

**HANOVER PARK  
REGIONAL HIGH SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**Hanover Park  
Regional High School District**

**East Hanover, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

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

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INTRODUCTORY SECTION  
(UNAUDITED)

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

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

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

HANOVER PARK HIGH SCHOOL  
WHIPPANY PARK HIGH SCHOOL

November 17, 2017

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 1,512 students, which is a decrease of 16 students from the previous year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: According to the Municipal Administrators from East Hanover, Florham Park and Hanover, the overall outlook is stable and positive. East Hanover has potential development projects. Florham Park continues to experience growth annually, particularly in commercial ratables. Wegmans Supermarket, and BJ’s Wholesale Store opened Hanover Township and a Barclay’s Bank Campus will open by next year. Hanover Township, also, has twenty-four new condos/townhouses that are selling.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2016-2017, please contact the Superintendent’s Office.

Students in the Class of 2017 at both of the District’s high schools were granted diplomas in June 2017.

	<u>Regular Pupils</u>	<u>Special Education Pupils</u>	<u>Total Pupils</u>
Grade 12 Enrollment 6/30/17	342	79	421 *
No. Students Graduating	342	61	403
No. Students Denied a Diploma	- 0 -	18	18

\* Includes 17 out of district students

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2017.

	<u>4-Year College</u>	<u>2-Year College</u>	<u>Armed Forces</u>	<u>Other Education</u>	<u>Total</u>
Hanover Park	171	25	3	7	206
Whippany Park	139	36	1	5	181

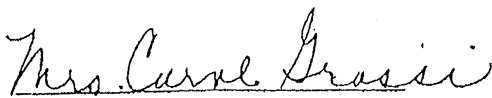
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the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

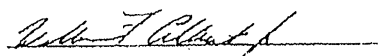
As a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation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

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

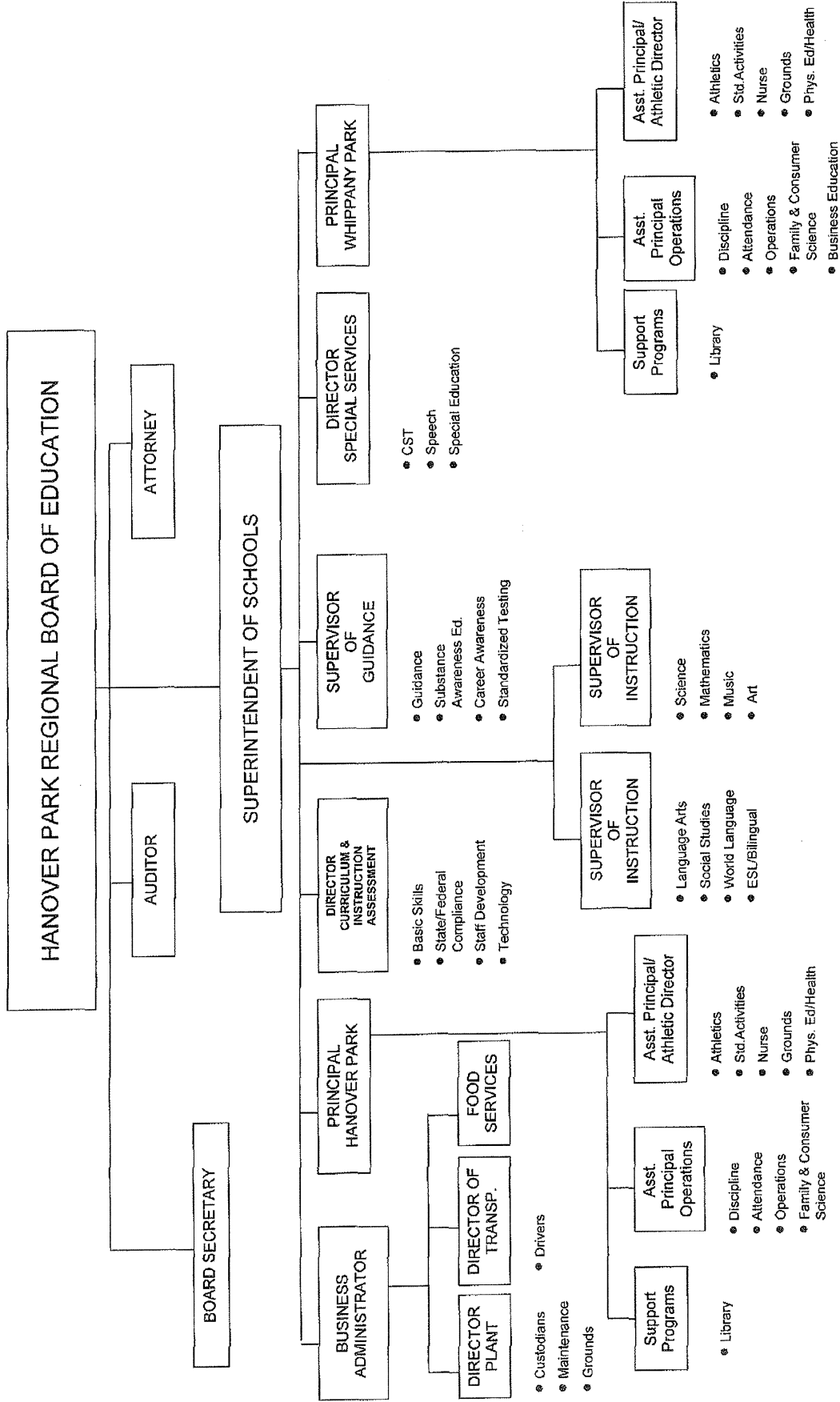
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hanover Park Regional District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

  
Carol Grossi  
Superintendent

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

# HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT 1110 Organizational Chart



Revised:  
Board Approved: 10 December 2014

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ernest Eveland - President	2019
Richard Ford - Vice President	2020
Debra Davis	2020
Tim Donohue	2019
Gerard Freda	2019
James Herbert	2018
Lisa Krueger	2018
Francine Ling	2019
Joanne Tobias	2020

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

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT**  
**Consultants and Advisors**  
**Fiscal Year Ended June 30, 2017**

**Audit Firm**

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

**Attorney**

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

**Architects**

FKA Architects  
306 Ramapo Valley Road  
Oakland, New Jersey 07436

**Official Depositories**

TD Bank  
East Hanover, New Jersey 07936

Valley National Bank  
East Hanover, New Jersey 07936



FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

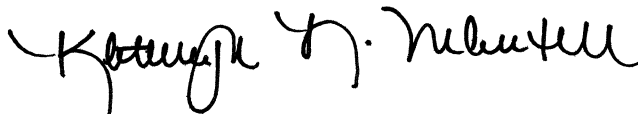
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 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.



NISIVOCCIA, LLP

November 17, 2017  
Mount Arlington, New Jersey



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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

This section of Hanover Park Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial position increased \$1,035,689 on a district-wide basis over the course of the year.
- The net position from the District's governmental-type activities increased \$1,061,063.
- The net position from the District's business-type activity decreased \$25,374.
- Overall revenue was \$45,482,810.
- Overall expenses were \$44,464,270.

**Overview of the Financial Statements**

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Figure A-1**

**Organization of Hanover Park Regional School District's Financial Report**

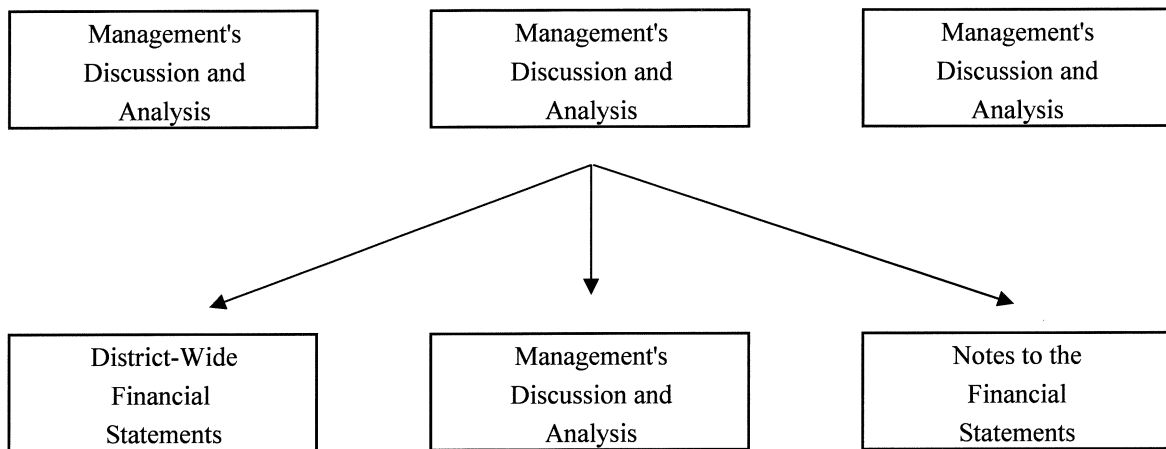


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Figure A-2**

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

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**District-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Fund Financial Statements**

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

**Notes to the Basic Financial Statements**

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

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

*Net Position.* The District's combined net position was \$26,933,399 on June 30, 2017, \$1,035,689 or 4.00% more than the year before (See Figure A-3). Net position from governmental activities increased \$1,061,063 and net position from business-type activities decreased by \$25,374 (See Figure A-4). Net investment in capital assets increased \$3,016,321, restricted net position decreased \$1,289,790 and unrestricted net position decreased \$690,842.

**Figure A-3**

**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
<b>Assets:</b>							
Current and Other Assets	\$ 13,792,973	\$ 15,140,409	\$ 132,623	\$ 148,771	\$ 13,925,596	\$ 15,289,180	-8.92%
Capital Assets, Net	51,190,821	50,529,220	11,140	18,389	51,201,961	50,547,609	1.29%
<b>Total Assets</b>	<b>64,983,794</b>	<b>65,669,629</b>	<b>143,763</b>	<b>167,160</b>	<b>65,127,557</b>	<b>65,836,789</b>	<b>-1.08%</b>
Deferred Outflows of Resources	7,958,935	3,623,771			7,958,935	3,623,771	119.63%
<b>Liabilities:</b>							
Long-Term Liabilities							
Outstanding	44,601,646	41,088,688			44,601,646	41,088,688	8.55%
Other Liabilities	826,742	1,401,569	131,967	129,990	958,709	1,531,559	-37.40%
<b>Total Liabilities</b>	<b>45,428,388</b>	<b>42,490,257</b>	<b>131,967</b>	<b>129,990</b>	<b>45,560,355</b>	<b>42,620,247</b>	<b>6.90%</b>
Deferred Inflows of Resources	592,738	942,603			592,738	942,603	-37.12%
<b>Net Position:</b>							
Net Investment in Capital Assets	28,303,100	25,279,530	11,140	18,389	28,314,240	25,297,919	11.92%
Restricted	12,120,246	13,410,036			12,120,246	13,410,036	-9.62%
Unrestricted/(Deficit)	(13,501,743)	(12,829,026)	656	18,781	(13,501,087)	(12,810,245)	-5.39%
<b>Total Net Position</b>	<b>\$ 26,921,603</b>	<b>\$ 25,860,540</b>	<b>\$ 11,796</b>	<b>\$ 37,170</b>	<b>\$ 26,933,399</b>	<b>\$ 25,897,710</b>	<b>4.00%</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

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

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
Revenue:							
Program Revenue:							
Charges for Services			\$ 427,070	\$ 519,007	\$ 427,070	\$ 519,007	-17.71%
Operating Grants & Contributions	\$ 10,190,340	\$ 7,693,517			10,190,340	7,693,517	32.45%
Capital Grants & Contributions		35,606				35,606	-100.00%
General Revenue:							
Property Taxes	33,522,327	31,859,893			33,522,327	31,859,893	5.22%
Unrestricted Federal & State Aid	776,577	904,287			776,577	904,287	-14.12%
Other	566,404	974,749	92	133	566,496	974,882	-41.89%
Total Revenue	<u>45,055,648</u>	<u>41,468,052</u>	<u>427,162</u>	<u>519,140</u>	<u>45,482,810</u>	<u>41,987,192</u>	8.33%
Expenses:							
Instruction	21,859,055	19,529,081			21,859,055	19,529,081	11.93%
Pupil & Instruction Services	9,626,592	8,006,177			9,626,592	8,006,177	20.24%
Administration and Business	4,034,349	3,583,806			4,034,349	3,583,806	12.57%
Maintenance & Operations	3,383,351	2,992,791			3,383,351	2,992,791	13.05%
Transportation	3,209,866	2,788,823			3,209,866	2,788,823	15.10%
Other	1,798,225	1,892,176	552,832	550,545	2,351,057	2,442,721	-3.75%
Total Expenses	<u>43,911,438</u>	<u>38,792,854</u>	<u>552,832</u>	<u>550,545</u>	<u>44,464,270</u>	<u>39,343,399</u>	13.02%
Other Items	<u>(83,147)</u>	<u>(29,650)</u>	<u>100,296</u>	<u>18,621</u>	<u>17,149</u>	<u>(11,029)</u>	-255.49%
Change in Net Position	<u>\$ 1,061,063</u>	<u>\$ 2,645,548</u>	<u>\$ (25,374)</u>	<u>\$ (12,784)</u>	<u>\$ 1,035,689</u>	<u>\$ 2,632,764</u>	-60.66%

*Changes in net position.* The District's combined net position increased by \$1,035,689 or 4.00%. Net investment in capital assets increased \$3,016,321 due to a \$2,500,000 reduction in debt from current year maturities and \$1,946,420 in capital additions from governmental activities offset by \$1,292,068 in depreciation (\$1,284,819 from governmental activities and \$7,249 from business-type activities) and a decrease in the deferred amount on refunding of \$138,031.

Restricted net position decreased by \$1,289,790 due to decreases in capital projects fund balance of \$1,224,087, current year excess surplus of \$17,388, and capital reserves of \$300,085 offset by increases in prior year excess surplus for subsequent year's budget of \$251,494 and maintenance reserve of \$277.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

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

Unrestricted net position decreased \$690,842 primarily as a result of increases the change in net pension liability of \$6,162,830 offset by increases in the changes in pension assumptions of \$2,458,710 and changes in pension proportions of \$1,275,351. The net position of the business-type activities decreased \$25,374. (See Figure A-4).

*Revenue Sources.* The District's total revenue for the 2016-2017 fiscal school year was \$45,482,810. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$33,522,327, or 73.70% of total revenue. (See Figure A-5). Another 24.11% came from state and federal aid and the remaining 2.17% came from charges for services and miscellaneous sources. Hanover Park Regional High School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5  
Sources of Revenue for Fiscal Year 2017 and 2016**

Sources of Income	2017	Percentage	2016	Percentage
Grants and Contributions	\$ 10,190,340	22.40%	\$ 7,729,123	18.41%
Property Taxes	33,522,327	73.70%	31,859,893	75.88%
Unrestricted Federal and State Aid	776,577	1.71%	904,287	2.16%
Charges for Services	427,070	0.94%	519,007	1.24%
Other	566,496	1.25%	974,882	2.31%
	<u>\$ 45,482,810</u>	<u>100.00%</u>	<u>\$ 41,987,192</u>	<u>100.00%</u>

The total cost of all programs and services was \$44,464,270. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (78.03%). (See Figure A-6). The District's administration and business activities accounted for 9.07% of total expenses. Hanover Park High School has a very unique physical plant that, while greatly appreciated in the fall and spring, creates many difficulties in the winter and in inclement weather all year round. The age and the layout of Hanover Park High School contributes to higher maintenance costs (7.61%) than those of the standard high school plant. Hanover Park also boasts the only high school in New Jersey with seven bridges on its campus. It is important to note that other expenses for the year (5.28%) include \$764,227 of interest on long-term debt, \$1,033,998 of unallocated depreciation, and \$552,832 of expenses from its business-type activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Figure A-6  
Expenses for Fiscal Year 2017 and 2016**

Expense Category	2017	Percentage	2016	Percentage
Instruction	\$ 21,859,055	49.16%	\$ 19,529,081	49.64%
Pupil & Instruction Services	9,626,592	21.65%	8,006,177	20.35%
Administration and Business	4,034,349	9.07%	3,583,806	9.11%
Maintenance & Operations	3,383,351	7.61%	2,992,791	7.60%
Transportation	3,209,866	7.22%	2,788,823	7.09%
Other	2,351,057	5.29%	2,442,721	6.21%
	<u>\$ 44,464,270</u>	<u>100.00%</u>	<u>\$ 39,343,399</u>	<u>100.00%</u>

**Governmental Activities**

The financial position of the District increased by \$1,061,063 and remains stable. However, maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Governmental Activities**

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

	Total Cost of Services		Net Cost of Services	
	2016/17	2015/16	2016/17	2015/16
Instruction	\$ 21,859,055	\$ 19,529,081	\$ 15,632,713	\$ 14,839,616
Pupil & Instruction Services	9,626,592	8,006,177	8,053,069	6,767,707
Administration and Business	4,034,349	3,583,806	3,085,603	2,896,996
Maintenance & Operations	3,383,351	2,992,791	2,798,411	2,533,739
Transportation	3,209,866	2,788,823	2,353,077	2,133,497
Other	1,798,225	1,892,176	1,798,225	1,892,176
Total	<u>\$ 43,911,438</u>	<u>\$ 38,792,854</u>	<u>\$ 33,721,098</u>	<u>\$ 31,063,731</u>

- The cost of all governmental activities this year was \$43,911,438.
- The federal and state governments subsidized certain programs with grants and contributions (\$10,966,917).
- Most of the District's costs were financed by \$33,522,327 of District taxes.
- The remaining \$566,404 of the District's funding came from \$558,566 in miscellaneous revenue and \$7,838 in investment earnings.

