

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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**HIGHLAND PARK
PUBLIC SCHOOLS**

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435 Mansfield St, Highland Park

SCHOOL BUSINESS ADMINISTRATOR

LINDA HOEFELE

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(732) 572-2400, EXT 2810

December 5, 2017

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

Dear Board Members:

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

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, as well as other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, oft times presented on a multi-year basis to facilitate comparison;
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION AND OVERVIEW

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

AVERAGE DAILY ENROLLMENT

The District completed the 2016-2017 fiscal year with an average enrollment of 1,671 students, which is 71 more students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2016-17	1,671	4.4 %
2015-16	1,600	1.2 %
2014-15	1,581	-0.9 %
2013-14	1,595	4.8 %
2012-13	1,521	2.6 %

ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

EDUCATIONAL PROGRAM

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

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

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

FACILITIES INITIATIVES

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

The most recent facilities projects have focused on issues related to renovation and improving comfort and energy efficiency of facilities. This included the continued installation of air conditioning units in several classrooms in Bartle School in the 2016-2017 school year and the replacement of an aging boiler system at the Highland Park High School, concluded in the fall of 2016, which will improve energy efficiency as well as comfort in both schools.

INTERNAL ACCOUNTING CONTROLS

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

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

BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

ACCOUNTING SYSTEM AND REPORTS

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

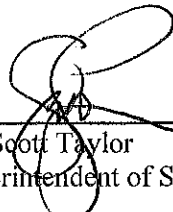
OTHER INFORMATION

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

ACKNOWLEDGMENTS

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

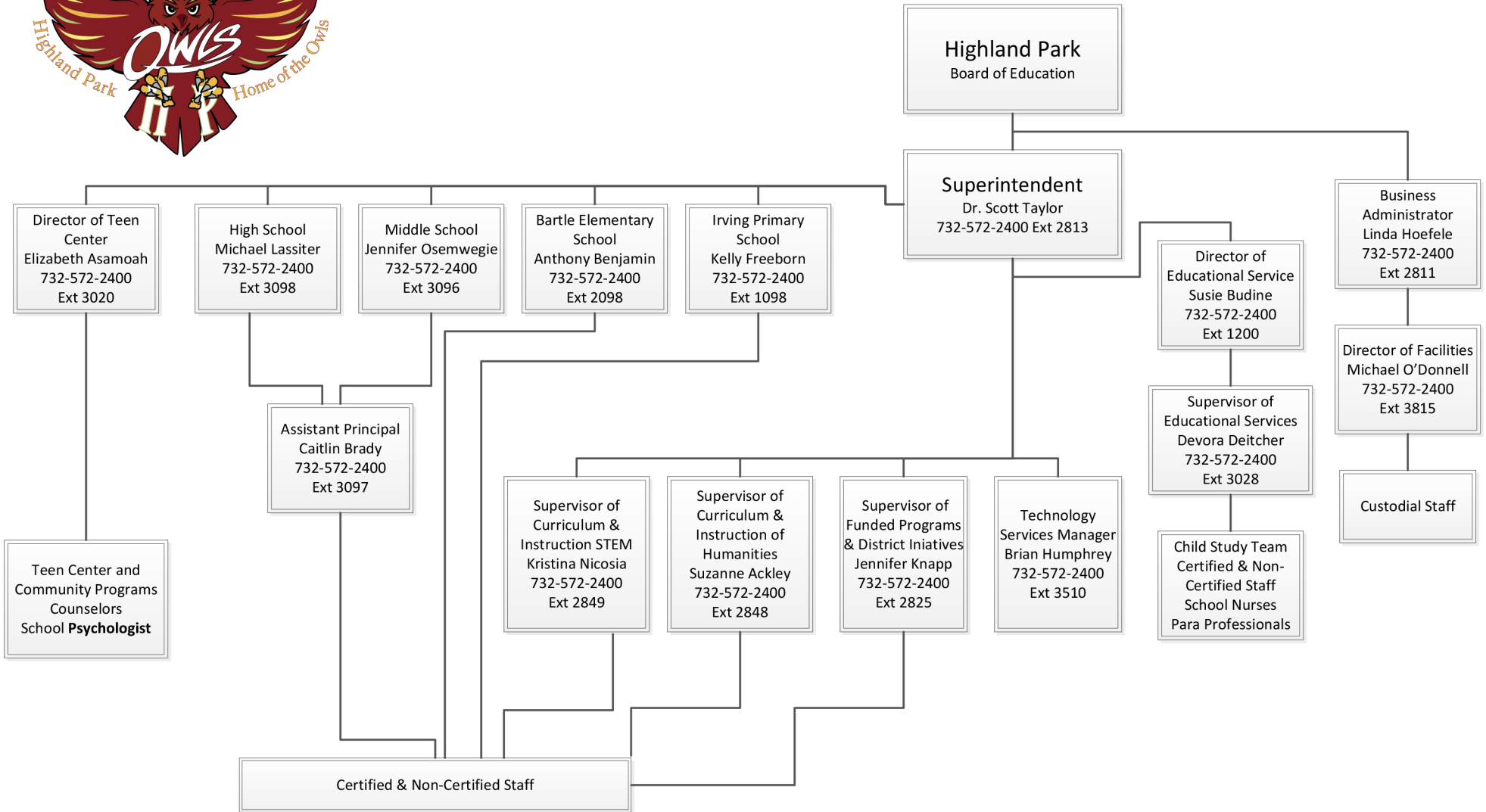
Respectfully submitted,



Dr. Scott Taylor
Superintendent of Schools



Linda A. Hoefele
Business Administrator/Board Secretary



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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ms. Darcie Cimarusti	President	12/31/2019
Ms. Anne Gowen	Vice-President	12/31/2017
Ms. Ruth Beyer		12/31/2018
Mr. Mark Krieger		12/31/2019
Mr. Rob Magaziner		12/31/2018
Ms. Michelle McFadden-DiNicola		12/31/2017
Ms. Judy Pietrobono		12/31/2019
Ms. Sharice Richardon		12/31/2018
Mr. Rob Roslewicz		12/31/2017

Other Officials

Dr. Scott Taylor	Superintendent of Schools
Ms. Linda A. Hoefele	School Business Administrator/Board Secretary
Mr. Brian Falkowski	Treasurer of School Monies

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

**CONSULTANTS AND ADVISORS
JUNE 30, 2017**

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Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Borough Public School District, (the District) in the County of Middlesex, the State of New Jersey, as of and for the year ended June 30, 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 do to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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


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

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

Other Reporting Required by Government Auditing Standards

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

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


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

December 5, 2017
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

The discussion and analysis of Highland Park Borough Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2017 are as follows:

- General revenues accounted for \$41,133,226 in revenues, or 93.79 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,724,357, or 6.21 percent of total revenues of \$43,857,583.
- The School District had \$44,006,713 in expenses; only \$2,724,357 of these expenses were offset by program specific charges for services, grants or contributions, with the remainder, primarily property taxes, providing for the programs.
- Among Governmental Funds, the General Fund had \$32,655,810 in revenues and \$32,625,572 in expenditures. After accounting for net other financing uses of \$138,132; the General Fund's balance decreased by \$107,894 from the previous year.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

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

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position as of June 30, 2017, and a comparison with net position as of June 30, 2016. The comparison between the years shows a decrease in total net position of \$190,866.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

Table 1
Net Position

	6/30/17	6/30/16	Variance	
			Dollars	%
Current & Other Assets	\$ 5,030,626	\$ 4,572,627	\$ 457,999	10.02
Capital Assets	37,123,667	38,027,867	(904,200)	(2.38)
Total Assets	42,154,293	42,600,494	(446,201)	(1.05)
Deferred Amount on Refunding	728,596	940,608	(212,012)	(22.54)
Deferred Pension Activity	2,820,965	1,324,099	1,496,866	113.05
Total Deferred Outflow of Resources	3,549,561	2,264,707	1,284,854	56.73
Long-Term Liabilities	31,173,027	30,204,087	968,940	3.21
Other Liabilities	1,646,638	1,413,562	233,076	16.49
Total Liabilities	32,819,665	31,617,649	1,202,016	3.80
Deferred Pension Activity	230,333	402,830	(172,497)	(42.82)
Total Deferred Inflow of Resources	230,333	402,830	(172,497)	(42.82)
Net Position:				
Net Investment in				
Capital Assets	16,043,667	17,222,793	(1,179,126)	(6.85)
Restricted	1,582,914	1,105,455	477,459	43.19
Unrestricted	(4,972,725)	(5,483,526)	510,801	9.32
Total Net Position	\$ 12,653,856	\$ 12,844,722	\$ (190,866)	(1.49)

The unrestricted net position at June 30, 2017 of (\$4,972,725) shown above is not a negative reflection on the District's financial condition, but is mostly the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State. The negative unrestricted net position is also the result of a long-term estimated liability of \$669,494 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years, and accrued interest of \$187,107 that will be paid in the 2017-2018 school year on loan payments of existing bonds.

The increase in unrestricted net position from the previous year of \$510,801 is mostly due to the effective cost-cutting measures and revenues received in excess of anticipated amounts.

