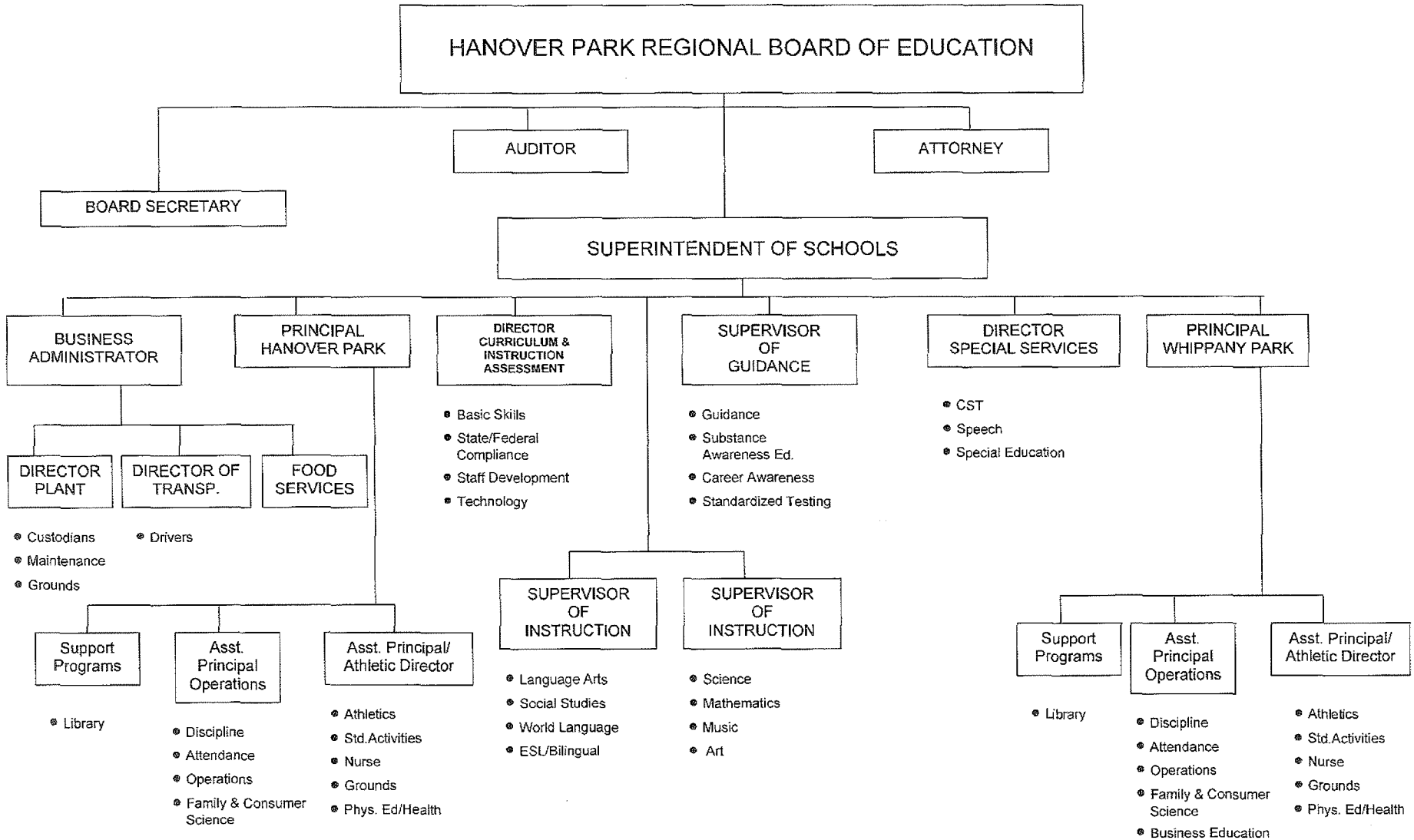
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2016.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hanover Park Regional District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Carol Grossi
Superintendent


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

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
1110 Organizational Chart**



Revised:
Board Approved: 10 December 2014

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016

<u>Members of the Board of Education</u>		<u>Term Expires</u>
James Herbert - President		2018
Joan Seery - Vice President		2017
Debra Davis		2017
Tim Donohue		2017
Ernest Eveland		2019
Gerard Freda		2019
Richard Ford		2017
Francine Ling		2018
Michael Lomio		2018
 <u>Other Officers</u>		 <u>Title</u>
Carol Grossi		Superintendent of Schools
William F. Albert, Jr.		Board Secretary/Business Administrator
Susan Young		Treasurer
Maria Carrell		Director of Curriculum, Instruction and Assessment

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors
Fiscal Year Ended June 30, 2016

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, New Jersey 07090

Architects

FKA Architects
306 Ramapo Valley Road
Oakland, New Jersey 07436

Official Depositories

TD Bank
East Hanover, New Jersey 07936

Valley National Bank
East Hanover, New Jersey 07936

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

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 Hanover Park Regional High School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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 Board of Education of the Hanover Park Regional High School District, in the County of Morris, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

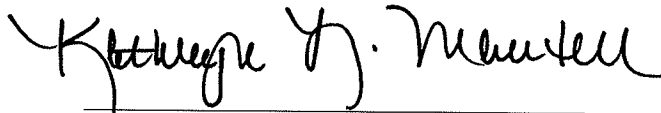
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2016 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



November 11, 2016
Mount Arlington, New Jersey

NISIVOCCIA, LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

This section of Hanover Park Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position increased \$2,632,764 on a district-wide basis over the course of the year.
- The net position from the District's governmental-type activities increased \$2,645,548.
- The net position from the District's business-type activity decreased \$12,784.
- Overall revenue was \$41,987,192.
- Overall expenses were \$39,343,399.

Overview of the Financial Statements

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Figure A-1

Organization of Hanover Park Regional School District's Financial Report

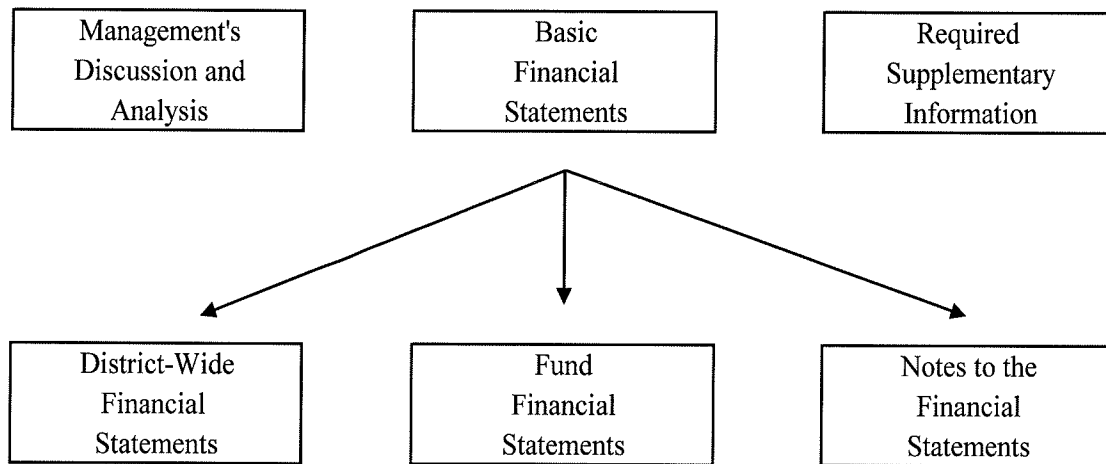


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$25,897,710 on June 30, 2016, \$2,632,764 or 11.32% more than the year before (See Figure A-3). Net position from governmental activities increased \$2,645,548 and net position from business-type activities decreased by \$12,784 (See Figure A-4). Net investment in capital assets increased \$7,952,069, restricted net position decreased \$5,027,806 and unrestricted net position decreased \$291,499.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Assets:							
Current and Other Assets	\$ 15,140,409	\$ 20,110,799	\$ 148,771	\$ 120,131	\$ 15,289,180	\$ 20,230,930	-24.43%
Capital Assets, Net	50,529,220	44,856,871	18,389	25,638	50,547,609	44,882,509	12.62%
Total Assets	65,669,629	64,967,670	167,160	145,769	65,836,789	65,113,439	1.11%
Deferred Outflows of Resources	3,623,771	2,038,151			3,623,771	2,038,151	77.80%
Liabilities:							
Long-Term Liabilities							
Outstanding	41,088,688	42,622,191			41,088,688	42,622,191	-3.60%
Other Liabilities	1,401,569	526,803	129,990	95,815	1,531,559	622,618	145.99%
Total Liabilities	42,490,257	43,148,994	129,990	95,815	42,620,247	43,244,809	-1.44%
Deferred Inflows of Resources	942,603	641,835			942,603	641,835	46.86%
Net Position:							
Net Investment in							
Capital Assets	25,279,530	17,320,212	18,389	25,638	25,297,919	17,345,850	45.84%
Restricted	13,410,036	18,437,842			13,410,036	18,437,842	-27.27%
Unrestricted/(Deficit)	(12,829,026)	(12,543,062)	18,781	24,316	(12,810,245)	(12,518,746)	-2.33%
Total Net Position	\$ 25,860,540	\$ 23,214,992	\$ 37,170	\$ 49,954	\$ 25,897,710	\$ 23,264,946	11.32%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Financial Analysis of the District as a Whole

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Revenue:							
Program Revenue:							
Charges for Services			\$ 519,007	\$ 530,773	\$ 519,007	\$ 530,773	-2.22%
Operating Grants & Contributions	\$ 7,693,517	\$ 6,486,666			7,693,517	6,486,666	18.61%
Capital Grants & Contributions	35,606	241,500			35,606	241,500	-85.26%
General Revenue:							
Property Taxes	31,859,893	31,105,944			31,859,893	31,105,944	2.42%
Unrestricted Federal & State Aid	904,287	403,516			904,287	403,516	124.10%
Other	974,749	480,563	133	130	974,882	480,693	102.81%
Total Revenue	41,468,052	38,718,189	519,140	530,903	41,987,192	39,249,092	6.98%
Expenses:							
Instruction	19,529,081	18,917,971			19,529,081	18,917,971	3.23%
Pupil & Instruction Services	8,006,177	7,321,741			8,006,177	7,321,741	9.35%
Administration and Business	3,583,806	3,579,519			3,583,806	3,579,519	0.12%
Maintenance & Operations	2,992,791	3,361,032			2,992,791	3,361,032	-10.96%
Transportation	2,788,823	2,391,889			2,788,823	2,391,889	16.60%
Other	1,892,176	1,950,743	550,545	570,944	2,442,721	2,521,687	-3.13%
Total Expenses	38,792,854	37,522,895	550,545	570,944	39,343,399	38,093,839	3.28%
Other Items	(29,650)		18,621	22,595	(11,029)	22,595	-148.81%
Change in Net Position	\$ 2,645,548	\$ 1,195,294	\$ (12,784)	\$ (17,446)	\$ 2,632,764	\$ 1,177,848	123.52%

Changes in net position. The District's combined net position increased by \$2,632,764 or 11.32%. Net investment in capital assets increased \$7,952,069 due to a \$2,425,000 reduction in debt from current year maturities and \$6,965,826 in capital additions from governmental activities offset by \$1,300,726 in depreciation (\$1,293,477 from governmental activities and \$7,249 from business-type activities) and a decrease in the deferred amount on refunding of \$138,031.

Restricted net position decreased by \$5,027,806 due to decreases in capital projects fund balance of \$6,033,668, and capital reserves of \$19,518 offset by increases in current year excess surplus of \$251,494, prior year excess surplus designated for subsequent year's expenditures of \$773,711 and maintenance reserve of \$175.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Financial Analysis of the District as a Whole

Unrestricted net position decreased \$291,499 primarily as a result of decreases in year-end encumbrances of \$12,746, committed capital projects of \$141,946, fund balance designated for subsequent year's expenditures of \$237,389 and changes in proportion in pensions of \$785,375 and increases in compensated absences of \$5,204 and the change in net pension liability of \$1,080,072 offset by increases in unassigned fund balance of \$95,603, changes in pension assumptions of \$933,938 and a \$282,702 difference between expected and actual pension experience and decreases in unamortized bond premiums of \$193,779, accrued bond interest payable of \$19,438 and investment gains in pensions of \$451,308. The net position of the business-type activities decreased \$12,784. (See Figure A-4).

Revenue Sources. The District's total revenue for the 2015-2016 fiscal school year was \$41,987,192. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$31,859,893, or 75.88% of total revenue. (See Figure A-5). Another 20.57% came from state and federal aid and the remaining 3.55% came from charges for services and miscellaneous sources. Hanover Park Regional High School District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5

Sources of Revenue for Fiscal Year 2016 and 2015

Sources of Income	2016	Percentage	2015	Percentage
Grants and Contributions	\$ 7,729,123	18.41%	\$ 6,728,166	17.14%
Property Taxes	31,859,893	75.88%	31,105,944	79.25%
Unrestricted Federal and State Aid	904,287	2.16%	403,516	1.03%
Charges for Services	519,007	1.23%	530,773	1.35%
Other	974,882	2.32%	480,693	1.23%
	<u>\$ 41,987,192</u>	<u>100.00%</u>	<u>\$ 39,249,092</u>	<u>100.00%</u>

The total cost of all programs and services was \$39,343,399. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.08%). (See Figure A-6). The District's administration and business activities accounted for 9.11% of total expenses. Hanover Park High School has a very unique physical plant that, while greatly appreciated in the fall and spring, creates many difficulties in the winter and in inclement weather all year round. The age and the layout of Hanover Park High School contributes to higher maintenance costs (7.60%) than those of the standard high school plant. Hanover Park also boasts the only high school in New Jersey with seven bridges on its campus. It is important to note that other expenses for the year (6.21%) include \$826,164 of interest on long-term debt, \$1,066,012 of unallocated depreciation, and \$550,545 of expenses from its business-type activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

**Figure A-6
Expenses for Fiscal Year 2016 and 2015**

Expense Category	2016	Percentage	2015	Percentage
Instruction	\$ 19,529,081	49.64%	\$ 18,917,971	49.67%
Pupil & Instruction Services	8,006,177	20.35%	7,321,741	19.22%
Administration and Business	3,583,806	9.11%	3,579,519	9.40%
Maintenance & Operations	2,992,791	7.60%	3,361,032	8.82%
Transportation	2,788,823	7.09%	2,391,889	6.28%
Other	2,442,721	6.21%	2,521,687	6.61%
	<u>\$ 39,343,399</u>	<u>100.00%</u>	<u>\$ 38,093,839</u>	<u>100.00%</u>

Governmental Activities

The financial position of the District increased by \$2,645,548 and remains stable. However, maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

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

- Joint Transportation with surrounding school districts
- Employees contribute towards health and dental benefits
- Group purchasing for electric, gas, insurance and telecommunications
- Efficiency of District bus routes
- Continuation of in-district special education programs

Due to the constraints placed upon the District by legislation enacted in the past several years, it is crucial that the District continually examines its expenses. Parental and student demands for new activities and programs must be evaluated thoroughly.

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

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EAST HANOVER, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015/16	2014/15	2015/16	2014/15
Instruction	\$ 19,529,081	\$ 18,917,971	\$ 14,839,616	\$ 14,918,454
Pupil & Instruction Services	8,006,177	7,321,741	6,767,707	6,263,493
Administration and Business	3,583,806	3,579,519	2,896,996	3,004,223
Maintenance & Operations	2,992,791	3,361,032	2,533,739	2,783,880
Transportation	2,788,823	2,391,889	2,133,497	1,873,936
Other	1,892,176	1,950,743	1,892,176	1,950,743
Total	<u>\$ 38,792,854</u>	<u>\$ 37,522,895</u>	<u>\$ 31,063,731</u>	<u>\$ 30,794,729</u>

- The cost of all governmental activities this year was \$38,792,854.
- The federal and state governments subsidized certain programs with grants and contributions (\$8,633,410).
- Most of the District's costs were financed by \$31,859,893 of District taxes.
- The remaining \$974,749 of the District's funding came from \$947,138 in miscellaneous revenue and \$27,611 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities decreased \$12,784. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund financial position remains positive. The District continues to see a rise in additional student needs and the associated expenditures. Difficult economic times continue to have an effect on the District's revenue. The District's Capital Projects Fund financial condition decreased by over \$6 million due to continued construction on various capital projects.

The District anticipates the current economic conditions to continue and create the same climate that has existed for the past several years. The District has had a multi-year practice of utilizing funds from its unassigned fund balance to offset or reduce the tax levy.

Ratables in the East Hanover, Florham Park and Hanover Township will be increasing. Commercial building continues in each of the communities. Small residential sub-developments also have occurred along with replacing existing homes with larger, more valuable homes.

The District must continue practice sound financial management in order to maintain a stable financial position.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities

The District's capital assets increased \$5,665,100, or 12.62%, over the course of the fiscal year.