**Business-Type Activities**

- Net position from the District's business-type activities decreased \$25,374. (Refer to Figure A-4).

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

The District's General Fund financial position remains positive. The District continues to see a rise in additional student needs and the associated expenditures. Difficult economic times continue to have an effect on the District's revenue. The District's Capital Projects Fund financial condition decreased \$300,085 due to continued construction on various capital projects.

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**General Fund Budgetary Highlights**

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

**Capital Assets and Long-Term Liabilities**

The District's capital assets increased \$654,332, or 1.29%, over the course of the fiscal year.

**Figure A-8  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	0.00%
Construction in Progress	8,728,356	7,464,271			8,728,356	7,464,271	16.94%
Site Imps.	846,101	899,768			846,101	899,768	-5.96%
Buildings & Bldg. Imps.	37,998,754	38,551,222			37,998,754	38,551,222	-1.43%
Machinery, Furniture and Equipment	1,656,284	1,652,633	\$ 11,140	\$ 18,389	1,667,424	1,671,022	-0.22%
<b>Total</b>	<b>\$51,190,821</b>	<b>\$50,529,220</b>	<b>\$ 11,140</b>	<b>\$ 18,389</b>	<b>\$51,201,961</b>	<b>\$50,547,609</b>	<b>1.29%</b>

The District expended \$1,946,420 for various capital assets and construction projects. This increase was offset by \$1,292,068 in depreciation (\$1,284,819 from its governmental and \$7,249 from its business-type activities). Construction in progress includes athletic and physical education facility refurbishment at the Hanover Park and Whippany Park High Schools, a fuel state replacement at Hanover Park High School, and field lighting at Whippany Park High School.

**Long-Term Liabilities**

The District's long-term liabilities increased \$3,512,958, or 8.55%, over the course of the fiscal year. At year-end, the District had \$24,130,000 in general obligation bonds outstanding – a decrease of \$2,500,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Long-Term Liabilities**

**Figure A-9**

**Outstanding Long-Term Liabilities**

	Total School District		Percent Change
	2016/2017	2015/16	
General Obligation Bonds			
(Financed with Property Taxes)	\$ 24,130,000	\$ 26,630,000	-9.39%
Unamortized Bond Issuance Premium	1,744,011	1,937,790	-10.00%
Net Pension Liability	18,012,933	11,850,103	52.01%
Compensated Absences Payable	714,702	670,795	6.55%
<b>Total</b>	<b>\$ 44,601,646</b>	<b>\$ 41,088,688</b>	<b>8.55%</b>

- The District paid down \$2,500,000 of its School Bonds during the fiscal year.
- Unamortized bond issuance premium decreased by \$193,779.
- Net Pension Liability increased \$6,162,830.
- Compensated absences payable increased by \$43,907.

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

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

Similar to most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 3% of the District's original 2017 operating budget while local property taxes accounted for 88%. As a result, the financial wellbeing of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

- The labor agreement with the Hanover Park Regional Education Association will expire on June 30, 2018.
- The labor agreement with the Hanover Park Regional Administrator's Association will expire on June 30, 2020.
- The Board of Education voted to move the school election to November thereby eliminating a public vote.
- The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the District.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 11,393,804	\$ 25,525	\$ 11,419,329
Cash with Fiscal Agents	1,838		1,838
Internal Balances	(83,147)	83,147	
Receivable from Federal Government	36,413		36,413
Receivable from State Government	554,200		554,200
Other Receivables	1,358,903	17,149	1,376,052
Inventories		6,802	6,802
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	480,196		480,196
Maintenance Reserve Account	50,766		50,766
Capital Assets, Net:			
Site (Land) and Construction in Progress	10,689,682		10,689,682
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	40,501,139	11,140	40,512,279
<b>Total Assets</b>	<b>64,983,794</b>	<b>143,763</b>	<b>65,127,557</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Amount on Refunding	1,242,279		1,242,279
Changes in Assumptions - Pensions	3,731,316		3,731,316
Changes in Proportion - Pensions	1,423,194		1,423,194
Difference between Expected and Actual Experience - Pensions	334,986		334,986
Difference between Projected and Actual Investment Earnings - Pensions	686,850		686,850
District Contribution Subsequent to the Measurement Date - Pensions	540,310		540,310
<b>Total Deferred Outflows of Resources</b>	<b>7,958,935</b>		<b>7,958,935</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Interest Payable	1,838		1,838
Accrued Interest Payable	225,150		225,150
Payable to State Government	10,498		10,498
Accounts Payable	580,764	131,967	712,731
Unearned Revenue	8,492		8,492
<b>Noncurrent Liabilities:</b>			
Due Within One Year	2,799,247		2,799,247
Due Beyond One Year	41,802,399		41,802,399
<b>Total Liabilities</b>	<b>45,428,388</b>	<b>131,967</b>	<b>45,560,355</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Changes in Proportion - Pensions	592,738		592,738
<b>Total Deferred Inflows of Resources</b>	<b>592,738</b>		<b>592,738</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017  
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 28,303,100	\$ 11,140	\$ 28,314,240
Restricted for:			
Capital Projects	8,417,980		8,417,980
Excess Surplus	1,817,056		1,817,056
Excess Surplus - Subsequent Year's Expenditures	1,834,444		1,834,444
Maintenance Reserve	50,766		50,766
Unrestricted/(Deficit)	<u>(13,501,743)</u>	<u>656</u>	<u>(13,501,087)</u>
Total Net Position	<u>\$ 26,921,603</u>	<u>\$ 11,796</u>	<u>\$ 26,933,399</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,101,592		\$ 4,311,691		\$ (12,789,901)		\$ (12,789,901)
Special Education	2,393,442		1,373,394		(1,020,048)		(1,020,048)
Other Special Instruction	46,320		10,955		(35,365)		(35,365)
Other Instruction	2,317,701		530,302		(1,787,399)		(1,787,399)
Support Services:							
Tuition	3,831,583		282,876		(3,548,707)		(3,548,707)
Student & Instruction Related Services	5,795,009		1,290,647		(4,504,362)		(4,504,362)
General Administration Services	1,105,341		219,765		(885,576)		(885,576)
School Administration Services	1,806,720		510,795		(1,295,925)		(1,295,925)
Central Services	829,242		218,186		(611,056)		(611,056)
Administration Information Technology	293,046				(293,046)		(293,046)
Plant Operations and Maintenance	3,383,351		584,940		(2,798,411)		(2,798,411)
Pupil Transportation	3,209,866		856,789		(2,353,077)		(2,353,077)
Interest on Long-Term Debt	764,227				(764,227)		(764,227)
Unallocated Depreciation	1,033,998				(1,033,998)		(1,033,998)
Total Governmental Activities	43,911,438	\$ - 0 -	10,190,340	\$ - 0 -	(33,721,098)	\$ - 0 -	(33,721,098)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 551,217	\$ 425,180				\$ (126,037)	\$ (126,037)
Summer Enrichment	1,615	1,890				275	275
Total Business-Type Activities	552,832	427,070	\$ - 0 -	\$ - 0 -	\$ - 0 -	(125,762)	(125,762)
Total Primary Government	\$ 44,464,270	\$ 427,070	\$ 10,190,340	\$ - 0 -	(33,721,098)	(125,762)	(33,846,860)

General Revenues:

Taxes:							
Property Taxes, Levied for General Purposes, Net					30,390,920		30,390,920
Taxes Levied for Debt Service					3,131,407		3,131,407
Federal and State Aid not Restricted					776,577		776,577
Investment Earnings					7,838	92	7,930
Miscellaneous Income					558,566		558,566
Transfers					(83,147)	83,147	
Other Item - Food Service Management Contractor Contribution						17,149	17,149
Total General Revenues and Other Items					34,782,161	100,388	34,882,549
Change in Net Position					1,061,063	(25,374)	1,035,689
Net Position - Beginning					25,860,540	37,170	25,897,710
Net Position - Ending					\$ 26,921,603	\$ 11,796	\$ 26,933,399

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

FUND FINANCIAL STATEMENTS



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 3,454,586		\$ 7,939,218		\$ 11,393,804
Cash with Fiscal Agents				\$ 1,838	1,838
Interfunds Receivable	15,030				15,030
Receivable from Federal Government		\$ 36,413			36,413
Receivable from State Government	554,200				554,200
Other Receivables	1,358,903				1,358,903
Restricted Cash and Cash Equivalents	530,962				530,962
Total Assets	<u>\$ 5,913,681</u>	<u>\$ 36,413</u>	<u>\$ 7,939,218</u>	<u>\$ 1,838</u>	<u>\$ 13,891,150</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Interest Payable				\$ 1,838	\$ 1,838
Accounts Payable - Vendors	\$ 36,627	\$ 2,393	\$ 1,434		\$ 40,454
Intergovernmental Payable - State		10,498			10,498
Interfunds Payable	83,147	15,030			98,177
Unearned Revenue		8,492			8,492
Total Liabilities	<u>119,774</u>	<u>36,413</u>	<u>1,434</u>	<u>1,838</u>	<u>159,459</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	480,196				480,196
Maintenance Reserve Account	50,766				50,766
Excess Surplus	1,817,056				1,817,056
Excess Surplus - Subsequent Year's Expenditures	1,834,444				1,834,444
Capital Projects			7,937,784		7,937,784

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES:</b>					
Fund Balances:					
Assigned:					
Year End Encumbrances	\$ 767,648				\$ 767,648
Subsequent Year's Expenditures	42,894				42,894
Unassigned	800,903				800,903
Total Fund Balances	5,793,907		7,937,784		13,731,691
Total Liabilities and Fund Balances	\$ 5,913,681	\$ 36,413	\$ 7,939,218	\$ 1,838	\$ 13,891,150

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

Total Fund Balances (Above)	\$ 13,731,691
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$72,953,030 and the accumulated depreciation is \$21,762,209.	51,190,821
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$2,519,122 and accumulated amortization is \$581,332.	(1,744,011)
The Deferred Amount on Refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.	1,242,279
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(225,150)
Long-term liabilities, including bonds payable and net pension liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(42,857,635)
Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Change in Assumptions - Pensions	3,731,316
Change in Proportions - Pensions	1,423,194
Difference between Expected and Actual Experience - Pensions	334,986
Difference between Projected and Actual Investment Earnings - Pensions	94,112
Net Position of Governmental Activities (Exhibit A-1)	\$ 26,921,603

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 30,390,920			\$ 3,131,407	\$ 33,522,327
Interest Earned on Capital Reserve Funds	7,561				7,561
Interest Earned on Maintenance Reserve Funds	277				277
Miscellaneous	545,712	\$ 5,473	\$ 12,854		564,039
Total - Local Sources	30,944,470	5,473	12,854	3,131,407	34,094,204
State Sources	4,724,684	4,584		204,567	4,933,835
Federal Sources		319,877			319,877
Total Revenue	35,669,154	329,934	12,854	3,335,974	39,347,916

EXPENDITURES:					
Current:					
Regular Instruction	9,186,394	31,638			9,218,032
Special Education Instruction	1,273,597				1,273,597
Other Special Instruction	24,586				24,586
Other Instruction	1,413,266				1,413,266
Support Services and Undistributed Costs:					
Tuition	3,548,707	282,876			3,831,583
Student & Instruction Related Services	3,272,151	15,420			3,287,571
General Administration Services	722,773				722,773
School Administration Services	974,136				974,136
Central Services	400,575				400,575
Administrative Information Technology	286,686				286,686
Plant Operations and Maintenance	2,327,849				2,327,849
Pupil Transportation	1,869,950				1,869,950
Unallocated Benefits	8,939,068				8,939,068

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 883,646		\$ 1,264,085		\$ 2,147,731
Debt Service:					
Interest and Other Charges				\$ 835,975	835,975
Principal				2,500,000	2,500,000
Total Expenditures	<u>35,123,384</u>	<u>\$ 329,934</u>	<u>1,264,085</u>	<u>3,335,975</u>	<u>40,053,378</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>545,770</u>		<u>(1,251,231)</u>	<u>(1)</u>	<u>(705,462)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	12,854		964,000		976,854
Transfers Out	<u>(1,047,147)</u>		<u>(12,854)</u>		<u>(1,060,001)</u>
Total Other Financing Sources/(Uses)	<u>(1,034,293)</u>		<u>951,146</u>		<u>(83,147)</u>
Net Change in Fund Balances	<u>(488,523)</u>		<u>(300,085)</u>	<u>(1)</u>	<u>(788,609)</u>
Fund Balance - July 1	<u>6,282,430</u>		<u>8,237,869</u>	<u>1</u>	<u>14,520,300</u>
Fund Balance - June 30	<u>\$ 5,793,907</u>	<u>\$ -0-</u>	<u>\$ 7,937,784</u>	<u>\$ -0-</u>	<u>\$ 13,731,691</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (788,609)

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

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

Depreciation Expense	\$ (1,284,819)
Capital Outlays	1,946,420
	661,601

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

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

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

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

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	(6,162,830)
Deferred Outflows:	
Changes in Assumptions	2,458,710
Changes in Proportion	1,275,351
Difference between Expected and Actual Experience	52,284
Deferred Inflows:	
Changes in Proportion	159,338
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	877,377
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 1,061,063

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 656	\$ 24,869	\$ 25,525
Interfund Receivable - General Fund		83,147	83,147
Other Receivables		17,149	17,149
Inventories		6,802	6,802
Total Current Assets	<u>656</u>	<u>131,967</u>	<u>132,623</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		401,732	401,732
Less: Accumulated Depreciation		<u>(390,592)</u>	<u>(390,592)</u>
Total Non-Current Assets		<u>11,140</u>	<u>11,140</u>
Total Assets	<u>656</u>	<u>143,107</u>	<u>143,763</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors		<u>131,967</u>	<u>131,967</u>
Total Liabilities		<u>131,967</u>	<u>131,967</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		11,140	11,140
Unrestricted	<u>656</u>		<u>656</u>
Total Net Position	<u>\$ 656</u>	<u>\$ 11,140</u>	<u>\$ 11,796</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund</u> <u>Food Service</u>	<u>Total Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 357,522	\$ 357,522
Special Events		3,864	3,864
Free and Reduced Lunches Subsidized by District		63,794	63,794
Summer Enrichment Program Fees	\$ 1,890		1,890
Total Operating Revenue	<u>1,890</u>	<u>425,180</u>	<u>427,070</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		230,624	230,624
Salaries, Benefits & Payroll Taxes	1,615	243,895	245,510
Supplies, Insurance & Other Costs		17,213	17,213
Management Fee		17,149	17,149
Miscellaneous Expense		115	115
Insurance & Office Supplies		34,972	34,972
Depreciation Expense		7,249	7,249
Total Operating Expenses	<u>1,615</u>	<u>551,217</u>	<u>552,832</u>
Operating Income/ (Loss)	<u>275</u>	<u>(126,037)</u>	<u>(125,762)</u>
Non-Operating Income:			
Interest Income		92	92
Board Contribution		83,147	83,147
Total Non-Operating Income		<u>83,239</u>	<u>83,239</u>
Change in Net Position Before Special Item	275	(42,798)	(42,523)
Other Item - Food Service Management			
Contractor Contribution		17,149	17,149
Change in Net Position	275	(25,649)	(25,374)
Net Position - Beginning of Year	<u>381</u>	<u>36,789</u>	<u>37,170</u>
Net Position - End of Year	<u>\$ 656</u>	<u>\$ 11,140</u>	<u>\$ 11,796</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 361,386	\$ 361,386
Receipts from District		63,794	63,794
Payments by District for the Free Lunches		(63,794)	(63,794)
Payments to Food Service Vendor		(477,510)	(477,510)
Payments to Summer Enrichment Employees	\$ (1,615)		(1,615)
Net Cash Used for Operating Activities	<u>(1,615)</u>	<u>(116,124)</u>	<u>(117,739)</u>
Cash Flows from Investing Activities:			
Interest Income		92	92
Net Cash Provided by Investing Activities		<u>92</u>	<u>92</u>
Cash Flows from Noncapital Financing Activities:			
Food Service Management Contractor Contribution		18,621	18,621
Net Cash Provided by Noncapital Financing Activities		<u>18,621</u>	<u>18,621</u>
Net Decrease in Cash and Cash Equivalents	(1,615)	(97,411)	(99,026)
Cash and Cash Equivalents, July 1	2,271	122,280	124,551
Cash and Cash Equivalents, June 30	<u>\$ 656</u>	<u>\$ 24,869</u>	<u>\$ 25,525</u>
Reconciliation of Operating Income/ (Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 275	\$ (126,037)	\$ (125,762)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		7,249	7,249
Changes in Assets and Liabilities:			
Increase in Inventory		(1,203)	(1,203)
(Decrease) in Unearned Revenue	(1,890)		(1,890)
Increase in Accounts Payable		3,867	3,867
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,615)</u>	<u>\$ (116,124)</u>	<u>\$ (117,739)</u>

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



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Benefits Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 379,110	\$ 115,225	\$ 24,339	\$ 48,715
Investments	23,613			
Total Assets	<u>402,723</u>	<u>115,225</u>	<u>24,339</u>	<u>48,715</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	247,065			
Due to Student Groups	155,658			
Total Liabilities	<u>402,723</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		115,225		
Flexible Benefits Claims				48,715
Scholarships			24,339	
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 115,225</u>	<u>\$ 24,339</u>	<u>\$ 48,715</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
<b>ADDITIONS:</b>			
Contributions:			
Plan Members	\$ 50,697		\$ 60,716
Donations		\$ 39,746	
Total Contributions	50,697	39,746	60,716
Investment Earnings:			
Interest	637		
Net Investment Earnings	637		
Total Additions	51,334	39,746	60,716
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	60,670		
Flexible Benefits Claims			50,575
Scholarship Payments		27,644	
Total Deductions	60,670	27,644	50,575
Change in Net Position	(9,336)	12,102	10,141
Net Position - Beginning of the Year	124,561	12,237	38,574
Net Position - End of the Year	\$ 115,225	\$ 24,339	\$ 48,715

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

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

D. Budgets/Budgetary Control:

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,671,415	\$ 340,368
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances at year end		(13,120)
Prior Year Encumbrances at year end		2,686
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	62,190	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(64,451)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 35,669,154</u>	<u>\$ 329,934</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,123,384	\$ 340,368
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(10,434)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 35,123,384</u>	<u>\$ 329,934</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

E. Cash and Cash Equivalents, and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages for this purpose as of June 30, 2017.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$5,793,907 General Fund balance at June 30, 2017, \$810,542 is assigned fund balance of which \$767,648 is for year-end encumbrances and \$42,894 is for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$480,196 is restricted in the capital reserve account; \$50,766 is restricted in the maintenance reserve account; \$1,834,444 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$1,817,056 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; and \$800,903 is unassigned fund balance which is \$64,451 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2017.