Table 2 provides a summary of the District's changes in net position in fiscal year ending June 30, 2017 with comparisons to June 30, 2016.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	6/30/17	6/30/16	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 907,550	\$ 851,773	\$ 55,777	6.55
Operating Grants	1,816,807	1,858,861	(42,054)	(2.26)
Capital Grants	-	44,475	(44,475)	(100.00)
General Revenues:				
Property Taxes	27,174,030	26,197,142	976,888	3.73
Unrestricted Grants	13,903,853	11,248,257	2,655,596	23.61
Other	55,343	83,953	(28,610)	(34.08)
Total Revenues	<u>43,857,583</u>	<u>40,284,461</u>	<u>3,573,122</u>	8.87
Program Expenses				
Instruction:				
Regular	16,376,975	15,105,204	1,271,771	8.42
Special	4,953,646	4,479,743	473,903	10.58
Other	2,510,058	1,962,489	547,569	27.90
Support Services:				
Tuition	2,357,430	2,290,325	67,105	2.93
Student & Instructional Staff	6,839,448	5,417,343	1,422,105	26.25
General & Business Administration	1,985,785	1,798,719	187,066	10.40
School Administration	2,302,957	1,964,659	338,298	17.22
Maintenance	2,651,875	2,734,852	(82,977)	(3.03)
Transportation	1,951,983	1,299,670	652,313	50.19
Charter Schools	388,784	386,002	2,782	0.72
Interest on Long-Term Debt	698,742	1,034,427	(335,685)	(32.45)
Food Service	618,367	587,347	31,020	5.28
Community Service Programs	370,663	303,049	67,614	22.31
Total Expenses	<u>44,006,713</u>	<u>39,363,829</u>	<u>4,642,884</u>	11.79
Increases (Decreases) Before				
Special Items	<u>(149,130)</u>	<u>920,632</u>	<u>(1,069,762)</u>	(116.20)
Special Items:				
Transfers	(40,000)	-	(40,000)	*
Prior Year Accounts Receivable Canceled	<u>(1,736)</u>	<u>-</u>	<u>(1,736)</u>	*
Total Special Items	<u>(41,736)</u>	<u>-</u>	<u>(41,736)</u>	*
Increase (Decrease) in Net Position	<u>\$ (190,866)</u>	<u>\$ 920,632</u>	<u>\$ (1,111,498)</u>	(120.73)

* = Undefined

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

Governmental Activities

Property taxes made up 63.46 percent of revenues for Governmental Funds for the Highland Park Borough Public School District for fiscal year 2017. The District's total revenues for Governmental Funds were \$43,821,399 for the fiscal year ended June 30, 2017. The remaining revenues for Governmental Funds were from mostly from interest on investments, tuition, state aid, state and federal grants.

BUSINESS-TYPE ACTIVITIES

Food Service Program

- Food service revenues and other financing sources exceeded expenses and other financing uses by \$29,327.
- Charges for services represent \$299,870 of revenue and other financing sources, or 46.17 percent. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$349,560.

Before and After School Child Care Program

- The Before and After School Child Care Program had operating revenues of \$386,754 and operating expenses of \$370,663. The net profit for fiscal year 2017 was \$16,091.

Table 3 provides a summary of the District's cost of governmental services in fiscal year ending June 30, 2017 with comparisons to June 30, 2016.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/17	6/30/16	6/30/17	6/30/16
Instruction	\$ 23,840,679	\$ 21,547,436	\$ 23,023,267	\$ 20,696,235
Support Services:				
Tuition	2,357,430	2,290,325	2,054,796	1,980,136
Student & Instructional Staff	6,839,448	5,417,343	6,574,474	5,037,991
General & Business Administration	1,985,785	1,798,719	1,985,785	1,795,602
School Administration	2,302,957	1,964,659	2,172,943	1,855,698
Plant Operations & Maintenance	2,651,875	2,734,852	2,479,259	2,613,707
Pupil Transportation	1,951,983	1,299,670	1,951,460	1,290,452
Charter Schools	388,784	386,002	388,784	386,002
Interest on Long-Term Debt	698,742	1,034,427	698,742	1,034,427
Total Expenses	<u>\$ 43,017,683</u>	<u>\$ 38,473,433</u>	<u>\$ 41,329,510</u>	<u>\$ 36,690,250</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
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Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

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

THE DISTRICT'S REVENUES

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

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2017:

Revenues	Amount	Percentage of Total	Increase/ (Decrease) From Prior Year	Percentage Increase (Decrease)
Local Sources:				
Tax Levy:				
General	\$ 25,154,671	69.57%	\$ 946,672	3.91%
Debt Service	2,019,359	5.58%	30,216	1.52%
Other Revenues	179,805	0.50%	(17,468)	-8.85%
State Aid	7,874,267	21.78%	395,742	5.29%
Federal Aid	929,356	2.57%	53,333	6.09%
TOTAL	\$ 36,157,458	100.00%	\$ 1,408,495	4.05%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

THE DISTRICT'S EXPENDITURES

The following schedule represents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017:

<u>Expenditures</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percentage Increase (Decrease)</u>
Current Expense	\$ 31,953,583	88.59%	\$ 2,265,200	7.63%
Capital Outlay	229,182	0.64%	(308,109)	-57.34%
Charter Schools	388,784	1.08%	2,782	0.72%
Special Revenues	1,560,153	4.33%	(8,576)	-0.55%
Debt Service:				
Principal	1,175,000	3.26%	80,000	7.31%
Interest	761,271	2.11%	(217,483)	22.22%
TOTAL	\$ 36,067,973	100.00%	\$ 1,813,814	5.30%

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2017 the School District amended its General Fund budget as needed to reflect the following:

- Staffing changes increases based on student needs, funded by other unfilled positions
- Implementation of state-mandated initiatives, including additional curriculum writing, staff development and technology costs related to the implementation of Common Core standards
- Increases in in-house costs for special education students
- Increases in costs for contracted substitute staff
- Increases in legal fees related to special education litigation
- Increases in athletic and non-public transportation costs
- Increases in building repairs and projects
- Unplanned legal settlement costs
- Reclassification of several expenditures

CAPITAL ASSETS

Table 4 provides a summary of the School District's capital assets net of depreciation for fiscal years 2017 and 2016. At the end of fiscal year 2017, the District had \$37,123,667 invested in land, buildings, machinery and equipment, and construction in progress. In fiscal year 2017, the District expended \$25,914 for two parking lot paving projects \$99,104 towards the completion of the High School boiler replacement project, and \$17,450 for middle school office renovations.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
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Unaudited

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

	6/30/17	6/30/16	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	0.00
Construction in Progress	-	481,352	(481,352)	(100.00)
Land Improvements	405,276	390,975	14,301	3.66
Buildings & Improvements	36,052,607	36,478,306	(425,699)	(1.17)
Furniture & Equipment	250,784	261,256	(10,472)	(4.01)
Vehicles	-	978	(978)	(100.00)
Total	\$ 37,123,667	\$ 38,027,867	\$ (904,200)	(2.38)

DEBT ADMINISTRATION

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

In December 1996, the Board of Education authorized a refunding issue for the February 1996 issue in the amount of \$17,040,000. In November 2006, the District issued a second refunding issue for the February 1996 issue in the amount of \$13,985,000. In November 2016, the District issued a third refunding issue for the February 1996 issue in the amount of \$8,555,000. As of June 30, 2017, the amount of \$8,530,000 remains outstanding.

In March 2005, the District issued General Obligation Bonds in the amount of \$13,775,000. The proceeds of this bond issue were placed in the District's capital projects fund for use to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions, renovations, site improvements and various other projects. The New Jersey Economic Development Authority (NJEDA) will be funding an additional \$7,915,597 towards the project. The school district has been authorized to issue debt equal to the full amount of the project, pending the receipt of the state portion of the funding. In October 2012, the Board of Education authorized a refunding issue for the March 2005 issue in the amount of \$13,640,000. A balance of \$12,550,000 remains outstanding on the new refunding issue at June 30, 2017.

The general obligation bonded debt of the District is limited to 4% of the overage equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$50,540,439. General obligation authorized debt at June 30, 2017 is \$21,080,000, resulting in a legal debt margin of \$29,460,439.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2017
Unaudited

Table 5 provides a summary of the District's outstanding long-term debt at June 30, 2017 with comparisons to June 30, 2016.

Table 5
Outstanding Long-Term Liabilities at Year-end

	6/30/17	6/30/16	Variance	
			Dollars	%
2006 Refunding Bonds for 1996 Issue	\$ -	\$ 9,010,000	\$(9,010,000)	(100.00)
2012 Refunding Bonds for 2005 Issue	12,550,000	13,005,000	(455,000)	(3.50)
2016 Refunding Bonds for 2006 Issue	8,530,000	-	8,530,000	*
Unamortized Bond Premium	311,518	678,803	(367,285)	(54.11)
PERS Net Pension Liability	9,112,015	6,877,705	2,234,310	32.49
Compensated Absences	669,494	632,579	36,915	5.84
	<u>\$ 31,173,027</u>	<u>\$ 30,204,087</u>	<u>\$ 968,940</u>	3.21

* = Undefined

FOR THE FUTURE

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

CONTACTING THE SCHOOL DISTRICT

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART I

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,851,864	\$ 367,923	\$ 2,219,787
Internal balances	(27,509)	27,509	-
Receivables, net	1,596,682	74,500	1,671,182
Inventory	-	6,784	6,784
Restricted assets			
Capital reserve account - cash	782,206	-	782,206
Maintenance reserve account - cash	100,000	-	100,000
Emergency reserve account - cash	250,667	-	250,667
Capital assets, net			
Land and construction in progress	415,000	-	415,000
Other capital assets, net of depreciation	36,665,463	43,204	36,708,667
Total assets	41,634,373	519,920	42,154,293
Deferred outflows of resources			
Deferred amount on pension activity	2,820,965	-	2,820,965
Deferred amount on refunding bond issue	728,596	-	728,596
Total deferred outflows of resources	3,549,561	-	3,549,561
Liabilities			
Accounts payable	1,256,982	41,679	1,298,661
Accrued interest	187,107	-	187,107
Payables to other governments	4,714	-	4,714
Unearned revenue	145,527	7,564	153,091
Other current liabilities	1,967	1,098	3,065
Long-term liabilities			
Due within one year	1,388,960	-	1,388,960
Due beyond one year	29,784,067	-	29,784,067
Total liabilities	32,769,324	50,341	32,819,665
Deferred inflows of resources			
Deferred amount on pension liability	230,333	-	230,333
Net position			
Net investment in capital assets	16,000,463	43,204	16,043,667
Restricted for			
Capital reserve fund	782,206	-	782,206
Maintenance reserve fund	100,000	-	100,000
Emergency reserve fund	250,667	-	250,667
Debt service fund	152,153	-	152,153
Capital projects	297,888	-	297,888
Unrestricted	(5,399,100)	426,375	(4,972,725)
Total net position	\$ 12,184,277	\$ 469,579	\$ 12,653,856