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	0.00%
Construction in Progress	7,464,271	1,466,222			7,464,271	1,466,222	409.08%
Site Imps.	899,768	971,106			899,768	971,106	-7.35%
Buildings & Bldg. Imps.	38,551,222	39,127,853			38,551,222	39,127,853	-1.47%
Machinery, Furniture and Equipment	1,652,633	1,330,364	\$ 18,389	\$ 25,638	1,671,022	1,356,002	23.23%
Total	\$ 50,529,220	\$ 44,856,871	\$ 18,389	\$ 25,638	\$ 50,547,609	\$ 44,882,509	12.62%

The District expended \$6,965,826 for various capital assets and construction projects. This increase was offset by \$1,300,726 in depreciation (\$1,293,477 from its governmental and \$7,249 from its business-type activities). Construction in progress includes athletic and physical education facility refurbishment at the Hanover Park and Whippany Park High Schools.

Long-Term Liabilities

The District's long-term liabilities decreased \$1,533,503, or 3.60%, over the course of the fiscal year. At year-end, the District had \$26,630,000 in general obligation bonds outstanding – a decrease of \$2,425,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Long-Term Liabilities

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percent Change
	2015/16	2014/15	
General Obligation Bonds (Financed with Property Taxes)	\$ 26,630,000	\$ 29,055,000	-8.35%
Unamortized Bond Issuance Premium	1,937,790	2,131,569	-9.09%
Net Pension Liability	11,850,103	10,770,031	10.03%
Compensated Absences Payable	670,795	665,591	0.78%
Total	\$ 41,088,688	\$ 42,622,191	-3.60%

- The District paid down \$2,425,000 of its School Bonds during the fiscal year.
- Unamortized bond issuance premium decreased by \$193,779.
- Net Pension Liability increased \$1,080,072.
- Compensated absences payable increased by \$5,204.

Factors Bearing on the District's Future

While many factors influence the district's future, the availability of funding for enrollment, staffing needs and the economy will have the most impact on educational and fiscal decisions in the future.

Similar to most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 3% of the District's original 2016 operating budget while local property taxes accounted for 92%. As a result, the financial wellbeing of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

- The labor agreement with the Hanover Park Regional Education Association will expire on June 30, 2018.
- The labor agreement with the Hanover Park Regional Administrator's Association will expire on June 30, 2017.
- The Board of Education voted to move the school election to November thereby eliminating a public vote.
- The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the District.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 12,810,422	\$ 124,551	\$ 12,934,973
Cash with Fiscal Agents	1,837		1,837
Receivable from Federal Government	86,591		86,591
Receivable from State Government	486,787		486,787
Other Receivables		18,621	18,621
Inventories		5,599	5,599
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	1,704,283		1,704,283
Maintenance Reserve Account	50,489		50,489
Capital Assets:			
Site (Land) and Construction in Progress	9,425,597		9,425,597
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	41,103,623	18,389	41,122,012
Total Assets	65,669,629	167,160	65,836,789
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	1,380,310		1,380,310
Changes in Assumptions - Pensions	1,272,606		1,272,606
Changes in Proportion - Pensions	147,843		147,843
Difference between Expected and Actual Experience - Pensions	282,702		282,702
District Contribution Subsequent to the Measurement Date - Pensions	540,310		540,310
Total Deferred Outflows of Resources	3,623,771		3,623,771
LIABILITIES			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	241,150		241,150
Payable to State Government	18,619		18,619
Accounts Payable	1,137,386	128,100	1,265,486
Unearned Revenue	2,577	1,890	4,467
Noncurrent Liabilities:			
Due Within One Year	2,707,839		2,707,839
Due Beyond One Year	38,380,849		38,380,849
Total Liabilities	42,490,257	129,990	42,620,247
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	190,527		190,527
Changes in Proportion - Pensions	752,076		752,076
Total Deferred Inflows of Resources	942,603		942,603

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 25,279,530	\$ 18,389	\$ 25,297,919
Restricted for:			
Capital Projects	9,942,152		9,942,152
Debt Service	1		1
Excess Surplus	1,834,444		1,834,444
Excess Surplus - Designated For Subsequent Year's Expenditures	1,582,950		1,582,950
Maintenance Reserve	50,489		50,489
Unrestricted/(Deficit)	<u>(12,829,026)</u>	<u>18,781</u>	<u>(12,810,245)</u>
Total Net Position	<u>\$ 25,860,540</u>	<u>\$ 37,170</u>	<u>\$ 25,897,710</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 14,743,726		\$ 3,122,601		\$ (11,621,125)	\$ (11,621,125)
Special Education	2,651,199		1,175,042		(1,476,157)	(1,476,157)
Other Special Instruction	36,577		7,930		(28,647)	(28,647)
Other Instruction	2,097,579		383,892		(1,713,687)	(1,713,687)
Support Services:						
Tuition	3,411,037		300,975		(3,110,062)	(3,110,062)
Student & Instruction Related Services	4,595,140		937,495		(3,657,645)	(3,657,645)
General Administration Services	1,035,800		159,091		(876,709)	(876,709)
School Administration Services	1,691,586		369,771		(1,321,815)	(1,321,815)
Central Services	710,431		157,948		(552,483)	(552,483)
Administration Information Technology	145,989				(145,989)	(145,989)
Plant Operations and Maintenance	2,992,791		423,446	\$ 35,606	(2,533,739)	(2,533,739)
Pupil Transportation	2,788,823		655,326		(2,133,497)	(2,133,497)
Interest on Long-Term Debt	826,164				(826,164)	(826,164)
Unallocated Depreciation	1,066,012				(1,066,012)	(1,066,012)
Total Governmental Activities	38,792,854	\$ - 0 -	7,693,517	35,606	(31,063,731)	\$ - 0 - (31,063,731)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 548,625	\$ 516,706				\$ (31,919)	\$ (31,919)
Summer Enrichment	1,920	2,301				381	381
Total Business-Type Activities	<u>550,545</u>	<u>519,007</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>(31,538)</u>	<u>(31,538)</u>
Total Primary Government	<u>\$ 39,343,399</u>	<u>\$ 519,007</u>	<u>\$ 7,693,517</u>	<u>\$ 35,606</u>	<u>(31,063,731)</u>	<u>(31,538)</u>	<u>(31,095,269)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					28,946,490		28,946,490
Taxes Levied for Debt Service					2,913,403		2,913,403
Federal and State Aid not Restricted					904,287		904,287
Investment Earnings					27,611	133	27,744
Miscellaneous Income					947,138		947,138
Other Item - SDA Grants Cancelled					(29,650)		(29,650)
Special Item - Food Service Management Contractor Contribution						18,621	18,621
Total General Revenues and Other Items					<u>33,709,279</u>	<u>18,754</u>	<u>33,728,033</u>
Change in Net Position					<u>2,645,548</u>	<u>(12,784)</u>	<u>2,632,764</u>
Net Position - Beginning					<u>23,214,992</u>	<u>49,954</u>	<u>23,264,946</u>
Net Position - Ending					<u>\$ 25,860,540</u>	<u>\$ 37,170</u>	<u>\$ 25,897,710</u>

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

FUND FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 4,561,647		\$ 8,248,774	\$ 1	\$ 12,810,422
Cash with Fiscal Agents				1,837	1,837
Interfunds Receivable	58,802				58,802
Receivable from Federal Government		\$ 86,591			86,591
Receivable from State Government	486,787				486,787
Restricted Cash and Cash Equivalents	<u>1,754,772</u>				<u>1,754,772</u>
Total Assets	<u>\$ 6,862,008</u>	<u>\$ 86,591</u>	<u>\$ 8,248,774</u>	<u>\$ 1,838</u>	<u>\$ 15,199,211</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable - Vendors	\$ 579,578	\$ 6,593	\$ 10,905		597,076
Intergovernmental Payable - State		18,619			18,619
Interfunds Payable		58,802			58,802
Unearned Revenue		<u>2,577</u>			<u>2,577</u>
Total Liabilities	<u>579,578</u>	<u>86,591</u>	<u>10,905</u>	<u>1,837</u>	<u>678,911</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,704,283				1,704,283
Maintenance Reserve Account	50,489				50,489
Excess Surplus	1,834,444				1,834,444
Excess Surplus - Designated For Subsequent Year's Expenditures	1,582,950				1,582,950
Capital Projects			8,237,869		8,237,869
Debt Service				1	1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Assigned:					
Year End Encumbrances	\$ 404,290				\$ 404,290
Designated for Subsequent Year's Expenditures	25,180				25,180
Unassigned	<u>680,794</u>				<u>680,794</u>
Total Fund Balances	<u>6,282,430</u>		<u>\$ 8,237,869</u>	<u>\$ 1</u>	<u>14,520,300</u>
Total Liabilities and Fund Balances	<u>\$ 6,862,008</u>	<u>\$ 86,591</u>	<u>\$ 8,248,774</u>	<u>\$ 1,838</u>	<u>\$ 15,199,211</u>

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

Total Fund Balances (Above)	\$ 14,520,300
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$71,006,610 and the accumulated depreciation is \$20,477,390.	50,529,220
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$2,519,122 and accumulated amortization is \$581,332.	(1,937,790)
The Deferred Amount on Refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	1,380,310
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(241,150)
Long-term liabilities, including bonds payable and net pension liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(39,150,898)
Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Change in Assumptions - Pensions	1,272,606
Change in Proportions - Pensions	(604,233)
Difference between Expected and Actual Experience - Pensions	282,702
Investment Gains - Pensions	<u>(190,527)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 25,860,540</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 28,946,490			\$ 2,913,403	\$ 31,859,893
Interest Earned on Capital Reserve Funds	4,854				4,854
Interest Earned on Maintenance Reserve Funds	175				175
Miscellaneous	439,594	\$ 3,908	\$ 530,126		973,628
Total - Local Sources	<u>29,391,113</u>	<u>3,908</u>	<u>530,126</u>	<u>2,913,403</u>	<u>32,838,550</u>
State Sources	4,208,915	4,154	35,606	412,947	4,661,622
Federal Sources		<u>331,470</u>			<u>331,470</u>
Total Revenue	<u>33,600,028</u>	<u>339,532</u>	<u>565,732</u>	<u>3,326,350</u>	<u>37,831,642</u>
EXPENDITURES:					
Current:					
Regular Instruction	8,890,752	24,215			8,914,967
Special Education Instruction	1,593,049				1,593,049
Other Special Instruction	22,166				22,166
Other Instruction	1,396,951				1,396,951
Support Services and Undistributed Costs:					
Tuition	3,110,062	300,975			3,411,037
Student & Instruction Related Services	2,901,319	14,342			2,915,661
General Administration Services	732,412				732,412
School Administration Services	1,022,066				1,022,066
Central Services	394,671				394,671
Administrative Information Technology	145,989				145,989
Plant Operations and Maintenance	2,192,206				2,192,206
Pupil Transportation	1,782,101				1,782,101
Unallocated Benefits	8,193,403				8,193,403

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 466,317		\$ 6,616,930		\$ 7,083,247
Debt Service:					
Interest and Other Charges				\$ 901,350	901,350
Principal				2,425,000	2,425,000
Total Expenditures	32,843,464	\$ 339,532	6,616,930	3,326,350	43,126,276
Excess/(Deficiency) of Revenue over Expenditures	756,564		(6,051,198)		(5,294,634)
OTHER FINANCING SOURCES/(USES):					
SDA Grants Canceled			(29,650)		(29,650)
Transfers In	94,766				94,766
Transfers Out			(94,766)		(94,766)
Total Other Financing Sources/(Uses)	94,766		(124,416)		(29,650)
Net Change in Fund Balances	851,330		(6,175,614)		(5,324,284)
Fund Balance - July 1	5,431,100		14,413,483	1	19,844,584
Fund Balance - June 30	\$ 6,282,430	\$ - 0 -	\$ 8,237,869	\$ 1	\$ 14,520,300

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (5,324,284)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

Depreciation Expense	\$ (1,293,477)	
Capital Outlays	<u>6,965,826</u>	5,672,349

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (5,204)

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. 19,438

The governmental funds report the effect of premiums and the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 55,748

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 2,425,000

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:
Change in Net Pension Liability (1,080,072)

Deferred Outflows:

Changes in Assumptions	933,938
Changes in Proportion	(33,299)
Difference between Expected and Actual Experience	282,702

Deferred Inflows:

Changes in Proportion	(752,076)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>451,308</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,645,548

Exhibit B-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund</u>	<u>Total</u>
			<u>Food Service</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,271	\$ 122,280	\$ 124,551
Other Receivables		18,621	18,621
Inventories		5,599	5,599
Total Current Assets	<u>2,271</u>	<u>146,500</u>	<u>148,771</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		401,732	401,732
Less: Accumulated Depreciation		<u>(383,343)</u>	<u>(383,343)</u>
Total Non-Current Assets		<u>18,389</u>	<u>18,389</u>
Total Assets	<u>2,271</u>	<u>164,889</u>	<u>167,160</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	1,890		1,890
Accounts Payable - Vendors		128,100	128,100
Total Liabilities	<u>1,890</u>	<u>128,100</u>	<u>129,990</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		18,389	18,389
Unrestricted	381	18,400	18,781
Total Net Position	<u>\$ 381</u>	<u>\$ 36,789</u>	<u>\$ 37,170</u>

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

Exhibit B-5

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 477,423	\$ 477,423
Special Events		1,817	1,817
Free and Reduced Lunches Subsidized by District		37,466	37,466
Summer Enrichment Program Fees	\$ 2,301		2,301
Total Operating Revenue	<u>2,301</u>	<u>516,706</u>	<u>519,007</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		218,336	218,336
Salaries, Benefits & Payroll Taxes	1,920	251,680	253,600
Supplies, Insurance & Other Costs		18,703	18,703
Management Fee		18,580	18,580
Miscellaneous Expense		3,919	3,919
Insurance & Office Supplies		30,158	30,158
Depreciation Expense		7,249	7,249
Total Operating Expenses	<u>1,920</u>	<u>548,625</u>	<u>550,545</u>
Operating Income/ (Loss)	<u>381</u>	<u>(31,919)</u>	<u>(31,538)</u>
Non-Operating Income:			
Interest Income		133	133
Total Non-Operating Income		<u>133</u>	<u>133</u>
Change in Net Position Before Special Item	381	(31,786)	(31,405)
Other Item - Food Service Management Contractor Contribution		<u>18,621</u>	<u>18,621</u>
Change in Net Position	381	(13,165)	(12,784)
Net Position - Beginning of Year		<u>49,954</u>	<u>49,954</u>
Net Position - End of Year	<u>\$ 381</u>	<u>\$ 36,789</u>	<u>\$ 37,170</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,890	\$ 479,240	\$ 481,130
Receipts from District		37,466	37,466
Payments by District for the Free Lunches		(37,466)	(37,466)
Payments to Food Service Vendor		(468,772)	(468,772)
Payments to Summer Enrichment Employees	(1,920)		(1,920)
Net Cash Provided by/(Used for) for Operating Activities	(30)	10,468	10,438
Cash Flows from Investing Activities:			
Interest Income		133	133
Net Cash Provided by Investing Activities		133	133
Cash Flows from Noncapital Financing Activities:			
Food Service Management Contractor Contribution		22,595	22,595
Interfund Returned - General Fund		1,599	1,599
Net Cash Provided by Noncapital Financing Activities		24,194	24,194
Net Increase/(Decrease) in Cash and Cash Equivalents	(30)	34,795	34,765
Cash and Cash Equivalents, July 1	2,301	87,485	89,786
Cash and Cash Equivalents, June 30	\$ 2,271	\$ 122,280	\$ 124,551
Reconciliation of Operating Income/ (Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 381	\$ (31,919)	\$ (31,538)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		7,249	7,249
Changes in Assets and Liabilities:			
Decrease in Inventory		552	552
(Decrease)in Unearned Revenue	(411)		(411)
Increase in Accounts Payable		34,586	34,586
Net Cash Provided by/(Used for) Operating Activities	\$ (30)	\$ 10,468	\$ 10,438

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

Exhibit B-7

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Benefits Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 408,497	\$ 124,561	\$ 12,737	\$ 38,574
Investments	22,994			
Total Assets	<u>431,491</u>	<u>124,561</u>	<u>12,737</u>	<u>38,574</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	300,290			
Due to Student Groups	<u>131,201</u>			
Total Liabilities	<u>431,491</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		124,561		
Flexible Benefits Claims				38,574
Scholarships			<u>12,237</u>	
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 124,561</u>	<u>\$ 12,237</u>	<u>\$ 38,574</u>

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

Exhibit B-8

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 52,702		\$ 62,950
Donations		\$ 13,912	
Total Contributions	52,702	13,912	62,950
Investment Earnings:			
Interest	428		
Net Investment Earnings	428		
Total Additions	53,130	13,912	62,950
DEDUCTIONS:			
Unemployment Compensation Claims	75,564		
Flexible Benefits Claims			42,036
Scholarship Payments		28,799	
Total Deductions	75,564	28,799	42,036
Change in Net Position	(22,434)	(14,887)	20,914
Net Position - Beginning of the Year	146,995	27,124	17,660
Net Position - End of the Year	\$ 124,561	\$ 12,237	\$ 38,574

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 33,594,822	\$ 342,218
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		(2,686)
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	67,396	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(62,190)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 33,600,028</u>	<u>\$ 339,532</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 32,843,464	\$ 342,218
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.		(2,686)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$ 32,843,464	\$ 339,532
		Capital Projects Fund
	Revenue	Fund Balance
Total Revenue/Fund Balance - Budgetary Basis	\$ 530,126	\$ 8,237,869
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue Recognized on the GAAP Basis	35,606	
Revenue/Fund Balance per Governmental Funds (GAAP Basis)	\$ 565,732	\$ 8,237,869

E. Cash and Cash Equivalents, and Investments:

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages for this purpose as of June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,282,430 General Fund balance at June 30, 2016, \$429,470 is assigned fund balance of which \$404,290 is for year-end encumbrances and \$25,180 is for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$1,704,283 is restricted in the capital reserve account; \$50,489 is restricted in the maintenance reserve account; \$1,582,950 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$1,834,444 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; and \$680,794 is unassigned fund balance which is \$62,190 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2017.