Capital Projects Fund: The \$7,937,784 Capital Projects Fund balance at June 30, 2017 is restricted.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$64,451 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$13,501,743 in governmental activities, which is primarily due to accruals for unamortized bond premiums of \$1,744,011 and net pension liability of \$18,012,933. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2017 for the Deferred Amount on Refunding related to the District's 2013 refunding bonds, changes in assumptions and in proportion in pensions, the difference between expected and actual pension experience and the District contribution subsequent to the measurement date for pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2017 for the net difference between projected and actual investment earnings on pension plan investments and changes in proportions in pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2017.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$767,648 for year-end encumbrances and \$42,894 for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Invest- ments	Cash With Fiscal Agents	Restricted		Total
				Capital Reserve	Maintenance Reserve	
Checking Accounts	\$ 11,800,237		\$ 1,838			\$ 11,802,075
Savings Accounts	186,481			\$ 480,196	\$ 50,766	717,443
Certificates of Deposit		\$ 23,613				23,613
	<u>\$ 11,986,718</u>	<u>\$ 23,613</u>	<u>\$ 1,838</u>	<u>\$ 480,196</u>	<u>\$ 50,766</u>	<u>\$ 12,543,131</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Investments (Cont'd)

During the period ended June 30, 2017, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2017, was \$12,543,131 and the bank balance was \$13,244,066. The \$1,838 of Cash with Fiscal Agents is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance at July 1, 2016		\$ 1,704,283
Increased by:		
Interest Earnings	\$ 7,561	
Transfer by Board Resolution (June 2017)	<u>100,000</u>	
Interest Earnings		<u>107,561</u>
		1,811,844
Decreased by:		
Budgeted Withdrawal for Capital Projects	(964,000)	
Budgeted Transfer to Capital Outlay	<u>(367,648)</u>	
		<u>(1,331,648)</u>
Ending Balance at June 30, 2017		<u>\$ 480,196</u>

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



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance at July 1, 2016	\$	50,489
Interest Earnings		277
Ending Balance at June 30, 2017	\$	50,766

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	7,464,271	\$ 1,264,085		8,728,356
<b>Total Capital Assets not being Depreciated</b>	<b>9,425,597</b>	<b>1,264,085</b>		<b>10,689,682</b>
Capital Assets being Depreciated:				
Site Improvements	2,781,716	17,450		2,799,166
Buildings and Building Improvements	52,993,872	387,435		53,381,307
Machinery and Equipment	5,805,425	277,450		6,082,875
<b>Total Capital Assets being Depreciated</b>	<b>61,581,013</b>	<b>682,335</b>		<b>62,263,348</b>
<b>Governmental Activities Capital Assets</b>	<b>71,006,610</b>	<b>1,946,420</b>		<b>72,953,030</b>
Less Accumulated Depreciation for:				
Site Improvements	(1,881,948)	(71,117)		(1,953,065)
Buildings and Building Improvements	(14,442,650)	(939,903)		(15,382,553)
Machinery and Equipment	(4,152,792)	(273,799)		(4,426,591)
<b>Total Accumulated Depreciation</b>	<b>(20,477,390)</b>	<b>(1,284,819)</b>		<b>(21,762,209)</b>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 50,529,220</b>	<b>\$ 661,601</b>	<b>\$ - 0 -</b>	<b>\$ 51,190,821</b>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 401,732			\$ 401,732
Less Accumulated Depreciation	(383,343)	\$ (7,249)		(390,592)
<b>Business Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 18,389</b>	<b>\$ (7,249)</b>	<b>\$ - 0 -</b>	<b>\$ 11,140</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 50,547,609</b>	<b>\$ 654,352</b>	<b>\$ - 0 -</b>	<b>\$ 51,201,961</b>

During the year ended June 30, 2017, the District had active construction projects for refurbishment of the athletic and physical education facility at the Hanover Park and Whippany Park High Schools, a fuel state replacement at Hanover Park High School, the installation of interior cameras Hanover Park and Whippany Park High Schools, and field lighting at Whippany Park High School totaling \$11,259,000 of which the District expended \$1,264,085 during the year and has \$928,238 in construction encumbrances at June 30, 2017.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 22,495
Operations & Maintenance of Plant	21,300
Student Transportation	171,590
Central Services	35,436
Unallocated	1,033,998
Total Depreciation	\$ 1,284,819

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred \$340,882 to the capital outlay accounts for equipment which did not require County Superintendent approval and \$700,000 for facilities acquisitions and construction services from the budgeted transfer from Capital Projects Fund to Capital Reserve.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2017, to lease copying equipment valued at \$313,976 under operating leases which expire in 2018. Total operating lease payments made during the year ended June 30, 2017 were \$62,795. Future minimum lease payments are as follows:

Year	Amount
2018	\$ 62,795
	\$ 62,795

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in the long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Issued/ Accrued	Matured/ Retired	Balance 6/30/2017
Serial Bonds Payable	\$26,630,000		\$ 2,500,000	\$24,130,000
Unamortized Bond Issuance Premium	1,937,790		193,779	1,744,011
Net Pension Liability	11,850,103	\$ 6,162,830		18,012,933
Compensated Absences Payable	670,795	59,184	15,277	714,702
	\$41,088,688	\$ 6,222,014	\$ 2,709,056	\$44,601,646

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$2,585,000 and the long-term portion is \$21,545,000.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

A. Bonds Payable:

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

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

Serial Bonds Outstanding as of June 30, 2017

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
School Refunding Bonds of 2013	10/01/25	3.00% to 4.00%	\$ 16,805,000
School Bonds of 2014	02/01/23	1.00% to 2.50%	7,325,000
			<u>\$ 24,130,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,585,000	\$ 777,700	\$ 3,362,700
2019	2,700,000	708,550	3,408,550
2020	2,845,000	622,400	3,467,400
2021	2,945,000	526,600	3,471,600
2022	3,045,000	428,800	3,473,800
2023 - 2026	10,010,000	695,750	10,705,750
	<u>\$ 24,130,000</u>	<u>\$ 3,759,800</u>	<u>\$ 27,889,800</u>

B. Bonds Authorized But Not Issued:

The Board had \$444 of bonds authorized but not issued related to the District's athletic and physical education facility refurbishment project at both of the high schools at June 30, 2017.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

C. Capital Leases Payable:

As of June 30, 2017, the District had no capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$20,468 and the long-term portion is \$694,234.

The District had no liability at June 30, 2017 for compensated absences in its Food Service Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$18,012,933. See Note 10 for further information on the PERS.

F. Unamortized Bond Issuance Premium:

The bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$193,779 and is separated from the long-term liability balance of \$1,550,232.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$543,864 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$18,012,933 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0528%, which was an increase of 0.08% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,880,049. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 226,426	
	2015	5.72	925,227	
	2016	5.57	<u>2,579,663</u>	
			<u>3,731,316</u>	
Difference Between Expected and Actual Experience	2015	5.72	256,700	
	2016	5.57	<u>78,286</u>	
			<u>334,986</u>	
Net Difference Between Projected and Actual	2014	5.00	(339,303)	
Investment Earnings on Pension Plan Investments	2015	5.00	217,084	
	2016	5.00	<u>809,069</u>	
			<u>686,850</u>	
Changes in Proportion	2014	6.44	114,546	
	2015	5.72		\$ 592,738
	2016	5.57	<u>1,308,648</u>	
			<u>1,423,194</u>	<u>592,738</u>
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>540,310</u>	
			<u>\$ 6,716,656</u>	<u>\$ 592,738</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 1,070,129
2018	1,070,129
2019	1,239,781
2020	1,041,597
2021	331,516
	\$ 4,753,152

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 22,072,747	\$ 18,012,933	\$ 14,661,205

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$1,297,358 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,005,090.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$92,232,037. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.118%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>93,232,037</u>
Total	<u>\$ 93,232,037</u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$7,005,970 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	<u>9,522,623,964</u>	
			<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3	<u>118,421,979</u>	
			<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	<u>1,727,420,767</u>	
			<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	At 1% Decrease (2.22%)	At Current Discount Rate (3.22%)	At 1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 111,339,887	\$ 93,232,037	\$ 78,444,640

Pension Plan Fiduciary Net Position - TPAF

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$4,765 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$8,736 for the year ended June 30, 2017.

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$321.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,120,162, \$890,330 and \$1,019,742 for 2017, 2016, and 2015, respectively.



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

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

NOTE 13. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

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

Selected, summarized financial information for the Group as of June 30, 2017 is as follows:

Total Assets	\$ 328,772,862
Net Position	<u>\$ 78,662,630</u>
Total Revenue	<u>\$ 131,811,793</u>
Total Expenses	<u>\$ 121,371,527</u>
Change in Net Position	<u>\$ 10,440,266</u>
Members Dividends	<u>\$ -0-</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ - 0 -	\$ 51,334	\$ 60,670	\$ 115,225
2015-2016	- 0 -	53,130	75,564	124,561
2014-2015	- 0 -	47,337	29,024	146,995

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 15,030	\$ 83,147
Special Revenue Fund		15,030
Food Service Enterprise Fund	83,147	
	<u>\$ 98,177</u>	<u>\$ 98,177</u>

The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable. The interfund receivable in Food Service Enterprise Fund and the interfund payable in General Fund represents the board contribution to cover the food service deficit.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 15. ECONOMIC DEPENDENCY

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 767,648	\$ 13,120	\$ 928,238	\$ 1,709,006

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$10,434 less than that actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$928,238 of encumbrances in the Capital Projects Fund are included in fund balance restricted for capital projects.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2017, if any, is unknown and has not been recorded in the financial statements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 17. TAX CALENDAR

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

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

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Hanover recognized revenue in the amount of \$27,408 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these properties for 2016 without the abatement would have been \$141,258 of which \$78,780 would have been for the local school tax.

The Borough of Florham Park recognized revenue in the amount of \$433,399 from 4 payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2016 without the abatement would have been \$365,849 of which \$199,763 would have been for the local school tax.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 19. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2017:

	<u>Governmental Funds</u>			<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>District</u> <u>Contribution</u> <u>Subsequent</u> <u>to the</u> <u>Measurement</u> <u>Date</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>	<u>Business-type</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>				<u>Proprietary</u> <u>Funds</u>
Vendors	\$ 36,627	\$ 2,393	\$ 1,434	\$ 40,454		\$ 40,454	\$ 131,967
Due to the State of New Jersey					\$ 566,478	566,478	
	<u>\$ 36,627</u>	<u>\$ 2,393</u>	<u>\$ 1,434</u>	<u>\$ 40,454</u>	<u>\$ 566,478</u>	<u>\$ 606,932</u>	<u>\$ 131,967</u>

NOTE 20. OTHER RECEIVABLES

The Other Receivables reported in the Governmental Activities (General Fund) in the amount of \$1,358,903 as of June 30, 2017 consisted of district taxes that had not been collected from one of the District's constituent municipalities as of June 30.

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the Net Pension Liability	0.0575238109%	0.052789137%	0.0608193031%
District's proportionate share of the Net Pension Liability	\$ 10,770,031	\$ 11,850,103	\$ 18,012,933
District's Covered Employee Payroll	\$ 3,796,444	\$ 3,887,969	\$ 3,961,621
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	283.69%	304.79%	454.69%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 474,218	\$ 453,845	\$ 543,864
Contributions in relation to the Contractually Required Contribution	<u>(474,218)</u>	<u>(453,845)</u>	<u>(543,864)</u>
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 3,720,515	\$ 3,796,444	\$ 3,887,969
Contributions as a percentage of Covered Employee Payroll	12.75%	11.95%	13.99%

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



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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the Net Pension Liability attributable to the District	0.1206990792%	0.1188149302%	0.1185157526%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 64,509,730	\$ 75,096,110	\$ 93,232,037
District's Covered Employee Payroll	\$ 12,008,103	\$ 12,004,910	\$ 12,070,586
State's proportionate share of the Net Pension Liability as a percentage of the District's Covered Employee Payroll	537.22%	625.54%	772.39%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually Required Contribution	\$ 3,471,229	\$ 4,585,294	\$ 7,005,090
Contributions in relation to the Contractually Required Contribution	642,357	948,884	(1,297,358)
Contribution Deficiency/(Excess)	<u>\$ 4,113,586</u>	<u>\$ 5,534,178</u>	<u>\$ 5,707,732</u>
District's Covered Employee Payroll	\$ 12,004,910	\$ 12,070,586	\$ 12,398,615
Contributions as a percentage of Covered Employee Payroll	-5.35%	-7.86%	10.46%

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

**BUDGETARY COMPARISON SCHEDULES  
(UNAUDITED)**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 30,390,920		\$ 30,390,920	\$ 30,390,920	\$ (50,000)
Tuition from Other LEAs	50,000		50,000		
Interest Earned on Maintenance Reserve	100		100	277	177
Interest Earned on Capital Reserve Funds	2,500		2,500	7,561	5,061
Unrestricted Miscellaneous	150,000		150,000	545,712	395,712
<b>Total - Local Sources</b>	<b>30,593,520</b>		<b>30,593,520</b>	<b>30,944,470</b>	<b>350,950</b>
State Sources:					
Transportation Aid	195,421		195,421	195,421	
Special Education Aid	569,380		569,380	569,380	
Categorical Security Aid	25,177		25,177	25,177	
Per Pupil Growth Aid	16,350		16,350	16,350	
PARCC Readiness Aid	16,350		16,350	16,350	
Professional Learning Community Aid	16,150		16,150	16,150	
Extraordinary Aid	300,000		300,000	499,286	199,286
Non-Public Transportation Aid				11,860	11,860
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,297,358	1,297,358
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,120,162	1,120,162
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				47,006	47,006
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,528	3,528
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				908,917	908,917
<b>Total - State Sources</b>	<b>1,138,828</b>		<b>1,138,828</b>	<b>4,726,945</b>	<b>3,588,117</b>
<b>TOTAL REVENUES</b>	<b>31,732,348</b>		<b>31,732,348</b>	<b>35,671,415</b>	<b>3,939,067</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 8,823,342	\$ 100,597	\$ 8,923,939	\$ 8,650,051	\$ 273,888
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	20,673	40,673	40,673	
Purchased Professional-Educational Services	10,006	22,250	32,256	30,797	1,459
Other Purchased Services (400-500 series)	515	1,250	1,765	1,016	749
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	137,090	(137,090)			
Purchased Professional - Educational Services	7,100	(1,111)	5,989	4,900	1,089
Other Purchased Services (400-500 series)	169,037	(44,324)	124,713	109,286	15,427
General Supplies	280,488	20,733	301,221	247,207	54,014
Textbooks	81,125	19,778	100,903	96,728	4,175
Other Objects	8,350	446	8,796	7,600	1,196
<b>Total Regular Programs - Instruction</b>	<b>9,537,053</b>	<b>3,202</b>	<b>9,540,255</b>	<b>9,188,258</b>	<b>351,997</b>
<b>Special Education - Instruction:</b>					
Cognitive Mild:					
Salaries of Teachers	79,719	(1,417)	78,302	77,481	821
Other Salaries for Instruction	54,511		54,511	47,122	7,389
Other Purchased Services (400-500 series)	156	(156)			
General Supplies	6,445	(140)	6,305	5,617	688
Other Objects	208	140	348	348	
<b>Total Cognitive - Mild</b>	<b>141,039</b>	<b>(1,573)</b>	<b>139,466</b>	<b>130,568</b>	<b>8,898</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Behavioral Disabilities:					
Salaries of Teachers	\$ 61,987	\$ 1,627	\$ 63,614	\$ 63,614	
Other Salaries for Instruction	11,248	(210)	11,038	8,715	2,323
<b>Total Behavioral Disabilities</b>	<b>73,235</b>	<b>1,417</b>	<b>74,652</b>	<b>72,329</b>	<b>2,323</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,035,271	(500)	1,034,771	963,726	71,045
Other Salaries for Instruction	115,075	(50,000)	65,075	33,056	32,019
Other Purchased Services (400-500 series)	500	(464)	36	36	
General Supplies	3,000	(400)	2,600	2,558	42
Other Objects	800	(300)	500	149	351
<b>Total Resource Room/Resource Center</b>	<b>1,154,646</b>	<b>(51,664)</b>	<b>1,102,982</b>	<b>999,525</b>	<b>103,457</b>
<b>Autism:</b>					
Salaries of Teachers	59,553		59,553	59,094	459
Other Salaries for Instruction	76,530	(589)	75,941	9,042	66,899
Other Purchased Services (400-500 series)	300		300	300	
General Supplies	3,400		3,400	3,039	361
Other Objects	300	(300)			
<b>Total Autism</b>	<b>140,083</b>	<b>(889)</b>	<b>139,194</b>	<b>71,175</b>	<b>68,019</b>
<b>Total Special Education - Instruction</b>	<b>1,509,003</b>	<b>(52,709)</b>	<b>1,456,294</b>	<b>1,273,597</b>	<b>182,697</b>



