

**HIGHLAND PARK BOROUGH
PUBLIC SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Fiscal Year Ended June 30, 2016

**Prepared by
Highland Park Borough Public School District
Department of Administration**

**HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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**HIGHLAND PARK
PUBLIC SCHOOLS**

www.hpschools.net

435 Mansfield St, Highland Park

SCHOOL BUSINESS ADMINISTRATOR

LINDA HOEFELE

lhoefele@hpschools.net

(732) 572-2400, EXT 2810

December 5, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Highland Park School District (District) for the fiscal year ended June 30, 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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, as well as other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, oft times presented on a multi-year basis to facilitate comparison;
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the 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 OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION AND OVERVIEW

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

Elementary School serves students in Grades two to five; Highland Park Middle School serves students in Grades six to eight; and Highland Park High School serves students in Grades nine to twelve.

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

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

REPORTING ENTITY AND ITS SERVICES

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

AVERAGE DAILY ENROLLMENT

The District completed the 2015-2016 fiscal year with an average enrollment of 1,600 students, which is 19 more students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2015-16	1,600	1.2 %
2014-15	1,581	-0.9 %
2013-14	1,595	4.8 %
2012-13	1,521	2.6 %
2011-12	1,483	1.8 %

ECONOMIC CONDITION AND OUTLOOK

Highland Park is a mature suburban community with ninety-six percent (96%) of the land developed. Residential use accounts for approximately sixty percent (60%) of the land use while business and industry uses account for approximately ten percent (10%) of the land use. The limited amount of land available for construction of new housing units has contributed to the slow growth in population in the past. A second factor inherent in the slow growth reflects the pattern of smaller households made up of seniors, college students and young professionals found in the Borough. Recently, however, small pockets of residential development have led to a slight increase in the student population, which may continue to grow in the next few years.

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

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

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

EDUCATIONAL PROGRAM

The district worked closely with the local community to create a strategic plan that includes four broad focus areas, 11 goals, and 67 action steps. Student academic, social, and emotional achievement is the plan's broad focus. The focus areas are as follows: educational equity and social-emotional skill building, quality education with an emphasis on differentiating learning opportunities, experiential learning, and global citizenship. The plan can be viewed at <http://www.pathway.hpschools.net>

Most of the district's financial resources are used to provide for the academic, social, and emotional support programs that include such things as college preparatory and Advanced Placement courses, and offerings are available for regular, gifted and talented, honors, as well as students with special needs. Students are offered an extensive extracurricular and athletic program, including opportunities to participate in student government, academic service, honor societies, drama, musical performances, and sport teams for both females and males.

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

FACILITIES INITIATIVES

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

The most recent facilities projects have focused on issues related to renovation and improving comfort and energy efficiency of facilities. This included a the installation of air conditioning units in several classrooms in Bartle School in the spring and summer of 2016 and the replacement of an aging boiler system at the Highland Park High School, commencing in the summer of 2016, which will improve energy efficiency as well as comfort in both schools.

INTERNAL ACCOUNTING CONTROLS

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

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

ACCOUNTING SYSTEM AND REPORTS

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

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("G.U.D.P.A."). G.U.D.P.A. was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

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


OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants: the accounting firm of Bedard, Kurowicki & Company CPA's P.C., was selected by the Board of Education to perform that function. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGMENTS

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

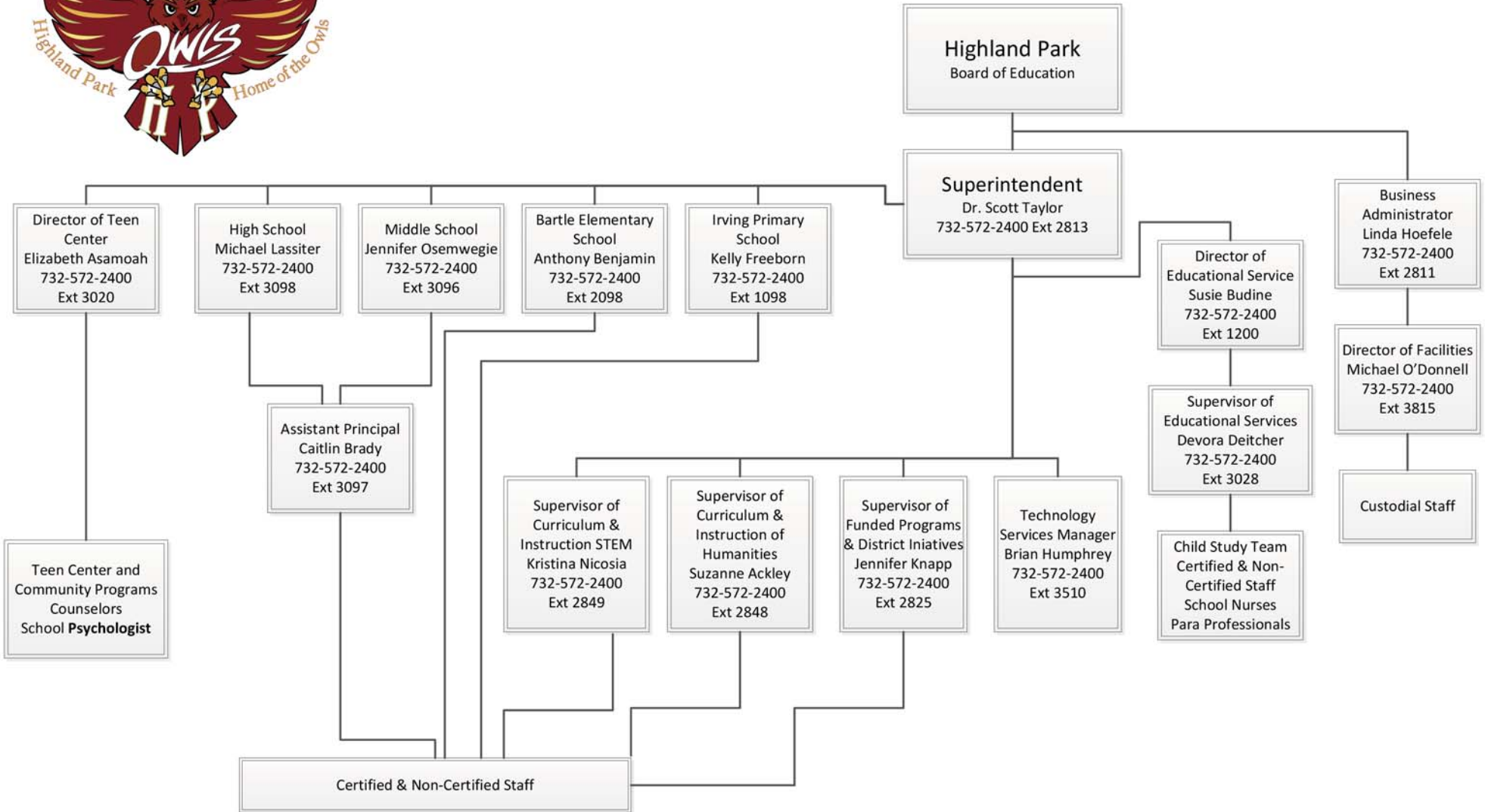
Respectfully submitted,



Dr. Scott Taylor
Superintendent of Schools



Linda A. Hoefele
Business Administrator/Board Secretary



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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

**Term
Expires**

Ms. Darcie Cimarusti	President	12/31/2016
Ms. Anne Gowen	Vice-President	12/31/2017
Ms. Ruth Beyer		12/31/2018
Mr. Mark Krieger		12/31/2016
Mr. Rob Magaziner		12/31/2018
Ms. Michelle McFadden-DiNicola		12/31/2017
Ms. Judy Pietrobono		12/31/2016
Ms. Sharice Richardon		12/31/2018
Mr. Rob Roslewicz		12/31/2017

Other Officials

Dr. Scott Taylor	Superintendent of Schools
Ms. Linda A. Hoefele	School Business Administrator/Board Secretary
Ms. Kathleen Kovach	Treasurer of School Monies

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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

Jonathan Busch, Esq. School Board Attorney
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Ms. Nethanya Simon, Esq. School Board Attorney
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Bedard, Kurowicki & Co., CPA's, PC Auditor
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Donna O'Gorman, AIA Architect
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Hasbrouck Heights, NJ 07604

Obi Agudosi, AIA Architect
OCA Architects, Inc.
211 Warren Street, Suite 219
Newark, NJ 07103



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Borough Public School District, (the District) in the County of Middlesex, the State of New Jersey, as of and for the 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 do to fraud or error.

Auditors' Responsibility

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Borough Public School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension Contributions, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.


In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 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.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

December 5, 2016
Flemington, New Jersey

Highland Park Borough Public School District

Management's Discussion and Analysis For the Fiscal Year Ending June 30, 2016 UNAUDITED

The discussion and analysis of Highland Park Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

- General revenues accounted for \$37,529,352 in revenues, or 93.16 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,755,109, or 6.84 percent of total revenues of \$40,284,461.
- The School District had \$39,363,829 in expenses; only \$2,755,109 of these expenses were offset by program specific charges for services, grants or contributions, with the remainder, primarily property taxes, providing for the programs.
- Among Governmental Funds, the General Fund had \$31,159,445 in revenues and \$30,665,699 in expenditures. After accounting for net other financing uses of \$26,548; the General Fund's balance increased by \$467,198 from the previous year.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

Highland Park Borough Public School District
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2016
UNAUDITED

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

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

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Highland Park Borough Public School District
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2016
UNAUDITED

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position as of June 30, 2016, and a comparison with net position as of June 30, 2015. The comparison between the years shows an increase in net position of \$920,632.

Highland Park Borough Public School District

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2016
UNAUDITED**

**Table 1
Net Position**

	6/30/16	6/30/15	Variance	
			Dollars	%
ASSETS				
Current & Other Assets	\$ 4,572,627	\$ 4,982,786	\$ (410,159)	(8.23)
Capital Assets	38,027,867	38,485,077	(457,210)	(1.19)
Total Assets	<u>42,600,494</u>	<u>43,467,863</u>	<u>(867,369)</u>	(2.00)
Deferred Amount on Refunding	940,608	1,012,962	(72,354)	(7.14)
Deferred Pension Activity	1,324,099	652,546	671,553	102.91
Total Deferred Outflow of Resources	<u>2,264,707</u>	<u>1,665,508</u>	<u>599,199</u>	35.98
LIABILITIES				
Long-Term Liabilities	30,204,087	30,548,707	(344,620)	(1.13)
Other Liabilities	1,413,562	2,298,190	(884,628)	(38.49)
Total Liabilities	<u>31,617,649</u>	<u>32,846,897</u>	<u>(1,229,248)</u>	(3.74)
Deferred Pension Activity	402,830	362,384	40,446	11.16
Total Deferred Inflow of Resources	<u>402,830</u>	<u>362,384</u>	<u>40,446</u>	11.16
NET POSITION				
Net Investment in Capital Assets	17,222,793	16,672,961	549,832	3.30
Restricted	1,105,455	1,488,895	(383,440)	(25.75)
Unrestricted	(5,483,526)	(6,237,766)	754,240	12.09
Total Net Position	<u>\$ 12,844,722</u>	<u>\$ 11,924,090</u>	<u>\$ 920,632</u>	7.72

The unrestricted net position at June 30, 2016 of (\$5,483,526) shown above is not a negative reflection on the District's financial condition, but is mostly the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State. It also includes \$1,209,926 from the outstanding debt of the 1996 refunding bond issue, which was subsequently refunded by another bond issue in 2006. This amount includes initial expenditures incurred at the time of the refunding. These expenditures, however, will be offset by savings from future reduced debt service payments. The negative unrestricted net position is also the result of a long-term estimated liability of \$632,579 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years, and accrued interest of \$310,954 that will be paid in the 2016-2017 school year on loan payments of existing bonds.

The increase in unrestricted net position from the previous year of \$754,240 is mostly due to the net transfer to unrestricted net position from capital reserve of \$295,500.

Highland Park Borough Public School District

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Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/16	6/30/15	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 851,773	\$ 780,951	\$ 70,822	9.07
Operating Grants	1,858,861	1,644,488	214,373	13.04
Capital Grants	44,475	235,293	(190,818)	(81.10)
General Revenues:				
Property Taxes	26,197,142	25,217,864	979,278	3.88
Unrestricted Grants	11,248,257	9,716,309	1,531,948	15.77
Other	83,953	98,778	(14,825)	(15.01)
Total Revenues	<u>40,284,461</u>	<u>37,693,683</u>	<u>2,590,778</u>	6.87
Program Expenses				
Instruction:				
Regular	15,105,204	13,827,267	1,277,937	9.24
Special	4,479,743	4,553,786	(74,043)	(1.63)
Other	1,962,489	1,712,927	249,562	14.57
Support Services:				
Tuition	2,290,325	1,978,369	311,956	15.77
Student & Instructional Staff	5,417,343	4,871,894	545,449	11.20
General & Business Administration	1,798,719	1,976,727	(178,008)	(9.01)
School Administration	1,964,659	1,792,284	172,375	9.62
Maintenance	2,734,852	2,407,329	327,523	13.61
Transportation	1,299,670	1,405,434	(105,764)	(7.53)
Charter Schools	386,002	394,775	(8,773)	(2.22)
Interest on Long-Term Debt	1,034,427	1,082,075	(47,648)	(4.40)
Food Service	587,347	584,567	2,780	0.48
Community Service Programs	303,049	300,133	2,916	0.97
Total Expenses	<u>39,363,829</u>	<u>36,887,567</u>	<u>2,476,262</u>	6.71
Increases (Decreases) Before				
Special Items	<u>920,632</u>	<u>806,116</u>	<u>114,516</u>	14.21
Special Items:				
Transfers	<u>-</u>	<u>(40,000)</u>	<u>40,000</u>	(100.00)
Total Special Items	<u>-</u>	<u>(40,000)</u>	<u>40,000</u>	(100.00)
Increase (Decrease) in Net Position	<u>\$ 920,632</u>	<u>\$ 766,116</u>	<u>\$ 154,516</u>	20.17

Highland Park Borough Public School District

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Governmental Activities

Property taxes made up 66.64 percent of revenues for Governmental Funds for the Highland Park Borough Public School District for fiscal year 2016. The District's total revenues for Governmental Funds were \$39,312,535 for the fiscal year ended June 30, 2016. The remaining revenues for Governmental Funds were from mostly from interest on investments, tuition, state aid, state and federal grants.

BUSINESS-TYPE ACTIVITIES FOR FISCAL YEAR 2016

Food Service Program

- Food service revenues and other financing sources exceeded expenses and other financing uses by \$18,389.
- Charges for services represent \$293,412 of revenue and other financing sources, or 48.44 percent. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$312,324.

Before and After School Child Care Program

- The Before and After School Child Care Program had operating revenues of \$366,190 and operating expenses of \$303,049. The net profit for fiscal year 2016 was \$63,141.

Table 3 provides a summary of the District's cost of governmental services in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 21,547,436	\$ 20,093,980	\$ 20,696,235	\$ 19,151,336
Support Services:				
Tuition				
Student & Instructional Staff	2,290,325	1,978,369	1,980,136	1,759,536
General & Business Administration	5,417,343	4,871,894	5,037,991	4,532,043
School Administration	1,798,719	1,976,727	1,795,602	1,957,971
Plant Operations & Maintenance	1,964,659	1,792,284	1,855,698	1,660,809
Pupil Transportation	2,734,852	2,407,329	2,613,707	2,332,221
Charter Schools	1,299,670	1,405,434	1,290,452	1,402,026
Interest on Long-Term Debt	386,002	394,775	386,002	394,775
Total Expenses	\$ 38,473,433	\$ 36,002,867	\$ 36,690,250	\$ 34,272,792

Highland Park Borough Public School District

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Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

THE DISTRICT'S REVENUES

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Revenues came primarily from three sources: tax levy, state aid, and federal grants. The major source of revenue, approximately 76 percent, continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents approximately 24 percent of the total revenues.

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016:

Revenues	Amount	Percentage of Total	Increase/ (Decrease) From Prior Year	Percentage Increase (Decrease)
Local Sources:				
Tax Levy:				
General	\$ 24,207,999	69.67%	\$ 999,058	4.30%
Debt Service	1,989,143	5.72%	(19,780)	-0.98%
Other Revenues	197,273	0.57%	(66,636)	-25.25%
State Aid	7,478,525	21.52%	253,197	3.50%
Federal Aid	876,023	2.52%	143,370	19.57%
TOTAL	\$ 34,748,963	100.00%	\$ 1,309,209	3.92%

Highland Park Borough Public School District

**Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2016
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THE DISTRICT'S EXPENDITURES

The following schedule represents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2016:

<u>Expenditures</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percentage Increase (Decrease)</u>
Current Expense	\$ 29,688,383	86.67%	\$ 887,324	3.08%
Capital Outlay	537,291	1.56%	405,705	308.32%
Charter Schools	386,002	1.13%	(8,773)	-2.22%
Special Revenues	1,568,729	4.58%	215,750	15.95%
Debt Service:				
Principal	1,095,000	3.20%	20,442	1.90%
Interest	978,754	2.86%	(48,388)	-4.71%
TOTAL	<u><u>\$ 34,254,159</u></u>	100.00%	<u><u>\$ 1,472,060</u></u>	4.49%

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2016 the School District amended its General Fund budget as needed to reflect the following:

- Staffing changes increases based on student needs, funded by other unfilled positions
- Implementation of state-mandated initiatives, including additional staff development and technology costs related to the implementation of Common Core standards
- Increases in costs for contracted substitute staff
- Increases in legal and negotiating services fees
- Increases in retirement and separation obligations
- Increases in building repairs and projects
- Reclassification of several expenditures

CAPITAL ASSETS

Table 4 provides a summary of the School District's capital assets net of depreciation for fiscal years 2016 and 2015. At the end of fiscal year 2016, the District had \$38,027,867 invested in land, buildings, machinery and equipment, and construction in progress. In fiscal year 2016, the District expended \$111,189 towards the completion of the Bartle School window replacement project, \$452,352 towards the completion of the High School boiler replacement project, and \$15,427 for the robotics room renovation project.