Capital Projects Fund: The \$8,237,869 Capital Projects Fund balance at June 30, 2016 is restricted.

Debt Service Fund: The \$1 Debt Service Fund fund balance at June 30, 2016 is restricted and has been included as anticipated revenue for the fiscal year ending June 30, 2017.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$62,190 as reported in the fund statements (modified accrual basis). P.L. 2003, C.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 intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, 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 June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$12,829,026 in governmental activities, which is due to accrued interest payable of \$241,150, \$670,795 of compensated absences payable, an unamortized bond premium of \$1,937,790, investment gains in pensions of \$190,527, changes in proportion in pensions of \$604,233 and net pension liability of \$11,850,103 offset by changes in pension assumptions of \$1,272,606, difference between expected and actual experience in pensions of \$282,702, \$25,180 of fund balance assigned for subsequent year's expenditures, \$404,290 of fund balance assigned for encumbrances and Governmental Funds unassigned fund balance of \$680,794. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the Deferred Amount on Refunding related to the District's 2013 refunding bonds, changes in assumptions and in proportion in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments and changes in proportions in pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Net Position: (Cont'd)

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2016.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$404,290 for year-end encumbrances and \$25,180 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Invest- ments	Cash With Fiscal Agents	Restricted		Total
				Capital Reserve	Maintenance Reserve	
Checking Accounts	\$ 13,332,956		\$ 1,837			\$ 13,334,793
Savings Accounts	186,386			\$ 1,704,283	\$ 50,489	1,941,158
Certificates of Deposit		\$ 22,994				22,994
	<u>\$ 13,519,342</u>	<u>\$ 22,994</u>	<u>\$ 1,837</u>	<u>\$ 1,704,283</u>	<u>\$ 50,489</u>	<u>\$ 15,298,945</u>

During the period ended June 30, 2016, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2016, was \$15,298,945 and the bank balance was \$15,756,663. The \$1,837 of Cash with Fiscal Agents is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at July 1, 2015		\$	1,723,801
Increased by:			
Interest Earnings	\$		4,854
Unexpended Funds of Budgeted Withdrawal for Capital Outlay			10,628
			15,482
			1,739,283
Decreased by:			
Budgeted Withdrawal for Capital Outlay			(35,000)
Ending Balance at June 30, 2016		\$	1,704,283

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at July 1, 2015		\$	50,314
Interest Earnings			175
Ending Balance at June 30, 2016		\$	50,489

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	1,466,222	\$ 6,616,930	\$ (618,881)	7,464,271
Total Capital Assets not being Depreciated	<u>3,427,548</u>	<u>6,616,930</u>	<u>(618,881)</u>	<u>9,425,597</u>
Capital Assets being Depreciated:				
Site Improvements	2,781,716			2,781,716
Buildings and Building Improvements	52,600,124		393,748	52,993,872
Machinery and Equipment	5,231,396	348,896	225,133	5,805,425
Total Capital Assets being Depreciated	<u>60,613,236</u>	<u>348,896</u>	<u>618,881</u>	<u>61,581,013</u>
Governmental Activities Capital Assets	<u>64,040,784</u>	<u>6,965,826</u>		<u>71,006,610</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,810,610)	(71,338)		(1,881,948)
Buildings and Building Improvements	(13,472,271)	(970,379)		(14,442,650)
Machinery and Equipment	(3,901,032)	(251,760)		(4,152,792)
Total Accumulated Depreciation	<u>(19,183,913)</u>	<u>(1,293,477)</u>		<u>(20,477,390)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 44,856,871</u>	<u>\$ 5,672,349</u>	<u>\$ - 0 -</u>	<u>\$ 50,529,220</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 401,732			\$ 401,732
Less Accumulated Depreciation	(376,094)	\$ (7,249)		(383,343)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 25,638</u>	<u>\$ (7,249)</u>	<u>\$ - 0 -</u>	<u>\$ 18,389</u>
Total Governmental and Business-Type Activities	<u>\$ 44,882,509</u>	<u>\$ 5,665,100</u>	<u>\$ - 0 -</u>	<u>\$ 50,547,609</u>

During the year ended June 30, 2016, the District had active construction projects for refurbishment of the athletic and physical education facility at the Hanover Park and Whippany Park High Schools and the installation of the telecommunications and paging system at the Hanover Park High School totaling \$10,466,711 of which the District expended \$6,616,930 during the year and has \$1,453,704 in construction encumbrances at June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,259
Operations & Maintenance of Plant	24,096
Student Transportation	150,987
Central Services	31,123
Unallocated	<u>1,066,012</u>
Total Depreciation	<u>\$ 1,293,477</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$22,015 to the capital outlay accounts for equipment which did not require County Superintendent approval.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2016, to lease copying equipment valued at \$313,976 under operating leases which expire in 2018. Total operating lease payments made during the year ended June 30, 2016 were \$62,795. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 62,795
2018	<u>62,795</u>
	<u>\$ 125,590</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in the long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015</u>	<u>Issued/</u> <u>Accrued</u>	<u>Matured/</u> <u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 29,055,000		\$ 2,425,000	\$ 26,630,000
Unamortized Bond Issuance Premium	2,131,569		193,779	1,937,790
Net Pension Liability	10,770,031	\$ 1,080,072		11,850,103
Compensated Absences Payable	<u>665,591</u>	<u>31,829</u>	<u>26,625</u>	<u>670,795</u>
	<u>\$ 42,622,191</u>	<u>\$ 1,111,901</u>	<u>\$ 2,645,404</u>	<u>\$ 41,088,688</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$2,500,000 and the long-term portion is \$24,130,000.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

A. Bonds Payable:

On March 14, 2013 the District issued \$18,480,000 refunding bonds with interest rates ranging from 3.0%- 4.0% to refund \$19,014,000 of the \$31,714,000 school bonds dated July 15, 2005 with rates ranging from 3.75- 4.25%. The refunding bonds will mature on October 1, 2016 through October 1, 2025 and constitute an advanced refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds and will redeem the refunded bonds, at a redemption price equal to 100% of par, on October 1, 2015, which is the first optional redemption date. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$925,078, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt).

On January 14, 2014, the District issued \$9,795,000 in school bonds which were authorized by voter referendum for athletic and physical education facility refurbishment at Hanover Park and Whippany Park High Schools. The bonds mature in serial installments due February 1, 2015 through February 1, 2024 at interest rates ranging from 1.00% to 2.50% over the life of the issue.

Serial Bonds Outstanding as of June 30, 2016

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
School Refunding Bonds of 2013	10/01/25	3.00% to 4.00%	\$ 18,480,000
School Bonds of 2014	02/01/23	1.00% to 2.50%	8,150,000
			<u>\$ 26,630,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,500,000	\$ 835,975	\$ 3,335,975
2018	2,585,000	777,700	3,362,700
2019	2,700,000	708,550	3,408,550
2020	2,845,000	622,400	3,467,400
2021	2,945,000	526,600	3,471,600
2022 - 2026	13,055,000	1,124,550	14,179,550
	<u>\$ 26,630,000</u>	<u>\$ 4,595,775</u>	<u>\$ 31,225,775</u>

B. Bonds Authorized But Not Issued:

The Board had \$444 of bonds authorized but not issued related to the District's athletic and physical education facility refurbishment project at both of the high schools at June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

C. Capital Leases Payable:

As of June 30, 2016, the District had no capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$14,060 and the long-term portion is \$656,735.

The District had no liability at June 30, 2016 for compensated absences in its Food Service Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$0- and the long-term portion is \$11,850,103. See Note 10 for further information on the PERS.

F. Unamortized Bond Issuance Premium:

The bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$193,779 and is separated from the long-term liability balance of \$1,744,011.

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$453,845 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the District reported a liability of \$11,850,103 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.0528%, which was a decrease of 0.047% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$651,326. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 253,662	
	2015	5.72	1,018,944	
Changes in Proportion	2014	6.44	147,843	
	2015	5.72		\$ 752,076
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		441,755
	2015	5.00		(251,228)
Difference Between Expected and Actual Experience	2015	5.72	282,702	
District Contribution Subsequent to the Measurement Date	2015	1.00	540,310	
			<u>\$ 2,243,461</u>	<u>\$ 942,603</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 248,459
2017	248,459
2018	248,459
2019	395,711
2020	223,693
	<u>\$ 1,364,781</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	Fiscal Year Ended June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 14,728,229	\$ 11,850,103	\$ 9,437,104

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$948,884 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,585,294.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$75,096,110. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.119%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>75,096,110</u>
Total	<u>\$ 75,096,110</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$4,585,294 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		<u>(770,568,242)</u>
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 89,248,919	\$ 75,096,110	\$ 62,902,617

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$4,006 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$7,344 for the year ended June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,129,859, \$1,019,742 and \$890,333 for 2016, 2015, and 2014, respectively.

NOTE 12. DEFERRED COMPENSATION

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

The plan administrator is Lincoln Investment Planning, Inc., located at 4 Commerce Drive, 3rd Floor, Cranford, NJ 07016.

NOTE 13. 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits

The District maintains insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

The Board is a member of the New Jersey Schools Insurance Group ("the Group"). This public entity risk management pool provides its members with Workers' Compensation, General Liability and Property and Automobile Liability. The Group is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Group are elected.

As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

	<u>New Jersey Schools</u> <u>Insurance Group</u>
Total Assets	<u>\$ 311,014,416</u>
Net Position	<u>\$ 68,222,364</u>
Total Revenue	<u>\$ 124,872,219</u>
Total Expenses	<u>\$ 113,965,181</u>
Change in Net Position	<u>\$ 10,907,038</u>
Members Dividends	<u>\$ -0-</u>

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
 6000 Midlantic Drive
 Mount Laurel, NJ 08054
 (609) 386-6060

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ - 0 -	\$ 53,130	\$ 75,564	\$ 124,561
2014-2015	- 0 -	47,337	29,024	146,995
2013-2014	- 0 -	48,736	33,452	128,682

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2016.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 58,802	
Special Revenue Fund		58,802
	<u>\$ 58,802</u>	<u>\$ 58,802</u>

The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 404,290	\$ 2,686	\$ 1,453,704	\$ 1,860,680

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$2,686 less than that actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. Capital Projects Fund. The \$1,453,704 of encumbrances in the Capital Projects Fund are included in fund balance restricted for capital projects.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2016, if any, is unknown and has not been recorded in the financial statements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 17. TAX CALENDAR

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

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

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2016:

	<u>Governmental Funds</u>			<u>Total Governmental Funds</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Business-type</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>				<u>Proprietary Funds</u>
Vendors	\$ 579,578	\$ 6,593	\$ 10,905	\$ 597,076		\$ 597,076	\$ 128,100
Due to the State of New Jersey					\$ 540,310	540,310	
	<u>\$ 579,578</u>	<u>\$ 6,593</u>	<u>\$ 10,905</u>	<u>\$ 597,076</u>	<u>\$ 540,310</u>	<u>\$ 1,137,386</u>	<u>\$ 128,100</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.0575238109%	0.05278914%
District's Proportionate Share of the Net Pension Liability	\$ 10,770,031	\$ 11,850,103
District's Covered Employee Payroll	\$ 3,796,444	\$ 3,887,969
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	283.69%	304.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 474,218	\$ 453,845
Contributions in Relation to the Contractually Required Contribution	<u>(474,218)</u>	<u>(453,845)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 3,887,969	\$ 3,961,621
Contributions as a Percentage of Covered Employee Payroll	12.20%	11.46%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's Proportion of the Net Pension Liability Attributable to the District	0.1206990792%	0.1188149302%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 64,509,730	\$ 75,096,110
District's Covered Employee Payroll	\$ 12,008,103	\$ 12,004,910
State's Proportionate Share of the Net Pension Liability Attributable to the District as a Percentage of its Covered Employee Payroll	537.22%	625.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 3,471,229	\$ 4,585,294
Contributions in Relation to the Contractually Required Contribution	<u>642,357</u>	<u>948,884</u>
Contribution Deficiency/(Excess)	<u>\$ 4,113,586</u>	<u>\$ 5,534,178</u>
District's Covered Employee Payroll	\$ 12,004,910	\$ 12,070,586
Contributions as a Percentage of Covered Employee Payroll	5.35%	7.86%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 28,946,490		\$ 28,946,490	\$ 28,946,490	
Tuition from Individuals				10,959	\$ 10,959
Tuition from Other LEAs	50,000		50,000	30,267	(19,733)
Interest Earned on Maintenance Reserve	100		100	175	75
Interest Earned on Capital Reserve Funds	2,500		2,500	4,854	2,354
Unrestricted Miscellaneous	150,000	\$ 2,600	152,600	398,368	245,768
Total - Local Sources	<u>29,149,090</u>	<u>2,600</u>	<u>29,151,690</u>	<u>29,391,113</u>	<u>239,423</u>
State Sources:					
Transportation Aid	170,906		170,906	170,906	
Special Education Aid	590,031		590,031	590,031	
Categorical Security Aid	25,031		25,031	25,031	
Per Pupil Growth Aid	16,350		16,350	16,350	
PARCC Readiness Aid	16,350		16,350	16,350	
Extraordinary Aid	300,000		300,000	433,242	133,242
Non-Public Transportation Aid				11,675	11,675
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				948,884	948,884
TPAF Post Retirement Medical Benefits (On-Behalf - Non-Budgeted)				1,129,859	1,129,859
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				861,381	861,381
Total - State Sources	<u>1,118,668</u>		<u>1,118,668</u>	<u>4,203,709</u>	<u>3,085,041</u>
TOTAL REVENUES	<u>30,267,758</u>	<u>2,600</u>	<u>30,270,358</u>	<u>33,594,822</u>	<u>3,324,464</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 8,649,336	\$ 43,381	\$ 8,692,717	\$ 8,367,513	\$ 325,204
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	(395)	19,605	19,403	202
Purchased Professional-Educational Services	9,379	22,007	31,386	26,380	5,006
Other Purchased Services (400-500 series)	510	600	1,110	1,058	52
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	2,400	600	3,000	3,000	
Other Purchased Services (400-500 series)	139,118	(12,634)	126,484	109,143	17,341
General Supplies	253,471	(5,910)	247,561	225,443	22,118
Textbooks	137,588	1,660	139,248	134,357	4,891
Other Objects	8,473	(1,200)	7,273	4,455	2,818
Total Regular Programs - Instruction	<u>9,220,275</u>	<u>48,109</u>	<u>9,268,384</u>	<u>8,890,752</u>	<u>377,632</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	77,764		77,764	77,225	539
Other Salaries for Instruction	87,891	(4,800)	83,091	38,495	44,596
Other Purchased Services (400-500 series)	156	(15)	141		141
General Supplies	5,585	(940)	4,645	4,149	496
Other Objects	208		208		208
Total Cognitive - Mild	<u>171,604</u>	<u>(5,755)</u>	<u>165,849</u>	<u>119,869</u>	<u>45,980</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 75,374	\$ (13,390)	\$ 61,984	\$ 61,983	\$ 1
General Supplies	255	(29)	226	113	113
Textbooks	510	(510)			
Other Objects	612	(220)	392		392
Total Behavioral Disabilities	<u>76,751</u>	<u>(14,149)</u>	<u>62,602</u>	<u>62,096</u>	<u>506</u>
Resource Room/Resource Center:					
Salaries of Teachers	999,241	7,012	1,006,253	956,035	50,218
Other Salaries for Instruction	350,733	24,120	374,853	374,852	1
Other Purchased Services (400-500 series)	500		500		500
General Supplies	6,013	(1,240)	4,773	4,064	709
Textbooks	1,500		1,500	332	1,168
Total Resource Room/Resource Center	<u>1,357,987</u>	<u>29,892</u>	<u>1,387,879</u>	<u>1,335,283</u>	<u>52,596</u>
Autism:					
Salaries of Teachers	71,990	(4,820)	67,170	58,864	8,306
Other Salaries for Instruction	91,976	(4,850)	87,126	11,479	75,647
Other Purchased Services (400-500 series)	300		300		300
General Supplies	4,604	2,000	6,604	5,458	1,146
Other Objects	300		300		300
Total Autism	<u>169,170</u>	<u>(7,670)</u>	<u>161,500</u>	<u>75,801</u>	<u>85,699</u>
Total Special Education - Instruction	<u>1,775,512</u>	<u>2,318</u>	<u>1,777,830</u>	<u>1,593,049</u>	<u>184,781</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 59,185	\$ (59,185)			
General Supplies	500		\$ 500		\$ 500
Total Basic Skills/Remedial - Instruction	<u>59,685</u>	<u>(59,185)</u>	<u>500</u>		<u>500</u>
Bilingual Education - Instruction:					
Salaries of Teachers	11,114	10,895	22,009	\$ 21,698	311
General Supplies	686		686	468	218
Total Bilingual Education - Instruction	<u>11,800</u>	<u>10,895</u>	<u>22,695</u>	<u>22,166</u>	<u>529</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	255,087	3,250	258,337	258,336	1
Purchased Services (300-500 series)	17,676	(4,836)	12,840	6,492	6,348
Supplies and Materials	13,113	(2,304)	10,809	10,693	116
Other Objects	12,093	(2,204)	9,889	8,364	1,525
Total School-Sponsored Cocurricular Activities - Instruction	<u>297,969</u>	<u>(6,094)</u>	<u>291,875</u>	<u>283,885</u>	<u>7,990</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 822,040		\$ 822,040	\$ 772,230	\$ 49,810
Purchased Services (300-500 series)	208,677	\$ (12,100)	196,577	188,722	7,855
Supplies and Materials	94,385	(107)	94,278	91,391	2,887
Other Objects	50,777	13,018	63,795	60,723	3,072
Total School-Sponsored Cocurricular Athletics - Instruction	1,175,879	811	1,176,690	1,113,066	63,624
Total Instruction	12,541,120	(3,146)	12,537,974	11,902,918	635,056
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	597,700	121,182	718,882	663,294	55,588
Tuition to County Vocational School District - Regular	346,500	62,280	408,780	391,426	17,354
Tuition to County Vocational School District - Special	91,100	(51,815)	39,285	32,000	7,285
Tuition to CSSD & Regular Day Schools	92,341	(7,776)	84,565	75,700	8,865
Tuition to Private Schools for the Handicapped - Within State	2,123,717	(191,937)	1,931,780	1,912,177	19,603
Tuition - State Facilities	35,465		35,465	35,465	
Total Undistributed Expenditures - Instruction	3,286,823	(68,066)	3,218,757	3,110,062	108,695
Attendance & Social Work:					
Salaries	140,198	(2,200)	137,998	137,945	53
Supplies and Materials	557	(130)	427	306	121
Total Attendance & Social Work	140,755	(2,330)	138,425	138,251	174