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 23,423	\$ 1,163	\$ 24,586	\$ 24,586	
General Supplies	500	(74)	426		\$ 426
<b>Total Bilingual Education - Instruction</b>	<b>23,923</b>	<b>1,089</b>	<b>25,012</b>	<b>24,586</b>	<b>426</b>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	262,740		262,740	256,296	6,444
Purchased Services (300-500 series)	16,640	1,255	17,895	9,823	8,072
Supplies and Materials	13,120	2,470	15,590	15,361	229
Other Objects	13,455	(3,019)	10,436	8,007	2,429
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>305,955</b>	<b>706</b>	<b>306,661</b>	<b>289,487</b>	<b>17,174</b>
<b>School-Sponsored Cocurricular Athletics - Instruction:</b>					
Salaries	817,537		817,537	782,694	34,843
Purchased Services (300-500 series)	212,955	2,452	215,407	205,763	9,644
Supplies and Materials	81,931	(653)	81,278	76,605	4,673
Other Objects	50,313	15,875	66,188	58,717	7,471
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>1,162,736</b>	<b>17,674</b>	<b>1,180,410</b>	<b>1,123,779</b>	<b>56,631</b>
<b>Total Instruction</b>	<b>12,538,670</b>	<b>(30,038)</b>	<b>12,508,632</b>	<b>11,899,707</b>	<b>608,925</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 889,445	\$ 117,726	\$ 1,007,171	\$ 912,993	\$ 94,178
Tuition to County Vocational School District - Regular	482,223	45,501	527,724	502,756	24,968
Tuition to County Vocational School District - Special	104,430	(75,540)	28,890	25,200	3,690
Tuition to CSSD & Regular Day Schools	41,600	30,040	71,640	71,640	
Tuition to Private Schools for the Handicapped - Within State	2,210,348	(117,725)	2,092,623	2,003,812	88,811
Tuition - State Facilities	32,306		32,306	32,306	
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,760,352</b>	<b>2</b>	<b>3,760,354</b>	<b>3,548,707</b>	<b>211,647</b>
Attendance & Social Work:					
Salaries	140,635	(505)	140,130	138,788	1,342
Supplies and Materials	500	(60)	440	399	41
<b>Total Attendance &amp; Social Work</b>	<b>141,135</b>	<b>(565)</b>	<b>140,570</b>	<b>139,187</b>	<b>1,383</b>
Health Services:					
Salaries	199,314	1,287	200,601	200,600	1
Purchased Professional and Technical Services	51,410	(2,388)	49,022	30,751	18,271
Other Purchased Services (400-500 series)	972	94	1,066	988	78
Supplies and Materials	4,263	1,074	5,337	5,011	326
Other Objects	320	4	324	297	27
<b>Total Health Services</b>	<b>256,279</b>	<b>71</b>	<b>256,350</b>	<b>237,647</b>	<b>18,703</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 110,053	\$	\$ 110,053	\$ 105,280	\$ 4,773
Purchased Professional - Educational Services	59,652		59,652	45,966	13,686
Supplies and Materials	2,620	(472)	2,148	182	1,966
Other Objects	480	65	545	522	23
Total Speech, OT, PT and Related Services	172,805	(407)	172,398	151,950	20,448
Other Support Services - Students - Extra Services:					
Salaries	471,662		471,662	328,119	143,543
Purchased Professional - Educational Services	198,038	50,000	248,038	152,581	95,457
Supplies and Materials		1,301	1,301	1,301	
Total Other Support Services - Students - Extra Services	669,700	51,301	721,001	482,001	239,000
Guidance:					
Salaries of Other Professional Staff	898,921	(4,379)	894,542	878,022	16,520
Salaries of Secretarial and Clerical Assistants	147,633	4,379	152,012	152,012	
Other Purchased Professional and Technical Services	300	(300)		(1,516)	1,516
Other Purchased Services (400-500 series)	35,582	(1,360)	34,222	33,068	1,154
Supplies and Materials	2,263	(119)	2,144	1,203	941
Other Objects	1,841	344	2,185	1,809	376
Total Guidance	1,086,540	(1,435)	1,085,105	1,064,598	20,507

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 359,427	\$ (2,743)	\$ 356,684	\$ 350,669	\$ 6,015
Salaries of Secretarial and Clerical Assistants	96,707	1,647	98,354	98,354	
Unused Vacation Payment to Terminated/Retired Staff		1,096	1,096	1,095	1
Purchased Professional - Educational Services	3,000	(18)	2,982	1,954	1,028
Other Purchased Prof. and Tech. Services	26,262		26,262	23,158	3,104
Other Purchased Services (400-500 series)	15,116	1,031	16,147	14,700	1,447
Misc. Purch. Serv. (400-500 series - Other than Res. Costs)	705	(705)			
Supplies and Materials	6,619	1,796	8,415	8,218	197
Other Objects	520	(77)	443	443	
<b>Total Child Study Teams</b>	<b>508,356</b>	<b>2,027</b>	<b>510,383</b>	<b>498,591</b>	<b>11,792</b>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	246,571		246,571	240,949	5,622
Salaries of Secretarial and Clerical Assistants	55,767	755	56,522	56,204	318
Other Purchased Services	9,481	574	10,055	9,992	63
Supplies and Materials	545	(421)	124	79	45
<b>Total Improvement of Instructional Services</b>	<b>312,364</b>	<b>908</b>	<b>313,272</b>	<b>307,224</b>	<b>6,048</b>
Educational Media Services/School Library:					
Salaries	137,667	3,355	141,022	141,021	1
Salaries of Technology Coordinators	43,276	(336)	42,940	42,940	
Other Purchased Services (400-500 series)	22,130	(6,210)	15,920	15,672	248
Supplies and Materials	37,084	(3,707)	33,377	32,718	659
Other Objects	145		145	65	80
<b>Total Educational Media Services/School Library</b>	<b>240,302</b>	<b>(6,898)</b>	<b>233,404</b>	<b>232,416</b>	<b>988</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 121,446		\$ 121,446	\$ 118,676	\$ 2,770
Salaries of Secretarial and Clerical Assistants	27,468	372	27,840	27,682	158
Purchased Professional - Educational Services	6,750	1,724	8,474	7,762	712
Other Purchased Services (400-500 series)	3,099	4,150	7,249	4,120	3,129
Supplies and Materials	500	(189)	311	297	14
Other Objects	500	(475)	25		25
<b>Total Instructional Staff Training Services</b>	<b>159,763</b>	<b>5,582</b>	<b>165,345</b>	<b>158,537</b>	<b>6,808</b>
<b>Support Services - General Administration:</b>					
Salaries	433,378		433,378	432,964	414
Legal Services	89,565	(5,362)	84,203	47,769	36,434
Audit Fees	47,000	(447)	46,553	46,500	53
Architectural/Engineering Services	10,271		10,271	271	10,000
Other Purchased Professional Services	3,295		3,295	3,295	
Purchased Professional and Technical Services	9,990		9,990		9,990
Communications/Telephone	103,437	2,290	105,727	104,106	1,621
BOE Other Purchased Services	3,750	(100)	3,650	3,140	510
Other Purchased Services (400-500 series)	57,285	(1,051)	56,234	52,633	3,601
General Supplies	9,258	1,714	10,972	9,872	1,100
BOE In-House Training/Meeting Supplies	500	3,637	4,137	3,623	514
Miscellaneous Expenditures	6,180		6,180	5,371	809
BOE Membership Dues and Fees	13,229		13,229	13,229	
<b>Total Support Services - General Administration</b>	<b>787,138</b>	<b>681</b>	<b>787,819</b>	<b>722,773</b>	<b>65,046</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 724,220	\$ 6,243	\$ 730,463	\$ 730,462	\$ 1
Salaries of Secretarial and Clerical Assistants	217,083	(2,124)	214,959	214,958	1
Unused Vacation Payment to Terminated/Retired Staff	15,895	4,505	4,505	4,505	
Other Purchased Services (400-500 series)	12,626	(638)	15,257	11,224	4,033
Supplies and Materials	13,793	484	13,110	5,374	7,736
Other Objects		1,488	15,281	7,613	7,668
<b>Total Support Services - School Administration</b>	<b>983,617</b>	<b>9,958</b>	<b>993,575</b>	<b>974,136</b>	<b>19,439</b>
<b>Central Services:</b>					
Salaries	322,973	(3,110)	319,863	319,560	303
Purchased Technical Services	32,328	(4,155)	28,173	25,948	2,225
Miscellaneous Purchased Services (400-500 series)	41,700	2,964	44,664	38,648	6,016
Supplies and Materials	13,610	1,756	15,366	13,450	1,916
Miscellaneous Expenditures	3,524		3,524	2,969	555
<b>Total Central Services</b>	<b>414,135</b>	<b>(2,545)</b>	<b>411,590</b>	<b>400,575</b>	<b>11,015</b>
<b>Administration Information Technology:</b>					
Salaries	100,146	39,539	139,685	139,685	
Purchased Technical Services	5,000	(1,759)	3,241	3,128	113
Other Purchased Services (400-500 series)	25,390	(760)	24,630	21,630	3,000
Supplies and Materials	123,350	(859)	122,491	122,243	248
<b>Total Administration Information Technology</b>	<b>253,886</b>	<b>36,161</b>	<b>290,047</b>	<b>286,686</b>	<b>3,361</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 263,100	\$	\$ 263,100	\$ 262,883	\$ 217
Cleaning, Repair and Maintenance Services	232,274		232,274	188,157	44,117
General Supplies	87,485	\$ (2,739)	84,746	71,794	12,952
Other Objects		400	400		400
Total Required Maintenance of School Facilities	582,859	(2,339)	580,520	522,834	57,686
Custodial Services:					
Salaries	751,437	(4,000)	747,437	722,494	24,943
Purchased Professional and Technical Services	5,000	71,087	76,087	73,051	3,036
Cleaning, Repair and Maintenance Services	32,738	4,115	36,853	30,843	6,010
Other Purchased Property Services	76,452	(7,287)	69,165	49,212	19,953
Insurance	150,938	(6,220)	144,718	140,847	3,871
General Supplies	88,674	(1)	88,673	71,245	17,428
Energy (Natural Gas)	251,196	(34,056)	217,140	135,819	81,321
Energy (Electricity)	402,916	(14,829)	388,087	313,004	75,083
Other Objects	100		100		100
Total Custodial Services	1,759,451	8,809	1,768,260	1,536,515	231,745
Care & Upkeep of Grounds:					
Salaries	\$ 178,797	\$ 6,273	\$ 185,070	\$ 185,069	\$ 1
Cleaning, Repair and Maintenance Services	54,512	7,000	61,512	34,105	27,407
General Supplies	83,005	(13,631)	69,374	47,342	22,032
Other Objects					
Total Care & Upkeep of Grounds	316,314	(358)	315,956	266,516	49,440

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Security:					
Cleaning, Repair and Maintenance Services	\$ 2,000		\$ 2,000	\$ 819	\$ 1,181
General Supplies	2,000		2,000	1,165	835
Total Security	4,000		4,000	1,984	2,016
Total Undist. Expend. - Operations & Maintenance of Plant	2,662,624	\$ 6,112	2,668,736	2,327,849	340,887
<b>Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	47,500	(654)	46,846	46,846	
Salaries for Pupil Transportation:					
Between Home and School - Regular	727,270	(6,101)	721,169	721,168	1
Between Home and School - Special Education	265,000	96,210	361,210	361,210	
Other than Between Home and School - Regular	164,487	3,106	167,593	167,590	3
Between Home and School - Nonpublic	25,000	7,509	32,509	32,508	1
Management Fee - ESC & CTSA Transportation Program	1,000	(233)	767	767	
Other Purchased Professional & Technical Services	2,965	(418)	2,547	2,547	
Cleaning, Repair and Maintenance Services	15,290	(3,086)	12,204	7,604	4,600
Contracted Services (Between Home and School) - Joint Agreements	60,000	(60,000)			
Contracted Services (Spl. Ed. Students) - Vendors	23,543	(7,859)	15,684	13,394	2,290
Contracted Services (Spl. Ed. Students) - Joint Agreements	17,750	95,527	113,277	110,653	2,624
Contracted Services (Reg. Students) - ESCs and CTSA	38,730	1,288	40,018	34,806	5,212
Contracted Services (Spl. Ed. Students) - ESCs and CTSA	76,310	(13,832)	62,478	29,648	32,830
Aid in Lieu of Payments - Nonpublic Students	80,444	(20,052)	60,392	56,890	3,502
Miscellaneous Purchased Services - Transportation	94,143	219	94,362	93,347	1,015
General Supplies	650	(370)	280	279	1
Transportation Supplies	334,647	(86,738)	247,909	185,523	62,386
Other Objects	3,866	1,704	5,570	5,170	400
Total Student Transportation Services	1,978,595	6,220	1,984,815	1,869,950	114,865



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	\$ 480,565		\$ 480,565	\$ 471,644	\$ 8,921
Other Retirement Contributions - PERS	590,000		590,000	543,864	46,136
Workmen's Compensation	174,205		174,205	169,783	4,422
Health Benefits	4,874,714	\$ (499,649)	4,375,065	4,318,930	56,135
Tuition Reimbursement	25,000		25,000	24,500	500
Other Employee Benefits	62,751	(14,868)	47,883	18,508	29,375
Unused Vacation Payment to Terminated/Retired Staff		14,868	14,868	14,868	
Total Unallocated Benefits	<u>6,207,235</u>	<u>(499,649)</u>	<u>5,707,586</u>	<u>5,562,097</u>	<u>145,489</u>
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				1,297,358	(1,297,358)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,120,162	(1,120,162)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				47,006	(47,006)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,528	(3,528)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				908,917	(908,917)
Total On-Behalf Contributions				<u>3,376,971</u>	<u>(3,376,971)</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Total Personal Services - Employee Benefits	\$ 6,207,235	\$ (499,649)	\$ 5,707,586	\$ 8,939,068	\$ (3,231,482)
Total Undistributed Expenditures	20,594,826	(392,476)	20,202,350	22,341,895	(2,139,545)
<b>TOTAL CURRENT EXPENSE</b>	<u>33,133,496</u>	<u>(422,514)</u>	<u>32,710,982</u>	<u>34,241,602</u>	<u>(1,530,620)</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Grades 9-12	117,980	736	118,716	107,026	11,690
Required Maintenance for School Facilities	39,450	(16,560)	22,890	19,788	3,102
Care and Upkeep of Grounds	20,295	16,268	36,563	20,252	16,311
School Buses - Regular	274,482	334,192	608,674	258,504	350,170
Non-Instructional Services	4,731	4,731	4,731	2,100	2,631
Total Equipment	452,207	339,367	791,574	407,670	383,904
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		352,500	352,500	50,747	301,753
Construction Services		347,500	347,500	316,900	30,600
Debt Service Assessment	106,465		106,465	106,465	
Total Facilities Acquisition and Construction Services	106,465	700,000	806,465	474,112	332,353
<b>TOTAL CAPITAL OUTLAY</b>	<u>558,672</u>	<u>1,039,367</u>	<u>1,598,039</u>	<u>881,782</u>	<u>716,257</u>
<b>TOTAL EXPENDITURES</b>	<u>33,692,168</u>	<u>616,853</u>	<u>34,309,021</u>	<u>35,123,384</u>	<u>(814,363)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,959,820)	(616,853)	(2,576,673)	548,031	3,124,704

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Transfer from Capital Projects Fund - Interest Earnings				\$ 12,854	\$ 12,854
Transfer to Capital Projects Fund - Capital Reserve	\$ (1,070,000)	\$ 106,000	\$ (964,000)	(964,000)	
Transfer to Capital Projects Fund - Capital Outlay	(50,000)	50,000			
Transfer to Food Service Fund		(83,147)	(83,147)	(83,147)	
Total Other Financing Sources	(1,120,000)	72,853	(1,047,147)	(1,034,293)	12,854
Excess (Deficiency) of Revenues and Other Financing Sources	(3,079,820)	(544,000)	(3,623,820)	(486,262)	3,137,558
Over (Under) Expenditures					
Fund Balance, July 1	6,344,620		6,344,620	6,344,620	
Fund Balance, June 30	\$ 3,264,800	\$ (544,000)	\$ 2,720,800	\$ 5,858,358	\$ 3,137,558