Highland Park Borough Public School District
Management's Discussion and Analysis
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Table 4
Capital Assets at Year-end
(Net of Depreciation)

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	0.00
Construction in Progress	481,352	667,652	(186,300)	(27.90)
Land Improvements	390,975	422,241	(31,266)	(7.40)
Buildings & Improvements	36,478,306	36,732,757	(254,451)	(0.69)
Furniture & Equipment	261,256	244,494	16,762	6.86
Vehicles	978	2,933	(1,955)	(66.66)
Total	<u>\$ 38,027,867</u>	<u>\$ 38,485,077</u>	<u>\$ (457,210)</u>	<u>(1.19)</u>

* = Undefined

DEBT ADMINISTRATION

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

In December 1996, the Board of Education authorized a refunding issue for the February 1996 issue in the amount of \$17,040,000. In November 2006, the District issued a second refunding issue for the February 1996 issue in the amount of \$13,985,000. As of June 30, 2016, the amount of \$9,010,000 remains outstanding.

In March 2005, the District issued General Obligation Bonds in the amount of \$13,775,000. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions, renovations, site improvements and various other projects. The New Jersey Economic Development Authority (NJEDA) will be funding an additional \$7,915,597 towards the project. The school district has been authorized to issue debt equal to the full amount of the project, pending the receipt of the state portion of the funding. In October 2012, the Board of Education authorized a refunding issue for the March 2005 issue in the amount of \$13,640,000. A balance of \$13,005,000 remains outstanding on the new refunding issue at June 30, 2016.

The general obligation bonded debt of the District is limited to 4% of the overage equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2016 is \$51,013,507. General obligation authorized debt at June 30, 2016 is \$22,015,000, resulting in a legal debt margin of \$28,998,507.

Highland Park Borough Public School District
Management's Discussion and Analysis
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Table 5 provides a summary of the District's outstanding long-term debt at June 30, 2016 with comparisons to June 30, 2015.

Table 5
Outstanding Long-Term Liabilities at Year-end

	6/30/15	6/30/14	Variance	
			Dollars	%
2006 Refunding Bonds for 1996 Issue	\$ 9,010,000	\$ 9,665,000	\$ (655,000)	(6.78)
2012 Refunding Bonds for 2005 Issue	13,005,000	13,445,000	(440,000)	(3.27)
Unamortized Bond Premium	678,803	740,692	(61,889)	(8.36)
PERS Net Pension Liability	6,877,705	6,080,816	796,889	13.10
Compensated Absences	632,579	617,199	15,380	2.49
	<u>\$ 30,204,087</u>	<u>\$ 30,548,707</u>	<u>\$ (344,620)</u>	<u>(1.13)</u>

* = Undefined

FOR THE FUTURE

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

CONTACTING THE SCHOOL DISTRICT

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

If you have any questions about this report or need additional information, contact Linda A. Hoefele of the Highland Park Board of Education, located at 435 Mansfield Street, Highland Park, NJ 08904.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,910,663	\$ 339,959	\$ 2,250,622
Internal balances	(2,984)	2,984	-
Receivables, net	1,437,944	70,986	1,508,930
Inventory	-	5,508	5,508
Restricted assets			
Cash & cash equivalents	807,567	-	807,567
Capital assets, net (Note 4)			
Land and construction in progress	415,000	-	415,000
Other capital assets, net of depreciation	37,563,490	49,377	37,612,867
Total assets	42,131,680	468,814	42,600,494
Deferred outflows of resources			
Deferred amount on pension activity	1,324,099	-	1,324,099
Deferred amount on refunding bond issue	940,608	-	940,608
Total deferred outflows of resources	2,264,707	-	2,264,707
Liabilities			
Accounts payable	895,750	34,219	929,969
Accrued interest	310,954	-	310,954
Payables to other governments	4,165	-	4,165
Unearned revenue	157,916	9,336	167,252
Other current liabilities	124	1,098	1,222
Long-term liabilities (Note 5)			
Due within one year	1,246,025	-	1,246,025
Due beyond one year	28,958,062	-	28,958,062
Total liabilities	31,572,996	44,653	31,617,649
Deferred inflows of resources			
Deferred amount on pension liability	402,830	-	402,830
Net position			
Net investment in capital assets	17,173,416	49,377	17,222,793
Restricted for			
Capital projects	297,888	-	297,888
Legal reserves	807,567	-	807,567
Unrestricted	(5,858,310)	374,784	(5,483,526)
Total net position	\$ 12,420,561	\$ 424,161	\$ 12,844,722

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 1,910,663	\$ -	\$ -	\$ -	\$ 1,910,663
Due from other funds	543,955	-	-	-	543,955
Receivables from other governments					
State	371,877	-	775,014	-	1,146,891
Federal	-	220,865	-	-	220,865
Local	18,431	395	-	-	18,826
Other accounts receivable	10,274	24,109	-	-	34,383
Restricted cash & equivalents	807,567	-	-	-	807,567
Total assets	\$ 3,662,767	\$ 245,369	\$ 775,014	\$ -	\$ 4,683,150
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 791,759	\$ 103,991	\$ -	\$ -	\$ 895,750
Due to other funds	2,984	49,850	477,126	-	529,960
Payable to other governments					
State		4,165	-	-	4,165
Unearned revenue	42,678	115,238	-	-	157,916
Other Current Liabilities	124	-	-	-	124
Total liabilities	837,545	273,244	477,126	-	1,587,915

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess Surplus - designated for subsequent year's expenditures	\$ 49,868	\$ -	\$ -	\$ -	\$ 49,868
Capital projects	-	-	297,888	-	297,888
Committed fund balance					
Capital reserve account	557,133	-	-	-	557,133
Emergency reserve account	250,434	-	-	-	250,434
Assigned fund balance					
Year-end encumbrances	738,735	-	-	-	738,735
Designated for subsequent year's expenditures	700,000				
Unassigned fund balance	529,052	(27,875)	-	-	501,177
Total fund balances	<u>2,825,222</u>	<u>(27,875)</u>	<u>297,888</u>	<u>-</u>	<u>3,095,235</u>
Total liabilities and fund balances	<u>\$ 3,662,767</u>	<u>\$ 245,369</u>	<u>\$ 775,014</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$53,153,160 and the accumulated depreciation is \$15,174,670.	37,978,490
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	921,269
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds	(30,204,087)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The original deferred outflow is \$1,230,024 and the accumulated amortization is \$289,416.	940,608
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	<u>(310,954)</u>
Total net position of governmental activities	<u>\$ 12,420,561</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Revenues, 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
Revenues					
Local sources					
Local tax levy	\$ 24,207,999	\$ -	\$ -	\$ 1,989,143	\$ 26,197,142
Tuition - individuals	50,339	-	-	-	50,339
Tuition - other LEAs within State	20,687	-	-	-	20,687
Interest on investments	7,739	-	-	-	7,739
Local contributions	2,386	63,300	-	-	65,686
Miscellaneous	52,822	-	-	-	52,822
Total	24,341,972	63,300	-	1,989,143	26,394,415
State sources	6,768,214	656,473	44,475	9,363	7,478,525
Federal sources	49,259	826,764	-	-	876,023
Total revenues	31,159,445	1,546,537	44,475	1,998,506	34,748,963
Expenditures					
Current					
Instructional					
Regular instruction	7,933,174	386,020	-	-	8,319,194
Special education instruction	2,356,648	65,173	-	-	2,421,821
Other special instruction	271,245	191,476	-	-	462,721
Other instruction	751,555	-	-	-	751,555
Support service & undistributed costs					
Tuition	1,980,136	310,189	-	-	2,290,325
Student & instruction related services	2,871,595	390,056	-	-	3,261,651
General & business					
administrative services	1,234,162	-	-	-	1,234,162
School administrative services	1,064,649	95,372	-	-	1,160,021
Plant operations & maintenance					
Plant operations & maintenance	2,589,595	-	-	-	2,589,595
Pupil transportation	1,283,568	9,218	-	-	1,292,786
Unallocated benefits	7,352,056	121,225	-	-	7,473,281

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
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	\$ 537,291	\$ -	\$ 111,189	\$ -	\$ 648,480
Charter school	386,002	-	-	-	386,002
Debt service					
Principal	-	-	-	1,095,000	1,095,000
Interest & other charges	54,023	-	-	924,731	978,754
Total expenditures	<u>30,665,699</u>	<u>1,568,729</u>	<u>111,189</u>	<u>2,019,731</u>	<u>34,365,348</u>
Excess (deficiency) of revenues over (under) expenditures	493,746	(22,192)	(66,714)	(21,225)	383,615
Other financing sources (uses)					
Transfers in	-	26,548	-	-	26,548
Transfers out	(26,548)	-	-	-	(26,548)
Total other financing sources (uses)	<u>(26,548)</u>	<u>26,548</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	467,198	4,356	(66,714)	(21,225)	383,615
Fund balances, July 1	<u>2,358,024</u>	<u>(32,231)</u>	<u>364,602</u>	<u>21,225</u>	<u>2,711,620</u>
Fund balances, June 30	<u>\$ 2,825,222</u>	<u>\$ (27,875)</u>	<u>\$ 297,888</u>	<u>\$ -</u>	<u>\$ 3,095,235</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ 383,615

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

Capital outlays are reported in governmental funds as expenditures

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 648,480	
Depreciation expense	<u>(1,113,047)</u>	(464,567)

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and are not reported in the Statement of Activities:

Bond principal payments	1,095,000
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Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	61,889
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Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(165,782)

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2016

In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	\$ (72,354)
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	16,681
In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>(15,380)</u>
Change in net position of governmental activities	<u><u>\$ 839,102</u></u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Asset			
Current assets			
Cash and cash equivalents	\$ 83,970	\$ 255,989	\$ 339,959
Due from other funds	12,273	-	12,273
Receivables from other governments			
State	1,152	-	1,152
Federal	51,135	-	51,135
Other receivables	18,699	-	18,699
Inventory	5,508	-	5,508
Total current assets	<u>172,737</u>	<u>255,989</u>	<u>428,726</u>
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	89,610	-	89,610
Total noncurrent assets	<u>49,377</u>	<u>-</u>	<u>49,377</u>
Total assets	<u>222,114</u>	<u>255,989</u>	<u>478,103</u>
Liabilities			
Current liabilities			
Due to other funds	-	9,289	9,289
Accounts payable	33,904	315	34,219
Unearned revenues			
Commodities	441	-	441
Prepaid sales	8,835	60	8,895
Other current liabilities	-	1,098	1,098
Total liabilities	<u>43,180</u>	<u>10,762</u>	<u>53,942</u>
Net Position			
Net investment in capital assets	49,377	-	49,377
Unrestricted	129,557	245,227	374,784
Total net position	<u>\$ 178,934</u>	<u>\$ 245,227</u>	<u>\$ 424,161</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 164,189	\$ -	\$ 164,189
Daily sales - non-reimbursable programs	95,579	-	95,579
Special function sales	33,644	-	33,644
Before and after school child care service fees	-	366,190	366,190
Total operating revenues	<u>293,412</u>	<u>366,190</u>	<u>659,602</u>
Operating expenses			
Cost of sales - reimbursable programs	214,881	-	214,881
Cost of sales - non-reimbursable programs	56,433	-	56,433
Salaries	174,459	218,429	392,888
Employee benefits	68,831	16,710	85,541
Purchased property services	7,956	-	7,956
Rental of land and buildings	-	35,000	35,000
Insurance	2,055	-	2,055
Management fee	22,646	-	22,646
Other purchased services	6,039	13,824	19,863
General supplies	24,862	19,086	43,948
Depreciation	9,185	-	9,185
Total operating expenses	<u>587,347</u>	<u>303,049</u>	<u>890,396</u>
Operating income (loss)	<u>(293,935)</u>	<u>63,141</u>	<u>(230,794)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,288	-	6,288
Federal sources			
National School breakfast program	27,238	-	27,238
National school lunch program			
Cash assistance	241,652	-	241,652
Non cash assistance (commodities)	37,146	-	37,146
Total non-operating revenues (expenses)	<u>312,324</u>	<u>-</u>	<u>312,324</u>
Change in net position	18,389	63,141	81,530
Net position, beginning	<u>160,545</u>	<u>182,086</u>	<u>342,631</u>
Net position, ending	<u>\$ 178,934</u>	<u>\$ 245,227</u>	<u>\$ 424,161</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 288,021	\$ 366,757	\$ 654,778
Payments to employees	-	(218,429)	(218,429)
Payments for employee benefits	-	(16,710)	(16,710)
Payments to Food Service Management Co.	(537,085)	-	(537,085)
Payments to vendors and customers (net)	(6,018)	(67,910)	(73,928)
Net cash provided by (used for) operating activities	<u>(255,082)</u>	<u>63,708</u>	<u>(191,374)</u>
Cash flows from non-capital financing activities			
State sources	6,602	-	6,602
Federal sources	271,621	-	271,621
Interfund activity	2,416	(404)	2,012
Net cash provided by (used for) non-capital financing activities	<u>280,639</u>	<u>(404)</u>	<u>280,235</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(16,542)	-	(16,542)
Net cash provided by (used for) capital and related financing activities	<u>(16,542)</u>	<u>-</u>	<u>(16,542)</u>
Net increase (decrease) in cash and cash equivalents	9,015	63,304	72,319
Cash and cash equivalents, beginning	74,955	192,685	267,640
Cash and cash equivalents, ending	<u>\$ 83,970</u>	<u>\$ 255,989</u>	<u>\$ 339,959</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (293,935)	\$ 63,141	\$ (230,794)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	9,185	-	9,185
Federal food donation program	37,146	-	37,146
(Increase) decrease in accounts receivable	(2,973)	1,224	(1,749)
(Increase) decrease in inventory	813	-	813
Increase (decrease) in accounts payable	(5,222)	(76)	(5,298)
Increase (decrease) in unearned revenues	(96)	-	(96)
Increase (decrease) in current liabilities	-	(581)	(581)
Net cash provided by (used for) operating activities	<u>\$ (255,082)</u>	<u>\$ 63,708</u>	<u>\$ (191,374)</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 73,514	\$ 71,687	\$ 153,122	\$ 39,785
Investments	-	10,238	-	-
Total assets	73,514	81,925	153,122	39,785
Liabilities				
Due to other funds	-	-	-	16,979
Accounts payable	4,604	-	-	-
Due to student groups	-	-	153,122	-
Payroll deductions & withholdings	-	-	-	22,806
Total liabilities	4,604	-	\$ 153,122	\$ 39,785
Net position				
Held in trust for unemployment claims and other purposes	\$ 68,910	\$ 81,925		

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Fund</u>	<u>Private Purpose Scholarship Fund</u>
Additions		
Contributions		
Employees	\$ 25,595	\$ -
Other	-	5,714
Investment earnings		
Interest	-	6
Total additions	<u>25,595</u>	<u>5,720</u>
Deductions		
Scholarships awarded	-	10,630
Unemployment claims	<u>65,613</u>	<u>-</u>
Total deductions	<u>65,613</u>	<u>10,630</u>
Change in net position	(40,018)	(4,910)
Net position - beginning of the year	<u>108,928</u>	<u>86,835</u>
Net position - end of the year	<u>\$ 68,910</u>	<u>\$ 81,925</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2016 of 1,600 students.

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations.

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

The District reports the following major Governmental Funds:

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)
C. Measurement focus, basis of accounting, and financial statement presentation (continued)
Proprietary Fund types (continued)

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

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

Equipment	12 Years
Point of Sale computer software	3 Years

Fiduciary Fund types

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

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

Private Purpose Scholarship Fund - This fund is used to account for scholarship accounts donated to the District to be utilized for scholarship awards to qualifying students.

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

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

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

E. Encumbrances

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal years 2015-2016 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable/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.