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 193,671	\$ (1,243)	\$ 192,428	\$ 192,131	\$ 297
Purchased Professional and Technical Services	99,796		99,796	44,576	55,220
Other Purchased Services (400-500 series)	982	(278)	704	540	164
Supplies and Materials	4,320	846	5,166	5,079	87
Other Objects	345	(47)	298	297	1
Total Health Services	<u>299,114</u>	<u>(722)</u>	<u>298,392</u>	<u>242,623</u>	<u>55,769</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	111,262		111,262	106,535	4,727
Purchased Professional - Educational Services	77,974	11,500	89,474	67,652	21,822
Supplies and Materials	2,920	(550)	2,370	517	1,853
Other Objects	180	550	730	276	454
Total Speech, OT, PT and Related Services	<u>192,336</u>	<u>11,500</u>	<u>203,836</u>	<u>174,980</u>	<u>28,856</u>
Other Support Services - Students - Extra Services:					
Salaries	43,895		43,895	35,258	8,637
Purchased Professional - Educational Services	94,953	94,240	189,193	145,811	43,382
Supplies and Materials	11,800	(3,613)	8,187	2,009	6,178
Total Other Support Services - Students - Extra Services	<u>150,648</u>	<u>90,627</u>	<u>241,275</u>	<u>183,078</u>	<u>58,197</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Guidance:					
Salaries of Other Professional Staff	\$ 908,694	\$ (6,879)	\$ 901,815	\$ 864,421	\$ 37,394
Salaries of Secretarial and Clerical Assistants	144,068	1,388	145,456	145,455	1
Other Purchased Professional and Technical Services	500		500	490	10
Other Purchased Services (400-500 series)	24,382	7,725	32,107	31,275	832
Supplies and Materials	25,530	(1,985)	23,545	22,204	1,341
Other Objects	2,515	1	2,516	2,235	281
Total Guidance	1,105,689	250	1,105,939	1,066,080	39,859
Child Study Teams:					
Salaries of Other Professional Staff	330,696	17,497	348,193	348,189	4
Salaries of Secretarial and Clerical Assistants	94,372	(202)	94,170	94,170	
Purchased Professional - Educational Services	3,062	(2,587)	475	475	
Other Purchased Prof. and Tech. Services	8,550	(871)	7,679	5,680	1,999
Misc. Purch. Serv. (400-500 series - Other than Res. Costs)	15,868	(1,817)	14,051	13,225	826
Supplies and Materials	9,963	400	10,363	8,944	1,419
Other Objects	520		520	509	11
Total Child Study Teams	463,031	12,420	475,451	471,192	4,259
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	210,825	(800)	210,025	203,509	6,516
Salaries of Secretarial and Clerical Assistants	54,423	717	55,140	55,138	2
Other Purchased Services	19,847	(10,836)	9,011	8,928	83
Supplies and Materials	545	(500)	45		45
Total Improvement of Instructional Services	285,640	(11,419)	274,221	267,575	6,646

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 137,668		\$ 137,668	\$ 135,050	\$ 2,618
Salaries of Technology Coordinators	42,305		42,305	42,098	207
Other Purchased Services (400-500 series)	22,333	\$ (6,356)	15,977	15,501	476
Supplies and Materials	40,066	(3,969)	36,097	35,525	572
Other Objects	150	(17)	133	65	68
Total Educational Media Services/School Library	<u>242,522</u>	<u>(10,342)</u>	<u>232,180</u>	<u>228,239</u>	<u>3,941</u>
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	103,839		103,839	100,236	3,603
Salaries of Secretarial and Clerical Assistants	26,806	407	27,213	27,207	6
Other Purchased Services (400-500 series)	2,869	(107)	2,762	1,532	1,230
Supplies and Materials	500		500	326	174
Other Objects	500		500		500
Total Instructional Staff Training Services	<u>134,514</u>	<u>300</u>	<u>134,814</u>	<u>129,301</u>	<u>5,513</u>
Support Services - General Administration:					
Salaries	440,816	(20,901)	419,915	419,093	822
Legal Services	84,719	16,195	100,914	87,849	13,065
Audit Fees	47,000	(2,000)	45,000	45,000	
Architectural/Engineering Services	14,573	(10,000)	4,573	733	3,840
Other Purchased Professional Services	2,445		2,445	2,445	
Purchased Professional and Technical Services		9,990	9,990		9,990
Communications/Telephone	73,183	29,448	102,631	96,840	5,791

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration (Cont'd):					
BOE Other Purchased Services	\$ 3,750	\$ (974)	\$ 2,776	\$ 2,775	\$ 1
Other Purchased Services (400-500 series)	53,100	1,446	54,546	54,361	185
General Supplies	6,030	3,317	9,347	5,088	4,259
BOE In-House Training/Meeting Supplies	500	(425)	75		75
Miscellaneous Expenditures	6,000	(256)	5,744	4,999	745
BOE Membership Dues and Fees	13,229		13,229	13,229	
Total Support Services - General Administration	<u>745,345</u>	<u>25,840</u>	<u>771,185</u>	<u>732,412</u>	<u>38,773</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	786,041	(3,568)	782,473	768,885	13,588
Salaries of Secretarial and Clerical Assistants	224,347		224,347	209,102	15,245
Other Purchased Services (400-500 series)	20,719	(3,631)	17,088	16,198	890
Supplies and Materials	9,275	3,914	13,189	8,605	4,584
Other Objects	17,288	3,402	20,690	19,276	1,414
Total Support Services - School Administration	<u>1,057,670</u>	<u>117</u>	<u>1,057,787</u>	<u>1,022,066</u>	<u>35,721</u>
Central Services:					
Salaries	336,040	(5,028)	331,012	320,550	10,462
Purchased Technical Services	26,725	(427)	26,298	24,097	2,201
Miscellaneous Purchased Services (400-500 series)	38,747	(720)	38,027	34,719	3,308
Supplies and Materials	9,282	4,429	13,711	9,058	4,653
Miscellaneous Expenditures	3,400	2,971	6,371	6,247	124
Total Central Services	<u>414,194</u>	<u>1,225</u>	<u>415,419</u>	<u>394,671</u>	<u>20,748</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Administration Information Technology:					
Salaries	\$ 93,427	\$ 2,606	\$ 96,033	\$ 96,032	\$ 1
Purchased Technical Services	5,000	(892)	4,108	4,107	1
Other Purchased Services (400-500 series)	24,195	512	24,707	24,706	1
Supplies and Materials	24,255	(3,095)	21,160	21,144	16
Total Administration Information Technology	<u>146,877</u>	<u>(869)</u>	<u>146,008</u>	<u>145,989</u>	<u>19</u>
Required Maintenance of School Facilities:					
Salaries	256,402	(2,119)	254,283	253,294	989
Cleaning, Repair and Maintenance Services	228,360	1,822	230,182	190,844	39,338
General Supplies	95,291	1,050	96,341	90,684	5,657
Total Required Maintenance of School Facilities	<u>580,053</u>	<u>753</u>	<u>580,806</u>	<u>534,822</u>	<u>45,984</u>
Custodial Services:					
Salaries	723,257	10,402	733,659	711,806	21,853
Purchased Professional and Technical Services	5,000	3,275	8,275	8,274	1
Cleaning, Repair and Maintenance Services	48,261	(19,493)	28,768	28,519	249
Other Purchased Property Services	52,805	(480)	52,325	38,298	14,027
Insurance	143,286	(3,380)	139,906	138,102	1,804
Miscellaneous Purchased Services		50	50	50	
General Supplies	88,111	(3,913)	84,198	73,289	10,909
Energy (Natural Gas)	250,722		250,722	130,935	119,787
Energy (Electricity)	385,800		385,800	262,610	123,190
Other Objects	100	(100)			
Total Custodial Services	<u>1,697,342</u>	<u>(13,639)</u>	<u>1,683,703</u>	<u>1,391,883</u>	<u>291,820</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Care & Upkeep of Grounds:					
Salaries	\$ 180,258	\$ (4,480)	\$ 175,778	\$ 175,704	\$ 74
Cleaning, Repair and Maintenance Services	59,424	13,163	72,587	34,703	37,884
General Supplies	73,056	(15,164)	57,892	48,514	9,378
Total Care & Upkeep of Grounds	<u>312,738</u>	<u>(6,481)</u>	<u>306,257</u>	<u>258,921</u>	<u>47,336</u>
Security:					
Cleaning, Repair and Maintenance Services	2,000		2,000	669	1,331
General Supplies	6,491	(500)	5,991	5,911	80
Total Security	<u>8,491</u>	<u>(500)</u>	<u>7,991</u>	<u>6,580</u>	<u>1,411</u>
Total Undist. Expend. - Operations & Maintenance of Plant	<u>2,598,624</u>	<u>(19,867)</u>	<u>2,578,757</u>	<u>2,192,206</u>	<u>386,551</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	47,500	(5,517)	41,983	41,983	
Salaries for Pupil Transportation:					
Between Home and School - Regular	630,059	262,972	893,031	893,030	1
Between Home and School - Special Education	257,000	(117,351)	139,649	139,649	
Other than Between Home and School - Regular	157,797	33,982	191,779	191,774	5
Between Home and School - Nonpublic	25,000	(8,401)	16,599	16,598	1
Management Fee - ESC & CTSA Transportation Program	1,000	(272)	728	728	
Other Purchased Professional & Technical Services	2,675	(85)	2,590	2,350	240

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):					
Cleaning, Repair and Maintenance Services	\$ 15,597	\$ 3,975	\$ 19,572	\$ 13,972	\$ 5,600
Contracted Services (Spl. Ed. Students) - Vendors	22,050	(5,472)	16,578	15,085	1,493
Contracted Services (Spl. Ed. Students) - Joint Agreements	14,000	(6,980)	7,020	7,019	1
Contracted Services (Reg. Students) - ESCs and CTSA's	32,946	10,792	43,738	40,007	3,731
Contracted Services (Spl. Ed. Students) - ESCs and CTSA's	122,307	(56,798)	65,509	59,199	6,310
Aid in Lieu of Payments - Nonpublic Students	61,880	(7,252)	54,628	53,714	914
Miscellaneous Purchased Services - Transportation	85,732	7,480	93,212	91,178	2,034
General Supplies	625	(71)	554	553	1
Transportation Supplies	337,561	(92,529)	245,032	209,162	35,870
Other Objects	3,826	2,277	6,103	6,100	3
Total Student Transportation Services	1,817,555	20,750	1,838,305	1,782,101	56,204
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	448,000	(3,402)	444,598	434,033	10,565
Other Retirement Contributions - PERS	530,000	(10,623)	519,377	453,845	65,532
Workmen's Compensation	146,000	14,332	160,332	158,972	1,360
Health Benefits	4,465,000	(75,338)	4,389,662	4,130,618	259,044
Tuition Reimbursement	25,000	(1,573)	23,427	23,426	1
Other Employee Benefits	62,371	8,321	70,692	52,385	18,307
Total Unallocated Benefits	5,676,371	(68,283)	5,608,088	5,253,279	354,809
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				948,884	(948,884)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,129,859	(1,129,859)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				861,381	(861,381)
Total On-Behalf Contributions				2,940,124	(2,940,124)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Total Personal Services - Employee Benefits	\$ 5,676,371	\$ (68,283)	\$ 5,608,088	\$ 8,193,403	\$ (2,585,315)
Total Undistributed Expenditures	18,757,708	(18,869)	18,738,839	20,474,229	(1,735,390)
TOTAL CURRENT EXPENSE	31,298,828	(22,015)	31,276,813	32,377,147	(1,100,334)
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	26,832	(7,930)	18,902	18,653	249
School-Sponsored and Other Instructional Programs		5,140	5,140	5,047	93
Administration Information Technology	40,000	10,634	50,634	50,634	
Required Maintenance for School Facilities	2,556	17,450	20,006	2,555	17,451
Care and Upkeep of Grounds	10,221	9,992	20,213	2,763	17,450
School Buses - Regular	269,100	(13,271)	255,829	255,828	1
Total Equipment	348,709	22,015	370,724	335,480	35,244
Facilities Acquisition and Construction Services					
Construction Services	35,000		35,000	24,372	10,628
Debt Service Assessment	106,465		106,465	106,465	
Total Facilities Acquisition and Construction Services	141,465		141,465	130,837	10,628
TOTAL CAPITAL OUTLAY	490,174	22,015	512,189	466,317	45,872
TOTAL EXPENDITURES	31,789,002		31,789,002	32,843,464	(1,054,462)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,521,244)	\$ 2,600	\$ (1,518,644)	\$ 751,358	\$ 2,270,002
Other Financing Sources:					
Transfer from Capital Projects Fund - Interest Earnings				30,126	30,126
Transfer from Capital Projects Fund - Unexpended Balances				64,640	64,640
Total Other Financing Sources				94,766	94,766
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,521,244)	2,600	(1,518,644)	846,124	2,364,768
Fund Balance, July 1	5,498,496		5,498,496	5,498,496	
Fund Balance, June 30	<u>\$ 3,977,252</u>	<u>\$ 2,600</u>	<u>\$ 3,979,852</u>	<u>\$ 6,344,620</u>	<u>\$ 2,364,768</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,704,283	
Maintenance Reserve				50,489	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,582,950	
Excess Surplus				1,834,444	
Assigned:					
Year-End Encumbrances				404,290	
Designated for Subsequent Year's Expenditures				25,180	
Unassigned				742,984	
				<u>6,344,620</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
June State Aid Payments not recognized on GAAP basis				(62,190)	
Fund Balance per Governmental Funds - GAAP Basis				<u>\$ 6,282,430</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources		\$ 34,106	\$ 34,106	\$ 3,908	\$ (30,198)
State Sources	\$ 21,565	1,208	22,773	4,154	(18,619)
Federal Sources	262,928	55,176	318,104	334,156	16,052
Total Revenue	<u>284,493</u>	<u>90,490</u>	<u>374,983</u>	<u>342,218</u>	<u>(32,765)</u>
EXPENDITURES:					
Instruction:					
Salaries		27,632	27,632	18,313	9,319
Purchased Professional and Technical Services	17,611	1,191	18,802	624	18,178
Other Purchased Services	228,043	72,932	300,975	300,975	
General Supplies	24,510	(15,629)	8,881	6,305	2,576
Textbooks	1,526	15	1,541	1,370	171
Total Instruction	<u>271,690</u>	<u>86,141</u>	<u>357,831</u>	<u>327,587</u>	<u>30,244</u>
Support Services:					
Personal Services - Employee Benefits		2,114	2,114	1,401	713
Purchased Professional/Educational Services	5,803	(835)	4,968	3,160	1,808
Other Purchased Services	7,000		7,000	7,000	
Supplies and Materials		3,000	3,000	3,000	
Other Objects		70	70	70	
Total Support Services	<u>12,803</u>	<u>4,349</u>	<u>17,152</u>	<u>14,631</u>	<u>2,521</u>
Total Expenditures	<u>284,493</u>	<u>90,490</u>	<u>374,983</u>	<u>342,218</u>	<u>32,765</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Exhibit C-3
1 of 2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 33,594,822	\$ 342,218
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		(2,686)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Basis	67,396	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(62,190)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 33,600,028	\$ 339,532
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 32,843,464	\$ 342,218
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.		(2,686)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 32,843,464	\$ 339,532