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 1,699,711	\$ -	\$ -	\$ 152,153	\$ 1,851,864
Due from other funds	640,363	-	-	-	640,363
Receivables from other governments					
State	435,575	-	775,014	-	1,210,589
Federal	-	338,471	-	-	338,471
Local	19,359	-	-	-	19,359
Other accounts receivable	14,288	36,995	-	-	51,283
Restricted cash & equivalents	1,132,873	-	-	-	1,132,873
Total assets	\$ 3,942,169	\$ 375,466	\$ 775,014	\$ 152,153	\$ 5,244,802
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 1,115,348	\$ 141,634	\$ -	\$ -	\$ 1,256,982
Due to other funds	67,509	146,257	477,126	-	690,892
Payable to other governments					
State		4,714	-	-	4,714
Unearned revenue	40,017	105,510	-	-	145,527
Other current liabilities	1,967	-	-	-	1,967
Total liabilities	1,224,841	398,115	477,126	-	2,100,082

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve account	\$ 782,206	\$ -	\$ -	\$ -	\$ 782,206
Maintenance reserve account	100,000	-	-	-	100,000
Emergency reserve account	250,667	-	-	-	250,667
Capital projects	-	-	297,888	-	297,888
Committed fund balance					
Year-end encumbrances	262,967	-	-	-	262,967
Assigned fund balance					
Designated for subsequent year's expenditures	800,000	-	-	146,534	946,534
Debt service fund balance	-	-	-	5,619	5,619
Unassigned fund balance	521,488	(22,649)	-	-	498,839
Total fund balances	<u>2,717,328</u>	<u>(22,649)</u>	<u>297,888</u>	<u>152,153</u>	<u>3,144,720</u>
Total liabilities and fund balances	<u>\$ 3,942,169</u>	<u>\$ 375,466</u>	<u>\$ 775,014</u>	<u>\$ 152,153</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$53,384,335 and the accumulated depreciation is \$16,303,872.	37,080,463
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	2,590,632
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(31,173,027)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a net deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The original net deferred outflow is \$1,079,330 and the accumulated amortization is \$350,734.	728,596
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(187,107)</u>
Total net position of governmental activities	<u>\$ 12,184,277</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 25,154,671	\$ -	\$ -	\$ 2,019,359	\$ 27,174,030
Tuition - individuals	20,901	-	-	-	20,901
Tuition from othre sources	25,409	-	-	-	25,409
Interest on investments	11,170	-	-	-	11,170
Local contributions	-	51,108	-	-	51,108
Miscellaneous	65,598	-	-	5,619	71,217
Total	25,277,749	51,108	-	2,024,978	27,353,835
State sources	7,314,906	549,938	-	9,423	7,874,267
Federal sources	63,155	866,201	-	-	929,356
Total revenues	32,655,810	1,467,247	-	2,034,401	36,157,458
Expenditures					
Current					
Instructional					
Regular instruction	7,997,787	341,745	-	-	8,339,532
Special education instruction	2,406,856	67,588	-	-	2,474,444
Other special instruction	300,803	244,279	-	-	545,082
Other instruction	886,365	-	-	-	886,365
Support service & undistributed costs					
Tuition	2,054,796	302,634	-	-	2,357,430
Student & instruction related services	3,333,212	340,820	-	-	3,674,032
General & business					
administrative services	1,237,840	-	49,369	-	1,287,209
School administrative services	1,127,893	120,447	-	-	1,248,340
Plant operations & maintenance					
Plant operations & maintenance	2,449,410	-	-	-	2,449,410
Pupil transportation	1,942,433	523	-	-	1,942,956
Unallocated benefits	8,216,188	134,924	-	-	8,351,112

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
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	\$ 229,182	\$ 7,193	\$ -	\$ -	\$ 236,375
Charter school	388,784	-	-	-	388,784
Debt service					
Principal	-	-	-	1,175,000	1,175,000
Interest & other charges	54,023	-	-	707,248	761,271
Total expenditures	<u>32,625,572</u>	<u>1,560,153</u>	<u>49,369</u>	<u>1,882,248</u>	<u>36,117,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,238</u>	<u>(92,906)</u>	<u>(49,369)</u>	<u>152,153</u>	<u>40,116</u>
Other financing sources (uses)					
Proceeds from bond issue	-	-	8,555,000	-	8,555,000
Payment to refunding bond agent	-	-	(8,505,631)	-	(8,505,631)
Transfers in	-	98,132	-	-	98,132
Transfers out	(138,132)	-	-	-	(138,132)
Total other financing sources (uses)	<u>(138,132)</u>	<u>98,132</u>	<u>49,369</u>	<u>-</u>	<u>9,369</u>
Net change in fund balance	(107,894)	5,226	-	152,153	49,485
Fund balances, July 1	<u>2,825,222</u>	<u>(27,875)</u>	<u>297,888</u>	<u>-</u>	<u>3,095,235</u>
Fund balances, June 30	<u>\$ 2,717,328</u>	<u>\$ (22,649)</u>	<u>\$ 297,888</u>	<u>\$ 152,153</u>	<u>\$ 3,144,720</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2017

Total net changes in fund balances - Governmental fund (from B-2) \$ 49,485

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

Capital outlays are reported in governmental funds as expenditures

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

Capital outlays	\$ 236,375	
Depreciation expense	<u>(1,134,402)</u>	(898,027)

Governmental funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements:

Proceeds from refunding bond issue	(8,555,000)
------------------------------------	-------------

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

Bond principal payments	1,175,000	
Payment to refunding bond agent	<u>8,505,631</u>	9,680,631

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

Amortization of bond premium	25,960
------------------------------	--------

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

(564,947)

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2017

In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	\$ (61,318)
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	123,847
In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>(36,915)</u>
Change in net position of governmental activities	<u><u>\$ (236,284)</u></u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Fund Net Position
June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Asset			
Current assets			
Cash and cash equivalents	\$ 97,939	\$ 269,984	\$ 367,923
Due from other funds	37,212	-	37,212
Receivables from other governments			
State	1,239	-	1,239
Federal	61,666	-	61,666
Other receivables	8,544	3,051	11,595
Inventory	6,784	-	6,784
Total current assets	<u>213,384</u>	<u>273,035</u>	<u>486,419</u>
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	95,783	-	95,783
Total noncurrent assets	<u>43,204</u>	<u>-</u>	<u>43,204</u>
Total assets	<u>256,588</u>	<u>273,035</u>	<u>529,623</u>
Liabilities			
Current liabilities			
Due to other funds	-	9,703	9,703
Accounts payable	40,823	856	41,679
Unearned revenues			
Commodities	398	-	398
Prepaid sales	7,106	60	7,166
Other current liabilities	-	1,098	1,098
Total liabilities	<u>48,327</u>	<u>11,717</u>	<u>60,044</u>
Net Position			
Net investment in capital assets	43,204	-	43,204
Unrestricted	165,057	261,318	426,375
Total net position	<u>\$ 208,261</u>	<u>\$ 261,318</u>	<u>\$ 469,579</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 170,716	\$ -	\$ 170,716
Daily sales - non-reimbursable programs	98,736	-	98,736
Special function sales	30,418	-	30,418
Before and after school child care service fees	-	386,754	386,754
Total operating revenues	<u>299,870</u>	<u>386,754</u>	<u>686,624</u>
Operating expenses			
Cost of sales - reimbursable programs	218,535	-	218,535
Cost of sales - non-reimbursable programs	37,253	-	37,253
Salaries	183,233	207,805	391,038
Employee benefits	70,540	20,544	91,084
Purchased property services	8,833	-	8,833
Rental of land and buildings	-	35,000	35,000
Insurance	4,408	-	4,408
Management fee	23,486	-	23,486
Other purchased services	2,162	17,228	19,390
General supplies	21,493	90,086	111,579
Commodity costs	42,251	-	42,251
Depreciation	6,173	-	6,173
Total operating expenses	<u>618,367</u>	<u>370,663</u>	<u>989,030</u>
Operating income (loss)	<u>(318,497)</u>	<u>16,091</u>	<u>(302,406)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,391	-	6,391
Federal sources			
National school breakfast program	47,438	-	47,438
National school lunch program			
Cash assistance	253,480	-	253,480
Non cash assistance (commodities)	42,251	-	42,251
Prior year accounts receivable cancelled	(1,736)	-	(1,736)
Total non-operating revenues (expenses)	<u>347,824</u>	<u>-</u>	<u>347,824</u>
Change in net position	29,327	16,091	45,418
Net position, beginning	<u>178,934</u>	<u>245,227</u>	<u>424,161</u>
Net position, ending	<u>\$ 208,261</u>	<u>\$ 261,318</u>	<u>\$ 469,579</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 306,385	\$ 383,703	\$ 690,088
Payments to employees	-	(207,805)	(207,805)
Payments for employee benefits	-	(20,544)	(20,544)
Payments to Food Service Management Co.	(552,573)	-	(552,573)
Payments to vendors and customers (net)	(11,595)	(141,773)	(153,368)
Net cash provided by (used for) operating activities	<u>(257,783)</u>	<u>13,581</u>	<u>(244,202)</u>
Cash flows from non-capital financing activities			
State sources	6,304	-	6,304
Federal sources	290,387	-	290,387
Interfund activity	(24,939)	414	(24,525)
Net cash provided by (used for) non-capital financing activities	<u>271,752</u>	<u>414</u>	<u>272,166</u>
Net increase (decrease) in cash and cash equivalents	13,969	13,995	27,964
Cash and cash equivalents, beginning	<u>83,970</u>	<u>255,989</u>	<u>339,959</u>
Cash and cash equivalents, ending	<u>\$ 97,939</u>	<u>\$ 269,984</u>	<u>\$ 367,923</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (318,497)	\$ 16,091	\$ (302,406)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	6,173	-	6,173
Federal food donation program	42,251	-	42,251
(Increase) decrease in accounts receivable	8,419	(3,051)	5,368
(Increase) decrease in inventory	(1,276)	-	(1,276)
Increase (decrease) in accounts payable	6,919	541	7,460
Increase (decrease) in unearned revenues	(1,772)	-	(1,772)
Net cash provided by (used for) operating activities	<u>\$ (257,783)</u>	<u>\$ 13,581</u>	<u>\$ (244,202)</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 56,531	\$ 88,945	\$ 145,570	\$ 66,602
Due from other funds	67,470	-	-	-
Total assets	124,001	88,945	145,570	66,602
Liabilities				
Due to other funds	-	-	-	44,450
Accounts payable	98	-	-	-
Due to student groups	-	-	145,570	-
Payroll deductions & withholdings	-	-	-	22,152
Total liabilities	98	-	\$ 145,570	\$ 66,602
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 123,903</u>	<u>\$ 88,945</u>		

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
Additions		
Contributions		
Employees	\$ 27,470	\$ -
Other	-	15,413
Investment earnings		
Interest	-	7
Total additions	27,470	15,420
Deductions		
Scholarships awarded	-	8,400
Unemployment claims	12,477	-
Total deductions	12,477	8,400
Change in net position before other financing sources (uses)	14,993	7,020
Other financing sources (uses)		
Transfer in from general fund	40,000	-
Change in net position after other financing sources (uses)	54,993	7,020
Net position - beginning of the year	68,910	81,925
Net position - end of the year	\$ 123,903	\$ 88,945

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K to 12. The District had an approximate enrollment at June 30, 2017 of 1,671 students.