Recapitulation:	
Restricted:	
Capital Reserve	\$ 480,196
Maintenance Reserve	50,766
Excess Surplus - Designated for Subsequent Year's Expenditures	1,834,444
Excess Surplus	1,817,056
Assigned:	
Year-End Encumbrances	767,648
Designated for Subsequent Year's Expenditures	42,894
Unassigned	865,354
	<u>5,858,358</u>
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP basis	<u>(64,451)</u>
Fund Balance per Governmental Funds - GAAP Basis	<u>\$ 5,793,907</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources		\$ 10,916	\$ 10,916	\$ 5,473	\$ (5,443)
State Sources	\$ 17,167	(1,613)	15,554	5,056	(10,498)
Federal Sources	293,806	49,238	343,044	329,839	(13,205)
<b>Total Revenue</b>	<b>310,973</b>	<b>58,541</b>	<b>369,514</b>	<b>340,368</b>	<b>(29,146)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	23488	5,606	29,094	17,102	11,992
Purchased Professional and Technical Services	14,190	(555)	13,635	3,137	10,498
Other Purchased Services	255,828	27,048	282,876	282,876	
General Supplies	2,037	24,671	26,708	21,154	5,554
Textbooks	1,156	(407)	749	749	
<b>Total Instruction</b>	<b>296,699</b>	<b>56,363</b>	<b>353,062</b>	<b>325,018</b>	<b>28,044</b>
Support Services:					
Personal Services - Employee Benefits	1,796	615	2,411	1,309	1,102
Purchased Professional/Educational Services	3,978	5,480	9,458	9,458	
Other Purchased Services	5,950	(1,367)	4,583	4,583	
Supplies and Materials	2,550	(2,550)			
<b>Total Support Services</b>	<b>14,274</b>	<b>2,178</b>	<b>16,452</b>	<b>15,350</b>	<b>1,102</b>
<b>Total Expenditures</b>	<b>310,973</b>	<b>58,541</b>	<b>369,514</b>	<b>340,368</b>	<b>29,146</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,671,415	\$ 340,368
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Current Year Encumbrances at year end		(13,120)
Prior Year Encumbrances at year end		2,686
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Basis	62,190	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(64,451)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 35,669,154</u>	<u>\$ 329,934</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,123,384	\$ 340,368
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment ordered but not received are reported in the year the order is placed for Budgetary Purposes, but in the year the Supplies are received for Financial Reporting Purposes.		<u>(10,434)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 35,123,384</u>	<u>\$ 329,934</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>No Child Left Behind</u>	<u>IDEA</u>	<u>Local</u>
	<u>Title I</u>	<u>Part B Basic</u>	<u>Grants</u>
<b>REVENUE:</b>			
Local Sources			\$ 5,473
State Sources			
Federal Sources	\$ 28,443	\$ 288,525	
	\$ 28,443	\$ 288,525	\$ 5,473
<b>Total Revenue</b>	<u>28,443</u>	<u>288,525</u>	<u>5,473</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	17,102		
Purchased Professional and Technical Services		282,876	
Other Purchased Services		5,649	5,473
General Supplies	10,032		
Textbooks			
	27,134	288,525	5,473
<b>Total Instruction</b>	<u>27,134</u>	<u>288,525</u>	<u>5,473</u>
Support Services:			
Personal Services - Employee Benefits	1,309		
Purchased Professional - Educational Services		8,288	
Other Purchased Services		4,583	
	1,309	12,871	
<b>Total Support Services</b>	<u>1,309</u>	<u>12,871</u>	
<b>Total Expenditures</b>	<u>\$ 28,443</u>	<u>\$ 288,525</u>	<u>\$ 5,473</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Chapter 192 Nonpublic Auxiliary Services	Chapter 193 Handicapped Services	Nonpublic Nursing
	Compensatory Education	Supplementary Instruction	Examination/ Classification
REVENUE:			
Local Sources	\$ 628	\$ 550	\$ 1,170
State Sources			
Federal Sources			
Total Revenue	628	550	1,170
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Purchased Professional and Technical Services	628	550	1,621
Other Purchased Services			
General Supplies			
Textbooks			
Total Instruction	628	550	1,621
Support Services:			
Personal Services - Employee Benefits			1,170
Purchased Professional - Educational Services			
Other Purchased Services			
Total Support Services			1,170
Total Expenditures	\$ 628	\$ 550	\$ 1,621

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Totals</u>
REVENUE:			
Local Sources			5,473
State Sources	749	338	5,056
Federal Sources			329,839
Total Revenue	<u>749</u>	<u>338</u>	<u>340,368</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			17,102
Purchased Professional and Technical Services		338	3,137
Other Purchased Services			282,876
General Supplies			21,154
Textbooks	749		749
Total Instruction	<u>749</u>	<u>338</u>	<u>325,018</u>
Support Services:			
Personal Services - Employee Benefits			1,309
Purchased Professional - Educational Services			9,458
Other Purchased Services			4,583
Total Support Services			<u>15,350</u>
Total Expenditures	<u>\$ 749</u>	<u>\$ 338</u>	<u>\$ 340,368</u>

CAPITAL PROJECTS FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 964,000
Interest Income	12,854
	<hr/>
Total Revenue and Other Financing Sources	976,854
	<hr/>
Expenditures:	
Other Purchased Professional Technical Services	68,884
Construction Services	1,173,402
General Supplies	21,799
	<hr/>
Total Expenditures	1,264,085
	<hr/>
Deficiency of Revenue and Other Financing Sources Under Expenditures	(287,231)
Other Financing Uses:	
Transfer Out - General Fund - Interest Earnings	(12,854)
	<hr/>
Total Other Financing Uses	(12,854)
	<hr/>
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(300,085)
Fund Balance - Beginning	8,237,869
	<hr/>
Fund Balance - Ending	\$ 7,937,784
	<hr/> <hr/>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 7,009,546
Restricted - Year End Encumbrances	928,238
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 7,937,784
	<hr/> <hr/>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
ADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**Additional Project Information:**

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
ADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**Additional Project Information:**

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
ATHLETIC AND PHYSICAL EDUCATION FACILITY REFURBISHMENT AT HANOVER PARK AND WHIPPANY PARK HIGH SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Authorized Cost
<b>Revenue and Other Financing Sources:</b>				
Bond Proceeds	\$ 9,795,000		\$ 9,795,000	\$ 9,795,444
Local Share	500,000		500,000	500,000
<b>Total Revenues and Other Financing Sources</b>	<b>10,295,000</b>		<b>10,295,000</b>	<b>10,295,444</b>
<b>Expenditures:</b>				
Other Purchased Professional Technical Services	910,166	\$ 22,941	933,107	1,020,006
Construction Services	6,529,671	1,173,402	7,703,073	9,195,348
General Supplies	60	21,799	21,859	21,859
Other Objects	24,374		24,374	58,231
<b>Total Expenditures</b>	<b>7,464,271</b>	<b>1,218,142</b>	<b>8,682,413</b>	<b>10,295,444</b>
<b>Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures</b>	<b>\$ 2,830,729</b>	<b>\$ (1,218,142)</b>	<b>\$ 1,612,587</b>	<b>\$ - 0 -</b>

**Additional Project Information:**

Project Number	1990-070-13-3000
Grant Date	N/A
Bond Authorization Date	1/1/2014
Bonds Authorized	\$ 9,795,444
Bonds Issued	\$ 9,795,000
Original Authorized Cost	\$ 9,795,444
Additional Authorized Cost	\$ 500,000
Revised Authorized Cost	\$ 10,295,444
% Increase over Original Authorized Cost	0%
% Completion	84%
Original Target Completion Date	October 2015
Revised Target Completion Date	August 2017



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
FUEL STATION REPLACEMENT PROJECT - HANOVER PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 335,000	\$ 335,000	\$ 335,000
Total Revenues and Other Financing Sources		335,000	335,000	335,000
Expenditures:				
Other Purchased Professional Technical Services		11,559	11,559	17,500
Construction Services				317,500
Total Expenditures		11,559	11,559	335,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 323,441	\$ 323,441	\$ - 0 -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 335,000
Revised Authorized Cost	\$ 335,000
% Increase over Original Authorized Cost	0%
% Completion	3%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
INSTALLATION OF INTERIOR CAMERAS - HANOVER PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve		\$ 17,500	\$ 17,500	\$ 17,500
Total Revenues and Other Financing Sources		17,500	17,500	17,500
Expenditures:				
Other Purchased Professional Technical Services				2,000
Construction Services				15,500
Total Expenditures				17,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 17,500	\$ 17,500	\$ - 0 -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Revised Authorized Cost	\$ 17,500
% Increase over Original Authorized Cost	0%
% Completion	0%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
INSTALLATION OF INTERIOR CAMERAS - WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$	17,500	\$ 17,500	\$ 17,500
Total Revenues and Other Financing Sources	17,500	17,500	17,500	17,500
Expenditures:				
Other Purchased Professional Technical Services				2,000
Construction Services				15,500
Total Expenditures				17,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 17,500	\$ 17,500	\$ - 0 -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Revised Authorized Cost	\$ 17,500
% Increase over Original Authorized Cost	0%
% Completion	0%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS  
FIELD LIGHTING PROJECT - WHIPPANY PARK HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 594,000	\$ 594,000	\$ 594,000	\$ 594,000
Total Revenues and Other Financing Sources	594,000	594,000	594,000	594,000
Expenditures:				
Other Purchased Professional Technical Services		34,384	34,384	46,458
Construction Services				544,500
General Supplies				567
Other Objects				2,475
Total Expenditures		34,384	34,384	594,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ - 0 -	\$ 559,616	\$ 559,616	\$ - 0 -

**Additional Project Information:**

Project Number	N/A		
Grant Date	N/A		
Bond Authorization Date	N/A		
Bonds Authorized	N/A		
Bonds Issued	N/A		
Original Authorized Cost	\$ 594,000		
Revised Authorized Cost	\$ 594,000		
% Increase over Original Authorized Cost	0%		
% Completion	6%		
Original Target Completion Date	September 2018		
Revised Target Completion Date	September 2018		

PROPRIETARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	<u>Non-Major Fund Summer Enrichment</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 656	\$ 24,869	\$ 25,525
Interfund Receivable - General Fund		83,147	83,147
Other Receivables		17,149	17,149
Inventories		6,802	6,802
Total Current Assets	<u>656</u>	<u>131,967</u>	<u>132,623</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		401,732	401,732
Less: Accumulated Depreciation		(390,592)	(390,592)
Total Non-Current Assets		<u>11,140</u>	<u>11,140</u>
Total Assets	<u>656</u>	<u>143,107</u>	<u>143,763</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors		131,967	131,967
Total Liabilities		<u>131,967</u>	<u>131,967</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		11,140	11,140
Unrestricted	656		656
Total Net Position	<u>\$ 656</u>	<u>\$ 11,140</u>	<u>\$ 11,796</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Non-Major Fund Summer Enrichment</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 357,522	\$ 357,522
Special Events		3,864	3,864
Free and Reduced Lunches Subsidized by District		63,794	63,794
Summer Enrichment Program Fees	\$ 1,890		1,890
Total Operating Revenue	<u>1,890</u>	<u>425,180</u>	<u>427,070</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		230,624	230,624
Salaries, Benefits & Payroll Taxes	1,615	243,895	245,510
Supplies and Materials		17,213	17,213
Management Fee		17,149	17,149
Miscellaneous Expense		115	115
Insurance & Office Supplies		34,972	34,972
Depreciation Expense		7,249	7,249
Total Operating Expenses	<u>1,615</u>	<u>551,217</u>	<u>552,832</u>
Operating Income/ (Loss)	<u>275</u>	<u>(126,037)</u>	<u>(125,762)</u>
Non-Operating Income:			
Interest Income		92	92
Board Contribution		83,147	83,147
Total Non-Operating Income		<u>83,239</u>	<u>83,239</u>
Change in Net Position Before Special Item	275	(42,798)	(42,523)
Other Item - Food Service Management			
Contractor Contribution		17,149	17,149
Change in Net Position	275	(25,649)	(25,374)
Net Position - Beginning of Year	<u>381</u>	<u>36,789</u>	<u>37,170</u>
Net Position - End of Year	<u>\$ 656</u>	<u>\$ 11,140</u>	<u>\$ 11,796</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Major Fund <u>Summer Enrichment</u>	Major Fund <u>Food Service</u>	Total Enterprise Funds <u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 361,386	\$ 361,386
Receipts from District		63,794	63,794
Payments by District for Free Lunches		(63,794)	(63,794)
Payments to Food Service Vendor		(477,510)	(477,510)
Payments to Summer Enrichment Employees	\$ (1,615)		(1,615)
Net Cash Used for Operating Activities	<u>(1,615)</u>	<u>(116,124)</u>	<u>(117,739)</u>
Cash Flows from Investing Activities:			
Interest Income		92	92
Net Cash Provided by Investing Activities		<u>92</u>	<u>92</u>
Cash Flows from Noncapital Financing Activities:			
Food Service Management Contractor Contribution		18,621	18,621
Net Cash Provided by Noncapital Financing Activities		<u>18,621</u>	<u>18,621</u>
Net Decrease in Cash and Cash Equivalents	(1,615)	(97,411)	(99,026)
Cash and Cash Equivalents, July 1	2,271	122,280	124,551
Cash and Cash Equivalents, June 30	<u>\$ 656</u>	<u>\$ 24,869</u>	<u>\$ 25,525</u>
Reconciliation of Operating Income/ (Loss) to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Income/(Loss)	\$ 275	\$ (126,037)	\$ (125,762)
Adjustment to Reconcile Operating Income/(Loss) to Cash to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		7,249	7,249
Changes in Assets and Liabilities:			
Increase in Inventory		(1,203)	(1,203)
(Decrease) in Unearned Revenue	(1,890)		(1,890)
Increase in Accounts Payable		3,867	3,867
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (1,615)</u>	<u>\$ (116,124)</u>	<u>\$ (117,739)</u>



FIDUCIARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

		<u>Student</u> <u>Activities</u>	<u>Payroll</u>	<u>Total</u> <u>Agency</u>	<u>Unemployment</u> <u>Compensation</u> <u>Trust</u>	<u>Private</u> <u>Purpose</u> <u>Scholarship</u> <u>Trust</u>	<u>Flexible</u> <u>Benefits</u> <u>Trust</u>
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$	132,045	\$ 247,065	\$ 379,110	\$ 115,225	\$ 24,339	\$ 48,715
Investments		23,613		23,613			
<u>Total Assets</u>		<u>155,658</u>	<u>247,065</u>	<u>402,723</u>	<u>115,225</u>	<u>24,339</u>	<u>48,715</u>
<u>LIABILITIES:</u>							
Payroll Deductions and Withholdings			247,065	247,065			
Due to Student Groups		155,658		155,658			
<u>Total Liabilities</u>		<u>155,658</u>	<u>247,065</u>	<u>402,723</u>			
<u>NET POSITION:</u>							
Held in Trust for:							
Unemployment Claims					115,225		
Scholarships						24,339	
Flexible Benefits Claims							48,715
<u>Total Net Position</u>	<u>\$</u>	<u>- 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 115,225</u>	<u>\$ 24,339</u>	<u>\$ 48,715</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 50,697		\$ 60,716
Donations		\$ 39,746	
Total Contributions	50,697	39,746	60,716
Investment Earnings:			
Interest	637		
Net Investment Earnings	637		
Total Additions	51,334	39,746	60,716
DEDUCTIONS:			
Unemployment Compensation Claims	60,670		
Flexible Benefits Claims			50,575
Scholarship Payments		27,644	
Total Deductions	60,670	27,644	50,575
Change in Net Position	(9,336)	12,102	10,141
Net Position - Beginning of the Year	124,561	12,237	38,574
Net Position - End of the Year	\$ 115,225	\$ 24,339	\$ 48,715

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 108,207	\$ 618,055	\$ 594,217	\$ 132,045
Investments	22,994	619		23,613
Total Assets	<u>\$ 131,201</u>	<u>\$ 618,674</u>	<u>\$ 594,217</u>	<u>\$ 155,658</u>
 <b><u>LIABILITIES:</u></b>				
Liabilities:				
Due to Student Groups	<u>\$ 131,201</u>	<u>\$ 618,674</u>	<u>\$ 594,217</u>	<u>\$ 155,658</u>
Total Liabilities	<u>\$ 131,201</u>	<u>\$ 618,674</u>	<u>\$ 594,217</u>	<u>\$ 155,658</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Senior High Schools:				
Hanover Park	\$ 92,126	\$ 363,571	\$ 363,275	\$ 92,422
Whippany Park	39,075	255,103	230,942	63,236
Total All Schools	<u>\$ 131,201</u>	<u>\$ 618,674</u>	<u>\$ 594,217</u>	<u>\$ 155,658</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 300,290	\$ 25,562,884	\$ 25,616,109	\$ 247,065
Total Assets	<u>\$ 300,290</u>	<u>\$ 25,562,884</u>	<u>\$ 25,616,109</u>	<u>\$ 247,065</u>
 <b><u>LIABILITIES:</u></b>				
Payroll Deductions and Withholdings	\$ 300,290	\$ 13,897,985	\$ 13,951,210	\$ 247,065
Net Payroll		<u>11,664,899</u>	<u>11,664,899</u>	
Total Liabilities	<u>\$ 300,290</u>	<u>\$ 25,562,884</u>	<u>\$ 25,616,109</u>	<u>\$ 247,065</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Amount	June 30, 2017				
School Refunding Bonds	3/14/13	\$ 18,480,000	10/1/17	\$ 1,660,000		3.00%			
			10/1/18	1,750,000		4.00%			
			10/1/19	1,845,000		4.00%			
			10/1/20	1,945,000		4.00%			
			10/1/21	1,945,000		4.00%			
			10/1/22	1,940,000		4.00%			
			10/1/23	1,940,000		4.00%			
			10/1/24	1,935,000		4.00%			
			10/1/25	1,845,000		4.00%	\$ 18,480,000	\$ 1,675,000	\$ 16,805,000
School Bonds, Series 2014	1/14/14	9,795,000	2/1/18	925,000		1.00%			
			2/1/19	950,000		1.50%			
			2/1/20	1,000,000		2.00%			
			2/1/21	1,000,000		2.00%			
			2/1/22	1,100,000		2.25%			
			2/1/23	1,150,000		2.50%	8,150,000	825,000	7,325,000
						\$ 26,630,000	\$ 2,500,000	\$ 24,130,000	