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for equally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the is State recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>No Child Left Behind</u>		<u>IDEA Part B Basic</u>	<u>Local Grants</u>
	<u>Title I</u>	<u>Title IIA</u>		
REVENUE:				
Local Sources				\$ 3,908
State Sources				
Federal Sources	\$ 19,714	\$ 11,000	\$ 303,442	
Total Revenue	<u>19,714</u>	<u>11,000</u>	<u>303,442</u>	<u>3,908</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	18,313			
Purchased Professional and Technical Services			300,975	
Other Purchased Services			2,397	3,908
General Supplies				
Textbooks				
Total Instruction	<u>18,313</u>		<u>303,372</u>	<u>3,908</u>
Support Services:				
Personal Services - Employee Benefits	1,401			
Purchased Professional - Educational Services		1,000		
Other Purchased Services		7,000		
Supplies and Materials		3,000		
Other Objects			70	
Total Support Services	<u>1,401</u>	<u>11,000</u>	<u>70</u>	
Total Expenditures	<u>\$ 19,714</u>	<u>\$ 11,000</u>	<u>\$ 303,442</u>	<u>\$ 3,908</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Totals</u>
REVENUE:				
Local Sources				\$ 3,908
State Sources	\$ 2,160	\$ 1,370	\$ 624	4,154
Federal Sources				334,156
				<hr/>
Total Revenue	<hr/> 2,160	<hr/> 1,370	<hr/> 624	<hr/> 342,218
EXPENDITURES:				
Instruction:				
Salaries of Teachers				18,313
Purchased Professional and Technical Services			624	624
Other Purchased Services				300,975
General Supplies				6,305
Textbooks		1,370		1,370
				<hr/>
Total Instruction		<hr/> 1,370	<hr/> 624	<hr/> 327,587
Support Services:				
Personal Services - Employee Benefits				1,401
Purchased Professional - Educational Services	2,160			3,160
Other Purchased Services				7,000
Supplies and Materials				3,000
Other Objects				70
				<hr/>
Total Support Services	<hr/> 2,160			<hr/> 14,631
Total Expenditures	<hr/> <hr/> \$ 2,160	<hr/> <hr/> \$ 1,370	<hr/> <hr/> \$ 624	<hr/> <hr/> \$ 342,218

CAPITAL PROJECTS FUND

Exhibit F-1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Local Donation	\$ 500,000
Interest Income	30,126
	<hr/>
Total Revenue and Other Financing Sources	530,126
	<hr/>
Expenditures:	
Other Purchased Professional Technical Services	149,275
Construction Services	6,466,793
General Supplies	60
Other Objects	802
	<hr/>
Total Expenditures	6,616,930
	<hr/>
Deficiency of Revenue and Other Financing Sources Under Expenditures	(6,086,804)
Other Financing Uses:	
Operating Transfer Out - General Fund - Interest Earnings	(30,126)
Operating Transfer Out - General Fund - Unexpended Balances	(64,640)
SDA Grant Cancelled	(36,493)
	<hr/>
Total Other Financing Uses	(131,259)
	<hr/>
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(6,218,063)
Fund Balance - Beginning Balance	14,455,932
	<hr/>
Fund Balance - Ending Balance	\$ 8,237,869
	<hr/> <hr/>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 6,784,165
Restricted - Year End Encumbrances	1,453,704
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 8,237,869
	<hr/> <hr/>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Additional Project Information:

Project Number	1990-050-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 20,195,767
Bonds Issued	\$ 20,195,767
Original Authorized Cost	\$ 29,812,805
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 29,812,805
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Additional Project Information:

Project Number	1990-070-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 11,518,233
Bonds Issued	\$ 11,518,233
Original Authorized Cost	\$ 16,397,547
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 16,397,547
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	September 2008
Revised Target Completion Date	June 2011

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
CAFETERIA ROOF REPLACEMENT AT WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 290,708	\$ (55,262)	\$ 235,446	\$ 235,446
SDA Grant	193,805	(35,503)	158,302	158,302
Total Revenues and Other Financing Sources	<u>484,513</u>	<u>(90,765)</u>	<u>393,748</u>	<u>393,748</u>
Expenditures:				
Other Purchased Professional Technical Services	35,748		35,748	35,748
Construction Services	366,000	(8,000)	358,000	358,000
Total Expenditures	<u>401,748</u>	<u>(8,000)</u>	<u>393,748</u>	<u>393,748</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 82,765</u>	<u>\$ (82,765)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1990-070-14-1001
Grant Date	1/16/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 484,513
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 393,748
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	December 2014
Revised Target Completion Date	March 2015

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ATHLETIC AND PHYSICAL EDUCATION FACILITY REFURBISHMENT AT HANOVER PARK AND WHIPPANY PARK HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 9,795,000		\$ 9,795,000	\$ 9,795,444
Local Share		\$ 500,000	500,000	500,000
Total Revenues and Other Financing Sources	9,795,000	500,000	10,295,000	10,295,444
Expenditures:				
Other Purchased Professional Technical Services	760,891	149,275	910,166	1,015,901
Construction Services	146,140	6,383,531	6,529,671	9,221,252
General Supplies		60	60	60
Other Objects	23,572	802	24,374	58,231
Total Expenditures	930,603	6,533,668	7,464,271	10,295,444
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 8,864,397	\$ (6,033,668)	\$ 2,830,729	\$ - 0 -

Additional Project Information:

Project Number	1990-070-13-3000
Grant Date	N/A
Bond Authorization Date	1/1/2014
Bonds Authorized	\$ 9,795,444
Bonds Issued	\$ 9,795,000
Original Authorized Cost	\$ 9,795,444
Additional Authorized Cost	\$ 500,000
Revised Authorized Cost	\$ 10,295,444
% Increase over Original Authorized Cost	0%
% Completion	73%
Original Target Completion Date	October 2015
Revised Target Completion Date	August 2017

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF TELECOMMUNICATIONS AND PAGING SYSTEM - HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 111,553	\$ (7,894)	\$ 103,659	\$ 103,659
SDA Grant	67,608		67,608	67,608
Total Revenues and Other Financing Sources	<u>179,161</u>	<u>(7,894)</u>	<u>171,267</u>	<u>171,267</u>
Expenditures:				
Construction Services	<u>80,005</u>	<u>91,262</u>	<u>171,267</u>	<u>171,267</u>
Total Expenditures	<u>80,005</u>	<u>91,262</u>	<u>171,267</u>	<u>171,267</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 99,156</u>	<u>\$ (99,156)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1990-050-14-G2FN
Grant Date	7/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 179,161
Revised Authorized Cost	\$ 171,267
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	October 2015
Revised Target Completion Date	October 2015

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF TELECOMMUNICATIONS AND PAGING SYSTEM - WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 33,804	\$ (1,484)	\$ 32,320	\$ 32,320
SDA Grant	22,536	(990)	21,546	21,546
Total Revenues and Other Financing Sources	<u>56,340</u>	<u>(2,474)</u>	<u>53,866</u>	<u>53,866</u>
Expenditures:				
Construction Services	<u>53,866</u>		<u>53,866</u>	<u>53,866</u>
Total Expenditures	<u>53,866</u>		<u>53,866</u>	<u>53,866</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,474</u>	<u>\$ (2,474)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1990-070-14-1004
Grant Date	7/11/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 56,340
Revised Authorized Cost	\$ 53,866
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	October 2015
Revised Target Completion Date	October 2015

PROPRIETARY FUNDS

Exhibit G-1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Non-Major Fund Summer Enrichment</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,271	\$ 122,280	\$ 124,551
Other Receivables		18,621	18,621
Inventories		5,599	5,599
Total Current Assets	<u>2,271</u>	<u>146,500</u>	<u>148,771</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		401,732	401,732
Less: Accumulated Depreciation		<u>(383,343)</u>	<u>(383,343)</u>
Total Non-Current Assets		<u>18,389</u>	<u>18,389</u>
Total Assets	<u>2,271</u>	<u>164,889</u>	<u>167,160</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	1,890		1,890
Accounts Payable - Vendors		128,100	128,100
Total Liabilities	<u>1,890</u>	<u>128,100</u>	<u>129,990</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		18,389	18,389
Unrestricted	381	18,400	18,781
Total Net Position	<u>\$ 381</u>	<u>\$ 36,789</u>	<u>\$ 37,170</u>

Exhibit G-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Non-Major Fund</u>	<u>Major Fund</u>	<u>Total Enterprise Funds</u>
	<u>Summer Enrichment</u>	<u>Food Service</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 477,423	\$ 477,423
Special Events		1,817	1,817
Free and Reduced Lunches Subsidized by District		37,466	37,466
Summer Enrichment Program Fees	\$ 2,301		2,301
Total Operating Revenue	<u>2,301</u>	<u>516,706</u>	<u>519,007</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		218,336	218,336
Salaries, Benefits & Payroll Taxes	1,920	251,680	253,600
Supplies and Materials		18,703	18,703
Management Fee		18,580	18,580
Miscellaneous Expense		3,919	3,919
Insurance & Office Supplies		30,158	30,158
Depreciation Expense		7,249	7,249
Total Operating Expenses	<u>1,920</u>	<u>548,625</u>	<u>550,545</u>
Operating Income/ (Loss)	<u>381</u>	<u>(31,919)</u>	<u>(31,538)</u>
Non-Operating Income:			
Interest Income		133	133
Total Non-Operating Income		<u>133</u>	<u>133</u>
Change in Net Position Before Special Item	381	(31,786)	(31,405)
Other Item - Food Service Management Contractor Contribution		<u>18,621</u>	<u>18,621</u>
Change in Net Position	381	(13,165)	(12,784)
Net Position - Beginning of Year		<u>49,954</u>	<u>49,954</u>
Net Position - End of Year	<u>\$ 381</u>	<u>\$ 36,789</u>	<u>\$ 37,170</u>

Exhibit G-3

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Non-Major Fund <u>Summer Enrichment</u>	Major Fund <u>Food Service</u>	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,890	\$ 479,240	\$ 481,130
Receipts from District		37,466	37,466
Payments by District for Free Lunches		(37,466)	(37,466)
Payments to Food Service Vendor		(468,772)	(468,772)
Payments to Summer Enrichment Employees	(1,920)		(1,920)
Net Cash Provided by/(Used for) for Operating Activities	<u>(30)</u>	<u>10,468</u>	<u>10,438</u>
Cash Flows from Investing Activities:			
Interest Income		133	133
Net Cash Provided by Investing Activities		<u>133</u>	<u>133</u>
Cash Flows from Noncapital Financing Activities:			
Food Service Management Contractor Contribution		22,595	22,595
Interfund Returned - General Fund		1,599	1,599
Net Cash Provided by Noncapital Financing Activities		<u>24,194</u>	<u>24,194</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(30)	34,795	34,765
Cash and Cash Equivalents, July 1	<u>2,301</u>	<u>87,485</u>	<u>89,786</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,271</u>	<u>\$ 122,280</u>	<u>\$ 124,551</u>
Reconciliation of Operating Income/ (Loss) to Net Cash			
Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 381	\$ (31,919)	\$ (31,538)
Adjustment to Reconcile Operating Income/(Loss) to Cash			
to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		7,249	7,249
Changes in Assets and Liabilities:			
Decrease in Inventory		552	552
(Decrease) in Unearned Revenue	(411)		(411)
Increase in Accounts Payable		34,586	34,586
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (30)</u>	<u>\$ 10,468</u>	<u>\$ 10,438</u>

FIDUCIARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Benefits Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 108,207	\$ 300,290	\$ 408,497	\$ 124,561	\$ 12,237	\$ 38,574
Investments	22,994		22,994			
Total Assets	<u>131,201</u>	<u>300,290</u>	<u>431,491</u>	<u>124,561</u>	<u>12,237</u>	<u>38,574</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		300,290	300,290			
Due to Student Groups	131,201		131,201			
Total Liabilities	<u>131,201</u>	<u>300,290</u>	<u>431,491</u>			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				124,561		
Scholarships					12,237	
Flexible Benefits Claims						38,574
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 124,561</u>	<u>\$ 12,237</u>	<u>\$ 38,574</u>

Exhibit H-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 52,702		\$ 62,950
Donations		\$ 13,912	
Total Contributions	<u>52,702</u>	<u>13,912</u>	<u>62,950</u>
Investment Earnings:			
Interest	428		
Net Investment Earnings	<u>428</u>		
Total Additions	<u>53,130</u>	<u>13,912</u>	<u>62,950</u>
DEDUCTIONS:			
Unemployment Compensation Claims	75,564		
Flexible Benefits Claims			42,036
Scholarship Payments		28,799	
Total Deductions	<u>75,564</u>	<u>28,799</u>	<u>42,036</u>
Change in Net Position	(22,434)	(14,887)	20,914
Net Position - Beginning of the Year	<u>146,995</u>	<u>27,124</u>	<u>17,660</u>
Net Position - End of the Year	<u>\$ 124,561</u>	<u>\$ 12,237</u>	<u>\$ 38,574</u>

Exhibit H-3

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 120,779	\$ 600,746	\$ 613,318	\$ 108,207
Investments	22,994			22,994
Total Assets	<u>\$ 143,773</u>	<u>\$ 600,746</u>	<u>\$ 613,318</u>	<u>\$ 131,201</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>\$ 143,773</u>	<u>\$ 600,746</u>	<u>\$ 613,318</u>	<u>\$ 131,201</u>
Total Liabilities	<u>\$ 143,773</u>	<u>\$ 600,746</u>	<u>\$ 613,318</u>	<u>\$ 131,201</u>

Exhibit H-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Senior High Schools:				
Hanover Park	\$ 97,943	\$ 337,012	\$ 342,829	\$ 92,126
Whippany Park	45,830	263,734	270,489	39,075
Total All Schools	<u>\$ 143,773</u>	<u>\$ 600,746</u>	<u>\$ 613,318</u>	<u>\$ 131,201</u>

Exhibit H-5

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 268,948	\$ 23,926,644	\$ 23,895,302	\$ 300,290
Total Assets	<u>\$ 268,948</u>	<u>\$ 23,926,644</u>	<u>\$ 23,895,302</u>	<u>\$ 300,290</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 268,948	\$ 23,926,644	\$ 23,895,302	\$ 300,290
Total Liabilities	<u>\$ 268,948</u>	<u>\$ 23,926,644</u>	<u>\$ 23,895,302</u>	<u>\$ 300,290</u>

LONG-TERM DEBT

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2015	Matured	Balance June 30, 2016
			Date	Amount				
Additions, Alterations and Renovations to Hanover Park High School and Whippany Park High School	7/15/05	\$ 31,714,000				\$ 1,600,000	\$ 1,600,000	
School Refunding Bonds	3/14/13	18,480,000	10/1/16	\$ 1,675,000	3.00%			
			10/1/17	1,660,000	3.00%			
			10/1/18	1,750,000	4.00%			
			10/1/19	1,845,000	4.00%			
			10/1/20	1,945,000	4.00%			
			10/1/21	1,945,000	4.00%			
			10/1/22	1,940,000	4.00%			
			10/1/23	1,940,000	4.00%			
			10/1/24	1,935,000	4.00%			
			10/1/25	1,845,000	4.00%			18,480,000
School Bonds, Series 2014	1/14/14	9,795,000	2/1/17	825,000	1.00%			
			2/1/18	925,000	1.00%			
			2/1/19	950,000	1.50%			
			2/1/20	1,000,000	2.00%			
			2/1/21	1,000,000	2.00%			
			2/1/22	1,100,000	2.25%			
			2/1/23	1,150,000	2.50%			
					8,975,000	825,000	8,150,000	
					<u>\$ 29,055,000</u>	<u>\$ 2,425,000</u>	<u>\$ 26,630,000</u>	

Exhibit I-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,913,403		\$ 2,913,403	\$ 2,913,403	
State Sources:					
Debt Service State Aid Support	412,947		412,947	412,947	
Total Revenues	<u>3,326,350</u>		<u>3,326,350</u>	<u>3,326,350</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	901,350		901,350	901,350	
Redemption of Principal	2,425,000		2,425,000	2,425,000	
Total Regular Debt Service	<u>3,326,350</u>		<u>3,326,350</u>	<u>3,326,350</u>	
Total Expenditures	<u>3,326,350</u>		<u>3,326,350</u>	<u>3,326,350</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		<u>\$ - 0 -</u>			
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ - 0 -</u>
<u>Analysis of Balance - June 30, 2016:</u>					
Restricted				<u>\$ 1</u>	