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Capital assets

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)
J. Capital assets (continued)

Assets	Years
Buildings	45
Building improvements & portable classroom	20 - 45
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	8

K. Compensated absences

The District accounts for compensated absences (i.e., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

L. Unearned revenue

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

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

M. Long-term obligations

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

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

N. Fund balances - Governmental Funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental Funds (continued)

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

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

O. Comparative data/reclassifications

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

P. Allocation of indirect expenses

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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

Deposits at June 30, 2016 appear in the financial statements as summarized below:

Cash		\$ 3,396,297
Investments		10,238
Total cash and investments		\$ 3,406,535
	<u>Ref.</u>	
Unrestricted cash and investments		
Governmental Funds, Balance Sheet	B-1	\$ 1,910,663
Enterprise Funds, Statement of Net Position	B-4	339,959
Fiduciary Funds, Statement of Net Position	B-7	348,346
Restricted cash		
Governmental Funds, Balance Sheet	B-1	807,567
Total cash and investments		\$ 3,406,535

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$3,406,535 and the bank balance is \$4,617,254. Of the bank balance, \$260,238 is covered by Federal Depository Insurance and \$4,357,016 is insured by GUDPA.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)
GASB Statement No. 40 “Deposit and Investment Risk Disclosures” requires State and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

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

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

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

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer. As of June 30, 2016, the District had one certificate of deposit investment at the Bank of America for \$10,238.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 415,000	\$ -	\$ -	\$ 415,000
Construction in progress	667,652	578,968	765,268	481,352
Total	<u>1,082,652</u>	<u>578,968</u>	<u>765,268</u>	<u>896,352</u>
Capital assets, being depreciated				
Land improvements	1,125,256	-	-	1,125,256
Building & improvements	49,471,977	765,268	-	50,237,245
Equipment	809,155	69,512	-	878,667
Vehicles	15,640	-	-	15,640
Total	<u>51,422,028</u>	<u>834,780</u>	<u>-</u>	<u>22,632,567</u>
Accumulated depreciation				
Land improvements	703,015	31,266	-	734,281
Building & improvements	12,739,220	1,019,719	-	13,758,939
Equipment	606,681	60,107	-	666,788
Vehicles	12,707	1,955	-	14,662
Total	<u>14,061,623</u>	<u>1,113,047</u>	<u>-</u>	<u>15,174,670</u>
Total capital assets, being depreciated, net	<u>37,360,405</u>	<u>(278,267)</u>	<u>-</u>	<u>37,082,138</u>
Transfers	-	(765,268)	(765,268)	-
Governmental activities capital assets, net	<u>\$ 38,443,057</u>	<u>\$ (464,567)</u>	<u>\$ -</u>	<u>\$ 37,978,490</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 122,445	\$ 16,542	\$ -	\$ 138,987
Less: accumulated depreciation	80,425	9,185	-	89,610
Business type activities capital assets, net	<u>\$ 42,020</u>	<u>\$ 7,357</u>	<u>\$ -</u>	<u>\$ 49,377</u>

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

Instruction	
Regular	\$ 495,908
Special education	148,086
Other special instruction	27,032
Co-curricular activities	66,846
Support services	
Student & instruction	216,267
General & business administration	78,720
School administration	72,097
Maintenance	8,091
Total depreciation expense, governmental activities	<u>\$ 1,113,047</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 23,110,000	\$ -	\$ 1,095,000	\$ 22,015,000	\$ 1,150,000
Unamortized bond premiums	740,692	-	61,889	678,803	61,889
PERS net pension liability	6,080,816	1,087,051	290,162	6,877,705	-
Compensated absences payable	617,199	98,997	83,617	632,579	34,136
Total governmental activities long-term liabilities	<u>\$ 30,548,707</u>	<u>\$ 1,186,048</u>	<u>\$ 1,530,668</u>	<u>\$ 30,204,087</u>	<u>\$ 1,246,025</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Payments on the general obligation bonds are made in the Debt Service Fund from property taxes and State aid. The compensated absences liability is paid in the current expenditures budget of the District's General Fund and the other long-term debts are amortized over a determined period.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016 including interest payments are listed as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,150,000	\$ 878,781	\$ 2,028,781
2018	1,200,000	825,832	2,025,832
2019	1,255,000	769,781	2,024,781
2020	1,305,000	719,581	2,024,581
2021	1,360,000	667,381	2,027,381
2022 - 2026	7,920,000	2,294,482	10,214,482
2027 - 2030	7,825,000	605,875	8,430,875
Total	<u>\$ 22,015,000</u>	<u>\$ 6,761,713</u>	<u>\$ 28,776,713</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, with their outstanding balances are comprised of the following individual issues:

\$13,985,000 - 2006 general obligation refunding bonds, Due in annual installments of \$145,000 to \$1,225,000 beginning February 15, 2008 through February 15, 2025, interest from 4.00% to 5.00%.	\$ 9,010,000
\$13,640,000 - 2012 general obligation refunding bonds, Due in annual installments of \$60,000 to \$2,045,000 beginning March 1, 2013 through March 1, 2030, interest from 2.00% to 4.50%.	<u>13,005,000</u>
Total	<u>\$ 22,015,000</u>

The general obligation bonded debt of the District is limited by State law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2016 is \$51,013,507. General obligation debt at June 30, 2016 is \$22,015,000, resulting in a legal debt margin of \$28,998,507

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

The following represents the membership Tiers for PERS:

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

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 Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, 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 member 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 55 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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2015 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 through June 30, 2015. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. 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 includes 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 years 2015, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 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.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 13,208,082	\$ 12,689,729
Plan fiduciary net position	6,330,377	6,608,913
Net pension liability	\$ 6,877,705	\$ 6,080,816
 Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Components of net pension liability (continued)

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	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
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 1 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 plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad 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%
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 on the average of the last five years of contributions made in relation to the last five years of recommended 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	\$ 6,877,705
At a 1% lower rate (3.90%)	8,548,146
At a 1% higher rate (5.90%)	5,477,220
	2014
At current discount rate (5.39%)	\$ 6,080,816
At a 1% lower rate (4.39%)	7,649,874
At a 1% higher rate (6.39%)	4,763,207

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 164,078	\$ -
Changes of assumptions	738,611	-
Net difference between projected and actual earnings on pension plan investments	-	110,580
Changes in proportion and differences between District contributions and proportionate share of contributions	158,002	292,250
District contributions subsequent to the measurement date	263,408	-
Total	\$ 1,324,099	\$ 402,830

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$263,408 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources:				
Changes of assumptions	\$ 180,381	\$ 915,522	\$ 193,215	\$ 902,688
Deferred inflows of resources:				
Difference between projected and actual earnings on pension plan investments	341,852	(182,258)	49,014	110,580
Net of deferred outflows/(inflows)				\$ 792,108

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 144,204
2017	144,204
2018	144,203
2019	229,667
2020	129,830
Total	\$ 792,108

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Notes 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$429,180, which represents the District's proportionate share of allocable plan pension expense of \$451,177, less the net amortization of deferred amounts from changes in proportion of \$26,331, and plus other adjustments to the net pension liability of \$4,344. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

Service cost	\$ 270,241
Interest on total pension liability	644,029
Member contributions	(149,486)
Administrative expense	5,022
Expected investment return net of investment expense	(460,160)
Pension expense related to specific liabilities of individual employers	(2,672)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	158,452
Amortization of expected versus actual experience	34,762
Amortization of projected versus actual investment earnings on pension plan investments	(49,011)
Pension expense	\$ 451,177

B. Teacher's pension and annuity fund (TPAF)

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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
The following represents the membership Tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, 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 member 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 55 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.

Special funding situation

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Special funding situation (continued)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 72,412,273	\$ 60,066,913
Employer pension expense and related revenue	4,421,421	3,232,164
Non-employer contribution	615,723	477,405
Allocable proportionate percentage	.1145686398%	.1123864750%

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

The contribution policy is set by State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011, will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Contribution requirements

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 1,933,715	100%
06/30/15	1,602,698	100%
06/30/14	1,254,987	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 263,408	100%
06/30/15	267,746	100%
06/30/14	235,682	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$1,051,032 to the TPAF for post-retirement medical benefits, \$41,883 for non-contributory insurance premiums and \$840,800 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$877,040 during the year ended June 30, 2016 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for 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 Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

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

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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

Note 8 - Deferred compensation

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

- Metropolitan Life Insurance
- Equivest
- TIAA-CREF
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

As of June 30, 2016, the following interfund balances remained on the records of the District.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 543,955	\$ 2,984
Special Revenue Fund	-	49,850
Capital Projects Fund	-	477,126
Food Service Fund	12,273	-
Before and After School Child Care Fund	-	9,289
Payroll Agency Fund	-	16,979
	\$ 556,228	\$ 556,228

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables (continued)

The balance due from the Capital Projects Fund to the General Fund represents a loan from the General Fund of \$477,126 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$49,850 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the General Fund to the Food Service Fund of \$2,984 represents cafeteria subsidy aid received in the General Fund but not yet transferred to the Food Service Fund. The balance due from the Payroll Agency Fund to the General Fund of \$16,979 represents Net Payroll balances due back to the General Fund. The balances due to the Food Service Fund from the Before & After School Care Enterprise Fund of \$9,289.

The District transferred \$26,548 from the General Fund to the Special Revenue Fund representing local funding for the Preschool Education grant.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2016 consisted of the following:

Food	\$	4,192
Supplies		1,316
Total	\$	5,508

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

<u>Fiscal Year</u>	<u>Board Transfer</u>	<u>Interest Earnings</u>	<u>Employee Deposits</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ -	\$ -	\$ 25,595	\$ (65,613)	\$ 68,910
2014-2015	40,000	-	24,569	(50,685)	108,928
2013-2014	40,000	-	23,298	(99,680)	95,044

Note 13 - Legal reserve accounts

A Capital Reserve Account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$250,000 to their Capital Reserve Account and \$100,000 to their Emergency Reserve account by Board resolution in June 2016 as summarized in the following schedule.

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

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contrib.</u>	<u>Interest Earnings</u>	<u>Return Unused Withdrawal</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
Capital	\$ 852,634	\$ 250,000	\$ -	\$ -	\$ (545,501)	\$ 557,133
Emergency	250,434	100,000	-	-	(100,000)	250,434
Total	<u>\$ 1,103,068</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (645,501)</u>	<u>\$ 807,567</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2016 and 2015 is as follows:

	2015	2016
Restricted		
Excess surplus - Represents amount in excess of allowable percentage. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 49,868	\$ -
Excess surplus - Designated for subsequent year's expenditures - Represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements.	-	49,868
Committed		
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	852,634	557,133
Emergency Reserve - Represents funds accumulated to finance unanticipated General Fund expenditures required for a thorough and efficient education.	250,434	250,434
Assigned		
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	295,676	738,735
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements	400,000	700,000
Unassigned		
Undesignated - Represents fund balance which has not been restricted or designated.	866,820	885,258
Total fund balances	\$ 2,715,432	\$ 3,181,428

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$0.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 5, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

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

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

- Note 17 - Recent accounting pronouncements not yet effective (continued)
In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 “*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*”. This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of Paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of Paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District’s financial reporting.
- Note 18 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$5,858,310 on Schedule A-1 “Statement of Net Position”. The deficit balance is not a negative reflection on the District’s financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State’s net pension liability for PERS to each contributing entity throughout the State.
- Note 19 - Deficit fund balance in Special Revenue Fund
The District has a deficit fund balance of \$27,875 in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a State school aid payment is not made until the following school budget year, districts must record the last State aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e. if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last State aid payment in the subsequent fiscal year, the school district cannot recognize the last State aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last State aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 24,207,999	\$ -	\$ 24,207,999	\$ 24,207,999	\$ -
Tuition from individuals	40,000	-	40,000	50,339	10,339
Tuition from other LEAs within the State	-	-	-	20,687	20,687
Rents and royalties	-	-	-	40,883	40,883
Unrestricted miscellaneous revenues	38,710	-	38,710	19,678	(19,032)
Interest earned on capital reserve funds	500	-	500	0	(500)
Total	24,287,209	-	24,287,209	24,339,586	52,377
State sources					
Categorical transportation aid	67,688	-	67,688	67,688	-
Extraordinary aid	-	-	-	285,280	285,280
Categorical special education aid	883,312	-	883,312	883,312	-
Equalization aid	2,609,134	-	2,609,134	2,609,134	-
Categorical security aid	36,277	-	36,277	36,277	-
Other State aid	31,740	-	31,740	74,566	42,826
TPAF Pension (on-behalf)	-	-	-	882,683	882,683
TPAF Social Security (reimbursed)	-	-	-	877,040	877,040
TPAF Post retirement benefits	-	-	-	1,051,032	1,051,032
Total	3,628,151	-	3,628,151	6,767,012	3,138,861
Federal Sources					
Medicaid reimbursement	22,293	-	22,293	49,259	26,966
Total	22,293	-	22,293	49,259	26,966
Total Revenues	\$ 27,937,653	\$ -	\$ 27,937,653	\$ 31,155,857	\$ 3,218,204
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 405,173	\$ 5,200	\$ 410,373	\$ 410,373	\$ -
Grades 1-5	2,557,462	(79,200)	2,478,262	2,470,598	7,664
Grades 6-8	1,670,657	53,584	1,724,241	1,724,241	-
Grades 9-12	2,494,050	-	2,494,050	2,441,010	53,040
Home instruction					
Salaries of teacher	10,000	(3,000)	7,000	6,912	88
Purchased professional educational services	48,186	(2,000)	46,186	29,960	16,226
Regular programs - undistributed instruction					
Other salaries for instruction	214,748	(18,200)	196,548	195,746	802
Purchased professional educational services	240,750	134,448	375,198	309,993	65,205
Other purchased services	82,796	(5,934)	76,862	70,529	6,333
General supplies	306,872	(33,959)	272,913	227,454	45,459
Textbooks	35,567	27,858	63,425	45,311	18,114
Other objects	2,119	-	2,119	1,047	1,072
Total	8,068,380	78,797	8,147,177	7,933,174	214,003

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 175,046	\$ 70,720	\$ 245,766	\$ 245,765	\$ 1
Other salaries for instruction	38,361	43,111	81,472	78,768	2,704
Purchased professional educational services	8,000	(8,000)	-	-	-
Other purchased services	634	350	984	560	424
General supplies	2,114	-	2,114	1,833	281
Total	224,155	106,181	330,336	326,926	3,410
Multiple disabilities					
Salaries of teachers	218,446	(218,446)	-	-	-
Other salaries for instruction	103,195	(103,195)	-	-	-
Purchased professional educational services	8,000	(8,000)	-	-	-
General supplies	4,396	-	4,396	2,156	2,240
Total	334,037	(329,641)	4,396	2,156	2,240
Resource room/resource center					
Salaries of teachers	1,606,567	(68,708)	1,537,859	1,497,328	40,531
Other salaries for instruction	126,541	75,495	202,036	202,036	-
Purchased professional educational services	50,000	(50,000)	-	-	-
Other purchased services	6,000	-	6,000	2,950	3,050
General supplies	9,828	-	9,828	5,652	4,176
Total	1,798,936	(43,213)	1,755,723	1,707,966	47,757
Autism					
Salaries of teachers	116,956	8,935	125,891	120,920	4,971
Other salaries for instruction	90,926	(45,100)	45,826	44,257	1,569
Purchased professional educational services	5,000	(5,000)	-	-	-
General supplies	1,150	-	1,150	980	170
Total	214,032	(41,165)	172,867	166,157	6,710
Preschool disabilities - full-time					
Salaries of teachers	64,703	30,132	94,835	87,399	7,436
Other salaries for instruction	54,772	13,021	67,793	65,585	2,208
Purchased professional educational services	4,000	(4,000)	-	-	-
General supplies	600	-	600	459	141
Total	124,075	39,153	163,228	153,443	9,785
Total special education	2,695,235	(268,685)	2,426,550	2,356,648	69,902
Bilingual education - instruction					
Salaries of teachers	273,117	(6,420)	266,697	262,012	4,685
Purchased professional education services	4,000	(4,000)	-	-	-
General supplies	8,891	1,000	9,891	9,233	658
Total	286,008	(9,420)	276,588	271,245	5,343
School-sponsored co/extra curricular activities - instruction					
Salaries	126,580	1	126,581	121,811	4,770
Purchased services	38,213	5,000	43,213	38,725	4,488
Supplies and materials	13,086	(5,000)	8,086	5,364	2,722
Other objects	9,105	-	9,105	8,550	555
Total	186,984	1	186,985	174,450	12,535