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 3,131,407		\$ 3,131,407	\$ 3,131,407	
State Sources:					
Debt Service State Aid Support	204,567		204,567	204,567	
<b>Total Revenues</b>	<u>3,335,974</u>		<u>3,335,974</u>	<u>3,335,974</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	835,975		835,975	835,975	
Redemption of Principal	2,500,000		2,500,000	2,500,000	
<b>Total Regular Debt Service</b>	<u>3,335,975</u>		<u>3,335,975</u>	<u>3,335,975</u>	
<b>Total Expenditures</b>	<u>3,335,975</u>		<u>3,335,975</u>	<u>3,335,975</u>	
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(1)</u>		<u>(1)</u>	<u>(1)</u>	
<b>Fund Balance, July 1</b>	<u>1</u>		<u>1</u>	<u>1</u>	
<b>Fund Balance, June 30</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$23,023,578	\$18,718,071	\$20,128,304	\$20,726,578	\$21,536,562	\$24,359,850	\$14,243,092	\$17,320,212	\$25,279,530	\$28,303,100
Restricted	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036	12,120,246
Unrestricted (Deficit)	(285,000)	(227,346)	(181,514)	943,282	1,010,943	(1,600,732)	(10,161,263)	(12,543,062)	(12,829,026)	(13,501,743)
<b>Total Governmental Activities Net Position</b>	<b>\$23,726,704</b>	<b>\$28,547,658</b>	<b>\$30,505,021</b>	<b>\$32,753,763</b>	<b>\$33,251,417</b>	<b>\$32,622,983</b>	<b>\$22,019,698</b>	<b>\$23,214,992</b>	<b>\$25,860,540</b>	<b>\$26,921,603</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 77,743	\$ 67,620	\$ 65,249	\$ 57,187	\$ 49,125	\$ 41,136	\$ 33,220	\$ 25,638	\$ 18,389	\$ 11,140
Unrestricted	138,934	144,038	152,869	130,194	116,681	85,502	34,180	24,316	18,781	656
<b>Total Business-Type Activities Net Position</b>	<b>\$ 216,677</b>	<b>\$ 211,658</b>	<b>\$ 218,118</b>	<b>\$ 187,381</b>	<b>\$ 165,806</b>	<b>\$ 126,638</b>	<b>\$ 67,400</b>	<b>\$ 49,954</b>	<b>\$ 37,170</b>	<b>\$ 11,796</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$23,101,321	\$18,785,691	\$20,193,553	\$20,783,765	\$21,585,687	\$24,400,986	\$14,276,312	\$17,345,850	\$25,297,919	\$28,314,240
Restricted	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036	12,120,246
Unrestricted (Deficit)	(146,066)	(83,308)	(28,645)	1,073,476	1,127,624	(1,515,230)	(10,127,083)	(12,518,746)	(12,810,245)	(13,501,087)
<b>Total District-Wide Net Position</b>	<b>\$23,943,381</b>	<b>\$28,759,316</b>	<b>\$30,723,139</b>	<b>\$32,941,144</b>	<b>\$33,417,223</b>	<b>\$32,749,621</b>	<b>\$22,087,098</b>	<b>\$23,264,946</b>	<b>\$25,897,710</b>	<b>\$26,933,399</b>

Source: Hanover Park Regional High School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 11,842,624	\$ 11,772,001	\$ 11,668,199	\$ 11,400,691	\$ 11,919,404	\$ 12,462,871	\$ 12,376,960	\$ 14,466,950	\$ 14,743,726	\$ 17,101,592
Special Education	1,819,998	1,986,729	1,844,042	1,688,779	1,932,005	2,228,640	2,182,874	2,351,424	2,651,199	2,393,442
Other Special Instruction	208,165	165,195	169,922	170,088	171,542	183,701	113,467	80,199	36,577	46,320
Vocational	22,986	42,372	43,701	44,193	36,283					
Other Instruction	1,810,509	1,820,603	1,813,480	1,672,541	1,733,831	1,832,733	1,792,087	2,019,398	2,097,579	2,317,701
Support Services:										
Tuition	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037	3,831,583
Student & Instruction Related Services	3,385,509	3,391,036	3,952,123	3,698,588	3,824,169	3,767,588	3,704,389	4,351,320	4,595,140	5,795,009
General Administration Services	816,146	771,458	936,526	789,613	764,055	906,313	849,878	1,018,917	1,035,800	1,105,341
School Administration Services	1,447,765	1,349,924	1,314,592	1,194,218	1,297,662	1,406,854	1,542,429	1,700,501	1,691,586	1,806,720
Central Services	475,268	721,842	934,560	488,275	510,587	569,295	584,467	706,504	710,431	829,242
Administration Information Technology			58,188	43,359	46,959	150,406	112,261	153,597	145,989	293,046
Plant Operations And Maintenance	2,922,787	3,171,200	3,145,117	2,807,016	2,850,399	2,887,738	2,776,076	3,361,032	2,992,791	3,383,351
Pupil Transportation	1,846,415	1,705,133	1,392,272	1,647,907	1,753,153	2,136,856	2,353,110	2,391,889	2,788,823	3,209,866
Interest On Long-Term Debt	1,180,677	1,142,178	1,099,345	1,054,345	1,006,845	1,194,049	857,584	897,147	826,164	764,227
Capital Outlay		1,848	354							
Unallocated Depreciation	265,867	259,886	264,540	659,316	1,056,461	1,056,550	1,059,355	1,053,596	1,066,012	1,033,998
Total Governmental Activities Expenses	29,126,176	29,441,303	30,344,822	29,465,074	31,485,171	33,542,898	33,331,322	37,522,895	38,792,854	43,911,438
Business-Type activities:										
Food Service	548,383	540,464	517,943	537,044	541,858	579,478	614,964	565,789	548,625	551,217
Summer Enrichment								5,155	1,920	1,615
Total Business-Type Activities Expense	548,383	540,464	517,943	537,044	541,858	579,478	614,964	570,944	550,545	552,832
Total District-Wide Expenses	29,674,559	29,981,767	30,862,765	30,002,118	32,027,029	34,122,376	33,946,286	38,093,839	39,343,399	44,464,270

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Operating Grants and Contributions	\$ 4,118,634	\$ 3,227,951	\$ 3,062,590	\$ 2,322,194	\$ 2,948,411	\$ 3,628,969	\$ 3,368,274	\$ 6,486,666	\$ 7,693,517	\$ 10,190,340
Capital Grants and Contributions	7,558,938	4,372,026	2,063,974	1,048,464	269,800	17,520	15,310	241,500	35,606	
<b>Total Governmental Activities</b>	11,677,572	7,599,977	5,126,564	3,370,658	3,218,211	3,646,489	3,383,584	6,728,166	7,729,123	10,190,340
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	539,974	534,013	522,111	505,962	520,101	540,103	555,536	525,618	516,706	425,180
Summer Enrichment								5,155	2,301	1,890
<b>Total Business Type Activities</b>	539,974	534,013	522,111	505,962	520,101	540,103	555,536	530,773	519,007	427,070
<b>Total District-Wide Program Revenues</b>	12,217,546	8,133,990	5,648,675	3,876,620	3,738,312	4,186,592	3,939,120	7,258,939	8,248,130	10,617,410
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	(17,448,604)	(21,841,326)	(25,218,258)	(26,094,416)	(28,266,960)	(29,896,409)	(29,947,738)	(30,794,729)	(31,063,731)	(33,721,098)
Business-Type Activities	(8,409)	(6,451)	4,168	(31,082)	(21,757)	(39,375)	(59,428)	(40,171)	(31,538)	(125,762)
<b>Total District-Wide Net (Expense)/Revenue</b>	(17,457,013)	(21,847,777)	(25,214,090)	(26,125,498)	(28,288,717)	(29,935,784)	(30,007,166)	(30,834,900)	(31,095,269)	(33,846,860)
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for										
General Purposes, Net	22,643,462	23,549,200	24,341,168	25,465,407	25,848,661	26,365,634	26,892,947	27,834,200	28,946,490	30,390,920
Taxes Levied for Debt Service	2,287,093	2,248,595	2,306,845	2,261,845	2,314,970	2,266,220	2,256,100	3,271,744	2,913,403	3,131,407
Unrestricted Grants and Contributions	328,802	318,473	288,635	337,033	447,761	424,027	435,164	403,516	904,287	776,577
Investment Earnings	474,429	245,239	13,332	29,035	2,152	2,376	11,707	21,463	27,611	7,838
Miscellaneous Income	295,367	300,773	227,401	314,556	151,070	209,718	528,040	459,100	947,138	558,566
Transfers	(8,493)		(1,760)							(83,147)

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Special Item - SDA Grants Cancelled				\$ (64,718)					\$ (29,650)	
Total Governmental Activities	\$ 26,020,660	\$ 26,662,280	\$ 27,175,621	28,343,158	\$ 28,764,614	\$ 29,267,975	\$ 30,123,958	\$ 31,990,023	33,709,279	34,782,161
Business-Type Activities:										
Investment Earnings	5,910	1,432	532	345	182	207	190	130	133	92
Transfers	8,493		1,760							83,147
Capital Contributions	2,855									
Special Item - Food Service Management Contractor Contribution								22,595	18,621	17,149
Total Business-Type Activities	17,258	1,432	2,292	345	182	207	190	22,725	18,754	100,388
Total District-Wide General Revenues and Other Changes in Net Position	26,037,918	26,663,712	27,177,913	28,343,503	28,764,796	29,268,182	30,124,148	32,012,748	33,728,033	34,882,549
Change in Net Position:										
Governmental Activities	8,572,056	4,820,954	1,957,363	2,248,742	497,654	(628,434)	176,220	1,195,294	2,645,548	1,061,063
Business-Type Activities	8,849	(5,019)	6,460	(30,737)	(21,575)	(39,168)	(59,238)	(17,446)	(12,784)	(25,374)
Total District-Wide Change in Net Position	\$ 8,580,905	\$ 4,815,935	\$ 1,963,823	\$ 2,218,005	\$ 476,079	\$ (667,602)	\$ 116,982	\$ 1,177,848	\$ 2,632,764	\$ 1,035,689

Source: Hanover Park Regional High School District Financial Reports.

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Reserved	\$ 7,182,210	\$ 6,854,679	\$ 5,650,730							
Unreserved	571,529	653,202	702,133							
Restricted				\$ 5,121,753	\$ 5,146,461	\$ 4,438,349	\$ 3,491,324	\$ 4,166,304	\$ 5,172,166	\$ 4,182,462
Assigned				844,758	862,075	772,849	1,251,800	679,605	429,470	810,542
Unassigned				858,203	924,355	926,987	638,424	585,191	680,794	800,903
<b>Total General Fund</b>	<b>\$ 7,753,739</b>	<b>\$ 7,507,881</b>	<b>\$ 6,352,863</b>	<b>\$ 6,824,714</b>	<b>\$ 6,932,891</b>	<b>\$ 6,138,185</b>	<b>\$ 5,381,548</b>	<b>\$ 5,431,100</b>	<b>\$ 6,282,430</b>	<b>\$ 5,793,907</b>
<b>Other Governmental Funds:</b>										
Reserved	\$ 4,700,881	\$ 1,046,170	\$ 189,483							
Unreserved (Deficit)	(1,709,349)	2,277,015	4,595,646							
Restricted				\$ 5,407,140	\$ 5,407,140	\$ 5,425,516	\$ 14,446,545	\$ 14,271,538	\$ 8,237,870	\$ 7,937,784
Committed				555,010	150,311	49,641	307,585	141,946		
<b>Total Other Governmental Funds</b>	<b>\$ 2,991,532</b>	<b>\$ 3,323,185</b>	<b>\$ 4,785,129</b>	<b>\$ 5,962,150</b>	<b>\$ 5,557,451</b>	<b>\$ 5,475,157</b>	<b>\$ 14,754,130</b>	<b>\$ 14,413,484</b>	<b>\$ 8,237,870</b>	<b>\$ 7,937,784</b>
<b>Total All Governmental Funds</b>	<b>\$ 10,745,271</b>	<b>\$ 10,831,066</b>	<b>\$ 11,137,992</b>	<b>\$ 12,786,864</b>	<b>\$ 12,490,342</b>	<b>\$ 11,613,342</b>	<b>\$ 20,135,678</b>	<b>\$ 19,844,584</b>	<b>\$ 14,520,300</b>	<b>\$ 13,731,691</b>

Source: Hanover Park Regional High School District Financial Reports.



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$ 24,930,555	\$ 25,797,795	\$ 26,648,013	\$ 27,727,252	\$ 28,163,631	\$ 28,631,854	\$ 29,149,047	\$ 31,105,944	\$ 31,859,893	\$ 33,522,327
Interest Earnings	9,944	5,396	2,198	2,469	2,101	2,338	4,004	3,561	5,029	7,838
Miscellaneous	759,852	540,616	238,535	344,110	159,117	217,756	536,260	486,644	973,628	564,039
State Sources	11,718,790	7,625,410	4,936,442	3,279,641	3,267,759	3,738,566	3,500,846	3,964,510	4,661,622	4,933,835
Federal Sources	287,584	293,040	478,757	425,062	390,217	323,950	317,385	328,658	331,470	319,877
Total Revenue	37,706,725	34,262,257	32,303,945	31,778,534	31,982,825	32,914,464	33,507,542	35,889,317	37,831,642	39,347,916
Expenditures:										
Instruction:										
Regular	8,705,187	8,849,454	8,759,281	8,505,773	8,530,317	8,873,841	8,928,323	9,260,553	8,914,967	9,218,032
Special Education	1,453,147	1,544,195	1,374,221	1,264,493	1,405,419	1,562,983	1,557,670	1,453,440	1,593,049	1,273,597
Other Special Instruction	150,311	122,337	122,600	125,049	124,793	129,723	83,267	72,067	22,166	24,586
Vocational	16,669	31,410	32,250	32,504	26,254					
Other Instruction	1,412,849	1,439,508	1,413,012	1,322,853	1,356,648	1,394,949	1,388,865	1,416,933	1,396,951	1,413,266
Support Services:										
Tuition	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037	3,831,583
Student/Instruction-Related Service	2,510,673	2,759,258	3,085,421	2,796,406	2,849,528	2,776,857	2,719,504	2,862,123	2,915,661	3,287,571
General Administration Services	632,039	679,439	751,069	639,435	596,897	716,588	664,189	752,552	732,412	722,773
School Administration Services	1,045,483	1,040,877	996,213	892,738	937,681	1,010,316	1,106,968	1,063,928	1,022,066	974,136
Central Services	360,021	661,073	865,190	366,634	377,421	394,729	394,080	407,446	394,671	400,575
Administrative Information Technology			47,137	43,322	46,921	150,406	111,363	153,597	145,989	286,686
Plant Operations And Maintenance	2,458,773	2,801,400	2,675,558	2,368,870	2,387,932	2,369,055	2,290,273	2,257,080	2,192,206	2,327,849
Pupil Transportation	1,300,536	1,233,759	1,196,527	1,216,651	1,289,632	1,577,805	1,769,152	1,583,878	1,782,101	1,869,950
Unallocated Benefits	6,281,238	5,298,392	5,765,708	5,896,454	6,390,950	7,293,220	7,053,628	7,615,467	8,193,403	8,939,068

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED  
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures: (Cont'd)										
Capital Outlay	\$ 17,210,293	\$ 4,326,867	\$ 896,366	\$ 225,772	\$ 1,062,168	\$ 533,844	\$ 1,430,438	\$ 1,020,807	\$ 7,083,247	\$ 2,147,731
Debt Service:										
Principal	1,100,000	1,100,000	1,200,000	1,200,000	1,014,970	1,300,000	1,400,000	2,320,000	2,425,000	2,500,000
Interest and Other Charges	1,187,094	1,148,595	1,106,845	1,061,845	1,300,000	947,844	856,100	970,119	901,350	835,975
Total Expenditures	46,905,773	34,176,462	31,995,259	30,064,944	32,279,347	33,791,464	34,780,205	36,180,411	43,126,276	40,053,378
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(9,199,048)	85,795	308,686	1,713,590	(296,522)	(877,000)	(1,272,663)	(291,094)	(5,294,634)	(705,462)
Other Financing Sources/(Uses):										
School Refunding Bonds Issued						18,480,000				
School Bonds Defeased						(19,014,000)				
Bond Issuance Costs						(190,717)				
Bond Premiums						2,519,122				
Deferred Bond Interest						(1,794,405)				
Bond Proceeds							9,795,000			
SDA Grants Cancelled				(64,718)					(29,650)	
Transfers In	1,014,486	41,035	1,031,508	647,590	51	74,428	298,411	199,624	94,766	976,854
Transfers Out	(1,022,979)	(41,035)	(1,033,268)	(647,590)	(51)	(74,428)	(298,411)	(199,624)	(94,766)	(1,060,001)
Total Other Financing Sources/(Uses)	(8,493)		(1,760)	(64,718)			9,795,000		(29,650)	(83,147)
Net Change In Fund Balances	\$ (9,207,541)	\$ 85,795	\$ 306,926	\$ 1,648,872	\$ (296,522)	\$ (877,000)	\$ 8,522,337	\$ (291,094)	\$ (5,324,284)	\$ (788,609)
Debt Service As A Percentage Of Noncapital Expenditures	7.70%	7.53%	7.42%	7.58%	7.42%	6.76%	6.76%	9.36%	9.23%	8.80%

Source: Hanover Park Regional High School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals - Use of Facilities	Athletic Fees	Tuition	Other	Total
2008	\$ 158,248	\$ 1,568			\$ 145,495	\$ 305,311
2009	273,182	3,390			228,405	504,977
2010	12,200	1,913			225,487	239,601
2011	29,035	7,892	\$ 16,284		290,039	343,250
2012	2,152	4,710	16,245		130,064	153,171
2013	20,788	6,475	22,037	\$ 38,095	124,661	212,056
2014	13,111	6,475	25,860	70,620	415,978	532,044
2015	26,090	4,875	26,885	53,761	351,050	462,661
2016	27,611	3,435	8,801	41,226	363,550	444,623
2017	60,292	11,467	16,585		465,206	553,550

Source: Hanover Park Regional High School District Financial Reports.