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,880,961	\$23,023,578	\$18,718,071	\$20,128,304	\$20,726,578	\$21,536,562	\$24,359,850	\$14,243,092	\$17,320,212	\$25,279,530
Restricted	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036
Unrestricted (Deficit)	<u>(285,034)</u>	<u>(285,000)</u>	<u>(227,346)</u>	<u>(181,514)</u>	<u>943,282</u>	<u>1,010,943</u>	<u>(1,600,732)</u>	<u>(10,161,263)</u>	<u>(12,543,062)</u>	<u>(12,829,026)</u>
Total Governmental Activities Net Position	<u>\$15,154,647</u>	<u>\$23,726,704</u>	<u>\$28,547,658</u>	<u>\$30,505,021</u>	<u>\$32,753,763</u>	<u>\$33,251,417</u>	<u>\$32,622,983</u>	<u>\$22,019,698</u>	<u>\$23,214,992</u>	<u>\$25,860,540</u>
Business-Type Activities:										
Investment in Capital Assets	\$ 85,012	\$ 77,743	\$ 67,620	\$ 65,249	\$ 57,187	\$ 49,125	\$ 41,136	\$ 33,220	\$ 25,638	\$ 18,389
Unrestricted	<u>122,816</u>	<u>138,934</u>	<u>144,038</u>	<u>152,869</u>	<u>130,194</u>	<u>116,681</u>	<u>85,502</u>	<u>34,180</u>	<u>24,316</u>	<u>18,781</u>
Total Business-Type Activities Net Position	<u>\$ 207,828</u>	<u>\$ 216,677</u>	<u>\$ 211,658</u>	<u>\$ 218,118</u>	<u>\$ 187,381</u>	<u>\$ 165,806</u>	<u>\$ 126,638</u>	<u>\$ 67,400</u>	<u>\$ 49,954</u>	<u>\$ 37,170</u>
District-Wide:										
Net Investment in Capital Assets	\$ 7,965,973	\$23,101,321	\$18,785,691	\$20,193,553	\$20,783,765	\$21,585,687	\$24,400,986	\$14,276,312	\$17,345,850	\$25,297,919
Restricted	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036
Unrestricted (Deficit)	<u>(162,218)</u>	<u>(146,066)</u>	<u>(83,308)</u>	<u>(28,645)</u>	<u>1,073,476</u>	<u>1,127,624</u>	<u>(1,515,230)</u>	<u>(10,127,083)</u>	<u>(12,518,746)</u>	<u>(12,810,245)</u>
Total District-Wide Net Position	<u>\$15,362,475</u>	<u>\$23,943,381</u>	<u>\$28,759,316</u>	<u>\$30,723,139</u>	<u>\$32,941,144</u>	<u>\$33,417,223</u>	<u>\$32,749,621</u>	<u>\$22,087,098</u>	<u>\$23,264,946</u>	<u>\$25,897,710</u>

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,146,754	\$ 11,842,624	\$ 11,772,001	\$ 11,668,199	\$ 11,400,691	\$ 11,919,404	\$ 12,462,871	\$ 12,376,960	\$ 14,466,950	\$ 14,743,726
Special Education	1,902,828	1,819,998	1,986,729	1,844,042	1,688,779	1,932,005	2,228,640	2,182,874	2,351,424	2,651,199
Other Special Instruction	248,867	208,165	165,195	169,922	170,088	171,542	183,701	113,467	80,199	36,577
Vocational	38,400	22,986	42,372	43,701	44,193	36,283				
Other Instruction	1,702,777	1,810,509	1,820,603	1,813,480	1,672,541	1,733,831	1,832,733	1,792,087	2,019,398	2,097,579
Support Services:										
Tuition	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037
Student & Instruction Related Services	3,204,003	3,385,509	3,391,036	3,952,123	3,698,588	3,824,169	3,767,588	3,704,389	4,351,320	4,595,140
General Administration Services	731,662	816,146	771,458	936,526	789,613	764,055	906,313	849,878	1,018,917	1,035,800
School Administration Services	1,310,301	1,447,765	1,349,924	1,314,592	1,194,218	1,297,662	1,406,854	1,542,429	1,700,501	1,691,586
Central Services	427,165	475,268	721,842	934,560	488,275	510,587	569,295	584,467	706,504	710,431
Administration Information Technology				58,188	43,359	46,959	150,406	112,261	153,597	145,989
Plant Operations And Maintenance	2,932,566	2,922,787	3,171,200	3,145,117	2,807,016	2,850,399	2,887,738	2,776,076	3,361,032	2,992,791
Pupil Transportation	1,433,609	1,846,415	1,705,133	1,392,272	1,647,907	1,753,153	2,136,856	2,353,110	2,391,889	2,788,823
Interest On Long-Term Debt	1,218,012	1,180,677	1,142,178	1,099,345	1,054,345	1,006,845	1,194,049	857,584	897,147	826,164
Capital Outlay			1,848	354						
Unallocated Depreciation	264,794	265,867	259,886	264,540	659,316	1,056,461	1,056,550	1,059,355	1,053,596	1,066,012
Total Governmental Activities Expenses	27,375,943	29,126,176	29,441,303	30,344,822	29,465,074	31,485,171	33,542,898	33,331,322	37,522,895	38,792,854
Business-Type activities:										
Food Service	577,842	548,383	540,464	517,943	537,044	541,858	579,478	614,964	565,789	548,625
Summer Enrichment									5,155	1,920
Total Business-Type Activities Expense	577,842	548,383	540,464	517,943	537,044	541,858	579,478	614,964	570,944	550,545
Total District-Wide Expenses	27,953,785	29,674,559	29,981,767	30,862,765	30,002,118	32,027,029	34,122,376	33,946,286	38,093,839	39,343,399

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 4,088,667	\$ 4,118,634	\$ 3,227,951	\$ 3,062,590	\$ 2,322,194	\$ 2,948,411	\$ 3,628,969	\$ 3,368,274	\$ 6,486,666	\$ 7,693,517
Capital Grants and Contributions		7,558,938	4,372,026	2,063,974	1,048,464	269,800	17,520	15,310	241,500	35,606
Total Governmental Activities	4,088,667	11,677,572	7,599,977	5,126,564	3,370,658	3,218,211	3,646,489	3,383,584	6,728,166	7,729,123
Business-Type Activities:										
Charges for Services:										
Food Service	594,188	539,974	534,013	522,111	505,962	520,101	540,103	555,536	525,618	516,706
Summer Enrichment									5,155	2,301
Total Business Type Activities	594,188	539,974	534,013	522,111	505,962	520,101	540,103	555,536	530,773	519,007
Total District-Wide Program Revenues	4,682,855	12,217,546	8,133,990	5,648,675	3,876,620	3,738,312	4,186,592	3,939,120	7,258,939	8,248,130
Net (Expense)/Revenue:										
Governmental Activities	(23,287,276)	(17,448,604)	(21,841,326)	(25,218,258)	(26,094,416)	(28,266,960)	(29,896,409)	(29,947,738)	(30,794,729)	(31,063,731)
Business-Type Activities	16,346	(8,409)	(6,451)	4,168	(31,082)	(21,757)	(39,375)	(59,428)	(40,171)	(31,538)
Total District-Wide Net (Expense)/Revenue	(23,270,930)	(17,457,013)	(21,847,777)	(25,214,090)	(26,125,498)	(28,288,717)	(29,935,784)	(30,007,166)	(30,834,900)	(31,095,269)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	21,772,560	22,643,462	23,549,200	24,341,168	25,465,407	25,848,661	26,365,634	26,892,947	27,834,200	28,946,490
Taxes Levied for Debt Service	2,220,783	2,287,093	2,248,595	2,306,845	2,261,845	2,314,970	2,266,220	2,256,100	3,271,744	2,913,403
Unrestricted Grants and Contributions	264,016	328,802	318,473	288,635	337,033	447,761	424,027	435,164	403,516	904,287
Investment Earnings	1,463,463	474,429	245,239	13,332	29,035	2,152	2,376	11,707	21,463	27,611
Miscellaneous Income	125,679	295,367	300,773	227,401	314,556	151,070	209,718	528,040	459,100	947,138
Transfers	(19,056)	(8,493)		(1,760)						

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Special Item - SDA Grants Cancelled					\$ (64,718)					\$ (29,650)
Total Governmental Activities	\$ 25,827,445	\$ 26,020,660	\$ 26,662,280	\$ 27,175,621	28,343,158	\$ 28,764,614	\$ 29,267,975	\$ 30,123,958	\$ 31,990,023	33,709,279
Business-Type Activities:										
Investment Earnings	8,104	5,910	1,432	532	345	182	207	190	130	133
Transfers		8,493		1,760						
Capital Contributions		2,855								
Special Item - Food Service Management Contractor Contribution									22,595	18,621
Total Business-Type Activities	8,104	17,258	1,432	2,292	345	182	207	190	22,725	18,754
Total District-Wide General Revenues and Other Changes in Net Position	25,835,549	26,037,918	26,663,712	27,177,913	28,343,503	28,764,796	29,268,182	30,124,148	32,012,748	33,728,033
Change in Net Position:										
Governmental Activities	2,540,169	8,572,056	4,820,954	1,957,363	2,248,742	497,654	(628,434)	176,220	1,195,294	2,645,548
Business-Type Activities	24,450	8,849	(5,019)	6,460	(30,737)	(21,575)	(39,168)	(59,238)	(17,446)	(12,784)
Total District-Wide Change in Net Position	<u>\$ 2,564,619</u>	<u>\$ 8,580,905</u>	<u>\$ 4,815,935</u>	<u>\$ 1,963,823</u>	<u>\$ 2,218,005</u>	<u>\$ 476,079</u>	<u>\$ (667,602)</u>	<u>\$ 116,982</u>	<u>\$ 1,177,848</u>	<u>\$ 2,632,764</u>

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

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 7,558,719	\$ 7,182,210	\$ 6,854,679	\$ 5,650,730						
Unreserved	460,137	571,529	653,202	702,133						
Restricted					\$ 5,121,753	\$ 5,146,461	\$ 4,438,349	\$ 3,491,324	\$ 4,166,304	\$ 5,172,166
Assigned					844,758	862,075	772,849	1,251,800	679,605	429,470
Unassigned					858,203	924,355	926,987	638,424	585,191	680,794
Total General Fund	<u>\$ 8,018,856</u>	<u>\$ 7,753,739</u>	<u>\$ 7,507,881</u>	<u>\$ 6,352,863</u>	<u>\$ 6,824,714</u>	<u>\$ 6,932,891</u>	<u>\$ 6,138,185</u>	<u>\$ 5,381,548</u>	<u>\$ 5,431,100</u>	<u>\$ 6,282,430</u>
Other Governmental Funds:										
Reserved	\$ 19,795,073	\$ 4,700,881	\$ 1,046,170	\$ 189,483						
Unreserved (Deficit)	(7,861,117)	(1,709,349)	2,277,015	4,595,646						
Restricted					\$ 5,407,140	\$ 5,407,140	\$ 5,425,516	\$ 14,446,545	\$ 14,271,538	\$ 8,237,870
Committed					555,010	150,311	49,641	307,585	141,946	
Total Other Governmental Funds	<u>\$ 11,933,956</u>	<u>\$ 2,991,532</u>	<u>\$ 3,323,185</u>	<u>\$ 4,785,129</u>	<u>\$ 5,962,150</u>	<u>\$ 5,557,451</u>	<u>\$ 5,475,157</u>	<u>\$ 14,754,130</u>	<u>\$ 14,413,484</u>	<u>\$ 8,237,870</u>
Total All Governmental Funds	<u>\$ 19,952,812</u>	<u>\$ 10,745,271</u>	<u>\$ 10,831,066</u>	<u>\$ 11,137,992</u>	<u>\$ 12,786,864</u>	<u>\$ 12,490,342</u>	<u>\$ 11,613,342</u>	<u>\$ 20,135,678</u>	<u>\$ 19,844,584</u>	<u>\$ 14,520,300</u>

Source: Hanover Park Regional High School District Financial Reports.

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

Revenues:	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Tax Levy	\$ 23,993,343	\$ 24,930,555	\$ 25,797,795	\$ 26,648,013	\$ 27,727,252	\$ 28,163,631	\$ 28,631,854	\$ 29,149,047	\$ 31,105,944	\$ 31,859,893
Interest Earnings	10,566	9,944	5,396	2,198	2,469	2,101	2,338	4,004	3,561	5,029
Miscellaneous	1,568,658	759,852	540,616	238,535	344,110	159,117	217,756	536,260	486,644	973,628
State Sources	4,118,055	11,718,790	7,625,410	4,936,442	3,279,641	3,267,759	3,738,566	3,500,846	3,964,510	4,661,622
Federal Sources	244,546	287,584	293,040	478,757	425,062	390,217	323,950	317,385	328,658	331,470
Total Revenue	29,935,168	37,706,725	34,262,257	32,303,945	31,778,534	31,982,825	32,914,464	33,507,542	35,889,317	37,831,642
Expenditures:										
Instruction:										
Regular	8,089,235	8,705,187	8,849,454	8,759,281	8,505,773	8,530,317	8,873,841	8,928,323	9,260,553	8,914,967
Special Education	1,430,055	1,453,147	1,544,195	1,374,221	1,264,493	1,405,419	1,562,983	1,557,670	1,453,440	1,593,049
Other Special Instruction	178,230	150,311	122,337	122,600	125,049	124,793	129,723	83,267	72,067	22,166
Vocational	27,562	16,669	31,410	32,250	32,504	26,254				
Other Instruction	1,319,442	1,412,849	1,439,508	1,413,012	1,322,853	1,356,648	1,394,949	1,388,865	1,416,933	1,396,951
Support Services:										
Tuition	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037
Student/Instruction-Related Service	2,362,354	2,510,673	2,759,258	3,085,421	2,796,406	2,849,528	2,776,857	2,719,504	2,862,123	2,915,661
General Administration Services	584,206	632,039	679,439	751,069	639,435	596,897	716,588	664,189	752,552	732,412
School Administration Services	953,504	1,045,483	1,040,877	996,213	892,738	937,681	1,010,316	1,106,968	1,063,928	1,022,066
Central Services	321,123	360,021	661,073	865,190	366,634	377,421	394,729	394,080	407,446	394,671
Administrative Information Technology				47,137	43,322	46,921	150,406	111,363	153,597	145,989
Plant Operations And Maintenance	2,335,720	2,458,773	2,801,400	2,675,558	2,368,870	2,387,932	2,369,055	2,290,273	2,257,080	2,192,206
Pupil Transportation	1,115,187	1,300,536	1,233,759	1,196,527	1,216,651	1,289,632	1,577,805	1,769,152	1,583,878	1,782,101
Unallocated Benefits	6,179,218	6,281,238	5,298,392	5,765,708	5,896,454	6,390,950	7,293,220	7,053,628	7,615,467	8,193,403

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

Expenditures: (Cont'd)	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital Outlay	\$ 16,947,805	\$ 17,210,293	\$ 4,326,867	\$ 896,366	\$ 225,772	\$ 1,062,168	\$ 533,844	\$ 1,430,438	\$ 1,020,807	\$ 7,083,247
Debt Service:										
Principal	1,000,000	1,100,000	1,100,000	1,200,000	1,200,000	1,014,970	1,300,000	1,400,000	2,320,000	2,425,000
Interest and Other Charges	1,223,845	1,187,094	1,148,595	1,106,845	1,061,845	1,300,000	947,844	856,100	970,119	901,350
Total Expenditures	44,881,691	46,905,773	34,176,462	31,995,259	30,064,944	32,279,347	33,791,464	34,780,205	36,180,411	43,126,276
Excess/(Deficiency) of Revenues										
Over/(Under) Expenditures	(14,946,523)	(9,199,048)	85,795	308,686	1,713,590	(296,522)	(877,000)	(1,272,663)	(291,094)	(5,294,634)
Other Financing Sources/(Uses):										
School Refunding Bonds Issued							18,480,000			
School Bonds Defeased							(19,014,000)			
Bond Issuance Costs							(190,717)			
Bond Premiums							2,519,122			
Deferred Bond Interest							(1,794,405)			
Bond Proceeds								9,795,000		
SDA Grants Cancelled					(64,718)					(29,650)
Transfers In	1,244,320	1,014,486	41,035	1,031,508	647,590	51	74,428	298,411	199,624	94,766
Transfers Out	(1,263,376)	(1,022,979)	(41,035)	(1,033,268)	(647,590)	(51)	(74,428)	(298,411)	(199,624)	(94,766)
Total Other Financing Sources/(Uses)	(19,056)	(8,493)		(1,760)	(64,718)			9,795,000		(29,650)
Net Change In Fund Balances	\$ (14,965,579)	\$ (9,207,541)	\$ 85,795	\$ 306,926	\$ 1,648,872	\$ (296,522)	\$ (877,000)	\$ 8,522,337	\$ (291,094)	\$ (5,324,284)
Debt Service As A Percentage Of										
Noncapital Expenditures	7.96%	7.70%	7.53%	7.42%	7.58%	7.42%	6.76%	6.76%	9.36%	9.23%

Source: Hanover Park Regional High School District Financial Reports.