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ 248,798	\$ -	\$ 248,798	\$ 243,375	\$ 5,423
Purchased services	55,306	(200)	55,106	48,818	6,288
Supplies and materials	12,399	1,345	13,744	12,548	1,196
Other objects	12,542	-	12,542	11,339	1,203
Total	<u>329,045</u>	<u>1,145</u>	<u>330,190</u>	<u>316,080</u>	<u>14,110</u>
Other supplemental/at-risk programs - instruction					
Salaries of reading specialists	170,947	96,233	267,180	261,025	6,155
Total	<u>170,947</u>	<u>96,233</u>	<u>267,180</u>	<u>261,025</u>	<u>6,155</u>
Total instruction regular	<u>\$ 11,736,599</u>	<u>\$ (101,929)</u>	<u>\$ 11,634,670</u>	<u>\$ 11,312,622</u>	<u>\$ 322,048</u>
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 18,865	\$ 12,107	\$ 30,972	\$ 30,708	\$ 264
Tuition to other LEAs within the State - special	604,728	27,339	632,067	599,748	32,319
Tuition to cssd & regional day schools	44,531	58,988	103,519	68,643	34,876
Tuition to priv. school for the disabled w/i State	1,010,707	118,484	1,129,191	1,084,320	44,871
Tuition to priv. sch. disabled & other LEAs-spl, o/s State	6,830	(6,830)	-	-	-
Tuition - other	183,019	18,843	201,862	196,717	5,145
Total	<u>1,868,680</u>	<u>228,931</u>	<u>2,097,611</u>	<u>1,980,136</u>	<u>117,475</u>
Undistributed expenditures - attendance & social work					
Salaries	139,076	(12,066)	127,010	126,722	288
Other purchased services	9,600	1,379	10,979	10,979	-
Total	<u>148,676</u>	<u>(10,687)</u>	<u>137,989</u>	<u>137,701</u>	<u>288</u>
Undistributed expenditures - health services					
Salaries	312,707	15,815	328,522	320,368	8,154
Purchased professional and technical services	46,663	-	46,663	30,356	16,307
Other purchased services	2,677	-	2,677	1,682	995
Supplies and materials	4,610	3,190	7,800	7,509	291
Other objects	270	-	270	255	15
Total	<u>366,927</u>	<u>19,005</u>	<u>385,932</u>	<u>360,170</u>	<u>25,762</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	293,158	(26,950)	266,208	266,208	-
Purchased professional - educational services	89,029	19,000	108,029	89,325	18,704
Supplies and materials	2,650	-	2,650	2,080	570
Total	<u>384,837</u>	<u>(7,950)</u>	<u>376,887</u>	<u>357,613</u>	<u>19,274</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	252,772	52,448	305,220	295,335	9,885
Purchased professional - educational services	165,478	(68,965)	96,513	94,140	2,373
Supplies and materials	8,600	(1,076)	7,524	667	6,857
Other objects	300	-	300	119	181
Total	<u>427,150</u>	<u>(17,593)</u>	<u>409,557</u>	<u>390,261</u>	<u>19,296</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 335,561	\$ 19,876	\$ 355,437	\$ 355,145	\$ 292
Other purchased professional & technical services	1,000	-	1,000	450	550
Other purchased services	10,494	(1,030)	9,464	9,031	433
Supplies and materials	1,002	2,295	3,297	3,250	47
Other objects	295	(100)	195	130	65
Total	348,352	21,041	369,393	368,006	1,387
Undistributed expenditures - child study teams					
Salaries of other professional staff	473,380	(92,657)	380,723	380,722	1
Salaries of secretarial and clerical assistants	102,428	(464)	101,964	101,964	-
Other salaries	3,000	(1,606)	1,394	809	585
Unused vacation payment to terminated/retired staff	-	1,169	1,169	1,169	-
Purchased professional - educational services	78,000	21,400	99,400	88,075	11,325
Other purchased professional & technical services	39,864	18,700	58,564	33,012	25,552
Other purchased services	5,471	175	5,646	3,389	2,257
Miscellaneous purchased service	16,845	2,097	18,942	18,942	-
Supplies and materials	10,248	2,710	12,958	12,266	692
Other objects	1,740	-	1,740	700	1,040
Total	730,976	(48,476)	682,500	641,048	41,452
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	172,620	(161,745)	10,875	10,875	-
Salaries of other professional staff	18,306	26,905	45,211	45,210	1
Salaries of secretarial & clerical assist	33,875	-	33,875	33,874	1
Other salaries	36,433	(30,400)	6,033	3,112	2,921
Other purchased services	3,066	-	3,066	216	2,850
Supplies and materials	7,094	(4,450)	2,644	180	2,464
Other objects	1,165	-	1,165	250	915
Total	272,559	(169,690)	102,869	93,717	9,152
Undistributed expenditures - edu. media service/sch. library					
Salaries	170,223	(13,975)	156,248	156,243	5
Salaries of technology coordinators	183,398	10,920	194,318	194,318	-
Unused vacation payment to terminated/retired staff	-	3,821	3,821	3,821	-
Purchased professional and technical services	2,000	(2,000)	-	-	-
Other purchased services	11,806	1,128	12,934	12,167	767
Supplies and materials	14,540	1,842	16,382	15,777	605
Total	381,967	1,736	383,703	382,326	1,377
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	-	57,834	57,834	57,834	-
Salaries of secretarial & clerical assist.	33,875	-	33,875	33,875	-
Other salaries	3,000	-	3,000	1,322	1,678
Purchased professional - educational services	28,319	(2,500)	25,819	21,457	4,362
Other purchased services	20,873	3,139	24,012	15,642	8,370
Supplies and materials	8,660	(7,500)	1,160	22	1,138
Other objects	1,165	-	1,165	1,070	95
Total	95,892	50,973	146,865	131,222	15,643

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 280,383	\$ 3,827	\$ 284,210	\$ 284,210	\$ -
Unused vacation payment to terminated/retired staff	-	13,342	13,342	13,342	-
Legal services	67,546	66,578	134,124	134,124	-
Audit fees	35,000	-	35,000	34,200	800
Architectural/engineering services	8,640	14,000	22,640	9,026	13,614
Other purchased professional services	17,750	(3,118)	14,632	11,730	2,902
Communications/telephone	146,730	(54,671)	92,059	90,809	1,250
BOE other purchased services	2,500	(994)	1,506	1,506	-
Misc purch services	112,582	22,493	135,075	134,538	537
General supplies	10,642	9,296	19,938	18,923	1,015
BOE in-house training/meeting supplies	2,316	3,915	6,231	5,920	311
Miscellaneous expenditures	3,375	-	3,375	1,431	1,944
BOE membership dues and fees	15,000	(715)	14,285	14,285	-
Total	702,464	73,953	776,417	754,044	22,373
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	602,310	(14,102)	588,208	588,208	-
Salaries of secretarial and clerical assistants	355,627	10,076	365,703	365,703	-
Unused vacation payment to terminated/retired staff	-	23,386	23,386	23,386	-
Purchased professional and technical services	4,385	(1,644)	2,741	1,648	1,093
Other purchased services	36,055	(3,192)	32,863	28,539	4,324
Supplies and materials	26,644	21,036	47,680	45,801	1,879
Other objects	7,470	6,555	14,025	11,364	2,661
Total	1,032,491	42,115	1,074,606	1,064,649	9,957
Undistributed expenditures - central services					
Salaries	367,978	(9,643)	358,335	353,976	4,359
Unused vacation payment to terminated/retired staff	-	2,911	2,911	2,911	-
Purchased professional services	4,840	1,900	6,740	6,464	276
Purchased technical services	23,304	(500)	22,804	17,648	5,156
Miscellaneous purchased services	18,529	16,951	35,480	35,281	199
Supplies and materials	9,801	328	10,129	7,501	2,628
Other objects	1,600	1,832	3,432	3,432	-
Total	426,052	13,779	439,831	427,213	12,618
Undistributed expenditures - admin. info. technology					
Salaries	42,059	(876)	41,183	39,508	1,675
Unused vacation payment to terminated/retired staff	-	876	876	876	-
Other purchased services	5,000	5,000	10,000	9,440	560
Supplies and materials	27,434	(8,341)	19,093	3,081	16,012
Total	74,493	(3,341)	71,152	52,905	18,247
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	431,917	189,662	621,579	464,795	156,784
General supplies	44,448	43,878	88,326	84,493	3,833
Total	476,365	233,540	709,905	549,288	160,617

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries of non-instructional aides	\$ 27,624	\$ 44,068	\$ 71,692	\$ 71,692	\$ -
Purchased professional and technical services	13,000	8,969	21,969	12,199	9,770
Cleaning, repair, and maintenance service	1,124,208	2,644	1,126,852	1,121,252	5,600
Other purchased property services	29,863	5,744	35,607	35,607	-
Insurance	54,134	10,531	64,665	62,490	2,175
General supplies	54,319	8,731	63,050	63,050	-
Energy (natural gas)	137,014	(45,367)	91,647	91,646	1
Energy (electricity)	477,972	(87,209)	390,763	390,763	-
Other objects	1,025	3,638	4,663	4,663	-
Total	1,919,159	(48,251)	1,870,908	1,853,362	17,546
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	106,746	34,555	141,301	135,437	5,864
General supplies	16,168	-	16,168	16,045	123
Total	122,914	34,555	157,469	151,482	5,987
Undistributed expenditures - security					
Salaries	18,750	9,862	28,612	28,612	-
Purchased professional and technical services	2,721	-	2,721	1,381	1,340
Cleaning, repair, and maintenance service	5,947	-	5,947	2,652	3,295
General supplies	2,278	803	3,081	2,818	263
Total	29,696	10,665	40,361	35,463	4,898
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	6,004	-	6,004	6,004	-
Salaries for pupil trans (between home & school) - sp ed	6,004	-	6,004	6,004	-
Management fee - esc & ctsa trans. program	32,444	5,397	37,841	30,287	7,554
Contract service-aid in lieu pymts - non-public schools	100,599	30,900	131,499	131,499	-
Contr service (oth. than between home & school) - vend	68,856	-	68,856	65,316	3,540
Contr service (between home & school) - joint agreements	16,389	-	16,389	13,260	3,129
Contract service (sp ed stds) - vendors	88,747	512	89,259	89,259	-
Contract service (sp ed stds) - joint agreements	-	47,214	47,214	47,214	-
Contract service (reg. students) - escs & ctsas	417,926	(33,078)	384,848	308,148	76,700
Contract service (spl. ed. students) - escs & ctsas	672,884	69,620	742,504	586,577	155,927
Total	1,409,853	120,565	1,530,418	1,283,568	246,850
Unallocated benefits - employee benefits					
Social security contributions	237,636	21,352	258,988	239,782	19,206
Other retirement contributions - PERS	312,774	(15,961)	296,813	263,408	33,405
Other retirement contributions - regular	3,602	2,960	6,562	6,562	-
Unemployment compensation	40,000	-	40,000	-	40,000
Workmen's compensation	105,178	(17,786)	87,392	87,392	-
Health benefits	4,374,921	(147,054)	4,227,867	3,903,959	323,908
Tuition reimbursement	20,000	-	20,000	9,312	10,688
Other employee benefits	44,600	60,000	104,600	30,886	73,714
Unused sick payment to terminated/retired staff	60,000	(60,000)	-	-	-
Total	5,198,711	(156,489)	5,042,222	4,541,301	500,921

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
On-behalf TPAF pension contribution	\$ -	\$ -	\$ -	\$ 882,683	\$ (882,683)
On-behalf TPAF post retirement medical benefits	-	-	-	1,051,032	(1,051,032)
Reimbursed TPAF Social Security contribution	-	-	-	877,040	(877,040)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,810,755</u>	<u>(2,810,755)</u>
Total undistributed expenditures	<u>\$ 16,418,214</u>	<u>\$ 388,381</u>	<u>\$ 16,806,595</u>	<u>\$ 18,366,230</u>	<u>\$ (1,559,635)</u>
Total current	<u>\$ 28,154,813</u>	<u>\$ 286,452</u>	<u>\$ 28,441,265</u>	<u>\$ 29,678,852</u>	<u>\$ (1,237,587)</u>
Capital outlay					
Equipment					
Grades 9-12	\$ 11,100	\$ -	\$ 11,100	\$ 11,028	\$ 72
Vocational programs					
School-sponsored and other instructional programs	-	6,460	6,460	-	6,460
Undistributed					
Undistributed expend. - support service - related & extra.	-	2,515	2,515	2,515	-
Undistributed expend. - support service - inst. staff	4,200	5,331	9,531	9,531	-
Undistributed expenditures - general admin.	-	2,498	2,498	2,498	-
Undistributed expenditures - school admin.	27,500	(4,690)	22,810	18,245	4,565
Undistributed expenditures - admin. info. technology	54,172	(11,523)	42,649	23,672	18,977
Undistributed expend. - required maint. for school facilities	-	12,223	12,223	9,168	3,055
Total equipment	<u>96,972</u>	<u>12,814</u>	<u>109,786</u>	<u>76,657</u>	<u>33,129</u>
Facilities acquisition and construction service					
Architectural/engineering services	59,000	(46,000)	13,000	11,200	1,800
Other purchased professional and technology services	-	7,215	7,215	7,215	-
Construction services	400,000	160,500	560,500	449,364	111,136
Assessment for debt service on SDA funding	54,023	-	54,023	54,023	-
Total facilities acquisition and construction service	<u>513,023</u>	<u>121,715</u>	<u>634,738</u>	<u>521,802</u>	<u>112,936</u>
Total capital outlay	<u>\$ 609,995</u>	<u>\$ 134,529</u>	<u>\$ 744,524</u>	<u>\$ 598,459</u>	<u>\$ 146,065</u>
Transfer of funds to charter schools	<u>\$ 391,473</u>	<u>\$ 2,337</u>	<u>\$ 393,810</u>	<u>\$ 386,002</u>	<u>\$ 7,808</u>
Total expenditures	<u>\$ 29,156,281</u>	<u>\$ 423,318</u>	<u>\$ 29,579,599</u>	<u>\$ 30,663,313</u>	<u>\$ (1,083,714)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,218,628)</u>	<u>\$ (423,318)</u>	<u>\$ (1,641,946)</u>	<u>\$ 492,544</u>	<u>\$ 2,134,490</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	(26,548)	-	(26,548)	(26,548)	-
Total other financing sources (uses)	<u>(26,548)</u>	<u>-</u>	<u>(26,548)</u>	<u>(26,548)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(1,245,176)	(423,318)	(1,668,494)	465,996	2,134,490
Fund balances, July 1	2,715,432	-	2,715,432	2,715,432	-
Fund balances, June 30	<u>\$ 1,470,256</u>	<u>\$ (423,318)</u>	<u>\$ 1,046,938</u>	<u>\$ 3,181,428</u>	<u>\$ 2,134,490</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (295,676)	\$ -	\$ (295,676)	\$ (295,676)	\$ -
Increase in capital reserve	-	250,000	250,000	250,000	-
Interest Deposit to capital reserve	500	-	500	-	(500)
Withdrawal from capital reserve	(450,000)	(95,500)	(545,500)	(545,500)	-
Increase in emergency reserve	-	100,000	100,000	100,000	-
Withdrawal from emergency reserve	(100,000)	-	(100,000)	(100,000)	-
Budgeted fund balance	(400,000)	(677,818)	(1,077,818)	1,057,172	2,134,990
Total	\$ (1,245,176)	\$ (423,318)	\$ (1,668,494)	\$ 465,996	\$ 2,134,490
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 49,868	
Committed fund balance					
Capital reserve				557,133	
Emergency reserve				250,434	
Assigned fund balance					
Designated for subsequent year's expenditures				700,000	
Year-end encumbrances				738,735	
Unassigned fund balance				<u>885,258</u>	
Fund balance per budgetary basis				3,181,428	
Reconciliation to governmental statements (GAAP)					
Last State aid payments not recognized on GAAP basis				<u>(356,206)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,825,222</u>	

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 97,317	\$ -	\$ 97,317	\$ 61,744	\$ (35,573)
State sources	582,987	-	582,987	577,378	(5,609)
Federal sources	1,229,068	-	1,229,068	805,248	(423,820)
Total revenues	1,909,372	-	1,909,372	1,444,370	(465,002)
Other financing sources					
Transfer from general fund	26,548	-	26,548	26,548	-
Total revenues & other financing sources	<u>\$ 1,935,920</u>	<u>\$ -</u>	<u>\$ 1,935,920</u>	<u>\$ 1,470,918</u>	<u>\$ (465,002)</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 279,851	\$ 744	\$ 280,595	\$ 272,526	\$ 8,069
Salaries of other instructional staff	247,463	6,352	253,815	222,192	31,623
Purchased professional & technical services	36,117	1	36,118	17,130	18,988
Tuition	516,830	18,341	535,171	319,736	215,435
Other purchased services	15,147	28,359	43,506	14,235	29,271
General supplies	133,243	(33,083)	100,160	67,480	32,680
Textbooks	3,826	-	3,826	3,623	203
Other objects	4,246	-	4,246	3,371	875
Total	<u>1,236,723</u>	<u>20,714</u>	<u>1,257,437</u>	<u>920,293</u>	<u>337,144</u>
Support services					
Salaries of supervisors of instruction	91,423	1,111	92,534	92,534	-
Salaries of program directors	26,010	-	26,010	26,010	-
Salaries of other professional staff	89,059	465	89,524	89,523	1
Other salaries	180,134	(8,880)	171,254	152,232	19,022
Employee benefits	82,327	2,136	84,463	77,813	6,650
Purchased professional & technical services	123,489	(514)	122,975	52,453	70,522
Contracted services - transportation	4,442	3,734	8,176	8,176	-
Other purchased services	49,688	(13,345)	36,343	18,993	17,350
Supplies & materials	48,788	(5,055)	43,733	30,759	12,974
Other objects	3,837	(366)	3,471	2,132	1,339
Total	<u>699,197</u>	<u>(20,714)</u>	<u>678,483</u>	<u>550,625</u>	<u>127,858</u>
Facilities acquisition and construction services					
Non-instructional equipment	-	-	-	-	-
Total	-	-	-	-	-
Total expenditures	<u>\$ 1,935,920</u>	<u>\$ -</u>	<u>\$ 1,935,920</u>	<u>\$ 1,470,918</u>	<u>\$ 465,002</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 31,155,857	\$ 1,444,370
Difference-budget to GAAP:		
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	2,386	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	189,733
Outstanding encumbrances - prior year adjustment	-	(105)
Outstanding encumbrances - current year	-	(91,817)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	357,408	32,231
State aid receivable current year	<u>(356,206)</u>	<u>(27,875)</u>
Total revenues (GAAP basis)	<u>\$ 31,159,445</u>	<u>\$ 1,546,537</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 30,663,313	\$ 1,470,918
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HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Differences-budget to GAAP:		
Donations of capital assets are not recognized for budgetary basis purposes but treated as revenues and additional expenditures for GAAP purposes	\$ 2,386	\$ -
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	189,733
Outstanding encumbrances - prior year adjustment	-	(105)
Outstanding encumbrances - current year	-	(91,817)
Total expenditures (GAAP basis)	\$ 30,665,699	\$ 1,568,729

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	126,805,300	111,121,367	108,878,283	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 126,805,300	\$ 111,121,367	\$ 108,878,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 21,463,051	\$ 21,167,613	\$ 19,898,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of District Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,687,701	\$ 1,084,667	\$ 879,547	\$ 1,392,035	\$ 681,334	\$ 66,234	\$ 70,327	\$ 68,254	\$ 1,449,842	\$ 1,403,309
Contributions in relation to the contractually required contribution	(1,687,701)	(1,084,667)	(879,547)	(1,392,035)	(681,334)	(66,234)	(70,327)	(68,254)	(1,449,842)	(1,403,309)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 21,254,978	\$ 21,463,054	\$ 21,167,613	\$ 19,898,518	\$ 20,030,994	\$ 20,712,793	\$ 21,304,581	\$ 20,872,153	\$ 19,788,936	\$ 18,729,330
Contributions as a percentage of covered employee payroll	7.94%	5.05%	4.16%	7.00%	3.40%	0.32%	0.33%	0.33%	7.33%	7.49%