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major Governmental Funds:

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund types

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

Equipment	12 Years
Point of sale computer software	3 Years

Fiduciary Fund types

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

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

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

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the fiscal year ended June 30, 2017 were insignificant.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal years 2016 - 2017 and 2015 - 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

H. Short-term interfund receivable/payables

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

I. Inventories and prepaid items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

J. Capital assets

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified into the following three components:

- *Net investment in Capital Assets* - This component represents capital assets, less accumulated depreciation and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- *Restricted* - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Unrestricted* - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. Fund balances - governmental funds

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Comparative data/reclassifications

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amount on pension activity and deferred amount on a refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments

Cash, cash equivalents and investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash and cash equivalents regardless of the date of maturity. As of June 30, 2017, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee's salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2017, the District's bank balances of \$4,499,994 were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions	4,249,994
Total	\$ 4,499,994

Deposits at June 30, 2017 appear in the financial statements as summarized below:

Cash and cash equivalents		\$	3,710,308
Unrestricted cash			
Governmental Funds, Balance Sheet	Ref.	\$	1,851,864
Enterprise Funds, Statement of Net Position	B-1		367,923
Fiduciary Funds, Statement of Net Position	B-4		357,648
Restricted cash			
Governmental Funds, Balance Sheet	B-7		1,132,873
Total cash		\$	3,710,308

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 415,000	\$ -	\$ -	\$ 415,000
Construction in progress	<u>481,352</u>	<u>162,943</u>	<u>644,295</u>	<u>-</u>
Total	<u>896,352</u>	<u>162,943</u>	<u>644,295</u>	<u>415,000</u>
Capital assets, being depreciated				
Land improvements	1,125,256	46,215	-	1,171,471
Building & improvements	50,237,245	618,381	-	50,855,626
Vehicles	15,640	-	-	15,640
Furniture & equipment	<u>878,667</u>	<u>73,432</u>	<u>25,501</u>	<u>926,598</u>
Total	<u>52,256,808</u>	<u>738,028</u>	<u>25,501</u>	<u>52,969,335</u>
Accumulated depreciation				
Land improvements	734,281	31,914	-	766,195
Building & improvements	13,758,939	1,044,080	-	14,803,019
Vehicles	14,662	978	-	15,640
Furniture & equipment	<u>666,788</u>	<u>57,430</u>	<u>5,200</u>	<u>719,018</u>
Total	<u>15,174,670</u>	<u>1,134,402</u>	<u>5,200</u>	<u>16,303,872</u>
Total capital assets, being depreciated, net	<u>37,082,138</u>	<u>(396,374)</u>	<u>20,301</u>	<u>36,665,463</u>
Transfer	<u>-</u>	<u>(664,596)</u>	<u>(664,596)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 37,978,490</u>	<u>\$ (898,027)</u>	<u>\$ -</u>	<u>\$ 37,080,463</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture equipment	\$ 138,987	\$ -	\$ -	\$ 138,987
Less: accumulated depreciation	<u>(89,610)</u>	<u>6,173</u>	<u>-</u>	<u>(95,783)</u>
Business type activities capital assets, net	<u>\$ 49,377</u>	<u>\$ (6,173)</u>	<u>\$ -</u>	<u>\$ 43,204</u>

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

Instruction	
Regular	\$ 485,492
Special education	142,573
Other special instruction	31,126
Co-curricular activities	73,878
Support services	
Student & instruction	239,246
General & business administration	76,829
School administration	77,379
Plant & maintenance	7,879
Total depreciation expense, governmental activities	<u>\$ 1,134,402</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 22,015,000	\$ 8,555,000	\$ 9,490,000	\$ 21,080,000	\$ 1,330,000
Unamortized bond premium	678,803	-	367,285	311,518	25,960
PERS net pension liability	6,877,705	3,155,579	921,269	9,112,015	-
Compensated absences payable	<u>632,579</u>	<u>123,319</u>	<u>86,404</u>	<u>669,494</u>	<u>33,000</u>
Total governmental activities long- term liabilities	<u>\$ 30,204,087</u>	<u>\$ 11,833,898</u>	<u>\$ 10,864,958</u>	<u>\$ 31,173,027</u>	<u>\$ 1,388,960</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017 including interest payments are listed as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,330,000	\$ 546,498	\$ 1,876,498
2019	1,360,000	517,702	1,877,702
2020	1,385,000	488,749	1,873,749
2021	1,420,000	459,319	1,879,319
2022	1,445,000	431,229	1,876,229
2023 - 2027	8,185,000	1,661,407	9,846,407
2028 - 2030	5,955,000	368,569	6,323,569
Total	<u>\$ 21,080,000</u>	<u>\$ 4,473,473</u>	<u>\$ 25,553,473</u>

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

\$13,640,000 - 2012 general obligation refunding bonds, due in annual installments of \$60,000 to \$2,045,000 beginning March 1, 2013 through March 1, 2030, interest from 2.00% to 4.50%.	\$ 12,550,000
\$8,555,000 - 2016 general obligation refunding bonds, due in annual installments of \$935,000 to \$1,120,000 beginning February 15, 2018 through February 15, 2025, interest at 1.39%.	8,530,000
Totals	<u>\$ 21,080,000</u>

The general obligation bonded debt of the District is limited by State Law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$50,540,439. General obligation debt at June 30, 2017 is \$21,080,000, resulting in a legal debt margin of \$29,460,439.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2006

On November 22, 2016, the District issued \$8,555,000 in general obligation bonds with an average coupon rate of 1.39% and a net interest cost rate of 1.390% to advance refund \$8,315,000 of outstanding 2006 series bonds with an average coupon rate of 4.8835185%. The net proceeds of \$8,505,631 (issue amount of \$8,555,000, less \$49,369 in underwriting fees, insurance and excess issue proceeds) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2006 series bonds. As a result, the portion of the 2006 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2006 series bonds generated \$1,340,993 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus excess issue funds) of \$1,274,241.

Operating leases

At June 30, 2017, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30,

2018	\$	20,580
Total minimum lease payments	\$	<u>20,580</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2016. In accordance with Generally Accepted Accounting Principles, measurement for PERS pension in the District's financial statements is based upon the most recent available information which is for the State fiscal year ended June 30, 2016.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in the 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2016 are as follows:

	2016
Total pension liability	\$ 15,221,400
Plan fiduciary net position	6,109,385
Net pension liability	\$ 9,112,015
Plan fiduciary net position as a percentage of the total pension liability	40.14%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Components of net pension liability (continued)

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	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

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 1 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.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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's target asset allocation as of June 30, 2016 are summarized in the following table:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

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

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grad 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 on the rate in the most recent State fiscal year. State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

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

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 9,112,015
At a 1% lower rate (2.98%)	11,165,711
At a 1% higher rate (4.98%)	7,416,511

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 169,456	\$ -
Changes of assumptions	1,887,523	-
Net difference between projected and actual earnings on pension plan investments	347,449	-
Changes in proportion and differences between District contributions and proportionate share of contributions	143,216	230,333
District contributions subsequent to the measurement date	273,321	-
Total	\$ 2,820,965	\$ 230,333

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) of \$273,321 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2016:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 906,449	\$ 1,638,761	\$ 488,231	\$ 2,056,979
Difference between projected and actual earnings on pension plan investments	<u>(111,041)</u>	<u>511,594</u>	<u>53,104</u>	<u>347,449</u>
Net of deferred outflows	<u>\$ 795,408</u>	<u>\$ 2,150,355</u>	<u>\$ 541,335</u>	<u>\$ 2,404,428</u>

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

State Fiscal Year Ending June 30

2017	\$ 541,335
2018	541,335
2019	627,155
2020	526,902
2021	167,701
Total	<u>\$ 2,404,428</u>

Pension expense

For the fiscal year ended June 30, 2017, the District recognized net pension expense of \$838,268, which represents the District's proportionate share of allocable plan pension expense of \$869,943, less the net amortization of deferred amounts from changes in proportion of \$21,779, less other adjustments to the net pension liability of \$9,896. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense (continued)

Service cost	\$	297,374
Interest on total pension liability		649,277
Member contributions		(154,130)
Administrative expense		4,919
Expected investment return net of investment expense		(467,863)
Pension expense related to specific liabilities of individual employers		(970)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		444,659
Amortization of expected versus actual experience		43,573
Amortization of projected versus actual investment earnings on pension plan investments		53,104
Pension expense	\$	869,943

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership Tiers for TPAF:

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

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

Contributions

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$1,678,764 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the State's proportionate share of the net pension liability attributable to the employer, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for the fiscal year ending June 30, 2016 is as follows:

	2016
State's proportionate share of net pension liability	\$ 86,727,556
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	6,516,369
Non-employer contribution	878,009
Allocable proportionate percentage	.1102473137%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Components of net pension liability

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

Service cost	\$ 2,572,695
Interest on total pension liability	4,054,779
Member contributions	(835,914)
Administrative expense	15,109
Expected investment return net of investment expense	(2,075,862)
Pension expense related to specific liabilities of individual employers	(267)
Recognition of deferred inflows/outflows of resources	
Amortization of economic/demographic gains or losses	27,273
Amortization of assumption changes or inputs	2,550,938
Amortization of investment gains or losses	207,618
Pension expense	<u>\$ 6,516,369</u>

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2016 is as follows:

	<u>2016</u>
Total pension liability	\$ 111,658,494
Plan fiduciary net position	<u>24,930,938</u>
Net pension liability	<u>\$ 86,727,556</u>

Plan fiduciary net position as a percentage of the total pension liability 22.33%

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%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Collective net pension liability information (continued)

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis on a 60-year 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 study for the period July 1, 2012 to June 30, 2015.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.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 Equity	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	.50%	2.87%
Hedge Funds - Multi-Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Discount rate

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 on the rate in the most recent State fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plans 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 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 collective net pension liability to changes in the discount rate

The following presents the net pension liability of the State 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 was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 86,727,556
At a 1% lower rate (2.22%)	103,572,084
At a 1% higher rate (4.22%)	72,971,826

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year 2017 was \$5,200.