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals - Use of Facilities	Athletic Fees	Tuition	Other	Total
2007	\$ 219,143	\$ 3,143			\$ 112,618	\$ 334,904
2008	158,248	1,568			145,495	305,311
2009	273,182	3,390			228,405	504,977
2010	12,200	1,913			225,487	239,601
2011	29,035	7,892	\$ 16,284		290,039	343,250
2012	2,152	4,710	16,245		130,064	153,171
2013	20,788	6,475	22,037	\$ 38,095	124,661	212,056
2014	13,111	6,475	25,860	70,620	415,978	532,044
2015	26,090	4,875	26,885	53,761	351,050	462,661
2016	27,611	3,435	8,801	41,226	363,550	444,623

Source: Hanover Park Regional High School District Financial Reports.

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

EAST HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 27,842,000	\$ 1,392,164,500			\$ 860,768,600	\$ 158,651,300		\$ 2,439,426,400	\$ 2,204,322	\$ 2,441,630,722	\$ 113,425,400	\$ 0.35	\$ 3,263,474,645
2007	28,357,400	1,398,387,900			858,164,200	159,026,300		2,443,935,800	2,450,212	2,446,386,012	114,438,200	.36	3,451,954,019
2008	25,273,000	1,412,610,900			903,419,300	158,521,600		2,499,824,800	2,382,719	2,502,207,519	116,712,200	.36	3,721,861,548
2009	23,661,400	1,413,759,500			832,574,597	200,519,200		2,470,514,697	2,650,113	2,473,164,810	116,803,900	.39	3,699,322,656
2010	22,852,400	1,417,254,300			820,763,797	200,142,200	\$ 224,300	2,461,236,997	2,595,764	2,463,832,761	117,931,800	.41	4,044,758,170
2011	22,432,600	1,418,273,800			820,963,397	200,566,400		2,462,236,197	2,037,625	2,464,273,822	117,931,800	.43	3,836,789,266
2012	21,921,200	1,418,233,400			821,059,097	200,816,300		2,462,029,997	2,045,837	2,464,075,834	117,849,500	.42	3,700,819,582
2013	20,842,200	1,423,277,600			817,689,997	201,216,300		2,463,026,097	2,045,837	2,465,071,934	118,392,700	.43	3,433,090,066
2014	20,748,400	1,424,081,700			884,469,197	202,322,900		2,531,622,197	2,045,837	2,533,668,034	117,817,300	.48	3,558,858,057
2015	21,366,100	1,426,212,000			882,190,797	202,322,900		2,532,091,797	1,974,647	2,534,066,444	117,909,300	.47	3,604,117,281

FLORHAM PARK BOROUGH

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 72,140,300	\$ 1,963,783,600	\$ 119,800		\$ 868,630,200	\$ 229,991,100	\$ 161,878,700	\$ 3,296,543,700	\$ 4,552,436	\$ 3,301,812,963	\$ 426,591,000	\$ 0.20	\$ 2,976,989,614
2007	66,582,200	1,977,590,900	119,800	\$ 716,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	427,072,800	.19	3,158,254,479
2008	64,246,500	1,989,080,900	119,800	716,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	437,120,100	.19	3,334,433,794
2009	126,647,500	2,011,843,600	119,800	748,300	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	447,021,900	.20	3,357,907,547
2010	128,845,700	2,047,551,750	119,800	748,300	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	447,729,600	.21	3,332,562,174
2011	118,379,400	2,051,700,450	119,800	748,300	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	448,697,200	.17	3,356,840,595
2012	110,392,500	2,031,401,150	119,800	748,300	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	448,739,900	.18	3,335,769,352
2013	95,485,900	2,024,445,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,265,930,100	4,257,410	3,270,187,510	457,858,600	.22	3,015,767,531
2014	98,799,800	1,985,991,000	748,300	119,800	882,320,700	96,354,600	168,609,300	3,232,943,500	3,854,835	3,236,798,335	446,779,800	.24	2,839,810,371
2015	95,113,200	2,003,842,000	748,300	119,800	883,268,500	94,644,600	175,484,100	3,253,220,500	4,080,033	3,257,300,533	447,962,000	.24	3,021,413,939

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

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

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

Source: Municipal Tax Assessors.

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

HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006	\$ 79,203,300	\$ 1,121,055,622	\$ 9,100	\$ 3,800	\$ 547,450,911	\$ 237,416,200	\$ 28,868,800	\$ 2,014,007,733	\$ 13,066,727	\$ 2,014,007,733	\$ 264,560,900	\$ 0.42	\$ 3,616,015,325
2007	75,065,500	1,123,936,422	9,100	3,800	546,826,011	244,676,100	28,868,800	2,019,385,733	12,068,528	2,031,454,261	269,329,200	.44	3,949,502,848
2008	74,908,200	1,139,038,922	9,100	3,800	573,242,511	212,569,800	28,868,800	2,028,641,133	11,274,582	2,039,915,715	269,514,700	.42	4,131,893,285
2009	72,641,900	1,148,171,700	7,600	7,600	538,942,500	213,530,700	28,868,800	2,002,170,800	11,255,992	2,013,787,492	271,431,000	.47	4,139,864,889
2010	65,676,800	1,153,279,300	7,600	368,300	524,527,300	214,138,200	28,868,800	1,986,866,300	11,175,509	1,998,041,809	271,947,500	.49	4,166,464,286
2011	47,974,300	1,176,198,450	7,600	368,300	489,126,600	221,082,600	28,868,800	1,963,626,650	10,542,510	1,974,169,160	271,672,800	.61	4,115,149,057
2012 *	78,048,900	2,054,726,800	5,900	433,000	871,536,400	412,981,600	56,721,600	3,474,454,200	21,415,187	3,495,869,387	376,741,000	.35	3,957,980,829
2013	94,503,500	2,055,323,600	5,900	433,000	873,200,300	408,758,900	56,721,600	3,488,946,800		3,488,946,800	366,341,800	.32	3,889,698,033
2014	80,697,600	2,080,627,400	433,000	5,900	996,669,100	433,662,200	57,634,600	3,649,729,800		3,649,729,800	375,167,100	.31	3,701,001,450
2015	73,645,700	2,101,021,300	433,000	5,900	1,016,994,300	429,302,700	75,960,100	3,697,363,000		3,697,363,000	375,229,600	.33	3,946,715,598

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

* Revaluation of real property took effect in this year.

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

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

Source: Municipal Tax Assessors.

Exhibit J-7
1 of 2**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**
DIRECT AND OVERLAPPING PROPERTY TAX RATES**LAST TEN YEARS****UNAUDITED***(Rate per \$100 of Assessed Value)***EAST HANOVER TOWNSHIP**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			East	East	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Hanover School	Hanover Township		
2006	\$ 0.32	\$ 0.03	\$ 0.35	\$ 0.60	\$ 0.49	\$ 0.33	\$ 1.78
2007	0.33	0.03	0.36	0.64	0.51	0.33	1.84
2008	0.33	0.03	0.36	0.67	0.52	0.35	1.89
2009	0.36	0.03	0.39	0.69	0.54	0.34	1.96
2010	0.38	0.03	0.41	0.72	0.56	0.38	2.07
2011	0.39	0.04	0.43	0.72	0.56	0.37	2.08
2012	0.39	0.03	0.42	0.72	0.57	0.37	2.08
2013	0.40	0.03	0.43	0.71	0.60	0.35	2.09
2014	0.43	0.05	0.48	0.66	0.61	0.35	2.09
2015	0.43	0.04	0.47	0.67	0.55	0.36	2.05

FLORHAM PARK BOROUGH

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Florham	Florham	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Park School	Park Borough		
2006	\$ 0.18	\$ 0.02	\$ 0.20	\$ 0.41	\$ 0.32	\$ 0.23	\$ 1.15
2007	0.18	0.02	0.19	0.43	0.32	0.22	1.16
2008	0.17	0.02	0.19	0.44	0.33	0.21	1.17
2009	0.18	0.02	0.20	0.45	0.35	0.23	1.22
2010	0.19	0.02	0.21	0.46	0.35	0.23	1.25
2011	0.16	0.01	0.17	0.52	0.36	0.24	1.29
2012	0.17	0.01	0.18	0.53	0.38	0.25	1.34
2013	0.20	0.02	0.22	0.51	0.39	0.23	1.35
2014	0.21	0.03	0.24	0.52	0.40	0.22	1.38
2015	0.22	0.02	0.24	0.52	0.37	0.23	1.36

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

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Hanover Township School	Hanover Township	Morris County	
2006	\$ 0.38	\$ 0.04	\$ 0.42	\$ 0.90	\$ 0.57	\$ 0.45	\$ 2.33
2007	0.40	0.04	0.44	0.94	0.60	0.46	2.44
2008	0.38	0.04	0.42	0.98	0.64	0.47	2.51
2009	0.43	0.04	0.47	1.02	0.67	0.47	2.63
2010	0.45	0.04	0.49	1.07	0.73	0.47	2.76
2011	0.56	0.05	0.61	1.02	0.76	0.49	2.88
2012	* 0.32	* 0.03	* 0.35	* 0.58	* 0.43	* 0.27	1.63
2013	0.30	0.02	0.32	0.62	0.44	0.28	1.66
2014	0.28	0.03	0.31	0.62	0.44	0.26	1.63
2015	0.30	0.03	0.33	0.60	0.43	0.27	1.63

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

^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.

* Revaluation of real property became effective in this year.

Source: Municipal Tax Collectors and School Business Administrator.

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

EAST HANOVER TOWNSHIP

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Novartis	\$ 424,899,200	16.77%	Novartis Pharmaceuticals	\$ 57,887,500	2.37%
Mondelez Global, Inc.	62,652,900	2.47%	Kraft Foods North America, Inc.	27,525,000	1.09%
EH Route Ten Realty Group	33,218,700	1.31%	New Hanover, LLC	8,472,000	0.33%
New Hanover, LLC	24,917,000	0.98%	Reckson Operating Partnership, LP	7,561,000	0.30%
Givaudan Fragrances Corporation	21,400,000	0.84%	Castle Ridge Plaza, LLC	7,390,000	0.29%
Paradigm East Hanover, LLC	21,303,497	0.84%	Costco Wholesale Corporation	7,188,900	0.28%
Givaudan Flavors Corporation	19,872,200	0.78%	Eagle Rock Office, LLC	6,098,000	0.24%
Castle Ridge Plaza	18,500,000	0.73%	Givaudan Flavors Corporation	5,890,100	0.23%
Eric Richard D.R. Company, LLC	15,500,000	0.61%	Schindling-Rheinberger % Novartis	5,655,000	0.22%
Costco Wholesale Corporation	13,920,000	0.55%	Eric Richard D.R. Company, LLC	2,360,000	0.09%
Total	\$ 656,183,497	25.89%		\$ 136,027,500	5.45%

Source: Municipal Tax Assessor.

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

FLORHAM PARK BOROUGH

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 300-600 Campus Drive, LLC	\$ 93,517,700	2.87%	Park Avenue Realty	\$ 109,410,200	3.28%
Sun Valley Plaza II, LLC	70,514,200	2.16%	100-200 Campus Drive, LLC	74,998,400	2.25%
BASF Corporation	68,000,000	2.09%	Wells Reit II	69,764,600	2.09%
Avalonbay Communities, Inc	63,369,900	1.95%	Rock-GW, LLC	65,804,500	1.97%
KBSII 100-200 Campus Drive, LLC	61,742,300	1.90%	Avalonbay Communities, Inc.	65,369,900	1.96%
AGNL Exercise, LLC % Lifetime Fitness	33,900,000	1.04%	L.H. Florham Holding	65,132,800	1.95%
KBSII 100-200 Campus Drive LLC	33,100,700	1.02%	Sun Valley Plaza, LLC	46,245,600	1.39%
HPT IHG Two Properties Trust	33,000,000	1.01%	Advance @ Park Place, LLC	37,810,500	1.13%
Advance at Park % Normandy Real Estate	30,991,300	0.95%	Campus Drive, LLC	37,460,400	1.12%
LIPT 140 Park Avenue, LLC	30,950,800	0.95%	River Bend Developers, LLC	35,655,200	1.07%
Total	\$ 519,086,900	15.94%	Total	\$ 607,652,100	18.23%

Source: Municipal Tax Assessor.

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

HANOVER TOWNSHIP

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Bayer Healthcare LLC	\$ 155,670,300	4.21%	LTI NJ Finance LLC	\$ 100,966,300	5.01%
Sterling Apartments LLC	55,101,100	1.49%	Bear Stearn & Company	62,229,800	3.09%
Interstate Realty Company LLC	50,290,300	1.36%	Hartz Mountain Industries	39,351,100	1.95%
LSAC Morris County LP	42,954,600	1.16%	Marriot Corporation	32,539,700	1.62%
DCT IND Realty Inc	39,194,500	1.06%	Cedar Glenn Housing Corporation	27,587,300	1.37%
Ravine Development Company LLC	38,945,800	1.05%	Fan Pier Land Company	27,000,000	1.34%
115 SJ Investors	36,424,400	0.99%	Interstate Realty Company	26,338,800	1.31%
ISBI Hanover Hotel LLC	35,950,500	0.97%	River Park Business Center LLC	23,739,500	1.18%
Kraft Foods Global Inc	32,000,000	0.87%	Lynton Jet/ Signature Flight	26,500,000	1.32%
Woodmont Realty Group	27,065,500	0.73%	Lynton Jet/ Signature Flight	22,127,500	1.10%
Total	\$ 513,597,000	13.89%	Total	\$ 388,380,000	19.16%

Note: A revaluation was effective in 2012

Source: Municipal Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 23,993,343	\$ 23,993,343	100.00%	\$ - 0 -
2008	22,643,462	22,643,462	100.00%	- 0 -
2009	25,797,795	25,797,795	100.00%	- 0 -
2010	26,648,013	26,648,013	100.00%	- 0 -
2011	27,727,252	27,727,252	100.00%	- 0 -
2012	28,163,631	28,163,631	100.00%	- 0 -
2013	28,631,854	28,631,854	100.00%	- 0 -
2014	29,149,047	29,149,047	100.00%	- 0 -
2015	31,105,944	31,105,944	100.00%	- 0 -
2016	31,859,893	31,859,893	100.00%	- 0 -

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

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

Exhibit J-10

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of District Personal Income ^a	District Per Capita ^a
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
2007	\$ 30,714,000			\$ 30,714,000	1.15%	\$ 828.65
2008	29,614,000		\$ 10,000,000	39,614,000	1.43%	1,064.46
2009	28,514,000		8,500,000	37,014,000	1.41%	991.59
2010	27,314,000			27,314,000	1.02%	744.82
2011	26,114,000			26,114,000	0.93%	706.22
2012	24,814,000			24,814,000	0.85%	669.06
2013	22,980,000			22,980,000	0.78%	617.92
2014	31,375,000			31,375,000	1.01%	839.13
2015	29,055,000			29,055,000	0.94%	774.53
2016	26,630,000			26,630,000	0.86%	709.89

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

Source: Hanover Park Regional High School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Taxable Value ^a of Property	District Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 30,714,000	\$ - 0 -	\$ 30,714,000	1.18%	\$ 828.65
2008	29,614,000	- 0 -	29,614,000	1.13%	795.75
2009	28,514,000	- 0 -	28,514,000	1.09%	763.88
2010	27,314,000	- 0 -	27,314,000	1.05%	744.82
2011	26,114,000	- 0 -	26,114,000	1.01%	706.22
2012	24,814,000	- 0 -	24,814,000	0.96%	669.06
2013	22,980,000	- 0 -	22,980,000	0.75%	617.92
2014	31,375,000	- 0 -	31,375,000	1.02%	839.13
2015	29,055,000	- 0 -	29,055,000	0.93%	774.53
2016	26,630,000	- 0 -	26,630,000	0.84%	709.89

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. This ratio is calculated using valuation data for the prior calendar year.

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

Exhibit J-12

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
East Hanover Township	\$ 24,216,926	100.00%	\$ 24,216,926
Florham Park Borough	17,280,129	100.00%	17,280,129
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	226,745,317	11.65%	<u>26,426,820</u>
Subtotal, Overlapping Debt			67,923,875
Hanover Park Regional School District Direct Debt			<u>27,455,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 95,378,875</u></u>

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

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 289,902,495	\$ 311,274,977	\$ 321,552,302	\$ 336,152,819	\$ 338,737,158	\$ 335,794,028	\$ 323,491,655	\$ 308,646,769	\$ 304,098,046	\$ 306,920,090
Total Net Debt Applicable to Limit	30,714,000	39,614,000	37,014,000	27,314,000	26,114,000	24,814,000	22,980,000	31,375,000	29,055,000	26,630,000
Legal Debt Margin	<u>\$ 259,188,495</u>	<u>\$ 271,660,977</u>	<u>\$ 284,538,302</u>	<u>\$ 308,838,819</u>	<u>\$ 312,623,158</u>	<u>\$ 310,980,028</u>	<u>\$ 300,511,655</u>	<u>\$ 277,271,769</u>	<u>\$ 275,043,046</u>	<u>\$ 280,290,090</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	10.59%	12.73%	11.51%	8.13%	7.71%	7.39%	7.10%	10.17%	9.55%	8.68%

Legal Debt Margin Calculation for Fiscal Year 2016

	East Hanover Township	Florham Park Borough	Hanover Township	Total
Equalized Valuation Basis				
2013	\$ 3,442,384,482	\$ 2,849,105,906	\$ 3,480,593,376	\$ 9,772,083,764
2014	3,582,822,243	2,984,071,903	3,841,012,208	10,407,906,354
2015	3,373,873,147	3,077,786,660	4,060,359,104	10,512,018,911
	<u>\$10,399,079,872</u>	<u>\$ 8,910,964,469</u>	<u>\$11,381,964,688</u>	<u>\$ 30,692,009,029</u>
Average Equalized Valuation of Taxable Property				<u>\$ 10,230,669,676</u>
Debt Limit (3% of average equalization value) ^a				\$ 306,920,090
Net Bonded School Debt - June 30, 2016				<u>26,630,000</u>
Legal Debt Margin				<u>\$ 280,290,090</u>

^a Limit set by NJSIA 18A:24-19 for a regional school district; other % limits would be applicable for other districts.