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

EAST HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	
												Rate <sup>b</sup>	Actual (County Equalized Value)
2007	\$ 28,357,400	\$ 1,398,387,900	\$ 119,800	716,800	\$ 858,164,200	\$ 159,026,300		\$ 2,443,935,800	\$ 2,450,212	\$ 2,446,386,012	\$ 114,438,200	\$ .36	\$ 3,451,954,019
2008	25,273,000	1,412,610,900	119,800	716,800	903,419,300	158,521,600		2,499,824,800	2,382,719	2,502,207,519	116,712,200	.36	3,721,861,548
2009	23,661,400	1,413,759,500	119,800	748,300	832,574,597	200,519,200		2,470,514,697	2,650,113	2,473,164,810	116,803,900	.39	3,699,322,656
2010	22,852,400	1,417,254,300	119,800	748,300	820,763,797	200,142,200	\$ 224,300	2,461,236,997	2,595,764	2,463,832,761	117,931,800	.41	4,044,758,170
2011	22,432,600	1,418,273,800	119,800	748,300	820,963,397	200,566,400		2,462,236,197	2,037,625	2,464,273,822	117,931,800	.43	3,836,789,266
2012	21,921,200	1,418,233,400	119,800	748,300	821,059,097	200,816,300		2,462,029,997	2,045,837	2,464,075,834	117,849,500	.42	3,700,819,582
2013	20,842,200	1,423,277,600	119,800	748,300	817,689,997	201,216,300		2,463,026,097	2,045,837	2,465,071,934	118,392,700	.43	3,433,090,066
2014	20,748,400	1,424,081,700	119,800	748,300	884,469,197	202,322,900		2,531,622,197	2,045,837	2,533,668,034	117,817,300	.48	3,558,858,057
2015	21,366,100	1,426,212,000	119,800	748,300	882,190,797	202,322,900		2,532,091,797	1,974,647	2,534,066,444	117,909,300	.47	3,604,117,281
2016	20,188,000	1,434,708,400	119,800	748,300	880,470,597	202,072,900	320,900	2,537,760,797	1,974,647	2,539,735,444	117,250,700	.48	3,401,886,141

FLORHAM PARK BOROUGH

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax	
												Rate <sup>b</sup>	Actual (County Equalized Value)
2007	\$ 66,582,200	\$ 1,977,590,900	\$ 119,800	716,800	\$ 894,240,000	\$ 228,460,100	\$ 161,878,700	\$ 3,329,588,500	\$ 4,556,753	\$ 3,334,145,253	\$ 427,072,800	\$ .19	\$ 3,158,254,479
2008	64,246,500	1,989,080,900	119,800	716,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	437,120,100	.19	3,334,433,794
2009	126,647,500	2,011,843,600	119,800	748,300	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	447,021,900	.20	3,357,907,547
2010	128,845,700	2,047,551,750	119,800	748,300	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	447,729,600	.21	3,332,562,174
2011	118,379,400	2,051,700,450	119,800	748,300	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	448,697,200	.17	3,356,840,595
2012	110,392,500	2,031,401,150	119,800	748,300	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	448,739,900	.18	3,335,769,352
2013	95,483,900	2,024,445,400	119,800	748,300	890,390,400	97,324,800	157,415,500	3,265,930,100	4,257,410	3,270,187,510	457,858,600	.22	3,015,767,531
2014	98,799,800	1,985,991,000	119,800	748,300	882,320,700	96,354,600	168,609,300	3,232,943,500	3,854,835	3,236,798,335	446,779,800	.24	2,839,810,371
2015	95,113,200	2,003,842,000	119,800	748,300	883,268,500	94,644,600	175,484,100	3,253,220,500	4,080,033	3,257,300,533	447,962,000	.24	3,021,413,939
2016	98,191,900	2,014,682,600	119,800	748,300	903,530,300	92,180,200	175,484,100	3,284,937,200	4,079,867	3,289,017,067	446,298,000	.25	3,126,935,377

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

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessors.

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

HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	\$ 75,065,500	\$ 1,123,936,422	\$ 9,100	\$ 3,800	\$ 546,826,011	\$ 244,676,100	\$ 28,868,800	\$ 2,019,385,733	\$ 12,068,528	\$ 2,031,454,261	\$ 269,329,200	.44	\$ 3,949,502,848
2008	74,908,200	1,139,038,922	9,100	3,800	573,242,511	212,569,800	28,868,800	2,028,641,133	11,274,582	2,039,915,715	269,514,700	.42	4,131,893,285
2009	72,641,900	1,148,171,700	7,600	7,600	538,942,500	213,530,700	28,868,800	2,002,170,800	11,255,992	2,013,787,492	271,431,000	.47	4,139,864,889
2010	65,676,800	1,153,279,300	7,600	368,300	524,527,300	214,138,200	28,868,800	1,986,866,300	11,175,509	1,998,041,809	271,947,500	.49	4,166,464,286
2011	47,974,300	1,176,198,450	7,600	368,300	489,126,600	221,082,600	28,868,800	1,963,626,650	10,542,510	1,974,169,160	271,672,800	.61	4,115,149,057
2012 *	78,048,900	2,054,726,800	5,900	433,000	871,536,400	412,981,600	56,721,600	3,474,454,200	21,415,187	3,495,869,387	376,741,000	.35	3,957,980,829
2013	94,503,500	2,055,323,600	5,900	433,000	873,200,300	408,758,900	56,721,600	3,488,946,800		3,488,946,800	366,341,800	.32	3,889,698,033
2014	80,697,600	2,080,627,400	433,000	5,900	996,669,100	433,662,200	57,634,600	3,649,729,800		3,649,729,800	375,167,100	.31	3,701,001,458
2015	73,645,700	2,101,021,300	433,000	5,900	1,016,994,300	429,302,700	75,960,100	3,697,363,000		3,697,363,000	375,229,600	.33	3,946,715,598
2016	75,035,800	2,106,119,300	433,000	5,900	983,192,400	425,684,100	84,700,100	3,675,170,600		3,675,170,600	372,465,700	.36	4,093,380,765

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

\* Revaluation of real property took effect in this year.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessors.

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

**LAST TEN YEARS**

**UNAUDITED**

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

**EAST HANOVER TOWNSHIP**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			East	East	Morris County	
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Hanover School	Hanover Township		
2007	\$ 0.33	\$ 0.03	\$ 0.36	\$ 0.64	\$ 0.51	\$ 0.33	\$ 1.84
2008	0.33	0.03	0.36	0.67	0.52	0.35	1.89
2009	0.36	0.03	0.39	0.69	0.54	0.34	1.96
2010	0.38	0.03	0.41	0.72	0.56	0.38	2.07
2011	0.39	0.04	0.43	0.72	0.56	0.37	2.08
2012	0.39	0.03	0.42	0.72	0.57	0.37	2.08
2013	0.40	0.03	0.43	0.71	0.60	0.35	2.09
2014	0.43	0.05	0.48	0.66	0.61	0.35	2.09
2015	0.43	0.04	0.47	0.67	0.55	0.36	2.05
2016	0.44	0.04	0.48	0.66	0.63	0.34	2.11

**FLORHAM PARK BOROUGH**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Florham	Florham	Morris County	
	Basic Rate <sup>a</sup>	Obligation Debt <sup>b</sup>	Total Direct	Florham Park School	Florham Park Borough		
2007	\$ 0.18	\$ 0.02	\$ 0.19	\$ 0.43	\$ 0.32	\$ 0.22	\$ 1.16
2008	0.17	0.02	0.19	0.44	0.33	0.21	1.17
2009	0.18	0.02	0.20	0.45	0.35	0.23	1.22
2010	0.19	0.02	0.21	0.46	0.35	0.23	1.25
2011	0.16	0.01	0.17	0.52	0.36	0.24	1.29
2012	0.17	0.01	0.18	0.53	0.38	0.25	1.34
2013	0.20	0.02	0.22	0.51	0.39	0.23	1.35
2014	0.21	0.03	0.24	0.52	0.40	0.22	1.38
2015	0.22	0.02	0.24	0.52	0.37	0.23	1.36
2016	0.23	0.02	0.25	0.51	0.41	0.24	1.41

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

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct	Hanover Township School	Hanover Township	Morris County	
2007	\$ 0.40	\$ 0.04	\$ 0.44	\$ 0.94	\$ 0.60	\$ 0.46	\$ 2.44
2008	0.38	0.04	0.42	0.98	0.64	0.47	2.51
2009	0.43	0.04	0.47	1.02	0.67	0.47	2.63
2010	0.45	0.04	0.49	1.07	0.73	0.47	2.76
2011	0.56	0.05	0.61	1.02	0.76	0.49	2.88
2012	* 0.32	* 0.03	* 0.35	* 0.58	* 0.43	* 0.27	* 1.63
2013	0.30	0.02	0.32	0.62	0.44	0.28	1.66
2014	0.28	0.03	0.31	0.62	0.44	0.26	1.63
2015	0.30	0.03	0.33	0.60	0.43	0.27	1.63
2016	0.33	0.03	0.36	0.57	0.44	0.28	1.65

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

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

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

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

Source: Municipal Tax Collectors and School Business Administrator.

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

EAST HANOVER TOWNSHIP

	2017		2008		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Novartis	\$ 415,030,700	16.34%	Novartis Pharmaceuticals	\$ 357,910,100	14.63%
Mondelez Global, Inc.	36,987,600	1.46%	Kraft Foods North America, Inc.	76,962,600	3.03%
Mondelez Global, Inc.	25,000,000	0.98%	New Hanover, LLC	24,917,000	0.98%
New Hanover, LLC	24,917,000	0.98%	Castle Ridge Plaza, LLC	22,000,000	0.87%
Givaudan Fragrances Corporation	21,400,000	0.84%	Givaudan Fragrances Corporation	21,400,000	0.84%
E H Route Ten Realty Corp	21,218,700	0.84%	East Hanover Tarragon LLC	21,303,497	0.84%
Givaudan Flavors Corporation	19,872,200	0.78%	Eagle Rock Executive C/O Well Main	20,000,000	0.79%
Castle Ridge Plaza	18,500,000	0.73%	Givaudan Flavors Corporation Tax Dep	19,991,300	0.79%
EHMP, LLC	17,024,777	0.67%	Eric Richard DH Company, LLC	16,999,600	0.67%
Eric Richard D.R. Company LLC	15,500,000	0.61%	Costco Wholesale Corp	16,000,000	0.63%
<b>Total</b>	<b>\$ 615,450,977</b>	<b>24.23%</b>		<b>\$ 597,484,097</b>	<b>24.06%</b>

Source: Municipal Tax Assessor.



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

**FLORHAM PARK BOROUGH**

2017		2008			
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 300-600 Campus Drive, LLC	\$ 93,517,700	2.84%	300-600 Campus Drive LLC	\$ 108,017,200	3.24%
Sun Valley Plaza II, LLC	70,514,200	2.14%	100-200 Campus Drive, LLC	73,000,900	2.19%
BASF Corporation	68,000,000	2.07%	Wells Reit II	69,600,000	2.09%
Avalonbay Communities, Inc	63,369,900	1.93%	Rock-GW, LLC	68,278,200	2.05%
KBSII 100-200 Campus Drive, LLC	61,742,300	1.88%	Avalonbay Communities, Inc.	65,369,900	1.96%
LIPT 140 Park Avenue, LLC	35,014,200	1.06%	L.H. Florham Holding	65,132,800	1.95%
KBSII 100-200 Campus Drive LLC	34,052,800	1.04%	Sun Valley Plaza, LLC	46,245,600	1.39%
AGNL Exercise LLC 5Lifetime Fitness	33,900,000	1.03%	100-200 Campus Drive, LLC	37,283,200	1.12%
HPT IHG Two Properties Trust	33,000,000	1.00%	River Bend Developers, LLC	35,655,200	1.07%
Automatic Switch Co % Emerson Elect	32,867,600	1.00%	Advance Realty Management	34,865,300	1.05%
<b>Total</b>	<b>\$ 525,978,700</b>	<b>15.99%</b>	<b>Total</b>	<b>\$ 603,448,300</b>	<b>18.10%</b>

Source: Municipal Tax Assessor.

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

**HANOVER TOWNSHIP**

	2017		2008		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Bayer Healthcare LLC		\$ 155,670,300	LTI NJ Finance LLC	\$ 100,966,300	4.97%
SFP ML I LLC (Metlife)		60,000,000	Bear Stearn & Company	62,229,800	3.06%
Sterling Apartments LLC		55,101,100	Hartz Mountain Industries	39,351,100	1.94%
Interstate Realty Company LLC		50,290,300	Marriot Corporation/HPTCY	29,658,000	1.46%
LSAC Morris Count LP		42,954,600	Sterling Apartments LLC	27,587,300	1.36%
115 SJ Investors		36,424,400	Fan Pier Land Company	27,228,000	1.34%
ISBI Hanover Hotel LLC		35,950,500	Interstate Realty Company	26,338,800	1.30%
Ravine Development Company LLC		34,824,000	CLF Parsippany - Cadbury Adams	24,607,500	1.21%
DCT IND Realty Inc.		32,000,000	River Park Business Center LLC	23,355,600	1.15%
Kraft Foods Global Inc.		32,000,000	Lynnton Jet/ Signature Flight	19,200,000	0.95%
Total		\$ 535,215,200	Total	\$ 380,522,400	18.73%

Note: A revaluation was effective in 2012

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 22,643,462	\$ 22,643,462	100.00%	\$ - 0 -
2009	25,797,795	25,797,795	100.00%	- 0 -
2010	26,648,013	26,648,013	100.00%	- 0 -
2011	27,727,252	27,727,252	100.00%	- 0 -
2012	28,163,631	28,163,631	100.00%	- 0 -
2013	28,631,854	28,631,854	100.00%	- 0 -
2014	29,149,047	29,149,047	100.00%	- 0 -
2015	31,105,944	31,105,944	100.00%	- 0 -
2016	31,859,893	31,859,893	100.00%	- 0 -
2017	33,522,327	32,163,424	95.95%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of District Personal Income <sup>a</sup>	District Per Capita <sup>a</sup>
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
2008	\$ 29,614,000		\$ 10,000,000	\$ 39,614,000	1.43%	\$ 1,064.46
2009	28,514,000		8,500,000	37,014,000	1.41%	991.59
2010	27,314,000			27,314,000	1.02%	744.82
2011	26,114,000			26,114,000	0.93%	706.22
2012	24,814,000			24,814,000	0.85%	669.06
2013	22,980,000			22,980,000	0.78%	617.92
2014	31,375,000			31,375,000	1.01%	839.13
2015	29,055,000			29,055,000	0.89%	774.53
2016	26,630,000			26,630,000	0.82%	706.78
2017	24,130,000			24,130,000	0.74%	640.43

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

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

Source: Hanover Park Regional High School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value <sup>a</sup> of Property	District Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 29,614,000	\$ - 0 -	\$ 29,614,000	1.13%	\$ 795.75
2009	28,514,000	- 0 -	28,514,000	1.09%	763.88
2010	27,314,000	- 0 -	27,314,000	1.05%	744.82
2011	26,114,000	- 0 -	26,114,000	1.01%	706.22
2012	24,814,000	- 0 -	24,814,000	0.96%	669.06
2013	22,980,000	- 0 -	22,980,000	0.75%	617.92
2014	31,375,000	- 0 -	31,375,000	1.02%	839.13
2015	29,055,000	- 0 -	29,055,000	0.93%	774.53
2016	26,630,000	- 0 -	26,630,000	0.84%	706.78
2017	24,130,000	- 0 -	24,130,000	0.76%	640.43