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.1079908869%	0.1059288304%	0.1065517934%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 24,241,790	\$ 19,832,774	\$ 20,364,165	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	7,439,392	7,383,978	7,163,447	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	325.86%	268.59%	284.28%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 928,432	\$ 873,262	\$ 802,846	\$ 806,536	\$ 883,792	\$ 863,212	\$ 647,871	\$ 541,539	\$ 392,160	\$ 212,814
Contributions in relation to the contractually required contribution	(928,432)	(873,262)	(802,846)	(806,536)	(883,792)	(863,212)	(647,871)	(541,539)	(392,160)	(212,814)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 7,420,679	\$ 7,439,392	\$ 7,383,978	\$ 7,163,447	\$ 7,167,189	\$ 7,312,609	\$ 7,943,221	\$ 7,695,279	\$ 7,049,832	\$ 6,478,273
Contributions as a percentage of covered employee payroll	12.51%	11.74%	10.87%	11.26%	12.33%	11.80%	8.16%	7.04%	5.56%	3.29%

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the Supplemental Schedule of Employer Special Funding Allocations and the Supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward	NCLB Title IA	NCLB Title IIA	NCLB Title III	IDEA Basic	IDEA Preschool	Total
Revenues							
Local sources	\$ 61,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,744
State sources	577,378	-	-	-	-	-	577,378
Federal sources		288,080	33,404	34,920	435,960	12,884	805,248
Total revenues	<u>639,122</u>	<u>288,080</u>	<u>33,404</u>	<u>34,920</u>	<u>435,960</u>	<u>12,884</u>	<u>1,444,370</u>
Other Financing Sources							
Transfer from general fund	26,548	-	-	-	-	-	26,548
Total revenues & other financing sources	<u>\$ 665,670</u>	<u>\$ 288,080</u>	<u>\$ 33,404</u>	<u>\$ 34,920</u>	<u>\$ 435,960</u>	<u>\$ 12,884</u>	<u>\$ 1,470,918</u>
Expenditures							
Instruction							
Salaries of teachers	\$ 154,491	\$ 49,527	\$ -	\$ 3,335	\$ 53,205	\$ 11,968	\$ 272,526
Salaries of other instructional staff	82,050	132,197	-	7,945	-	-	222,192
Purchased professional & technical services	8,837	8,293	-	-	-	-	17,130
Tuition	-	-	-	-	319,736	-	319,736
Other purchased services	14,235	-	-	-	-	-	14,235
General supplies	19,131	30,161	-	18,188	-	-	67,480
Textbooks	3,623	-	-	-	-	-	3,623
Other objects	3,246	-	-	125	-	-	3,371
Total	<u>285,613</u>	<u>220,178</u>	<u>-</u>	<u>29,593</u>	<u>372,941</u>	<u>11,968</u>	<u>920,293</u>
Support services							
Salaries of supervisors of instruction	92,534	-	-	-	-	-	92,534
Salaries of program directors	26,010	-	-	-	-	-	26,010
Salaries of other professional staff	89,523	-	-	-	-	-	89,523
Other salaries	74,913	31,407	-	-	45,912	-	152,232
Employee benefits	43,461	24,769	-	1,134	7,533	916	77,813
Purchased professional & technical services	8,730	9,000	27,610	1,000	6,113	-	52,453
Contracted services - transportation	8,176	-	-	-	-	-	8,176
Other purchased services	12,639	-	5,408	946	-	-	18,993
Supplies & materials	22,451	2,214	386	2,247	3,461	-	30,759
Other objects	1,620	512	-	-	-	-	2,132
Total	<u>380,057</u>	<u>67,902</u>	<u>33,404</u>	<u>5,327</u>	<u>63,019</u>	<u>916</u>	<u>550,625</u>
Facility acquisition and construction services							
Non-instructional equipment	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 665,670</u>	<u>\$ 288,080</u>	<u>\$ 33,404</u>	<u>\$ 34,920</u>	<u>\$ 435,960</u>	<u>\$ 12,884</u>	<u>\$ 1,470,918</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	School Based Youth Services Program	Other Local Grants	NJ Non-public Funds	NJ Preschool Education Aid	Educational Foundation	Total Carried Forward
Revenues						
Local sources	\$ -	\$ 27,418	\$ -	\$ -	\$ 34,326	\$ 61,744
State sources	280,637	-	19,433	277,308	-	577,378
Federal sources	-	-	-	-	-	-
Total revenues	<u>280,637</u>	<u>27,418</u>	<u>19,433</u>	<u>277,308</u>	<u>34,326</u>	<u>639,122</u>
Other financing sources						
Transfer from general fund	-	-	-	26,548	-	26,548
Total revenues & other financing sources	<u>\$ 280,637</u>	<u>\$ 27,418</u>	<u>\$ 19,433</u>	<u>\$ 303,856</u>	<u>\$ 34,326</u>	<u>\$ 665,670</u>
Expenditures						
Instruction						
Salaries of teachers	\$ -	\$ 2,000	\$ -	\$ 152,491	\$ -	\$ 154,491
Salaries of other instructional staff	-	-	-	82,050	-	82,050
Purchased professional & technical services	-	800	8,037	-	-	8,837
Other purchased services	-	-	-	-	14,235	14,235
General supplies	-	3,596	-	-	15,535	19,131
Textbooks	-	-	3,623	-	-	3,623
Other objects	-	-	-	-	3,246	3,246
Total	<u>-</u>	<u>6,396</u>	<u>11,660</u>	<u>234,541</u>	<u>33,016</u>	<u>285,613</u>
Support services						
Salaries of supervisors of instruction	92,534	-	-	-	-	92,534
Salaries of program directors	-	-	-	26,010	-	26,010
Salaries of other professional staff	89,523	-	-	-	-	89,523
Other salaries	74,913	-	-	-	-	74,913
Employee benefits	156	-	-	43,305	-	43,461
Purchased professional & technical services	1,753	-	6,977	-	-	8,730
Contracted services - transportation	3,734	2,336	796	-	1,310	8,176
Other purchased services	6,489	6,150	-	-	-	12,639
Supplies & materials	9,915	12,536	-	-	-	22,451
Other objects	1,620	-	-	-	-	1,620
Total	<u>280,637</u>	<u>21,022</u>	<u>7,773</u>	<u>69,315</u>	<u>1,310</u>	<u>380,057</u>
Facility acquisition and construction services						
Non-instructional equipment	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 280,637</u>	<u>\$ 27,418</u>	<u>\$ 19,433</u>	<u>\$ 303,856</u>	<u>\$ 34,326</u>	<u>\$ 665,670</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 152,491	\$ 152,491	\$ -
Salaries of other instructional staff	83,494	82,050	1,444
	<u>235,985</u>	<u>234,541</u>	<u>1,444</u>
Support services			
Salaries of program directors	26,010	26,010	
Employee benefits	43,305	43,305	
	<u>69,315</u>	<u>69,315</u>	<u>-</u>
Total expenditures	<u>\$ 305,300</u>	<u>\$ 303,856</u>	<u>\$ 1,444</u>

Calculation of Budget & Carryover

Total revised 2015 - 2016 Preschool education aid allocation	\$ 278,752
Add: actual ECPA/PEA carryover (June 30, 2015)	-
Add: budgeted transfer from general fund	26,548
Total preschool education aid funds available for 2015 - 2016 budget	<u>305,300</u>
Less: 2014 - 2015 budgeted preschool education aid	<u>305,300</u>
Available & unbudgeted preschool education aid funds as of June 30, 2016	-
Add 2015 - 2016 unexpended preschool education aid	<u>-</u>
2015 - 2016 Actual carryover preschool education aid	<u>\$ -</u>
2015 - 2016 Preschool education aid carryover budgeted for Preschool programs 2016 - 2017	<u>\$ -</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Bartle School Roof Replacement and Masonry Restoration	2/28/11	\$ 1,442,072	\$1,432,710	\$ -	\$ 9,362
Bartle School Window Replacement	6/05/14	1,235,850	637,332	111,189	487,329
		<u>\$ 2,677,922</u>	<u>\$ 2,070,042</u>	<u>\$ 111,189</u>	<u>\$ 496,691</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Net Position - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Expenditures and other financing uses		
Construction services	\$	111,189
Total expenditures		111,189
Excess (deficiency) of revenues over (under) expenditures		(111,189)
Fund balance - beginning		607,880
Fund balance - ending	\$	496,691
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>		
Fund balance - budgetary basis (Schedule F-2)	\$	496,691
Receivables from other governments - State		
GAAP basis (Schedule B-1)		775,014
Budgetary basis (Schedule K-4)		(973,817)
Fund balance - GAAP basis (Schedule B-1)	\$	297,888
<u>Reconciliation of Financial Assistance Difference for GAAP Purposes</u>		
State financial assistance - budgetary basis (Schedule F-2)	\$	-
Adjustment to GAAP basis		44,475
State financial assistance - GAAP basis (Schedule B-2)	\$	44,475

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Bartle School Roof Replacement and Masonry Restoration Project
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve	\$ 848,120	\$ -	\$ 848,120	\$ 848,120
Local sources - transfer from capital outlay	171,555	-	171,555	171,555
State sources - NJ SDA grant	422,397	-	422,397	422,397
Total revenues	<u>1,442,072</u>	<u>-</u>	<u>1,442,072</u>	<u>1,442,072</u>
Expenditures and other financing uses				
Purchased professional & technical services	112,846	-	112,846	112,846
Construction services	899,345	-	899,345	908,707
Return of unused local funding to general fund	420,519	-	420,519	420,519
Total expenditures	<u>1,432,710</u>	<u>-</u>	<u>1,432,710</u>	<u>1,442,072</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 9,362</u>	<u>\$ -</u>	<u>\$ 9,362</u>	<u>\$ -</u>

Additional Project Information

Project number	2150-085-10-1003
Grant date	2/28/2011
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,757,000
Reduced authorized cost	\$ (314,928)
Revised authorized cost	\$ 1,442,072
Percentage completion	99%

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Bartle School Window Replacement
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital reserve	\$ 741,510	\$ -	\$ 741,510	\$ 741,510
State sources - NJ SDA ROD grant	494,340	-	494,340	494,340
Total revenues	<u>1,235,850</u>	<u>-</u>	<u>1,235,850</u>	<u>1,235,850</u>
Expenditures and other financing uses				
Purchased professional & technical services	67,500	-	67,500	67,500
Construction services	569,832	111,189	681,021	681,021
Total expenditures	<u>637,332</u>	<u>111,189</u>	<u>748,521</u>	<u>748,521</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 598,518</u>	<u>\$ (111,189)</u>	<u>\$ 487,329</u>	<u>\$ 487,329</u>

Additional Project Information

Project number	2150-085-14-1001
Grant date	6/5/2014
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 1,235,850
Reduced authorized cost	-
Revised authorized cost	\$ 1,235,850
Percentage completion	61%

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Fund Net Position
Enterprise Funds
June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 83,970	\$ 255,989	\$ 339,959
Due from other funds	12,273	-	12,273
Receivables from other governments			
State	1,152	-	1,152
Federal	51,135	-	51,135
Other receivables	18,699	-	18,699
Inventory	5,508	-	5,508
Total current assets	172,737	255,989	428,726
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	89,610	-	89,610
Total noncurrent assets	49,377	-	49,377
Total assets	222,114	255,989	478,103
Liabilities			
Current liabilities			
Due to other funds	-	9,289	9,289
Accounts payable	33,904	315	34,219
Unearned revenues			
Commodities	441	-	441
Prepaid sales	8,835	60	8,895
Other current liabilities	-	1,098	1,098
Total liabilities	43,180	10,762	53,942
Net Position			
Net investment in capital assets	49,377	-	49,377
Unrestricted	129,557	245,227	374,784
Total net position	\$ 178,934	\$ 245,227	\$ 424,161

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 164,189	\$ -	\$ 164,189
Daily sales - non-reimbursable programs	95,579	-	95,579
Special function sales	33,644	-	33,644
Before and after school care service fees	-	366,190	366,190
Total operating revenues	<u>293,412</u>	<u>366,190</u>	<u>659,602</u>
Operating expenses			
Cost of sales - reimbursable programs	214,881	-	214,881
Cost of sales - non-reimbursable programs	56,433	-	56,433
Salaries	174,459	218,429	392,888
Employee benefits	68,831	16,710	85,541
Purchased property services	7,956	-	7,956
Rental of land and buildings	-	35,000	35,000
Insurance	2,055	-	2,055
Management fee	22,646	-	22,646
Other purchased services	6,039	13,824	19,863
General supplies	24,862	19,086	43,948
Depreciation	9,185	-	9,185
Total operating expenses	<u>587,347</u>	<u>303,049</u>	<u>890,396</u>
Operating income (loss)	<u>(293,935)</u>	<u>63,141</u>	<u>(230,794)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,288	-	6,288
Federal sources			
National school breakfast program	27,238	-	27,238
National school lunch program			
Cash assistance	241,652	-	241,652
Non cash assistance (commodities)	37,146	-	37,146
Total non-operating revenues (expenses)	<u>312,324</u>	<u>-</u>	<u>312,324</u>
Change in net position	18,389	63,141	81,530
Net position, beginning	<u>160,545</u>	<u>182,086</u>	<u>342,631</u>
Net position, ending	<u>\$ 178,934</u>	<u>\$ 245,227</u>	<u>\$ 424,161</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 288,021	\$ 366,757	\$ 654,778
Payments to employees	-	(218,429)	(218,429)
Payments for employee benefits	-	(16,710)	(16,710)
Payments to Food Service Management Co.	(537,085)	-	(537,085)
Payments to vendors and customers (net)	(6,018)	(67,910)	(73,928)
Net cash provided by (used for) operating activities	<u>(255,082)</u>	<u>63,708</u>	<u>(191,374)</u>
Cash flows from non-capital financing activities			
State sources	6,602	-	6,602
Federal sources	271,621	-	271,621
Interfund activity	2,416	(404)	2,012
Net cash provided by (used for) non-capital financing activities	<u>280,639</u>	<u>(404)</u>	<u>280,235</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(16,542)	-	(16,542)
Net cash provided by (used for) capital and related financing activities	<u>(16,542)</u>	<u>-</u>	<u>(16,542)</u>
Net increase (decrease) in cash and cash equivalents	9,015	63,304	72,319
Cash and cash equivalents, beginning	74,955	192,685	267,640
Cash and cash equivalents, ending	<u>\$ 83,970</u>	<u>\$ 255,989</u>	<u>\$ 339,959</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (293,935)	\$ 63,141	\$ (230,794)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	9,185	-	9,185
Federal food donation program	37,146	-	37,146
(Increase) decrease in accounts receivable	(2,973)	1,224	(1,749)
(Increase) decrease in inventory	813	-	813
Increase (decrease) in accounts payable	(5,222)	(76)	(5,298)
Increase (decrease) in unearned revenues	(96)	-	(96)
Increase (decrease) in current liabilities	-	(581)	(581)
Net cash provided by (used for) operating activities	<u>\$ (255,082)</u>	<u>\$ 63,708</u>	<u>\$ (191,374)</u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Schedule of Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 73,514	\$ 71,687	\$ 153,122	\$ 39,785	\$ 338,108
Investments	-	10,238	-	-	10,238
Total assets	73,514	81,925	153,122	39,785	348,346
Liabilities					
Due to other funds	-	-	-	16,979	16,979
Accounts payable	4,604	-	-	-	4,604
Due to student groups	-	-	153,122	-	153,122
Payroll deductions & withholdings	-	-	-	22,806	22,806
Total liabilities	4,604	-	153,122	39,785	197,511
Net position					
Held in trust for unemployment claims and other purposes	<u>\$ 68,910</u>	<u>\$ 81,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,835</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employees	\$ 25,595	\$ -	\$ 25,595
Other	-	5,714	5,714
Investment earnings			
Interest	-	6	6
Total additions	25,595	5,720	31,315
Deductions			
Scholarships awarded	-	10,630	10,630
Unemployment claims	65,613	-	65,613
Total deductions	65,613	10,630	76,243
Change in net position	(40,018)	(4,910)	(44,928)
Net position - beginning of the year	108,928	86,835	195,763
Net position - end of the year	\$ 68,910	\$ 81,925	\$ 150,835

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 142,225	\$ 317,275	\$ 306,378	\$ 153,122
Total assets	\$ 142,225	\$ 317,275	\$ 306,378	\$ 153,122
Liabilities				
Due to student groups				
Irving School	\$ 9,117	\$ 4,145	\$ 4,682	\$ 8,580
Bartle School	19,847	20,173	18,157	21,863
Middle School	12,244	34,512	37,039	9,717
High School	100,951	228,622	216,611	112,962
Athletic account	66	29,823	29,889	-
Total liabilities	\$ 142,225	\$ 317,275	\$ 306,378	\$ 153,122

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 70,158	\$ 17,380,059	\$ 17,410,432	\$ 39,785
Total assets	\$ 70,158	\$ 17,380,059	\$ 17,410,432	\$ 39,785
Liabilities				
Payroll deductions and withholdings				
Due to other funds	\$ 40,875	\$ 30,073	\$ 53,969	\$ 16,979
Net payroll	-	9,702,695	9,702,695	-
Payroll agency	29,283	7,647,291	7,653,768	22,806
Total liabilities	\$ 70,158	\$ 17,380,059	\$ 17,410,432	\$ 39,785