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

EAST HANOVER TOWNSHIP

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2007	11,311	\$ 72,211	\$ 816,778,621	3.20%
2008	11,338	74,636	846,222,968	4.20%
2009	11,372	70,516	801,907,952	7.20%
2010	11,167	72,780	812,734,260	7.30%
2011	11,220	76,194	854,896,680	7.10%
2012	11,242	78,693	884,666,706	7.40%
2013	11,262	79,094	890,756,628	6.40%
2014	11,261	82,810	932,523,410	5.20%
2015	11,269	82,810 *	933,185,890	4.10%
2016	11,269 **	82,810 *	933,185,890 ***	N/A

FLORHAM PARK BOROUGH

Year	Borough Population ^a	Morris County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2007	12,298	\$ 72,211	\$ 888,050,878	2.40%
2008	12,355	74,636	922,127,780	3.20%
2009	12,347	70,516	870,661,052	5.60%
2010	11,741	72,780	854,509,980	5.60%
2011	11,782	76,194	897,717,708	5.40%
2012	11,815	78,693	929,757,795	5.70%
2013	11,829	79,094	935,602,926	5.40%
2014	11,785	82,810	975,915,850	4.70%
2015	11,835	82,810 *	980,056,350	4.00%
2016	11,835 **	82,810 *	980,056,350 ***	N/A

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

HANOVER TOWNSHIP

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2007	13,456	\$ 72,211	\$ 971,671,216	1.70%
2008	13,522	74,636	1,009,227,992	2.20%
2009	13,609	70,516	959,652,244	3.90%
2010	13,764	72,780	1,001,743,920	3.90%
2011	13,975	76,194	1,064,811,150	3.80%
2012	14,031	78,693	1,104,141,483	3.90%
2013	14,098	79,094	1,115,067,212	5.20%
2014	14,344	82,810	1,187,826,640	4.70%
2015	14,409	82,810 *	1,193,209,290	4.00%
2016	14,409 **	82,810 *	1,193,209,290 ***	N/A

* - Latest Morris County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

***- Latest population data (2015) and latest per capita personal income (2014) was used for calculations

N/A - Information is not available.

Sources:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Personal income has been estimated based upon the municipal population and per capita personal income presented.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
U.S. Army Armament Research and Development	6,090	2.28%	Novartis Corporation	5,000	1.87%
Atlantic Health System	4,844	1.81%	Atlantic Health System	4,045	1.51%
Novartis Corporation	4,749	1.77%	Picatinney Arsenal	3,412	1.27%
Bayer Healthcare, LLC	2,665	1.00%	County of Morris	2,170	0.81%
St. Clare's Health Services	1,756	0.66%	Lucent Technologies	1,983	0.74%
County of Morris	1,667	0.62%	United Parcel Service	1,941	0.73%
Accenture	1,621	0.61%	Wyndham Worldwide Coporation	1,371	0.51%
Wyndham Worldwide Coporation	1,546	0.58%	Greystone Psychiatric Hospital	1,296	0.48%
BASF Corporation	1,500	0.56%	Tiffany & Company	1,200	0.45%
Greystone Psychiatric Hospital	1,244	0.46%	Accenture	1,200	0.45%
			Honeywell	1,200	0.45%
Total	<u>27,682</u>	<u>10.34%</u>		<u>24,818</u>	<u>9.27%</u>
Total County Employment	<u>267,632</u>			<u>264,477</u>	

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

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	110.0	110.0	110.0	112.0	110.6	110.6	111.3	117.6	118.4	116.1
Special Education	24.0	25.0	25.0	24.0	26.3	26.3	27.4	25.4	25.1	27.5
Basic Skills/Bilingual					1.4	1.4	1.4	1.4	1.2	0.4
Vocational	1.0	1.0	1.0	1.0	0.4	0.4	0.0	0.0	0.0	0.0
Co-Curricular Athletics					2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction										
Related Services	33.1	33.1	33.1	36.1	32.2	32.0	32.1	32.4	33.8	31.8
School Administration	12.0	12.0	12.0	10.0	8.6	8.6	9.1	10.2	9.7	9.7
General/Business										
Administration	8.0	8.0	8.0	8.5	10.3	9.5	10.5	10.5	10.5	10.1
Plant Operations										
and Maintenance	27.0	27.0	27.0	27.0	25.6	25.0	25.0	25.0	24.0	21.0
Pupil Transportation	33.0	34.0	34.0	35.0	37.0	37.0	37.0	40.0	40.0	41.0
Total	<u>248.1</u>	<u>250.1</u>	<u>250.1</u>	<u>253.6</u>	<u>254.4</u>	<u>252.8</u>	<u>255.8</u>	<u>264.5</u>	<u>264.7</u>	<u>259.6</u>

Source: Hanover Park Regional High School District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
2007	1,559.0	\$ 25,710,041	\$ 16,491	1.76%	132	1:11.8	1,559.4	1,511.1	3.86%	96.90%
2008	1,507.0	27,408,386	18,187	10.28%	124	1:12.2	1,505.3	1,459.9	-3.47%	96.98%
2009	1,445.0	27,601,000	19,101	5.02%	124	1:11.8	1,449.9	1,385.7	-3.68%	95.57%
2010	1,458.0	28,792,048	19,748	3.39%	127	1:11.5	1,452.7	1,410.5	0.19%	97.10%
2011	1,431.0	27,577,327	19,271	-2.41%	123	1:11.6	1,429.1	1,360.1	-1.62%	95.17%
2012	1,508.0	28,902,209	19,166	-0.55%	122	1:12.4	1,482.1	1,413.5	3.71%	95.37%
2013	1,607.5	31,009,776	19,291	0.65%	129	1:12:5	1,531.2	1,455.9	3.31%	95.08%
2014	1,597.5	31,093,667	19,464	0.90%	136	1:11.8	1,574.3	1,499.1	2.81%	95.22%
2015	1,620.0	31,869,485	19,673	1.07%	136	1:11.9	1,599.4	1,526.4	1.59%	95.44%
2016	1,553.0	32,716,679	21,067	7.09%	134	01:11.4	1,527.5	1,454.6	-4.50%	95.23%

Note: Enrollment based on annual October District count.

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

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Buildings	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Hanover Park High School:										
Square Feet	165,713	165,713	165,713	165,713	165,713	191,902	191,902	191,902	191,902	191,902
Capacity (Students)	1,097	1,097	1,097	1,204	1,204	1,204	1,201	1,204	1,204	1,204
Enrollment	919	892	847	838	805	823	889	864	868	824
Whippany Park High School:										
Square Feet	133,448	133,448	133,448	133,448	133,448	156,451	156,451	156,451	156,451	156,451
Capacity (Students)	884	884	884	908	908	908	908	908	908	908
Enrollment	640	615	608	620	626	652	685	701	720	692

Number of Schools at June 30, 2016:
 High Schools = 2

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

Source: Hanover Park Regional High School District Facilities Office.

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

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

School Facilities*	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Hanover Park High School	\$ 187,782	\$ 212,294	\$ 303,139	\$ 303,114	\$ 271,125	\$ 337,521	\$ 343,011	\$ 293,545	\$ 270,700	\$ 291,529
Whippany Park High School	178,490	185,564	198,742	259,206	197,343	270,494	297,840	240,452	235,326	243,293
Total School Facilities	<u>\$ 366,272</u>	<u>\$ 397,858</u>	<u>\$ 501,881</u>	<u>\$ 562,320</u>	<u>\$ 468,468</u>	<u>\$ 608,015</u>	<u>\$ 640,851</u>	<u>\$ 533,997</u>	<u>\$ 506,026</u>	<u>\$ 534,822</u>

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

Source: Hanover Park Regional High School District records.

Exhibit J-20

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
New Jersey Schools Insurance Group		
Property - Blanket Building and Contents	\$ 450,000,000	\$ 5,000
Comprehensive General Liability	16,000,000	5,000
Comprehensive Auto Liability	16,000,000	5,000
Comprehensive Crime Coverage	500,000	5,000
Flood	75,000,000	5,000
Earthquake	50,000,000	5,000
Boiler and Machinery	100,000,000	5,000
Electronic Data Processing	2,000,000	1,000
Umbrella Liability -		
New Jersey Unshared Excess Program	24,000,000	5,000
School Board Legal Liability -		
New Jersey Schools Insurance Group	16,000,000/100,000	10,000/10,000
Storage Tank System -		
Ace American Insurance Co.	1,000,000/2,000,000	5,000
Workers' Compensation Insurance -		
New Jersey Schools Insurance Group	2,000,000	
Public Employees' Faithful Performance Blanket Position Bond -		
Hartford Bonding Co.		
Board Secretary/Business Administrator	250,000	
Treasurer	250,000	
Commercial Environmental Impairment Liability -		
Zurich Steadfast Insurance Co.		
Per Occurrence	2,000,000	25,000
Aggregate Per Named Insured	11,000,000	
Cyber Liability -		
New Jersey Schools Insurance Group		
Per Occurrence	1,000,000	Varies
Aggregate Per Named Insured	10,000,000	
School Violent Act -		
General Star Indemnity Co.	1,000,000/250,000	

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION



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

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

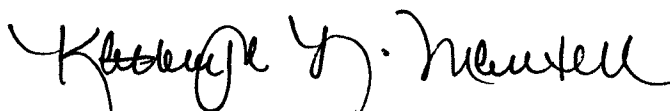
Purpose of this Report

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



NISIVOCCIA, LLP

November 11, 2016
Mount Arlington, New Jersey



Kathryn L. Mantell
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Hanover Park Regional High School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state program for the fiscal year ended June 30, 2016. The District's major state program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2016.

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

Report on Internal Control Over Compliance

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

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

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

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

November 11, 2016
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016-

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Balance June 30, 2016		Amounts Provided to Subrecipients
					Accounts Receivable	Unearned Revenue			Accounts Receivable	Unearned Revenue	
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA 199016	7/1/15-6/30/16	\$ 303,452			\$ 218,611	\$ (303,442)	\$ (84,831)		
I.D.E.A. Part B, Basic	84.027	IDEA 199015	7/1/14-6/30/15	288,526	\$ (16,106)		16,106				
Total Special Education Cluster					(16,106)		234,717	(303,442)	(84,831)		
No Child Left Behind Consolidated Grant:											
Title I	84.010	NCLB199016	7/1/15-6/30/16	29,746			15,974	(19,714)	(3,740)		
Title I	84.010	NCLB199015	7/1/14-6/30/15	27,174	(1,949)		1,949				
Title IIA	84.367A	NCLB199016	7/1/15-6/30/16	12,538			10,294	(11,000)	(706)		
Title IIA	84.367A	NCLB199015	7/1/14-6/30/15	12,968	(180)		180				
Total No Child Left Behind Consolidated Grant					(2,129)		28,397	(30,714)	(4,446)		
Total Special Revenue Fund					(18,235)		263,114	(334,156)	(89,277)		
Total U.S. Department of Education					(18,235)		263,114	(334,156)	(89,277)		
Total Federal Awards					\$ (18,235)	\$ - 0 -	\$ 263,114	\$ (334,156)	\$ (89,277)	\$ - 0 -	\$ - 0 -

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Accounts Receivable Balance Canceled	Repayment of Prior Years' Balances	Balance June 30, 2016		Memo	
				(Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:													
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 590,031			\$ 545,209	\$ (590,031)					\$ (44,822)	\$ (590,031)
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	590,031	\$ (48,574)		48,574							(590,031)
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,031			23,130	(25,031)					(1,901)	(25,031)
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,031	(2,060)		2,060							(25,031)
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	170,906			157,923	(170,906)					(12,983)	(170,906)
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	170,906	(14,070)		14,070							(170,906)
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	16,350			15,108	(16,350)					(1,242)	(16,350)
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	16,350	(1,346)		1,346							(16,350)
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	16,350			15,108	(16,350)					(1,242)	(16,350)
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	16,350	(1,346)		1,346							(16,350)
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	433,242				(433,242)			\$ (433,242)		(433,242)	(433,242)
Extraordinary Aid	15-495-034-5120-473	7/1/14-6/30/15	348,716	(348,716)		348,716							(348,716)
Non-Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	11,675				(11,675)			(11,675)		(11,675)	(11,675)
Non-Public Transportation	15-495-034-5120-014	7/1/14-6/30/15	14,284	(14,284)		14,284							(14,284)
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	861,381			819,511	(861,381)			(41,870)		(41,870)	(861,381)
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	871,228	(42,429)		42,429							(871,228)
Total General Fund State Aid				(472,825)		2,048,814	(2,124,966)			(486,787)		(548,977)	(4,974,610)
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	16-100-034-5120-070	9/1/15-6/30/16	2,430			2,430	(2,160)				\$ 270		(2,160)
Textbook Aid (Chapter 194)	16-100-034-5120-064	9/1/15-6/30/16	1,541			1,541	(1,370)				171		(1,370)
Technology Initiative Aid	16-100-034-5120-373	9/1/15-6/30/16	702			702	(624)				78		(624)
Auxiliary Services:													
Compensatory Education	16-100-034-5120-067	9/1/15-6/30/16	9,306			9,306						9,306	
Compensatory Education	15-100-034-5120-067	9/1/14-6/30/15	2,687		\$ 895				\$ (895)				(1,792)
Handicapped Services:													
Examination/Classification	16-100-034-5120-066	9/1/15-6/30/16	3,409			3,409						3,409	
Examination/Classification	15-100-034-5120-066	9/1/14-6/30/15	4,863		3,780				(3,780)				(1,083)
Supplemental Instruction	16-100-034-5120-066	9/1/15-6/30/16	3,713			3,713						3,713	
Supplemental Instruction	15-100-034-5120-066	9/1/14-6/30/15	4,708		2,510				(2,510)				(2,198)
Corrective Speech	16-100-034-5120-066	9/1/15-6/30/16	1,672			1,672						1,672	
Corrective Speech	15-100-034-5120-066	9/1/14-6/30/15	3,534		2,650				(2,650)				(884)
Total Special Revenue Fund					9,835	22,773	(4,154)			(9,835)		18,619	(10,989)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2015		Cash Received	Budgetary Expenditures	Accounts Receivable Balance Canceled	Repayment of Prior Years' Balances	Balance June 30, 2016		Memo	
				(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor	(Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:													
Debt Service Fund:													
Debt Service Aid	16-100-034-5120-075	7/1/15-6/30/16	\$ 412,947			\$ 412,947	\$ (412,947)						\$ (412,947)
Total Debt Service Fund						412,947	(412,947)						(412,947)
Total NJ Department of Education				\$ (472,825)	\$ 9,835	2,484,534	(2,542,067)		\$ (9,835)	\$ (486,787)	\$ 18,619	\$ (548,977)	(5,398,546)
Schools Development Authority:													
Educational Facilities and Capital Financing Act	1990-070-14-1001	7/1/13-6/30/16	158,302	(41,357)		5,854		\$ 35,503					(158,302)
	1990-050-14-1003	7/1/14-6/30/16	67,608	(32,002)		67,608	(35,606)						(67,608)
	1990-070-14-1004	7/1/14-6/30/16	22,536	(22,536)		21,546		990					(21,546)
Total Schools Development Authority				(95,895)		95,008	(35,606)	36,493					(247,456)
Total State Awards				\$ (568,720)	\$ 9,835	\$ 2,579,542	\$(2,577,673)	\$ 36,493	\$ (9,835)	\$ (486,787)	\$ 18,619	\$ (548,977)	\$(5,646,002)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments 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 revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,206 for the general fund, and \$(2,686) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post-Retirement Medical Benefit Contributions revenue of \$948,884 and \$1,129,859, respectively.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Note 5. Relationship to Basic Financial Statements

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as reported below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,208,915	\$ 4,208,915
Special Revenue Fund	\$ 331,470	4,154	335,624
Capital Projects Fund		35,606	35,606
Debt Service Fund		412,947	412,947
Total Awards	<u>\$ 331,470</u>	<u>\$ 4,661,622</u>	<u>\$ 4,993,092</u>

Note 6. 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 7. New Jersey Schools Development Authority (SDA) Grants

The District had \$95,895 in prior year SDA grants receivable and expended \$35,606 during the current fiscal year in connection with several construction projects. Current year collections were \$95,008 and the balance of \$36,493 was canceled. As of June 30, 2016, the District had no open grants or receivables.

Note 8. Other

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	\$ 861,381	\$ 861,381

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or New Jersey's OMB Circular 15-08.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2015.