D. Other pension plan information

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,063,503 to the TPAF for post-retirement medical benefits, \$44,629 for noncontributory insurance premiums, \$3,532 for long-term disability insurance and \$1,231,737 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$898,940 during the fiscal year ended June 30, 2017 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

Note 7 - Post-retirement benefits

Chapter 384 of P.L. 1987 and Ch. 6 of P.L. 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25-years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for 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 Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or county college with 25-years of service. In fiscal year 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 eligible retired members.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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

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

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

Note 8 - Deferred compensation

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2017 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 640,363	\$ 67,509
Special Revenue Fund	-	146,257
Capital Projects Fund	-	477,126
Food Service Fund	37,212	-
Before and After School Child Care Fund	-	9,703
Unemployment Compensation Fund	67,470	-
Payroll Agency Fund	-	44,450
Total	\$ 745,045	\$ 745,045

The balance due from the Capital Projects Fund to the General Fund represents a loan from the General Fund of \$477,126 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$146,257 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the General Fund to the Food Service Fund of \$27,509 represents cafeteria subsidy aid received in the General Fund but not yet transferred to the Food Service Fund and transactions occurring in the General Fund affecting the Food Service Fund. The balance due from the Payroll Agency Fund to the General Fund of \$16,980 represents Net Payroll balances due back to the General Fund. The balances due to the Food Service Fund from the Before & After School Care Enterprise Fund of \$9,289 represents transactions occurring in the Before & After School Care Enterprise Fund affecting the Food Service Fund. The balance due from the General Fund to the Unemployment Compensation Fund of \$40,000 represents an amount transferred in from the General Fund to the Unemployment Compensation Fund.

All of the interfund balances are expected to be liquidated within one year.

The District transferred \$98,132 from the General Fund to the Special Revenue Fund representing local funding for the Preschool Education grant. The District also transferred \$40,000 from the General Fund to the Unemployment Compensation Fund representing a board contribution to offset future unemployment claims.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2017 consisted of the following:

Food	\$ 5,087
Supplies	1,697
Total	\$ 6,784

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Litigation

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

Grantor agencies

Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

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

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

Fiscal Year	Board Transfer	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2016 - 2017	\$ 40,000	\$ -	\$ 27,470	\$ (12,477)	\$ 123,903
2015 - 2016	-	-	25,595	(65,613)	68,910
2014 - 2015	40,000	-	24,569	(50,685)	108,928

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$320,000 to their Capital Reserve Account, \$150,000 to their Emergency Expense Reserve Account, and \$100,000 to their Maintenance Reserve Account by Board Resolution in June 2017.

The following schedule is a summarization of the legal reserve accounts for the current fiscal year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawal	Ending Balance
Capital	\$ 557,133	\$ 320,000	\$ 1,073	\$ (96,000)	\$ 782,206
Maintenance	-	100,000	-	-	100,000
Emergency	250,434	150,000	233	(150,000)	250,667
Total	<u>\$ 807,567</u>	<u>\$ 570,000</u>	<u>\$ 1,306</u>	<u>\$ (246,000)</u>	<u>\$ 1,132,873</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund balance on June 30, 2017 is as follows:

	2017
Restricted	
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 782,206
Maintenance Reserve Account - Represents funds restricted for required maintenance of school facilities.	100,000
Emergency Reserve Account - Represents funds restricted to finance unanticipated General Fund expenditures required for a thorough and efficient education.	250,667
Committed	
Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30,	262,967
Assigned	
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements	800,000
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	874,163
Total fund balance	\$ 3,070,003

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$0.

Note 16 - Subsequent events

The District has evaluated subsequent events through December 5, 2017, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is expected to have a material impact on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2017 of \$5,399,100 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 19 - Deficit fund balance in Special Revenue Fund

The District has a deficit fund balance of \$22,649 in the Special Revenue Fund as of June 30, 2017 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a State school aid payment is not made until the following school budget year, districts must record the last State aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last State Aid payment in the subsequent fiscal year, the school district cannot recognize the last State Aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last State Aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 20 - 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, one of the municipalities in which the school district is situated has entered into tax abatement agreements. These 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 located within the applicable municipality 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 Borough of Highland Park has entered into tax abatement agreements relating to affordable housing projects. The Borough billed for payment in lieu of taxes totaling \$34,101 in calendar year 2016 on properties where the taxes assessed on the property would have amounted to \$772,544.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

BUDGETARY COMPARISON SCHEDULES

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 25,154,671	\$ -	\$ 25,154,671	\$ 25,154,671	\$ -
Tuition from individuals	50,000	-	50,000	20,901	(29,099)
Tuition from other sources	100,000	-	100,000	25,409	(74,591)
Rents and royalties	5,000	-	5,000	50,124	45,124
Unrestricted miscellaneous revenues	44,710	-	44,710	25,338	(19,372)
Interest earned on current expense emergency reserve	-	-	-	233	233
Interest earned on capital reserve funds	500	-	500	1,073	573
Total	25,354,881	-	25,354,881	25,277,749	(77,132)
State sources					
Categorical transportation aid	76,509	-	76,509	76,509	-
Extraordinary aid	100,000	-	100,000	347,880	247,880
Categorical special education aid	901,509	-	901,509	901,509	-
Equalization aid	2,584,331	-	2,584,331	2,584,331	-
Categorical security aid	47,872	-	47,872	47,872	-
PARCC readiness aid	15,870	-	15,870	15,870	-
Per pupil growth aid	15,870	-	15,870	15,870	-
Professional learning community aid	16,510	-	16,510	16,510	-
Host district support aid	18,313	-	18,313	18,313	-
Other State aid	-	-	-	44,370	44,370
TPAF pension (on-behalf)	-	-	-	1,276,366	1,276,366
TPAF Social Security (reimbursed)	-	-	-	898,940	898,940
TPAF post retirement benefits	-	-	-	1,063,503	1,063,503
TPAF long-term disability insurance	-	-	-	3,532	3,532
Total	3,776,784	-	3,776,784	7,311,375	3,534,591
Federal sources					
Medicaid reimbursement	25,730	-	25,730	59,815	34,085
ARRA/SEMI revenue	-	-	-	3,340	3,340
Total	25,730	-	25,730	63,155	37,425
Total revenues	\$ 29,157,395	\$ -	\$ 29,157,395	\$ 32,652,279	\$ 3,494,884
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 413,371	\$ 1,888	\$ 415,259	\$ 415,259	\$ -
Grades 1-5	2,594,251	(60,396)	2,533,855	2,516,770	17,085
Grades 6-8	1,691,360	(22,999)	1,668,361	1,659,652	8,709
Grades 9-12	2,391,774	86,112	2,477,886	2,427,850	50,036
Home instruction					
Salaries of teacher	10,250	2,242	12,492	12,492	-
Purchased professional educational services	31,191	57,900	89,091	57,611	31,480
Regular programs - undistributed instruction					
Other salaries for instruction	210,219	(12,102)	198,117	198,117	-
Purchased professional educational services	396,411	42,677	439,088	395,950	43,138
Other purchased services	88,833	2,953	91,786	88,396	3,390
General supplies	230,657	(12,879)	217,778	206,058	11,720
Textbooks	21,830	(1,310)	20,520	19,120	1,400
Other objects	1,819	-	1,819	512	1,307
Total	8,081,966	84,086	8,166,052	7,997,787	168,265