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
Refunding School Bonds of 2006	11/17/06	\$ 13,985,000	02/15/17	\$ 695,000	5.00%	\$ -	\$ -	\$ -	\$ -
			02/15/18	805,000	0.00%	-	-	-	-
			02/15/19	870,000	4.00%	-	-	-	-
			02/15/20	915,000	0.00%	-	-	-	-
			02/15/21	1,040,000	5.00%	-	-	-	-
			02/15/22	1,090,000	0.00%	-	-	-	-
			02/15/23	1,170,000	0.00%	-	-	-	-
			02/15/24	1,200,000	0.00%	-	-	-	-
			02/15/25	1,225,000	0.00%	9,665,000	-	655,000	9,010,000
			-	-	-	-	-	-	-
Refunding School Bonds of 2012	10/25/12	13,640,000	03/01/17	455,000	4.00%	-	-	-	-
			03/01/18	395,000	0.00%	-	-	-	-
			03/01/19	385,000	0.00%	-	-	-	-
			03/01/20	390,000	0.00%	-	-	-	-
			03/01/21	320,000	0.00%	-	-	-	-
			03/01/22	335,000	0.00%	-	-	-	-
			03/01/23	325,000	4.50%	-	-	-	-
			03/01/24	370,000	4.00%	-	-	-	-
			03/01/25	415,000	0.00%	-	-	-	-
			03/01/26	1,790,000	0.00%	-	-	-	-
			03/01/27	1,870,000	3.00%	-	-	-	-
			03/01/28	1,925,000	0.00%	-	-	-	-
			03/01/29	1,985,000	0.00%	-	-	-	-
03/01/30	2,045,000	3.125%	13,445,000	-	440,000	13,005,000			
						<u>\$ 23,110,000</u>	<u>\$ -</u>	<u>\$ 1,095,000</u>	<u>\$ 22,015,000</u>

See independent auditor's report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Debt service tax levy	\$ 1,989,143	\$ -	\$ 1,989,143	\$ 1,989,143	\$ -
State sources					
Debt service aid	9,363	-	9,363	9,363	-
Total revenues	<u>1,998,506</u>	<u>-</u>	<u>1,998,506</u>	<u>1,998,506</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,095,000	-	1,095,000	1,095,000	-
Interest on bonds	924,731	-	924,731	924,731	-
Total expenditures	<u>2,019,731</u>	<u>-</u>	<u>2,019,731</u>	<u>2,019,731</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	(21,225)	-	(21,225)	(21,225)	-
Fund balance, July 1	<u>21,225</u>	<u>-</u>	<u>21,225</u>	<u>21,225</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenue over (under) expenditures					
Budgeted fund balance	<u>\$ (21,225)</u>	<u>\$ -</u>	<u>\$ (21,225)</u>	<u>\$ (21,225)</u>	<u>\$ -</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 9,957,848	\$ 10,770,628	\$ 11,593,747	\$ 12,357,525	\$ 13,315,453	\$ 14,680,839	\$ 15,424,132	\$ 15,927,934	\$ 16,630,941	\$ 17,173,416
Restricted	155,148	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455
Unrestricted	(1,092,027)	(1,736,837)	(1,297,089)	(1,966,622)	(1,677,935)	(1,184,011)	(721,513)	(6,362,501)	(6,538,377)	(5,858,310)
Total governmental activities	<u>\$ 9,020,969</u>	<u>\$ 9,621,431</u>	<u>\$ 10,872,772</u>	<u>\$ 11,533,801</u>	<u>\$ 13,253,481</u>	<u>\$ 14,974,856</u>	<u>\$ 16,047,253</u>	<u>\$ 10,861,300</u>	<u>\$ 11,581,459</u>	<u>\$ 12,420,561</u>
Business-type activities										
Net investment in capital assets	\$ 42,752	\$ 58,693	\$ 52,471	\$ 45,324	\$ 40,711	\$ 33,344	\$ 26,770	\$ 33,107	\$ 42,020	\$ 49,377
Restricted	42,848	83,144	167,930	167,913	168,790	233,111	234,305	263,567	300,611	374,784
Total business-type activities	<u>\$ 85,600</u>	<u>\$ 141,837</u>	<u>\$ 220,401</u>	<u>\$ 213,237</u>	<u>\$ 209,501</u>	<u>\$ 266,455</u>	<u>\$ 261,075</u>	<u>\$ 296,674</u>	<u>\$ 342,631</u>	<u>\$ 424,161</u>
District-wide										
Net investment in capital assets	\$ 10,000,600	\$ 10,829,321	\$ 11,646,218	\$ 12,402,849	\$ 13,356,164	\$ 14,714,183	\$ 15,450,902	\$ 15,961,041	\$ 16,672,961	\$ 17,222,793
Restricted	155,148	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455
Unrestricted	(1,049,179)	(1,653,693)	(1,129,159)	(1,798,709)	(1,509,145)	(950,900)	(487,208)	(6,098,934)	(6,237,766)	(5,483,526)
Total district-wide	<u>\$ 9,106,569</u>	<u>\$ 9,763,268</u>	<u>\$ 11,093,173</u>	<u>\$ 11,747,038</u>	<u>\$ 13,462,982</u>	<u>\$ 15,241,311</u>	<u>\$ 16,308,328</u>	<u>\$ 11,157,974</u>	<u>\$ 11,924,090</u>	<u>\$ 12,844,722</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,094,536	\$ 10,307,353	\$ 9,573,546	\$ 9,156,318	\$ 8,897,577	\$ 9,887,679	\$ 11,057,689	\$ 11,258,338	\$ 13,827,267	\$ 15,105,204
Special education	2,205,385	2,615,781	2,609,222	2,989,771	3,262,529	3,111,479	3,663,691	3,752,569	4,553,786	4,479,743
Other special education	526,932	736,405	496,443	485,936	659,803	587,261	596,341	733,884	774,195	712,296
Other instruction	641,149	709,853	672,637	1,126,422	983,996	914,493	833,214	867,842	938,732	1,250,193
Support services										
Tuition	1,579,855	1,722,016	1,763,726	1,750,764	1,804,870	1,868,281	1,902,117	1,963,823	1,978,369	2,290,325
Student & instruction related services	4,482,339	4,706,208	4,389,406	4,419,671	4,240,958	4,204,905	4,662,007	4,285,857	4,871,894	5,417,343
General & business administrative services	1,769,296	1,748,463	1,503,870	1,418,257	1,412,487	1,908,409	1,767,011	1,577,180	1,976,727	1,798,719
School administration	1,342,109	1,436,481	1,380,141	1,502,289	1,380,535	1,536,729	1,628,626	1,554,762	1,792,284	1,964,659
Plant operations & maintenance	2,199,153	2,181,302	2,304,046	2,232,019	2,213,377	2,011,298	2,237,883	1,992,071	2,407,329	2,734,852
Pupil transportation	1,392,987	1,311,731	1,245,772	1,216,083	1,283,356	1,266,543	1,312,460	1,309,393	1,405,434	1,299,670
Special schools	3,690	-	-	-	-	-	-	-	-	-
Transfer to charter schools	50,282	69,048	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002
Interest on long term debt	1,174,091	1,339,177	1,290,577	1,245,732	1,278,984	1,214,753	1,111,490	1,121,718	1,082,075	1,034,427
Total governmental activities expenses	<u>27,461,804</u>	<u>28,883,818</u>	<u>27,296,119</u>	<u>27,655,669</u>	<u>27,613,360</u>	<u>28,732,534</u>	<u>31,099,236</u>	<u>30,743,794</u>	<u>36,002,867</u>	<u>38,473,433</u>
Business-type activities										
Food services	563,109	602,539	555,129	545,600	504,307	519,295	554,527	588,168	584,567	587,347
Other	335,393	382,620	467,428	401,137	284,588	288,115	302,036	274,970	300,133	303,049
Total business-type activities	<u>898,502</u>	<u>985,159</u>	<u>1,022,557</u>	<u>946,737</u>	<u>788,895</u>	<u>807,410</u>	<u>856,563</u>	<u>863,138</u>	<u>884,700</u>	<u>890,396</u>
Total district expenses	<u>\$ 28,360,306</u>	<u>\$ 29,868,977</u>	<u>\$ 28,318,676</u>	<u>\$ 28,602,406</u>	<u>\$ 28,402,255</u>	<u>\$ 29,539,944</u>	<u>\$ 31,955,799</u>	<u>\$ 31,606,932</u>	<u>\$ 36,887,567</u>	<u>\$ 39,363,829</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 37,814	\$ 23,835	\$ 33,338	\$ 28,663	\$ 34,093	\$ 46,095	\$ 61,062	\$ 57,441	\$ 48,734	\$ 50,339
Special education instruction	-	-	10,951	-	42,289	9,400	30,464	68,799	36,016	20,687
Other instruction	-	-	-	3,551	-	-	-	-	-	-
Student & instruction related services	-	-	-	-	-	-	280	-	-	-
General & business administrative services	4,102	135	256	140	138	10	137	168	4	-
Plant operations & maintenance	26,777	21,423	20,918	7,778	294	5,282	28,346	29,554	75,108	121,145
Operating grants & contributions	2,501,542	2,586,175	1,351,035	1,289,252	1,711,885	1,353,625	2,294,897	1,419,517	1,334,920	1,546,537
Capital grants & contributions	5,302,879	783,098	310,401	-	259,835	497,091	64,903	19,640	235,293	44,475
Total governmental activities program revenues	<u>7,873,114</u>	<u>3,414,666</u>	<u>1,726,899</u>	<u>1,329,384</u>	<u>2,048,534</u>	<u>1,911,503</u>	<u>2,480,089</u>	<u>1,595,119</u>	<u>1,730,075</u>	<u>1,783,183</u>
Business-type activities										
Charges for services										
Food service	352,856	376,895	339,574	302,562	272,828	294,182	289,781	306,373	298,563	293,412
Other	355,547	412,396	553,773	387,757	275,473	308,312	310,673	315,652	322,526	366,190
Operating grants & contributions	194,424	199,839	207,442	249,093	236,430	258,294	275,729	301,212	309,568	312,324
Total business-type activities program revenues	<u>902,827</u>	<u>989,130</u>	<u>1,100,789</u>	<u>939,412</u>	<u>784,731</u>	<u>860,788</u>	<u>876,183</u>	<u>923,237</u>	<u>930,657</u>	<u>971,926</u>
Total district - program revenues	<u>\$ 8,775,941</u>	<u>\$ 4,403,796</u>	<u>\$ 2,827,688</u>	<u>\$ 2,268,796</u>	<u>\$ 2,833,265</u>	<u>\$ 2,772,291</u>	<u>\$ 3,356,272</u>	<u>\$ 2,518,356</u>	<u>\$ 2,660,732</u>	<u>\$ 2,755,109</u>
Net (expense) revenues										
Governmental activities	\$ (19,588,690)	\$ (25,469,152)	\$ (25,569,220)	\$ (26,326,285)	\$ (25,564,826)	\$ (26,821,031)	\$ (28,619,147)	\$ (29,148,675)	\$ (34,272,792)	\$ (36,690,250)
Business-type activities	4,325	3,971	78,232	(7,325)	(4,164)	53,378	19,620	60,099	45,957	81,530
Total district-wide net expenses	<u>\$ (19,584,365)</u>	<u>\$ (25,465,181)</u>	<u>\$ (25,490,988)</u>	<u>\$ (26,333,610)</u>	<u>\$ (25,568,990)</u>	<u>\$ (26,767,653)</u>	<u>\$ (28,599,527)</u>	<u>\$ (29,088,576)</u>	<u>\$ (34,226,835)</u>	<u>\$ (36,608,720)</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 17,580,347	\$ 18,647,753	\$ 19,125,082	\$ 19,690,085	\$ 20,464,826	\$ 20,874,123	\$ 21,291,605	\$ 21,717,437	\$ 23,208,941	\$ 24,207,999
Taxes levied for debt service	2,120,213	1,972,159	2,051,618	2,055,915	2,056,511	2,054,645	2,056,929	1,967,946	2,008,923	1,989,143
Unrestricted grants & contributions	5,103,699	5,340,516	5,550,906	5,300,824	4,733,360	5,478,065	6,136,322	5,947,416	9,716,309	11,248,257
Investment earnings	439,280	146,178	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739
Miscellaneous income	117,593	103,792	149,866	103,487	131,819	241,182	143,730	87,345	92,720	76,214
Special item - gain (loss) on disposal of capital assets	-	(1,614)	(4,677)	-	(5,076)	-	-	(1,864)	-	-
Special item - insurance proceeds for storm damage	-	-	-	-	-	-	35,761	-	-	-
Special item - payment to refunding bond agent	(329,839)	-	-	-	-	-	-	-	-	-
Operating transfers in/(out)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-
Total governmental activities	<u>24,994,293</u>	<u>26,069,614</u>	<u>26,820,561</u>	<u>26,987,314</u>	<u>27,284,506</u>	<u>28,542,406</u>	<u>29,691,544</u>	<u>29,705,107</u>	<u>34,992,951</u>	<u>37,529,352</u>
Business-type activities										
Investment earnings	1,365	753	332	361	428	58	-	-	-	-
Miscellaneous income	-	-	-	-	-	3,518	-	500	-	-
Transfers in/(out)	-	50,170	-	-	-	-	(25,000)	(25,000)	-	-
Special item - prior year management company profit	6,570	-	-	-	-	-	-	-	-	-
Special item - prior year special function revenue (expenses)	(11,889)	1,343	-	-	-	-	-	-	-	-
Special item - prior year accounts receivable canceled	-	-	-	(200)	-	-	-	-	-	-
Total business-type activities	<u>(3,954)</u>	<u>52,266</u>	<u>332</u>	<u>161</u>	<u>428</u>	<u>3,576</u>	<u>(25,000)</u>	<u>(24,500)</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 24,990,339</u>	<u>\$ 26,121,880</u>	<u>\$ 26,820,893</u>	<u>\$ 26,987,475</u>	<u>\$ 27,284,934</u>	<u>\$ 28,545,982</u>	<u>\$ 29,666,544</u>	<u>\$ 29,680,607</u>	<u>\$ 34,992,951</u>	<u>\$ 37,529,352</u>
Change in net position										
Governmental activities	\$ 5,405,603	\$ 600,462	\$ 1,251,341	\$ 661,029	\$ 1,719,680	\$ 1,721,375	\$ 1,072,397	\$ 556,432	\$ 720,159	\$ 839,102
Business-type activities	371	56,237	78,564	(7,164)	(3,736)	56,954	(5,380)	35,599	45,957	81,530
Total district	<u>\$ 5,405,974</u>	<u>\$ 656,699</u>	<u>\$ 1,329,905</u>	<u>\$ 653,865</u>	<u>\$ 1,715,944</u>	<u>\$ 1,778,329</u>	<u>\$ 1,067,017</u>	<u>\$ 592,031</u>	<u>\$ 766,116</u>	<u>\$ 920,632</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 1,261,428	\$ 468,471	\$ 469,773	\$ 531,560	\$ 219,745	\$ 433,788	\$ 275,830	\$ -	\$ 49,868	\$ 49,868
Committed	6,964	357,233	359,436	1,060,319	500,304	1,321,824	1,186,749	552,234	1,103,068	807,567
Assigned	468,015	601,716	954,715	324,028	741,286	1,270,719	899,233	1,028,454	695,676	1,438,735
Unassigned	372,440	383,468	256,073	182,362	365,048	320,852	359,524	388,364	509,412	529,052
Total general fund	<u>\$ 2,108,847</u>	<u>\$ 1,810,888</u>	<u>\$ 2,039,997</u>	<u>\$ 2,098,269</u>	<u>\$ 1,826,383</u>	<u>\$ 3,347,183</u>	<u>\$ 2,721,336</u>	<u>\$ 1,969,052</u>	<u>\$ 2,358,024</u>	<u>\$ 2,825,222</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 1,924,439	\$ 559,559	\$ 463,688	\$ 96,238	\$ 1,128,721	\$ 168,921	\$ 120,353	\$ 717,541	\$ 364,602	\$ 297,888
Assigned, reported in										
debt service fund	76,215	1	1	-	1	1	50,250	26,092	21,225	-
Unassigned, reported in										
Special revenue fund	(63,227)	(73,377)	(29,022)	(29,992)	(29,992)	(27,492)	(28,859)	(30,488)	(32,231)	(27,875)
Total all other governmental funds	<u>\$ 1,937,427</u>	<u>\$ 486,183</u>	<u>\$ 434,667</u>	<u>\$ 66,246</u>	<u>\$ 1,098,730</u>	<u>\$ 141,430</u>	<u>\$ 141,744</u>	<u>\$ 713,145</u>	<u>\$ 353,596</u>	<u>\$ 270,013</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 19,700,560	\$ 20,619,912	\$ 21,176,700	\$ 21,746,000	\$ 22,521,337	\$ 22,928,768	\$ 23,348,534	\$ 23,685,383	\$ 25,217,864	\$ 26,197,142
Tuition charges	37,314	23,835	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026
Interest earnings	439,280	146,178	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739
Miscellaneous	133,775	136,808	184,377	100,806	140,296	267,431	1,034,900	109,456	173,101	118,508
State sources	6,695,828	7,099,005	6,209,897	5,357,841	5,285,820	5,879,238	6,710,432	6,498,687	6,990,035	7,434,050
State sources - capital projects	5,302,879	783,098	310,401		259,835	497,091	64,903	19,640	235,293	44,475
Federal sources	867,974	769,426	630,739	1,196,717	1,110,005	885,699	778,930	805,729	732,653	876,023
Total revenues	33,177,610	29,578,262	28,575,964	28,452,030	29,406,741	30,518,113	32,030,417	31,246,931	33,439,754	34,748,963
Expenditures										
Instruction										
Regular instruction	6,299,046	6,535,275	6,877,160	6,514,936	6,187,899	6,785,092	7,335,202	7,511,275	7,867,272	7,933,174
Special education instruction	1,477,670	1,727,937	1,890,684	2,087,987	2,232,059	2,073,818	2,413,925	2,464,384	2,594,131	2,356,648
Other special instruction	208,885	231,264	238,532	249,108	243,562	254,013	264,405	273,745	222,516	271,245
School sponsored/Other instruction	484,499	528,237	496,530	803,805	694,021	639,463	580,783	597,520	621,901	751,555
Support services										
Tuition	1,232,919	1,418,877	1,544,207	1,588,055	1,325,187	1,551,601	1,583,577	1,638,311	1,759,536	1,980,136
Student & inst related services	2,578,772	2,733,522	3,015,690	2,929,618	2,781,135	2,716,128	2,947,208	2,748,630	2,719,938	2,871,595
General administration	688,718	662,134	599,287	540,782	564,270	681,821	657,647	629,571	870,571	754,044
School administration services	800,968	818,510	886,022	929,273	850,887	942,431	988,977	970,007	976,782	1,064,649
Central services	574,476	636,204	457,733	383,945	368,853	416,759	424,193	418,742	414,785	427,213
Administrative information technology	59,118	51,277	60,696	55,749	45,723	55,958	49,416	45,699	101,644	52,905
Plant operations & maintenance	2,165,319	2,136,233	2,236,832	2,146,722	2,149,502	1,976,206	2,190,994	1,963,783	2,339,513	2,589,595
Pupil transportation	1,390,050	1,306,768	1,237,312	1,208,805	1,275,558	1,258,988	1,301,430	1,299,566	1,396,218	1,283,568
Employee benefits	2,536,248	2,809,315	3,086,387	3,295,083	3,432,714	3,578,330	3,877,541	4,282,640	4,440,405	4,541,301
On-behalf TPAF pension & Social Security contribution	2,555,344	2,669,005	1,529,760	1,610,837	1,482,444	1,830,338	2,341,289	2,108,950	2,475,847	2,810,755
Capital outlay	81,791	50,742	324,511	395,953	234,686	191,113	950,456	550,329	131,586	537,291
Lease purchase agreement - principal	49,550	-	-	-	-	-	-	-	-	-
Special schools	3,690	-	-	-	-	-	-	-	-	-
Transfers to charter schools	50,282	69,048	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002
Special revenue funds	2,501,542	2,596,325	1,306,680	1,290,222	1,711,885	1,361,578	2,343,162	1,434,213	1,352,979	1,568,729
Capital projects fund	14,874,319	2,147,978	406,272	367,450	627,526	1,207,927	245,342	49,100	588,232	111,189
Debt service										
Principal	825,498	737,474	769,865	807,368	840,449	873,948	988,096	1,032,261	1,074,558	1,095,000
Interest & other charges	1,241,621	1,322,170	1,291,328	1,259,074	1,292,895	1,229,247	1,087,932	1,067,731	1,027,142	978,754
Total expenditures	42,680,325	31,188,295	28,322,221	28,577,179	28,536,143	29,845,463	32,898,282	31,412,814	33,370,331	34,365,348