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

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

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

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
UNAUDITED  
AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid With Property Taxes</b>			
East Hanover Township	\$ 26,330,801	100.00%	\$ 26,330,801
Florham Park Borough	13,761,143	100.00%	13,761,143
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	221,180,986	11.58%	<u>25,609,186</u>
Subtotal, Overlapping Debt			65,701,130
Hanover Park Regional School District Direct Debt			<u>24,955,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 90,656,130</u></u>

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

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

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 311,274,977	\$ 321,552,302	\$ 336,152,819	\$ 338,737,158	\$ 335,794,028	\$ 323,491,655	\$ 308,646,769	\$ 304,098,046	\$ 306,920,090	\$ 315,071,809
Total Net Debt Applicable to Limit	39,614,000	37,014,000	27,314,000	26,114,000	24,814,000	22,980,000	31,375,000	29,055,000	26,630,000	24,130,000
Legal Debt Margin	\$ 271,660,977	\$ 284,538,302	\$ 308,838,819	\$ 312,623,158	\$ 310,980,028	\$ 300,511,655	\$ 277,271,769	\$ 275,043,046	\$ 280,290,090	\$ 290,941,809

Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	12.73%	11.51%	8.13%	7.71%	7.39%	7.10%	10.17%	9.55%	8.68%	7.66%
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Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	East Hanover Township			Florham Park Borough		Hanover Township		Total
2014	\$ 3,582,822,243	\$ 2,984,071,903	\$ 3,841,012,208	\$ 3,841,012,208	\$ 10,407,906,354			
2015	3,373,873,147	3,077,786,660	4,060,359,104	4,060,359,104	10,512,018,911			
2016	3,270,310,305	3,164,679,383	4,152,265,959	4,152,265,959	10,587,255,647			
	<u>\$ 10,227,005,695</u>	<u>\$ 9,226,537,946</u>	<u>\$ 12,053,637,271</u>	<u>\$ 12,053,637,271</u>	<u>\$ 31,507,180,912</u>			

Average Equalized Valuation of Taxable Property

\$ 10,502,393,637

Debt Limit (3% of average equalization value) <sup>a</sup>

\$ 315,071,809

Net Bonded School Debt - June 30, 2017

24,130,000

Legal Debt Margin

\$ 290,941,809

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

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

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

**EAST HANOVER TOWNSHIP**

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2008	11,338	\$ 74,636	\$ 846,222,968	4.20%
2009	11,372	70,516	801,907,952	7.20%
2010	11,167	72,780	812,734,260	7.30%
2011	11,220	76,194	854,896,680	7.10%
2012	11,242	78,693	884,666,706	7.40%
2013	11,262	79,094	890,756,628	6.40%
2014	11,261	82,810	932,523,410	5.20%
2015	11,269	86,582	975,692,558	4.10%
2016	11,226	86,582 *	971,969,532	4.00%
2017	11,226 **	86,582 *	971,969,532 ***	N/A

**FLORHAM PARK BOROUGH**

Year	Borough Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Borough Personal Income <sup>c</sup>	Borough Unemployment Rate <sup>d</sup>
2008	12,355	\$ 74,636	\$ 922,127,780	3.20%
2009	12,347	70,516	870,661,052	5.60%
2010	11,741	72,780	854,509,980	5.60%
2011	11,782	76,194	897,717,708	5.40%
2012	11,815	78,693	929,757,795	5.70%
2013	11,829	79,094	935,602,926	5.40%
2014	11,785	82,810	975,915,850	4.70%
2015	11,835	86,582	1,024,697,970	4.00%
2016	11,766	86,582 *	1,018,723,812	3.70%
2017	11,766 **	86,582 *	1,018,723,812 ***	N/A



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

HANOVER TOWNSHIP

Year	Township Population <sup>a</sup>	Morris County Per Capita Personal Income <sup>b</sup>	Township Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2008	13,522	\$ 74,636	\$ 1,009,227,992	2.20%
2009	13,609	70,516	959,652,244	3.90%
2010	13,764	72,780	1,001,743,920	3.90%
2011	13,975	76,194	1,064,811,150	3.80%
2012	14,031	78,693	1,104,141,483	3.90%
2013	14,098	79,094	1,115,067,212	5.20%
2014	14,344	82,810	1,187,826,640	4.70%
2015	14,409	86,582	1,247,560,038	4.00%
2016	14,686	86,582 *	1,271,543,252	3.50%
2017	14,686 **	86,582 *	1,271,543,252 ***	N/A

\* - Latest Morris County per capita personal income available (2015) was used for calculation purposes.

\*\* - Latest population data available (2016) was used for calculation purposes.

\*\*\*- Latest population data (2016) and latest per capita personal income (2015) was used for calculations

N/A - Information is not available.

Sources:

<sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.

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

<sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

	2017		2008		Percentage of Total Employment	
	Employer	Employees	Percentage of Total Employment	Employer		Employees
U.S. Army Armament Research and Development		6,000	2.31%	Novartis Corporation	5,000	N/A
Atlantic Health System		5,171	1.99%	Atlantic Health Systems	4,045	N/A
Novartis Corporation		4,622	1.78%	Picatinny Arsenal	3,412	N/A
Bayer Healthcare, LLC		2,800	1.08%	Morris County	2,170	N/A
County of Morris		1,757	0.68%	Lucent Technologies	1,983	N/A
Wyndham Worldwide Coporation		1,626	0.63%	United Parcel Service	1,941	N/A
Accenture		1,561	0.60%	Wyndham Worldwide Coporation	1,371	N/A
St. Clare's		1,504	0.58%	Greystone Psychiatric Hospital	1,296	N/A
BASF Corporation		1,500	0.58%	Tiffany & Company	1,200	N/A
PricewaterhouseCoopers		1,360	0.52%	Accenture	1,200	N/A
<b>Total</b>		<b>27,901</b>	<b>10.74%</b>		<b>23,618</b>	<b>N/A</b>
<b>Total County Employment</b>		<b>259,756</b>			<b>N/A</b>	

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

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

UNAUDITED

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Instruction:</b>										
Regular	110.0	110.0	112.0	110.6	110.6	111.3	117.6	118.4	116.1	116.2
Special Education	25.0	25.0	24.0	26.3	26.3	27.4	25.4	25.1	27.5	16.7
Basic Skills/Bilingual				1.4	1.4	1.4	1.4	1.2	0.4	0.4
Vocational	1.0	1.0	1.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0
Co-Curricular Athletics				2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Support Services:</b>										
Student & Instruction										
Related Services	33.1	33.1	36.1	32.2	32.0	32.1	32.4	33.8	31.8	42.0
School Administration	12.0	12.0	10.0	8.6	8.6	9.1	10.2	9.7	9.7	9.3
General/Business										
Administration	8.0	8.0	8.5	10.3	9.5	10.5	10.5	10.5	10.1	11.5
Plant Operations										
and Maintenance	27.0	27.0	27.0	25.6	25.0	25.0	25.0	24.0	21.0	21.0
Pupil Transportation	34.0	34.0	35.0	37.0	37.0	37.0	40.0	40.0	41.0	42.0
<b>Total</b>	<u>250.1</u>	<u>250.1</u>	<u>253.6</u>	<u>254.4</u>	<u>252.8</u>	<u>255.8</u>	<u>264.5</u>	<u>264.7</u>	<u>259.6</u>	<u>261.1</u>

Source: Hanover Park Regional High School District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2008	1,507.0	\$ 27,408,386	\$ 18,187	10.28%	124	1:12.2	1:12.2	1,505.3	1,459.9	-3.47%	96.98%
2009	1,445.0	27,601,000	19,101	5.02%	124	1:11.8	1:11.8	1,449.9	1,385.7	-3.68%	95.57%
2010	1,458.0	28,792,048	19,748	3.39%	127	1:11.5	1:11.5	1,452.7	1,410.5	0.19%	97.10%
2011	1,431.0	27,577,327	19,271	-2.41%	123	1:11.6	1:11.6	1,429.1	1,360.1	-1.62%	95.17%
2012	1,508.0	28,902,209	19,166	-0.55%	122	1:12.4	1:12.4	1,482.1	1,413.5	3.71%	95.37%
2013	1,607.5	31,009,776	19,291	0.65%	129	1:12.5	1:12.5	1,531.2	1,455.9	3.31%	95.08%
2014	1,597.5	31,093,667	19,464	0.90%	136	1:11.8	1:11.8	1,574.3	1,499.1	2.81%	95.22%
2015	1,620.0	31,869,485	19,673	1.07%	136	1:11.9	1:11.9	1,599.4	1,526.4	1.59%	95.44%
2016	1,553.0	32,716,679	21,067	7.09%	134	1:11.4	1:11.4	1,527.5	1,454.6	-4.50%	95.23%
2017	1,512.5	34,569,672	22,856	8.49%	134	1:11.3	1:11.3	1,494.6	1,425.1	-2.15%	95.35%

Note: Enrollment based on annual October District count.

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

Source: Hanover Park Regional High School District records.

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

District Buildings	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Hanover Park High School:</b>										
Square Feet	165,713	165,713	165,713	165,713	191,902	191,902	191,902	191,902	191,902	191,902
Capacity (Students)	1,097	1,097	1,204	1,204	1,204	1,201	1,204	1,204	1,204	1,204
Enrollment	892	847	838	805	823	889	864	868	824	822
<b>Whippany Park High School:</b>										
Square Feet	133,448	133,448	133,448	133,448	156,451	156,451	156,451	156,451	156,451	156,451
Capacity (Students)	884	884	908	908	908	908	908	908	908	908
Enrollment	615	608	620	626	652	685	701	720	692	691

Number of Schools at June 30, 2017:  
 High Schools = 2

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

Source: Hanover Park Regional High School District Facilities Office.

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

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

School Facilities*	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Hanover Park High School	\$ 212,294	\$ 303,139	\$ 303,114	\$ 271,125	\$ 337,521	\$ 343,011	\$ 293,545	\$ 270,700	\$ 291,529	\$ 277,720
Whippany Park High School	185,564	198,742	259,206	197,343	270,494	297,840	240,452	235,326	243,293	245,114
Total School Facilities	\$ 397,858	\$ 501,881	\$ 562,320	\$ 468,468	\$ 608,015	\$ 640,851	\$ 533,997	\$ 506,026	\$ 534,822	\$ 522,834

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

Source: Hanover Park Regional High School District records.

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

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

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION





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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hanover Park Regional High School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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

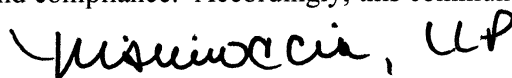
### Compliance and Other Matters

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

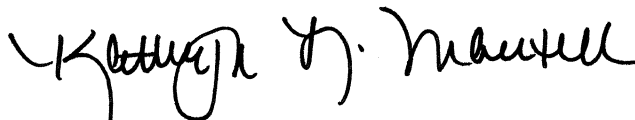
### Purpose of this Report

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

November 17, 2017  
Mount Arlington, New Jersey



NISIVOCCIA, LLP



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



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Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

**Report on Compliance for Each Major State Program**

We have audited the Hanover Park Regional High School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

### ***Opinion on Each Major State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

November 17, 2017  
Mount Arlington, New Jersey

*Nisiovcia, LLP*  
NISIVOCIA, LLP  
*Kathryn L. Mantell*  
\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2017		
					Accounts Receivable	Unearned Revenue				Accounts Receivable	Unearned Revenue	
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA 199017	7/1/16-6/30/17	\$ 288,636	\$	10	\$ 263,491	\$ (288,525)	\$ (25,024)			
I.D.E.A. Part B, Basic	84.027	IDEA 199016	7/1/15-6/30/16	303,452	\$ (84,831)		84,831					
Total Special Education Cluster					(84,831)	10	348,322	(288,525)	(25,024)			
No Child Left Behind Consolidated Grant:												
Title I	84.010	NCLB199017	7/1/16-6/30/17	41,537			7,744	(28,443)	(20,699)			
Title I	84.010	NCLB199016	7/1/15-6/30/16	29,746	(3,740)		3,740					
Title IIA	84.367A	NCLB199017	7/1/16-6/30/17	11,333	(706)		9,533	(12,871)	(3,338)			
Title IIA	84.367A	NCLB199016	7/1/15-6/30/16	12,538			706					
Total No Child Left Behind Consolidated Grant					(4,446)		21,723	(41,314)	(24,037)			
Total Special Revenue Fund					(89,277)	10	370,045	(329,839)	(49,061)			
Total U.S. Department of Education					(89,277)	10	370,045	(329,839)	(49,061)			
Total Federal Awards					\$ (89,277)	\$ - 0 -	\$ 370,045	\$(329,839)	\$ (49,061)	\$ - 0 -	\$ - 0 -	

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		Memo	
				(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:												
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 569,380	\$ (44,822)	\$ 525,632	\$ (569,380)	\$ (43,748)	\$ (569,380)	\$ (43,748)	\$ (569,380)		
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	590,031		44,822							(590,031)
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	25,177		23,242	(25,177)	(1,935)	(25,177)	(1,935)	(25,177)		(25,031)
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,031		1,901							(195,421)
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	195,421		180,406	(195,421)	(1,256)	(170,906)	(1,256)	(170,906)		(170,906)
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	170,906		12,983							(16,350)
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	16,350		15,094	(16,350)	(1,256)	(16,350)	(1,256)	(16,350)		(16,350)
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	16,350		1,242							(16,150)
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	16,350		15,094	(16,350)	(499,286)	(499,286)	(499,286)	(499,286)		(433,242)
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	16,350		1,242							(11,860)
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	499,286		14,909	(499,286)	(11,860)	(11,860)	(11,860)	(11,860)		(11,675)
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	433,242		433,242							(908,917)
Extraordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	11,860		11,675							(861,381)
Non-Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	11,675		11,675							(1,201,62)
Non-Public Transportation	16-495-034-5120-014	7/1/15-6/30/16	11,675		11,675							(1,297,358)
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	908,917		865,863	(908,917)	(43,054)	(908,917)	(43,054)	(908,917)		(47,006)
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	861,381		41,870							(3,528)
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	1,201,62		1,201,62							(618,651)
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	1,297,358		1,297,358							(7,648,659)
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	47,006		47,006							(1,170)
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	3,528		3,528							(749)
Total General Fund State Aid				(548,977)	4,657,271	(4,726,945)	(618,651)	(18,619)	(554,200)	(618,651)		(338)
NJ Nonpublic Aid:												
Nursing Services (Chapter 226)	17-100-034-5120-070	9/1/16-6/30/17	1,170		1,170							(624)
Nursing Services (Chapter 226)	16-100-034-5120-070	9/1/15-6/30/16	2,430									(628)
Textbook Aid (Chapter 194)	17-100-034-5120-064	9/1/16-6/30/17	749		749							(9,306)
Textbook Aid (Chapter 194)	16-100-034-5120-064	9/1/15-6/30/16	1,541									(4,686)
Technology Initiative Aid	17-100-034-5120-373	9/1/16-6/30/17	702		338							(3,137)
Technology Initiative Aid	16-100-034-5120-373	9/1/15-6/30/16	702		78							(884)
Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	9/1/16-6/30/17	2,419		2,419							(628)
Compensatory Education	16-100-034-5120-067	9/1/15-6/30/16	9,306									(628)
Handicapped Services:												
Examination/Classification	17-100-034-5120-066	9/1/16-6/30/17	6,307		6,307							(1,621)
Examination/Classification	16-100-034-5120-066	9/1/15-6/30/16	3,409									(550)
Supplemental Instruction	17-100-034-5120-066	9/1/16-6/30/17	3,687		3,687							(884)
Supplemental Instruction	16-100-034-5120-066	9/1/15-6/30/16	3,713									(884)
Corrective Speech	17-100-034-5120-066	9/1/16-6/30/17	884		884							(1,672)
Corrective Speech	16-100-034-5120-066	9/1/15-6/30/16	1,672									(18,619)
Total Special Revenue Fund				18,619	15,554	(5,056)	(18,619)	10,498	(554,200)	(618,651)		(9,210)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2017		Memo	
				(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:												
Debt Service Fund:												
Debt Service Aid	17-100-034-5120-075	7/1/16-6/30/17	\$ 204,567	\$ (548,977)	\$ 18,619	\$ 204,567	\$ (204,567)	\$ (18,619)	\$ (554,200)	\$ 10,498	\$ (618,651)	\$ (204,567)
Total Debt Service Fund						204,567	(204,567)					(204,567)
Total NJ Department of Education						4,877,392	(4,936,568)	\$ (18,619)	\$ (554,200)	\$ 10,498	\$ (618,651)	(7,862,436)
Total State Awards						\$ 4,877,392	\$ (4,936,568)	\$ (18,619)	\$ (554,200)	\$ 10,498	\$ (618,651)	\$(7,862,436)
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(1,120,162)				1,120,162					
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(1,297,358)				1,297,358					
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(47,006)				47,006					
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(3,528)				3,528					
Subtotal - On-Behalf TPAF Pension System Contributions							2,468,054					
Total State Awards Subject to Single Audit Major Program Determination							\$ (2,468,514)					

N/A - Not Available.

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(2,261) for the general fund, and \$(10,434) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

Note 5. Relationship to Basic Financial Statements

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

	Federal	State	Total
General Fund		\$ 4,724,684	\$ 4,724,684
Special Revenue Fund	\$ 319,877	4,584	324,461
Debt Service Fund		204,567	204,567
Total Awards	\$ 319,877	\$ 4,933,835	\$ 5,253,712

Note 6. Relationship to Federal and State Financial Reports

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

Note 7. Other

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state program disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state program for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as a major state program for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	\$ 908,917	\$ 908,917

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

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