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 253,160	\$ 30,504	\$ 283,664	\$ 283,461	\$ 203
Other salaries for instruction	83,708	169,393	253,101	252,565	536
Other purchased services	1,281	1	1,282	435	847
General supplies	6,500	-	6,500	4,419	2,081
Total	<u>344,649</u>	<u>199,898</u>	<u>544,547</u>	<u>540,880</u>	<u>3,667</u>
Multiple disabilities					
Salaries of teachers	20,500	(20,500)	-	-	-
Other salaries for instruction	7,175	(6,913)	262	262	-
General supplies	1,149	(691)	458	365	93
Total	<u>28,824</u>	<u>(28,104)</u>	<u>720</u>	<u>627</u>	<u>93</u>
Resource room/resource center					
Salaries of teachers	1,519,738	41,221	1,560,959	1,465,832	95,127
Other salaries for instruction	226,991	(36,421)	190,570	186,958	3,612
Other purchased services	3,245	390	3,635	-	3,635
General supplies	9,593	600	10,193	5,799	4,394
Total	<u>1,759,567</u>	<u>5,790</u>	<u>1,765,357</u>	<u>1,658,589</u>	<u>106,768</u>
Autism					
Salaries of teachers	192,115	(188,527)	3,588	-	3,588
Other salaries for instruction	46,382	(44,844)	1,538	-	1,538
Total	<u>238,497</u>	<u>(233,371)</u>	<u>5,126</u>	<u>-</u>	<u>5,126</u>
Preschool disabilities - full-time					
Salaries of teachers	97,206	28,702	125,908	118,908	7,000
Other salaries for instruction	69,897	19,365	89,262	86,062	3,200
General supplies	1,675	936	2,611	1,790	821
Total	<u>168,778</u>	<u>49,003</u>	<u>217,781</u>	<u>206,760</u>	<u>11,021</u>
Total special education	<u>2,540,315</u>	<u>(6,784)</u>	<u>2,533,531</u>	<u>2,406,856</u>	<u>126,675</u>
Bilingual education - instruction					
Salaries of teachers	292,404	16,616	309,020	298,276	10,744
General supplies	4,703	-	4,703	2,527	2,176
Total	<u>297,107</u>	<u>16,616</u>	<u>313,723</u>	<u>300,803</u>	<u>12,920</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	133,991	14,596	148,587	145,052	3,535
Purchased services	35,585	555	36,140	31,828	4,312
Supplies and materials	11,780	-	11,780	8,959	2,821
Other objects	8,950	(555)	8,395	5,881	2,514
Total	<u>190,306</u>	<u>14,596</u>	<u>204,902</u>	<u>191,720</u>	<u>13,182</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ 275,473	\$ -	\$ 275,473	\$ 269,317	\$ 6,156
Purchased services	58,854	-	58,854	44,362	14,492
Supplies and materials	15,548	-	15,548	15,445	103
Other objects	12,987	-	12,987	12,499	488
Total	362,862	-	362,862	341,623	21,239
Other supplemental/at-risk programs - instruction					
Salaries of reading specialists	308,914	44,108	353,022	353,022	-
Total	308,914	44,108	353,022	353,022	-
Total instruction regular	\$ 11,781,470	\$ 152,622	\$ 11,934,092	\$ 11,591,811	\$ 342,281
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 18,865	\$ 7,154	\$ 26,019	\$ 26,019	\$ -
Tuition to other LEAs within the State - special	768,058	(130,591)	637,467	613,652	23,815
Tuition to cssd & regional day schools	176,405	56,561	232,966	144,676	88,290
Tuition to priv. school for the disabled w/i State	1,314,742	(156,258)	1,158,484	1,023,588	134,896
Tuition to priv. sch. disabled & other LEAs-spl, o/s State	6,737	-	6,737	3,006	3,731
Tuition - other	152,922	97,531	250,453	243,855	6,598
Total	2,437,729	(125,603)	2,312,126	2,054,796	257,330
Undistributed expenditures - attendance & social work					
Salaries	140,503	1,002	141,505	141,504	1
Other purchased services	9,937	1	9,938	9,855	83
Total	150,440	1,003	151,443	151,359	84
Undistributed expenditures - health services					
Salaries	345,208	(9,834)	335,374	334,675	699
Purchased professional and technical services	36,500	7,484	43,984	32,702	11,282
Other purchased services	2,396	-	2,396	1,320	1,076
Supplies and materials	5,664	378	6,042	4,470	1,572
Other objects	270	-	270	-	270
Total	390,038	(1,972)	388,066	373,167	14,899
Undistributed expenditures - speech, ot, pt & related services					
Salaries	300,486	(41,250)	259,236	259,236	-
Purchased professional - educational services	62,520	70,294	132,814	116,764	16,050
Supplies and materials	4,575	-	4,575	2,740	1,835
Total	367,581	29,044	396,625	378,740	17,885
Undistributed expend - other supp. service stds. - extra service					
Salaries	322,730	(48,515)	274,215	274,149	66
Purchased professional - educational services	126,173	1,409	127,582	112,825	14,757
Supplies and materials	300	2,690	2,990	1,077	1,913
Other objects	262	(262)	-	-	-
Total	449,465	(44,678)	404,787	388,051	16,736

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - guidance					
Salaries of other professional staff	\$ 493,044	\$ 6,866	\$ 499,910	\$ 499,910	\$ -
Unused vacation payment to terminated/retired staff	-	4,280	4,280	4,280	-
Other purchased professional & technical services	200	-	200	-	200
Other purchased services	7,034	234	7,268	6,606	662
Supplies and materials	1,860	1,889	3,749	2,978	771
Other objects	195	-	195	100	95
Total	502,333	13,269	515,602	513,874	1,728
Undistributed expenditures - child study teams					
Salaries of other professional staff	550,388	(27,213)	523,175	523,175	-
Salaries of secretarial and clerical assistants	106,027	7,734	113,761	112,925	836
Other salaries	3,075	(1,101)	1,974	1,974	-
Unused vacation payment to terminated/retired staff	-	2,858	2,858	2,858	-
Purchased professional - educational services	10,517	34,498	45,015	43,225	1,790
Other purchased professional & technical services	65,782	(23,561)	42,221	29,109	13,112
Other purchased services	5,773	(44)	5,729	5,494	235
Miscellaneous purchased service	16,940	-	16,940	6,570	10,370
Supplies and materials	13,596	1,000	14,596	12,860	1,736
Other objects	1,740	600	2,340	2,340	-
Total	773,838	(5,229)	768,609	740,530	28,079
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	184,316	-	184,316	178,933	5,383
Salaries of other professional staff	21,330	29,830	51,160	18,025	33,135
Salaries of secretarial & clerical assist	35,721	240	35,961	34,961	1,000
Other salaries	13,618	(7,325)	6,293	6,293	-
Unused vacation payment to terminated/retired staff	-	781	781	-	781
Other purchased services	1,500	-	1,500	305	1,195
Supplies and materials	1,094	748	1,842	337	1,505
Other objects	2,450	-	2,450	1,070	1,380
Total	260,029	24,274	284,303	239,924	44,379
Undistributed expenditures - edu. media service/sch. library					
Salaries	160,149	505	160,654	160,653	1
Salaries of technology coordinators	211,039	13,744	224,783	220,831	3,952
Unused vacation payment to terminated/retired staff	-	3,500	3,500	3,416	84
Other purchased services	14,166	-	14,166	10,616	3,550
Supplies and materials	11,977	(495)	11,482	8,478	3,004
Total	397,331	17,254	414,585	403,994	10,591
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	84,685	1	84,686	84,272	414
Salaries of secretarial & clerical assist.	35,722	-	35,722	34,651	1,071
Other salaries	3,075	-	3,075	207	2,868
Unused vacation payment to terminated/retired staff	-	1,000	1,000	-	1,000
Purchased professional - educational services	24,318	(400)	23,918	10,603	13,315
Other purchased services	20,300	(7,625)	12,675	11,553	1,122
Supplies and materials	2,000	565	2,565	918	1,647
Other objects	1,465	-	1,465	1,369	96
Total	171,565	(6,459)	165,106	143,573	21,533

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 293,423	\$ 1,022	\$ 294,445	\$ 286,702	\$ 7,743
Unused vacation payment to terminated/retired staff	-	2,000	2,000	1,571	429
Legal services	90,000	25,000	115,000	106,842	8,158
Audit fees	35,000	-	35,000	34,100	900
Architectural/engineering services	15,009	-	15,009	19	14,990
Other purchased professional services	17,750	10,000	27,750	26,328	1,422
Communications/telephone	111,990	(39,629)	72,361	19,604	52,757
BOE other purchased services	4,229	(2,000)	2,229	1,399	830
Misc purch services	129,151	17,517	146,668	145,430	1,238
General supplies	10,817	10,469	21,286	18,889	2,397
BOE in-house training/meeting supplies	2,511	2,101	4,612	4,590	22
Judgments against the school district	-	70,000	70,000	70,000	-
Miscellaneous expenditures	3,725	1,675	5,400	5,160	240
BOE membership dues and fees	15,000	-	15,000	14,285	715
Total	728,605	98,155	826,760	734,919	91,841
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	615,041	6,716	621,757	621,757	-
Salaries of other professional staff	-	4,437	4,437	-	4,437
Salaries of secretarial and clerical assistants	436,991	3,893	440,884	427,325	13,559
Unused vacation payment to terminated/retired staff	-	12,939	12,939	12,939	-
Purchased professional and technical services	3,100	-	3,100	2,260	840
Other purchased services	31,014	5,145	36,159	25,177	10,982
Supplies and materials	19,991	15,406	35,397	30,730	4,667
Other objects	7,325	820	8,145	7,705	440
Total	1,113,462	49,356	1,162,818	1,127,893	34,925
Undistributed expenditures - central services					
Salaries	380,176	(10,000)	370,176	369,086	1,090
Unused vacation payment to terminated/retired staff	-	3,000	3,000	2,991	9
Purchased professional services	8,040	7,400	15,440	14,796	644
Purchased technical services	20,926	(796)	20,130	16,245	3,885
Miscellaneous purchased services	26,625	7,440	34,065	33,055	1,010
Supplies and materials	10,311	-	10,311	8,606	1,705
Other objects	1,600	17	1,617	1,617	-
Total	447,678	7,061	454,739	446,396	8,343
Undistributed expenditures - admin. info. technology					
Salaries	44,110	-	44,110	43,023	1,087
Unused vacation payment to terminated/retired staff	-	1,011	1,011	1,011	-
Other purchased services	12,000	(4,795)	7,205	1,239	5,966
Supplies and materials	13,411	(2,159)	11,252	11,252	-
Total	69,521	(5,943)	63,578	56,525	7,053
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	478,170	42,616	520,786	447,080	73,706
General supplies	111,334	(37,444)	73,890	68,876	5,014
Total	589,504	5,172	594,676	515,956	78,720

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries of non-instructional aides	\$ 78,648	\$ -	\$ 78,648	\$ 75,040	\$ 3,608
Purchased professional and technical services	18,995	(7,000)	11,995	11,077	918
Cleaning, repair, and maintenance service	1,160,305	(67,018)	1,093,287	1,088,277	5,010
Other purchased property services	22,000	6,283	28,283	17,466	10,817
Insurance	55,230	-	55,230	55,230	-
General supplies	59,000	4,251	63,251	58,578	4,673
Energy (natural gas)	123,472	(31,283)	92,189	88,974	3,215
Energy (electricity)	454,124	(70,757)	383,367	383,367	-
Other objects	1,025	-	1,025	100	925
Total	1,972,799	(165,524)	1,807,275	1,778,109	29,166
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	86,827	19,456	106,283	98,067	8,216
General supplies	16,000	-	16,000	13,450	2,550
Total	102,827	19,456	122,283	111,517	10,766
Undistributed expenditures - security					
Salaries	29,327	1,478	30,805	30,804	1
Purchased professional and technical services	2,450	-	2,450	1,528	922
Cleaning, repair, and maintenance service	5,600	2,419	8,019	6,311	1,708
General supplies	2,263	2,981	5,244	5,185	59
Total	39,640	6,878	46,518	43,828	2,690
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	6,154	-	6,154	6,142	12
Salaries for pupil trans (between home & school) - sp ed	6,154	-	6,154	6,142	12
Management fee - esc & ctsa trans. program	47,218	1,740	48,958	48,958	-
Contract service-aid in lieu pymts - non-public schools	146,052	65,606	211,658	209,635	2,023
Contract serv-aid in lieu pymts-charter school students	-	16,796	16,796	16,796	-
Contr service (oth. than between home & school) - vend	106,556	(2,871)	103,685	103,338	347
Contr service (between home & school) - joint agreements	13,658	(11,536)	2,122	-	2,122
Contract service (sp ed stds) - vendors	88,653	1,500	90,153	89,663	490
Contract service (sp ed stds) - joint agreements	-	30,525	30,525	30,525	-
Contract service (reg. students) - escs & ctsas	414,622	80,973	495,595	495,595	-
Contract service (spl. ed. students) - escs & ctsas	1,007,474	(72,000)	935,474	935,474	-
General supplies	0	165	165	165	-
Total	1,836,541	110,898	1,947,439	1,942,433	5,006
Unallocated benefits - employee benefits					
Social security contributions	249,065	26,563	275,628	254,925	20,703
Other retirement contributions - PERS	311,704	(259)	311,445	286,048	25,397
Other retirement contributions - regular	4,500	915	5,415	5,200	215
Unemployment compensation	40,000	-	40,000	-	40,000
Workmen's compensation	92,562	10,065	102,627	102,627	-
Health benefits	4,659,573	(5,000)	4,654,573	4,273,504	381,069
Tuition reimbursement	17,500	-	17,500	6,012	11,488
Other employee benefits	33,030	14,030	47,060	1,221	45,839
Unused sick payment to terminated/retired staff	60,000	(15,690)	44,310	44,310	-
Total	5,467,934	30,624	5,498,558	4,973,847	524,711