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (9,502,715)	\$ (1,610,033)	\$ 253,743	\$ (125,149)	\$ 870,598	\$ 672,650	\$ (867,865)	\$ (165,883)	\$ 69,423	\$ 383,615
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	49,116	-	-	-
Proceeds from refunding										
Proceeds from refunding bond issue	13,985,000	-	-	-	-	-	13,640,000	-	-	-
Payment to refunding bond escrow agent	(14,464,839)	-	-	-	-	-	(13,949,447)	-	-	-
Premium on bond issue	682,650	-	-	-	-	-	441,318	-	-	-
Premium on note issue	21,350	-	-	-	-	850	584	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Insurance claim proceeds for storm damage	-	-	-	-	-	-	35,761	-	-	-
Transfers in (out)	(37,000)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-
Total other financing sources (uses)	187,161	(139,170)	(76,150)	(185,000)	(110,000)	(109,150)	242,332	(15,000)	(40,000)	-
Net change in fund balances	<u>\$ (9,315,554)</u>	<u>\$ (1,749,203)</u>	<u>\$ 177,593</u>	<u>\$ (310,149)</u>	<u>\$ 760,598</u>	<u>\$ 563,500</u>	<u>\$ (625,533)</u>	<u>\$ (180,883)</u>	<u>\$ 29,423</u>	<u>\$ 383,615</u>
Debt service as a percentage of non-capital expenditures	8.27%	7.65%	8.07%	8.03%	8.35%	7.98%	7.01%	7.31%	6.88%	6.55%

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 112,771	\$ 97,265	\$ 23,779	\$ 22,003	\$ 13,066	\$ 4,391	\$ 2,197	\$ 1,827	\$ 6,058	\$ 7,739
Insurance dividends	14,262	13,355	13,348	5,032	8,808	-	-	-	-	-
Mortgage loan proceeds	42,389	43,449	44,535	45,649	46,790	47,960	49,158	-	-	-
Rentals	18,665	15,660	11,821	2,700	-	1,375	11,085	20,995	45,600	40,883
Prior year										
Account balance canceled	408	-	-	-	-	-	9,387	1,164	1,610	-
Refund	3,427	6,084	5,202	11,321	6,693	23,568	2,982	14,740	9,074	3,086
Outstanding checks voided	7,430	-	8,756	-	-	-	-	517	-	-
E-Rate rebates	-	-	36,545	-	-	-	7,791	165	-	-
Miscellaneous refunds	-	-	-	-	-	-	512	-	26	-
Bid spec fees	4,450	-	-	-	-	-	-	-	-	-
Restitution	1,166	-	328	434	-	410	-	-	-	-
Donations and local contributions	-	-	-	-	27,308	-	1,880	-	-	-
Tuition	37,314	23,835	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026
Proceeds from sale of capital assets	-	-	2,112	90	-	-	-	289	-	-
Lawsuit settlement proceeds	-	-	-	-	-	126,000	-	-	-	-
Energy rebates	-	-	-	-	-	-	3,475	8,808	8,743	8,776
Local contributions	-	-	-	-	-	-	-	-	-	2,386
Miscellaneous	139	-	425	62	1,277	1,365	707	261	313	77
Annual totals	<u>\$ 242,421</u>	<u>\$ 199,648</u>	<u>\$ 186,785</u>	<u>\$ 115,954</u>	<u>\$ 180,324</u>	<u>\$ 260,564</u>	<u>\$ 179,695</u>	<u>\$ 174,975</u>	<u>\$ 156,174</u>	<u>\$ 133,973</u>

Source: District records

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 3,073,900	\$ 3,412,100	\$ 3,460,700	\$ 3,402,400	\$ 8,975,900	\$ 7,665,900	\$ 4,941,000	\$ 4,979,000	\$ 8,369,600	\$ 9,602,600
Residential	392,449,400	394,142,800	395,306,400	396,844,200	397,445,000	401,239,600	409,902,700	410,935,400	410,880,200	416,431,100
Commercial	49,407,300	48,518,800	48,823,000	49,040,700	48,760,300	48,480,900	47,375,500	47,800,300	49,270,000	49,201,300
Industrial	4,750,900	5,044,900	4,763,800	4,763,800	2,808,400	2,808,400	2,808,400	2,487,800	2,330,600	2,330,600
Apartment	80,728,300	80,112,600	80,459,300	80,459,300	77,138,600	77,035,000	76,839,300	76,781,000	76,368,600	76,368,600
Total assessed value	530,409,800	531,231,200	532,813,200	534,510,400	535,128,200	537,229,800	541,866,900	542,983,500	547,219,000	553,934,200
Public utilities (a)	310,037	306,318	311,208	304,824	276,411	40	40	42	43	43
Net valuation taxable	\$ 530,719,837	\$ 531,537,518	\$ 533,124,408	\$ 534,815,224	\$ 535,404,611	\$ 537,229,840	\$ 541,866,940	\$ 542,983,542	\$ 547,219,043	\$ 553,934,243
Estimated actual county equalized value	\$ 1,428,657,064	\$ 1,488,066,959	\$ 1,512,628,292	\$ 1,501,446,445	\$ 1,436,556,510	\$ 1,358,356,106	\$ 1,371,814,938	\$ 1,288,828,726	\$ 1,271,124,317	\$ 1,294,238,828
Percentage of net valuation to estimated actual equalized value	37.15%	35.72%	35.24%	35.62%	37.27%	39.55%	39.50%	42.13%	43.05%	42.80%
Total direct school tax rate (b)	\$ 3.80	\$ 3.93	\$ 4.02	\$ 4.14	\$ 4.24	\$ 4.31	\$ 4.33	\$ 4.55	\$ 4.60	\$ 4.87

Source: Municipal tax assessor

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

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality	County	
2007	\$ 3.44	\$ 0.36	\$ 3.80	\$ 1.48	\$ 0.77	\$ 6.05
2008	3.55	0.38	3.93	1.57	0.80	6.30
2009	3.64	0.38	4.02	1.63	0.84	6.49
2010	3.76	0.38	4.14	1.66	0.84	6.64
2011	3.86	0.38	4.24	1.71	0.90	6.85
2012	3.93	0.38	4.31	1.77	0.91	6.99
2013	3.97	0.36	4.33	1.86	0.98	7.17
2014	4.19	0.36	4.55	1.98	0.95	7.48
2015	4.25	0.35	4.60	2.07	0.93	7.60
2016	4.51	0.36	4.87	2.12	0.91	7.90

Sources: Municipal tax collector

NOTE: NJSA 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Tree Tops at Highlands LLC	\$ 8,000,000	1	1.44%	\$ 9,814,400	1
Cedar Arms Associates LLC	5,220,000	2	0.94%	5,220,000	2	0.98%
Donaldson Park Apartments	5,019,800	3	0.91%	5,019,800	3	0.95%
CLA Management Company	4,994,800	4	0.90%	4,994,800	4	0.94%
Rutgers University c/o Richardson	4,922,100	5	0.89%	-		-
Cedar Holding Associates	4,871,600	6	0.88%	4,871,600	6	0.92%
Orchard Gardens	4,600,300	7	0.83%	4,600,300	7	0.87%
Highland Montgomery LLC	3,704,000	8	0.67%	3,704,000	8	0.70%
East Coast Harper & Highland House/Gardens	3,544,600	9	0.64%	-		-
Highland Park Manor LLC	2,500,000	10	0.45%	2,712,600	9	0.51%
Forest Glen	-		-	4,922,100	5	0.93%
Placid Brook Associates	-		-	2,208,800	10	0.41%
	<u>\$47,377,200</u>		<u>8.55%</u>	<u>\$48,068,400</u>		<u>9.06%</u>

Source: Municipal tax assessor

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

<u>Year Ending December 31,</u>	<u>Taxes Levied for the Year</u>	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2006	\$ 30,817,261	\$ 30,794,288	99.93%
2007	32,357,491	32,309,292	99.85%
2008	33,831,273	33,808,188	99.93%
2009	34,875,063	34,863,397	99.97%
2010	35,671,962	35,652,607	99.95%
2011	36,980,545	36,921,189	99.84%
2012	38,186,051	38,182,144	99.99%
2013	39,134,661	39,133,432	100.00%
2014	40,805,492	40,805,412	100.00%
2015	41,887,529	41,876,966	99.97%

Source: District records including the Certificate and Report of School Taxes (A4F Form)

(a)

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ 29,174,903	\$ -	\$ -	\$ 7,000,000	\$ -	\$ -	\$ 36,174,903	5.75%	\$ 2,574
2008	28,437,429	-	-	5,000,000	-	-	33,437,429	5.11%	2,379
2009	27,667,564	-	-	-	-	-	27,667,564	4.04%	1,950
2010	26,860,196	-	-	-	-	-	26,860,196	4.09%	1,874
2011	26,019,747	-	-	-	-	-	26,019,747	3.99%	1,860
2012	25,145,799	-	-	1,085,996	-	-	26,231,795	3.82%	1,866
2013	25,167,703	-	49,116	1,085,996	-	-	26,302,815	3.68%	1,850
2014	24,160,000	-	24,558	-	-	-	24,184,558	3.37%	1,693
2015	23,110,000	-	-	-	-	-	23,110,000	3.06%	1,608
2016	22,015,000	-	-	-	-	-	22,015,000	N/A	1,534

NOTES: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit J-14 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation	Deductions	Net General Bonded Debt Outstanding		
	Bonds				
2007	\$ 29,174,903	\$ -	\$ 29,174,903	5.50%	\$ 2,076
2008	28,437,429	-	28,437,429	5.35%	2,004
2009	27,667,564	-	27,667,564	5.19%	1,930
2010	26,860,196	-	26,860,196	5.02%	1,920
2011	26,019,747	-	26,019,747	4.86%	1,851
2012	25,145,799	-	25,145,799	4.68%	1,769
2013	25,167,703	-	25,167,703	4.64%	1,762
2014	24,160,000	-	24,160,000	4.45%	1,681
2015	23,110,000	-	23,110,000	4.22%	1,611
2016	22,015,000	-	22,015,000	3.97%	1,534

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

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 15,811,948	100.00	\$ 15,811,948
County general obligation debt	735,109,645	1.30	<u>9,556,425</u>
Subtotal, overlapping debt			25,368,373
School district direct debt			<u>23,110,000</u>
Total direct and overlapping debt			<u><u>\$ 48,478,373</u></u>

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

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

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis	
	2015	\$ 1,278,549,065
	2014	1,261,285,714
	2013	<u>1,286,178,258</u>
		<u>\$ 3,826,013,037</u>
Average equalized valuation of taxable property		<u>\$ 1,275,337,679</u>
Debt limit (4.0% of average equalization value)		\$ 51,013,507
Total net debt applicable to limit		<u>22,015,000</u>
Legal debt margin		<u>\$ 28,998,507</u>

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 57,107,005	\$ 55,296,999	\$ 53,323,946	\$ 52,100,526	\$ 51,013,507
Total net debt applicable	<u>28,008,323</u>	<u>28,030,227</u>	<u>24,160,000</u>	<u>23,110,000</u>	<u>22,015,000</u>
Legal debt margin	<u>\$ 29,098,682</u>	<u>\$ 27,266,772</u>	<u>\$ 29,163,946</u>	<u>\$ 28,990,526</u>	<u>\$ 28,998,507</u>
Total net debt applicable to the limit as a percentage of debt limit	49.05%	50.69%	45.31%	44.36%	43.16%

	Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 51,244,335	\$ 55,904,247	\$ 58,950,149	\$ 59,992,854	\$ 59,092,121
Total net debt applicable	<u>37,051,296</u>	<u>33,437,429</u>	<u>29,444,092</u>	<u>28,636,724</u>	<u>27,796,275</u>
Legal debt margin	<u>\$ 14,193,039</u>	<u>\$ 22,466,818</u>	<u>\$ 29,506,057</u>	<u>\$ 31,356,130</u>	<u>\$ 31,295,846</u>
Total net debt applicable to the limit as a percentage of debt limit	72.30%	59.81%	49.95%	47.73%	47.04%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	14,053	\$ 653,731,507	\$ 46,519	3.70%
2008	14,187	684,494,376	48,248	5.00%
2009	14,332	656,821,228	45,829	7.80%
2010	13,992	651,635,424	46,572	7.80%
2011	14,055	687,050,565	48,883	7.60%
2012	14,215	714,460,115	50,261	7.70%
2013	14,287	718,164,629	50,267	7.80%
2014	14,370	754,223,820	52,486	4.40%
2015	14,347	N/A	N/A	3.60%
2016	14,347	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2016

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years**

	<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>
Function/Program										
Instruction										
Regular	137.0	120.0	115.0	110.0	99.1	105.4	117.1	116.5	119.4	119.1
Special education	27.0	56.0	44.0	45.4	48.2	49.1	56.8	60.8	49.6	52.3
Other instruction	2.0	3.6	3.6	3.6	3.6	8.0	7.1	6.1	5.3	9.1
Support services										
Student and instruction related services	45.0	44.0	54.0	51.9	50.7	46.3	46.0	34.8	42.4	48.1
General administration	2.0	2.0	3.2	3.2	3.2	3.2	2.2	3.2	3.0	3.0
School administration services	10.0	10.9	11.2	12.7	11.5	11.5	12.2	14.7	14.4	18.4
Central services	7.0	6.5	5.8	5.8	4.8	5.1	5.5	4.5	4.5	4.5
Administrative information technology	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Plant operations and maintenance	4.0	4.5	3.9	3.2	3.6	2.2	2.3	1.6	3.2	5.5
Total	<u>235.0</u>	<u>248.0</u>	<u>241.2</u>	<u>236.3</u>	<u>225.2</u>	<u>231.3</u>	<u>249.7</u>	<u>242.7</u>	<u>242.3</u>	<u>260.5</u>