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
On-behalf TPAF pension contribution	\$ -	\$ -	\$ -	\$ 1,276,366	\$ (1,276,366)
On-behalf TPAF post retirement medical benefits	-	-	-	1,063,503	(1,063,503)
On-behalf TPAF long-term disability insurance	-	-	-	3,532	(3,532)
Reimbursed TPAF Social Security contribution	-	-	-	898,940	(898,940)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,242,341</u>	<u>(3,242,341)</u>
Total undistributed expenditures	<u>\$ 18,268,860</u>	<u>\$ 57,036</u>	<u>\$ 18,325,896</u>	<u>\$ 20,361,772</u>	<u>\$ (2,035,876)</u>
Total current	<u>\$ 30,050,330</u>	<u>\$ 209,658</u>	<u>\$ 30,259,988</u>	<u>\$ 31,953,583</u>	<u>\$ (1,693,595)</u>
Capital outlay					
Equipment					
Special education - instruction					
Resource room/resource center	\$ -	\$ 2,291	\$ 2,291	\$ 2,291	\$ -
Vocational programs					
School-sponsored and other instructional programs	6,460	-	6,460	6,460	-
Undistributed					
Undistributed expend. - support service - inst. staff	-	2,888	2,888	2,838	50
Undistributed expenditures - general admin.	-	2,970	2,970	2,970	-
Undistributed expenditures - school admin.	-	14,006	14,006	14,006	-
Undistributed expenditures - admin. info. technology	37,000	(15,764)	21,236	21,236	-
Undistributed expend. - required maint. for school facilities	14,055	7,891	21,946	16,438	5,508
Undistributed expenditures - security	12,000	-	12,000	-	12,000
Total equipment	<u>69,515</u>	<u>14,282</u>	<u>83,797</u>	<u>66,239</u>	<u>17,558</u>
Facilities acquisition and construction service					
Architectural/engineering services	1,800	4,500	6,300	6,300	-
Other purchased professional and technology services	-	5,554	5,554	5,554	-
Construction services	229,000	(8,814)	220,186	151,089	69,097
Assessment for debt service on SDA funding	54,023	-	54,023	54,023	-
Total facilities acquisition and construction service	<u>284,823</u>	<u>1,240</u>	<u>286,063</u>	<u>216,966</u>	<u>69,097</u>
Total capital outlay	<u>\$ 354,338</u>	<u>\$ 15,522</u>	<u>\$ 369,860</u>	<u>\$ 283,205</u>	<u>\$ 86,655</u>
Transfer of funds to charter schools	<u>\$ 388,698</u>	<u>\$ 3,430</u>	<u>\$ 392,128</u>	<u>\$ 388,784</u>	<u>\$ 3,344</u>
Total expenditures	<u>\$ 30,793,366</u>	<u>\$ 228,610</u>	<u>\$ 31,021,976</u>	<u>\$ 32,625,572</u>	<u>\$ (1,603,596)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,635,971)</u>	<u>\$ (228,610)</u>	<u>\$ (1,864,581)</u>	<u>\$ 26,707</u>	<u>\$ 1,891,288</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution		-		(40,000)	(40,000)
Transfer to special revenue fund - preschool programs	(98,132)	-	(98,132)	(98,132)	-
Total other financing sources (uses)	<u>(98,132)</u>	<u>-</u>	<u>(98,132)</u>	<u>(138,132)</u>	<u>(40,000)</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(1,734,103)	(228,610)	(1,962,713)	(111,425)	1,851,288
Fund balances, July 1	3,181,428	-	3,181,428	3,181,428	-
Fund balances, June 30	<u>\$ 1,447,325</u>	<u>\$ (228,610)</u>	<u>\$ 1,218,715</u>	<u>\$ 3,070,003</u>	<u>\$ 1,851,288</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (738,735)	\$ -	\$ (738,735)	\$ (738,735)	\$ -
Increase in capital reserve	-	320,000	320,000	320,000	-
Interest deposit to capital reserve	500	-	500	1,073	573
Withdrawal from capital reserve	(96,000)	-	(96,000)	(96,000)	-
Increase in emergency reserve	-	150,000	150,000	150,000	-
Interest earned on emergency reserve	-	-	-	233	233
Withdrawal from emergency reserve	(150,000)	-	(150,000)	(150,000)	-
Increase in maintenance reserve	-	100,000	100,000	100,000	-
Budgeted fund balance	(749,868)	(798,610)	(1,548,478)	302,004	1,850,482
Total	<u>\$ (1,734,103)</u>	<u>\$ (228,610)</u>	<u>\$ (1,962,713)</u>	<u>\$ (111,425)</u>	<u>\$ 1,851,288</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 782,206	
Emergency reserve				250,667	
Maintenance reserve				100,000	
Committed fund balance					
Year-end encumbrances				262,967	
Assigned fund balance					
Designated for subsequent year's expenditures				800,000	
Unassigned fund balance				<u>874,163</u>	
Fund balance per budgetary basis				3,070,003	
Reconciliation to governmental statements (GAAP)					
Last State aid payments not recognized on GAAP basis				<u>(352,675)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,717,328</u>	

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 81,738	\$ -	\$ 81,738	\$ 54,662	\$ (27,076)
State sources	524,129	-	524,129	523,999	(130)
Federal sources	1,233,742	-	1,233,742	871,162	(362,580)
Total revenues	1,839,609	-	1,839,609	1,449,823	(389,786)
Other financing sources					
Transfer from general fund	98,132	-	98,132	98,132	-
Total revenues & other financing sources	<u>\$ 1,937,741</u>	<u>\$ -</u>	<u>\$ 1,937,741</u>	<u>\$ 1,547,955</u>	<u>\$ (389,786)</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 350,185	\$ (8,411)	\$ 341,774	\$ 338,193	\$ 3,581
Salaries of other instructional staff	213,352	(34,364)	178,988	169,626	9,362
Purchased professional & technical services	40,084	(19,827)	20,257	12,060	8,197
Tuition	583,917	3,334	587,251	293,087	294,164
Other purchased services	10,401	2,700	13,101	12,619	482
General supplies	107,444	41,480	148,924	117,951	30,973
Textbooks	3,867	-	3,867	3,867	-
Other objects	15,901	-	15,901	15,401	500
Total	<u>1,325,151</u>	<u>(15,088)</u>	<u>1,310,063</u>	<u>962,804</u>	<u>347,259</u>
Support services					
Salaries of program directors	119,760	687	120,447	120,447	-
Salaries of other professional staff	90,840	668	91,508	91,508	-
Other salaries	161,696	16,056	177,752	164,391	13,361
Employee benefits	69,984	(6,394)	63,590	60,619	2,971
Purchased professional & technical services	81,964	(2,020)	79,944	79,014	930
Contracted services - transportation	1,805	(977)	828	828	-
Other purchased services	40,168	6,269	46,437	30,632	15,805
Supplies & materials	23,848	(15)	23,833	14,524	9,309
Other objects	16,066	80	16,146	15,995	151
Total	<u>606,131</u>	<u>14,354</u>	<u>620,485</u>	<u>577,958</u>	<u>42,527</u>
Facilities acquisition and construction services					
Instructional equipment	3,459	-	3,459	3,459	-
Non-instructional equipment	3,000	734	3,734	3,734	-
Total	<u>6,459</u>	<u>734</u>	<u>7,193</u>	<u>7,193</u>	<u>-</u>
Total expenditures	<u>\$ 1,937,741</u>	<u>\$ -</u>	<u>\$ 1,937,741</u>	<u>\$ 1,547,955</u>	<u>\$ 389,786</u>

See independent auditors' report.

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

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$ 32,652,279	\$ 1,449,823
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	91,817
Outstanding encumbrances - prior year adjustment	-	105
Outstanding encumbrances - current year	-	(79,724)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State aid receivable prior year	356,206	27,875
State aid receivable current year	(352,675)	(22,649)
Total revenues (GAAP basis)	\$ 32,655,810	\$ 1,467,247

See independent auditors' report.