Source: District personnel records

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,544	\$ 25,607,546	\$ 16,585	9.25%	167	1 to 19.75	1,537.4	1,462.4	1.61%	95.12%
2008	1,486	26,929,931	18,122	9.27%	158	1 to 13.44	1,507.2	1,432.5	-1.96%	95.04%
2009	1,445	25,530,245	17,668	-2.51%	152	1 to 19.75	1,451.1	1,384.1	-3.72%	95.38%
2010	1,473	25,747,334	17,480	-1.07%	153	1 to 19.93	1,466.7	1,390.5	1.08%	94.80%
2011	1,457	25,540,587	17,530	0.29%	149	1 to 20.03	1,456.9	1,379.7	-0.67%	94.70%
2012	1,483	26,297,672	17,733	1.16%	151	1 to 21.07	1,470.5	1,406.8	0.93%	95.67%
2013	1,521	29,626,456	19,478	9.84%	142	1 to 22.94	1,531.1	1,460.0	4.12%	95.36%
2014	1,595	28,713,393	18,002	-7.58%	141	1 to 19.69	1,594.8	1,520.6	4.16%	95.35%
2015	1,581	30,548,813	19,322	7.33%	144	1 to 21.66	1,581.5	1,511.6	-0.83%	95.58%
2016	1,600	31,643,114	19,777	2.35%	144	1 to 22.25	1,600.3	1,497.9	1.19%	93.60%

Source: District records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
Irving School (1915)										
Square feet	51,889	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521
Capacity (students)	475	500	500	500	500	500	500	500	500	500
Enrollment	449	312	294	301	290	299	335	336	332	309
Bartle School (1966)										
Square feet	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	434	470	478	453	417	447	422	448	473	461
Middle School										
Highland Park Middle School (1998)										
Square feet	57,620	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744
Capacity (students)	250	350	350	350	350	350	350	350	350	350
Enrollment	221	326	306	310	334	322	355	349	339	344
High School										
Highland Park High School (1925)										
Square feet	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	467	451	439	419	387	411	451	460	474	497
Other										
Maintenance Building (1925)										
Square feet	3,000	3,000	3,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Number of Schools at June 30, 2016										
Elementary & Middle = 3										
High school = 1										
Other = 1										

Source: District facilities office

N/A = Not available

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Bartle Elementary School	Irving Elementary School	Highland Park Middle & High School	Total
2007	\$ 88,465	\$ 87,668	\$ 231,804	\$ 407,937
2008	103,930	78,963	235,155	418,048
2009	97,423	82,764	237,821	418,008
2010	90,624	75,038	262,344	428,006
2011	96,121	60,166	209,085	365,372
2012	103,226	92,190	254,960	450,376
2013	113,053	74,976	276,534	464,563
2014	87,068	57,420	181,387	325,875
2015	107,424	51,638	240,484	399,546
2016	124,101	70,604	354,583	549,288
Total school facilities	<u>\$ 1,011,435</u>	<u>\$ 731,427</u>	<u>\$ 2,484,157</u>	<u>\$ 4,227,019</u>

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

Source: District records

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - Utica Mutual		
Property-Blanket Building & Contents	\$ 77,568,525	\$ 1,000
Comprehensive General Liability	3,000,000	-
Comprehensive Automobile Liability	1,000,000	500
Crime Policy	100,000	500
Inland Marine Policy	750,000	250
 Umbrella Liability - Utica Mutual		
Umbrella Policy	10,000,000	10,000
 School Board Legal Liability - Utica Mutual		
Per Occurrence	1,000,000	7,500
General Aggregate	3,000,000	7,500
 Student Accident Insurance - Monumental Life Insurance Company of Pittsburgh PA:		
Policy Limit	5,000,000	-
 Worker's Compensation -NJ School Board Assoc		
Employer's Liability	2,000,000	-
 NJ CAP Excess Liability - Fireman's Fund Insurance		
Excess Liability	50,000,000	-
 Public Employees' Faithful Performance - Western Surety Company		
Treasurer of School Monies Bond	233,000	-
Business Administrator's Bond	100,000	-

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Highland Park Borough Public School District, County of Middlesex, the State of New Jersey, (the District), as of and for the 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 December 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Highland Park Borough Public School 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

December 5, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by The Uniform Guidance and New Jersey OMB
Circular Letter 15-08**

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

Report on Compliance for Each Major Federal Program and State Program

We have audited the Highland Park Borough Public School District's (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major Federal and New Jersey programs for the year ended June 30, 2016. Highland Park Borough Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Highland Park Borough Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance


Management of the Highland Park Borough Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Highland Park Borough Public School 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

December 5, 2016
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2016		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services general fund														
Medical assistance program	93.778	1605NJ5MAP	N/A	\$ 49,259	07/01/15	06/30/16	\$ -	\$ -	\$ 49,259	\$ 49,259	\$ -	\$ -	\$ -	\$ -
Total general fund							<u>-</u>	<u>-</u>	<u>49,259</u>	<u>49,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. Department of Education passed through State Department of Education Special revenue fund														
NCLB Title I A carry over	84.010A	S010S150030	NCLB-215014	303,330	07/01/14	06/30/15	3,198	(3,198)	-	-	-	-	-	-
NCLB Title I A	84.010A	S010S150030	NCLB-215015	289,068	07/01/14	06/30/15	(129,356)	(28,113)	157,469	-	-	-	-	-
NCLB Title I A carry over	84.010A	S010S150030	NCLB-215015	289,068	07/01/15	06/30/16	-	31,311	-	31,311	-	-	-	-
NCLB Title I A	84.010A	S010S150030	NCLB-215016	298,170	07/01/15	06/30/16	-	-	97,045	256,769	-	(159,724)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-215015	50,754	07/01/14	06/30/15	(14,892)	(24,353)	39,245	-	-	-	-	-
NCLB Title II A carry over	84.367A	S367A150029	NCLB-215015	50,754	07/01/15	06/30/16	-	24,353	-	24,353	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-215016	49,395	07/01/15	06/30/16	-	-	2,741	9,051	-	(6,310)	-	-
NCLB Title III	84.365A	S365A150030	NCLB-215015	17,648	07/01/14	06/30/15	(8,482)	(4,927)	13,129	-	-	(280)	-	-
NCLB Title III carry over	84.365A	S365A150030	NCLB-215015	17,648	07/01/15	06/30/16	-	4,927	-	4,927	-	-	-	-
NCLB Title III	84.365A	S365A150030	NCLB-215016	14,590	07/01/15	06/30/16	-	-	-	8,654	-	(8,654)	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-215015	21,753	07/01/14	06/30/15	(1,961)	(15,370)	17,331	-	-	-	-	-
NCLB Title III Immigrant carry over	84.365A	S365A150030	NCLB-215015	21,753	07/01/15	06/30/16	-	15,370	-	15,370	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-215016	19,317	07/01/15	06/30/16	-	-	4,502	5,969	-	(1,467)	-	-
IDEA Basic	84.027	H027A150100	IDEA-215015	404,833	07/01/14	06/30/15	(19,923)	(330,041)	349,964	-	-	-	-	-
IDEA Basic carry over	84.027	H027A150100	IDEA-215015	404,833	07/01/14	06/30/15	-	330,041	-	330,041	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-215016	428,709	07/01/15	06/30/16	-	-	67,252	105,919	-	(38,667)	-	-
IDEA Preschool	84.173	H173S150114	IDEA-215015	12,340	07/01/14	06/30/15	(6,170)	-	6,170	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-215016	12,884	07/01/15	06/30/16	-	-	7,121	12,884	-	(5,763)	-	-
Total special revenue fund							<u>(177,586)</u>	<u>-</u>	<u>761,969</u>	<u>805,248</u>	<u>-</u>	<u>(220,865)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise fund														
Child nutrition center														
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	29,813	07/01/14	06/30/15	451	-	-	451	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	37,136	07/01/15	06/30/16	-	-	37,136	36,695	-	-	441	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	244,421	07/01/14	06/30/15	(48,209)	-	48,209	-	-	-	-	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	241,652	07/01/15	06/30/16	-	-	196,217	241,652	-	(45,435)	-	-
School breakfast program	10.553	1616NJ304N1099	N/A	28,029	07/01/14	06/30/15	(5,657)	-	5,657	-	-	-	-	-
School breakfast program	10.553	1616NJ304N1099	N/A	27,238	07/01/15	06/30/16	-	-	21,538	27,238	-	(5,700)	-	-
Total enterprise fund							<u>(53,415)</u>	<u>-</u>	<u>308,757</u>	<u>306,036</u>	<u>-</u>	<u>(51,135)</u>	<u>441</u>	<u>-</u>
Total Federal financial assistance							<u>\$ (231,001)</u>	<u>\$ -</u>	<u>\$ 1,119,985</u>	<u>\$ 1,160,543</u>	<u>\$ -</u>	<u>\$ (272,000)</u>	<u>\$ 441</u>	<u>\$ -</u>

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	16-495-034-5120-089	\$ 883,312	07/01/15	06/30/16	\$ -	\$ -	\$ 796,590	\$ 883,312	\$ -	\$ -	\$ -	\$ -	\$ 86,722	\$ 883,312
Equalization aid	16-495-034-5120-078	2,609,134	07/01/15	06/30/16	-	-	2,352,974	2,609,134	-	-	-	-	256,160	2,609,134
Security aid	16-495-034-5120-084	36,277	07/01/15	06/30/16	-	-	32,715	36,277	-	-	-	-	3,562	36,277
Transportation aid	16-495-034-5120-014	67,688	07/01/15	06/30/16	-	-	61,042	67,688	-	-	-	-	6,646	67,688
PARCC Readiness aid	16-495-034-5120-098	15,870	07/01/15	06/30/16	-	-	14,312	15,870	-	-	-	-	1,558	15,870
Per pupil growth aid	16-495-034-5120-097	15,870	07/01/15	06/30/16	-	-	14,312	15,870	-	-	-	-	1,558	15,870
Extraordinary aid	15-495-034-5120-044	295,003	07/01/14	06/30/15	(295,003)	-	295,003	-	-	-	-	-	-	295,003
Extraordinary aid	16-495-034-5120-044	285,280	07/01/15	06/30/16	-	-	-	285,280	-	(285,280)	-	-	-	285,280
Non-public transportation aid	15-495-034-5120-014	32,315	07/01/14	06/30/15	(32,315)	-	32,315	-	-	-	-	-	-	32,315
Non-public transportation aid	16-495-034-5120-014	42,826	07/01/15	06/30/16	-	-	-	42,826	-	(42,826)	-	-	-	42,826
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	1,051,032	07/01/15	06/30/16	-	-	1,051,032	1,051,032	-	-	-	-	-	1,051,032
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	41,883	07/01/15	06/30/16	-	-	41,883	41,883	-	-	-	-	-	41,883
On behalf TPAF pension contribution - Teachers' pension & annuity fund	16-495-034-5094-002	840,800	07/01/15	06/30/16	-	-	840,800	840,800	-	-	-	-	-	840,800
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	873,149	07/01/14	06/30/15	(41,981)	-	41,981	-	-	-	-	-	-	873,149
Reimbursed TPAF Social Security contribution	15-495-034-5094-003	877,040	07/01/15	06/30/16	-	-	833,269	877,040	-	(43,771)	-	-	-	877,040
Total general fund					(369,299)	-	6,408,228	6,767,012	-	(371,877)	-	-	356,206	7,967,479
Special revenue fund														
Preschool education aid	16-495-034-5120-086	278,752	07/01/15	06/30/16	-	-	250,877	277,308	-	-	1,444	-	27,875	277,308
School based youth services program	16-100-054-7500-068	280,637	07/01/15	06/30/16	-	-	280,637	280,637	-	-	-	-	-	280,637
Nonpublic technology initiative aid	15-100-034-5120-373	2,112	07/01/14	06/30/15	-	34	-	-	34	-	-	-	-	2,078
Nonpublic technology initiative aid	16-100-034-5120-373	1,742	07/01/15	06/30/16	-	-	1,742	1,698	-	-	-	44	-	1,698
Nonpublic textbook aid	15-100-034-5120-064	4,170	07/01/14	06/30/15	-	128	-	-	128	-	-	-	-	4,042
Nonpublic textbook aid	16-100-034-5120-064	3,826	07/01/15	06/30/16	-	-	3,826	3,623	-	-	-	203	-	3,623
Nonpublic nursing services	15-100-034-5120-070	7,398	07/01/14	06/30/15	-	4,131	-	-	4,131	-	-	-	-	3,267
Nonpublic nursing services	16-100-034-5120-070	6,750	07/01/15	06/30/16	-	-	6,750	5,348	-	-	-	1,402	-	5,348
Nonpublic security aid	16-100-034-5120-509	1,875	07/01/15	06/30/16	-	-	1,875	1,629	-	-	-	246	-	1,629
Non-public auxiliary/handicapped transportation aid	16-100-034-5120-068	796	07/01/15	06/30/16	-	-	796	796	-	-	-	-	-	796
Non-public auxiliary services aid														
Compensatory education	15-100-034-5120-067	1,792	07/01/14	06/30/15	-	129	-	-	129	-	-	-	-	1,663
Compensatory education	16-100-034-5120-067	2,538	07/01/15	06/30/16	-	-	2,538	1,692	-	-	-	846	-	1,692
Non-public handicapped aid														
Examination and classification	15-100-034-5120-066	4,325	07/01/14	06/30/15	-	3,964	-	-	3,964	-	-	-	-	361
Examination and classification	16-100-034-5120-066	3,750	07/01/15	06/30/16	-	-	3,750	3,068	-	-	-	682	-	3,068
Supplemental instruction	15-100-034-5120-066	2,354	07/01/14	06/30/15	-	1,569	-	-	1,569	-	-	-	-	785
Supplemental instruction	16-100-034-5120-066	1,485	07/01/15	06/30/16	-	-	1,485	743	-	-	-	742	-	743
Corrective speech	16-100-034-5120-066	836	07/01/15	06/30/16	-	-	836	836	-	-	-	-	-	836
Total special revenue fund					-	9,955	555,112	577,378	9,955	-	1,444	4,165	27,875	589,574

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Debt service fund														
Debt service aid - State support	16-495-034-5120-017	9,363	7/1/2015	6/30/2016	\$ -	\$ -	\$ 9,363	\$ 9,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,363
NJ School Development Authority														
Capital projects fund														
Irving School waterproofing project	2150-070-10-1001	57,080	7/1/2009	6/30/2016	(57,080)	-	-	-	-	(57,080)	-	-	-	57,080
Bartle School gym floor replacement	2150-085-10-1003	422,397	7/1/2009	6/30/2016	(422,397)	-	-	-	-	(422,397)	-	-	-	422,397
Bartle School window replacement	2150-085-14-1001	494,340	7/1/2013	6/30/2016	(494,340)	-	-	-	-	(494,340)	-	-	-	494,340
Total capital projects fund					(973,817)	-	-	-	-	(973,817)	-	-	-	973,817
State Department of Agriculture														
Enterprise fund														
State school lunch program	16-100-010-3350-023	6,288	07/01/15	06/30/16	-	-	5,136	6,288	-	(1,152)	-	-	-	6,288
State school lunch program	15-100-010-3350-023	6,574	07/01/14	06/30/15	(1,466)	-	1,466	-	-	-	-	-	-	6,574
Total enterprise fund					(1,466)	-	6,602	6,288	-	(1,152)	-	-	-	12,862
Total State financial assistance					\$ (1,344,582)	\$ 9,955	\$ 6,979,305	\$ 7,360,041	\$ 9,955	\$ (1,346,846)	\$ 1,444	\$ 4,165	\$ 384,081	\$ 9,553,095
Less: On behalf TPAF pension system contributions								(1,933,715)						
Total for State financial assistance - major program determination								\$ 5,426,326						

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 1 - General

The accompanying Schedules of Financial Assistance present the activity of all Federal and State financial assistance programs of the Board of Education, Highland Park Borough Public School District. The Board of Education is defined in Note 1 (A) to the Board's financial Statements. All federal financial assistance received directly from Federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Federal Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial Statements.

Note 3 - Relationship of financial Statements

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

The General Fund is presented in the accompanying Schedules on the Modified Accrual Basis with the exception of the revenue recognition of the last State aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred and recording of the last State aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the Grant Accounting Budgetary Basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,202 for the General Fund, \$102,167 for the Special Revenue Fund and \$44,475 for the Capital Projects Fund. For the reconciliations of the budgetary basis to the modified accrual basis of accounting, see Exhibit C-3 for the General and Special Revenue Funds and Exhibit F-2 for the Capital Projects Fund.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

Note 3 - Relationship of financial Statements (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 49,259	\$ 6,768,214	\$ 6,817,473
Special Revenue Fund	\$ 63,300	826,764	656,473	1,546,537
Capital Projects Fund	-	-	44,475	44,475
Debt Service Fund	-	-	9,363	9,363
Food Service Fund	-	306,036	6,288	312,324
Total	<u>\$ 63,300</u>	<u>\$ 1,182,059</u>	<u>\$ 7,484,813</u>	<u>\$ 8,730,172</u>

Note 4 - Relationship to Federal and State financial reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related Federal and State financial reports.

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contribution represents the amount reimbursed by the for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes X No

2. Were reportable conditions identified that are not considered to be material weaknesses? Yes X No

Any noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No

2. Were reportable conditions identified that are not considered to be material weaknesses? Yes X No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes X No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
<u>84.027</u>	<u>\$ 435,960</u>	<u>IDEA Special Education Cluster</u>
<u>84.173</u>	<u>12,884</u>	<u>IDEA Basic</u>
		<u>IDEA Preschool</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Did the auditee qualify as a low-risk auditee? X Yes No

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Internal Control Over Major Programs:

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

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
<u>16-495-034-5120-078</u>	<u>\$ 2,609,134</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-089</u>	<u>883,312</u>	<u>Special Education Aid</u>
<u>16-495-034-5094-003</u>	<u>877,040</u>	<u>Social Security Aid</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2016.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

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Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.