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

Uses/Outflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 32,625,572	\$ 1,547,955
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	91,817
Outstanding encumbrances - prior year adjustment	-	105
Outstanding encumbrances - current year	-	(79,724)
Total expenditures (GAAP basis)	\$ 32,625,572	\$ 1,560,153

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.0307660282%	0.0306383920%	0.0324782489%	0.0312791491%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 9,112,015	\$ 6,877,705	\$ 6,080,816	\$ 5,978,067	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	2,171,881	2,185,869	2,142,807	2,226,899	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	419.54%	314.64%	283.78%	268.45%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A

N/A - information is not available

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 273,321	\$ 263,408	\$ 267,746	\$ 235,682	\$ 235,776	\$ 245,853	\$ 248,307	\$ 228,772	\$ 158,837	\$ 123,684
Contributions in relation to the contractually required contribution	(273,321)	(263,408)	(267,746)	(235,682)	(235,776)	(245,853)	(248,307)	(228,772)	(158,837)	(123,684)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 2,428,069	\$ 2,171,881	\$ 2,185,869	\$ 2,142,807	\$ 2,226,899	\$ 2,152,171	\$ 2,053,917	\$ 2,204,317	\$ 2,209,617	\$ 2,088,632
Contributions as a percentage of covered employee payroll	11.26%	12.13%	12.25%	11.00%	10.59%	11.42%	12.09%	10.38%	7.19%	5.92%

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	86,727,556	72,412,273	60,066,913	54,310,582	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 86,727,556	\$ 72,412,273	\$ 60,066,913	\$ 54,310,582	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 11,768,723	\$ 11,456,508	\$ 11,299,126	\$ 11,396,575	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A

N/A - information is not available

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,276,366	\$ 882,683	\$619,400	\$475,442	\$694,372	\$351,466	\$33,298	\$41,067	\$37,060	\$805,026
Contributions in relation to the contractually required contribution	(1,276,366)	(882,683)	(619,400)	(475,442)	(694,372)	(351,466)	(33,298)	(41,067)	(37,060)	(805,026)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 12,591,659	\$ 11,768,723	\$ 11,456,508	\$ 11,299,126	\$ 11,396,575	\$ 10,437,799	\$ 10,216,027	\$ 10,844,386	\$ 10,663,154	\$ 10,692,454
Contributions as a percentage of covered employee payroll	10.14%	7.50%	5.41%	4.21%	6.09%	3.37%	0.33%	0.38%	0.35%	7.53%

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2017

Note 1 - Special funding situation - TPAF

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

Note 2 - Changes in assumptions - TPAF

The discount rate decreased from 4.13% in State fiscal year 2015 to 3.22% in State fiscal year 2016. The inflation rate was 2.50% for State fiscal years 2015 and 2016.

Note 3 - Changes in assumptions - PERS

The discount rate decreased from 4.90% in State fiscal year 2015 to 3.98% in State fiscal year 2016. The inflation rate increased from 3.04% for State fiscal year 2015 to 3.08% for State fiscal year 2016.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total Brought Forward	NCLB Title IA	NCLB Title IIA	NCLB Title III	IDEA Basic	IDEA Preschool	Total
Revenues							
Local sources	\$ 54,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,662
State sources	523,999	-	-	-	-	-	523,999
Federal sources	13,614	335,751	84,623	21,749	402,423	13,002	871,162
Total revenues	592,275	335,751	84,623	21,749	402,423	13,002	1,449,823
Other financing sources							
Transfer from general fund	98,132	-	-	-	-	-	98,132
Total revenues & other financing sources	\$ 690,407	\$ 335,751	\$ 84,623	\$ 21,749	\$ 402,423	\$ 13,002	\$ 1,547,955
Expenditures							
Instruction							
Salaries of teachers	\$ 208,273	\$ 49,564	\$ -	\$ 12,768	\$ 55,510	\$ 12,078	\$ 338,193
Salaries of other instructional staff	67,969	101,657	-	-	-	-	169,626
Purchased professional & technical services	7,909	4,088	-	-	63	-	12,060
Tuition	-	-	-	-	293,087	-	293,087
Other purchased services	9,919	2,700	-	-	-	-	12,619
General supplies	22,202	90,691	-	5,058	-	-	117,951
Textbooks	3,867	-	-	-	-	-	3,867
Other objects	15,401	-	-	-	-	-	15,401
Total	335,540	248,700	-	17,826	348,660	12,078	962,804
Support services							
Salaries of program directors	120,447	-	-	-	-	-	120,447
Salaries of other professional staff	91,508	-	-	-	-	-	91,508
Other salaries	80,258	32,067	11,567	65	40,434	-	164,391
Employee benefits	26,707	23,749	876	974	7,389	924	60,619
Purchased professional & technical services	10,723	12,589	53,496	-	2,206	-	79,014
Contracted services - transportation	828	-	-	-	-	-	828
Other purchased services	8,885	1,190	18,534	2,023	-	-	30,632
Supplies & materials	11,534	1,979	150	861	-	-	14,524
Other objects	518	15,477	-	-	-	-	15,995
Total	351,408	87,051	84,623	3,923	50,029	924	577,958
Facility acquisition and construction services							
Instructional equipment	3,459	-	-	-	-	-	3,459
Non-instructional equipment	-	-	-	-	3,734	-	3,734
Total	3,459	-	-	-	3,734	-	7,193
Total expenditures	\$ 690,407	\$ 335,751	\$ 84,623	\$ 21,749	\$ 402,423	\$ 13,002	\$ 1,547,955

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2017

	School Based Youth Services Program	Local Grants	NJ Non-public Funds	NJ Preschool Education Aid	NCLB Title III Immigration	Total Carried Forward
Revenues						
Local sources	\$ -	\$ 54,662	\$ -	\$ -	\$ -	\$ 54,662
State sources	277,587	-	18,482	227,930	-	523,999
Federal sources	-	-	-	-	13,614	13,614
Total revenues	<u>277,587</u>	<u>54,662</u>	<u>18,482</u>	<u>227,930</u>	<u>13,614</u>	<u>592,275</u>
Other financing sources						
Transfer from general fund	-	-	-	98,132	-	98,132
Total revenues & other financing sources	<u>\$ 277,587</u>	<u>\$ 54,662</u>	<u>\$ 18,482</u>	<u>\$ 326,062</u>	<u>\$ 13,614</u>	<u>\$ 690,407</u>
Expenditures						
Instruction						
Salaries of teachers	\$ -	\$ -	\$ -	\$ 208,273	\$ -	\$ 208,273
Salaries of other instructional staff	-	-	-	67,969	-	67,969
Purchased professional & technical services	-	1,500	6,409	-	-	7,909
Other purchased services	-	9,919	-	-	-	9,919
General supplies	-	11,785	-	-	10,417	22,202
Textbooks	-	-	3,867	-	-	3,867
Other objects	-	15,401	-	-	-	15,401
Total	<u>-</u>	<u>38,605</u>	<u>10,276</u>	<u>276,242</u>	<u>10,417</u>	<u>335,540</u>
Support services						
Salaries of program directors	93,938	-	-	26,509	-	120,447
Salaries of other professional staff	91,508	-	-	-	-	91,508
Other salaries	78,228	-	-	-	2,030	80,258
Employee benefits	3,351	-	-	23,311	45	26,707
Purchased professional & technical services	616	1,900	7,901	-	306	10,723
Contracted services - transportation	523	-	305	-	-	828
Other purchased services	1,905	6,980	-	-	-	8,885
Supplies & materials	7,245	3,718	-	-	571	11,534
Other objects	273	-	-	-	245	518
Total	<u>277,587</u>	<u>12,598</u>	<u>8,206</u>	<u>49,820</u>	<u>3,197</u>	<u>351,408</u>
Facility acquisition and construction services						
Instructional equipment	-	3,459	-	-	-	3,459
Total	<u>-</u>	<u>3,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,459</u>
Total expenditures	<u>\$ 277,587</u>	<u>\$ 54,662</u>	<u>\$ 18,482</u>	<u>\$ 326,062</u>	<u>\$ 13,614</u>	<u>\$ 690,407</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures			
Instruction			
Salaries of teachers	\$ 208,273	\$ 208,273	\$ -
Salaries of other instructional staff	67,969	67,969	-
	<u>276,242</u>	<u>276,242</u>	<u>-</u>
Support services			
Salaries of program directors	26,509	26,509	
Employee benefits	23,311	23,311	
	<u>49,820</u>	<u>49,820</u>	<u>-</u>
Total expenditures	<u>\$ 326,062</u>	<u>\$ 326,062</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total revised 2016 - 2017 Preschool education aid allocation	\$ 226,486
Add: actual ECPA/PEA carryover (June 30, 2016)	1,444
Add: budgeted transfer from general fund	98,132
Total preschool education aid funds available for 2016 - 2017 budget	<u>326,062</u>
Less: 2016 - 2017 budgeted preschool education aid	<u>326,062</u>
Available & unbudgeted preschool education aid funds as of June 30, 2017	-
Add: 2016 - 2017 unexpended preschool education aid	<u>-</u>
2016 - 2017 Actual carryover preschool education aid	<u>\$ -</u>
2016 - 2017 Preschool education aid carryover budgeted for Preschool programs 2017 - 2018	<u>\$ -</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2017

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/17
			Prior Years	Current Year	
Bartle School roof replacement and masonry restoration	2/28/11	\$ 1,442,072	\$1,432,710	\$ -	\$ 9,362
Bartle School window replacement	6/05/14	1,235,850	748,521	-	487,329
		<u>\$ 2,677,922</u>	<u>\$ 2,181,231</u>	<u>\$ -</u>	<u>\$ 496,691</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Net Position - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

Fund balance - beginning	\$ 496,691
Fund balance - ending	<u>\$ 496,691</u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund balance - budgetary basis (Schedule F-2)	\$ 496,691
Receivables from other governments - State	
GAAP basis (Schedule B-1)	775,014
Budgetary basis (Schedule K-4)	<u>(973,817)</u>
Fund balance - GAAP basis (Schedule B-1)	<u>\$ 297,888</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Bartle School Roof Replacement and Masonry Restoration Project
For the Fiscal Year Ended June 30, 2017

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

Additional Project Information

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Bartle School Window Replacement
For the Fiscal Year Ended June 30, 2017

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

Additional Project Information

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

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Fund Net Position
June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 97,939	\$ 269,984	\$ 367,923
Due from other funds	37,212	-	37,212
Receivables from other governments			
State	1,239	-	1,239
Federal	61,666	-	61,666
Other receivables	8,544	3,051	11,595
Inventory	6,784	-	6,784
Total current assets	213,384	273,035	486,419
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	95,783	-	95,783
Total noncurrent assets	43,204	-	43,204
Total assets	256,588	273,035	529,623
Liabilities			
Current liabilities			
Due to other funds	-	9,703	9,703
Accounts payable	40,823	856	41,679
Unearned revenues			
Commodities	398	-	398
Prepaid sales	7,106	60	7,166
Other current liabilities	-	1,098	1,098
Total liabilities	48,327	11,717	60,044
Net Position			
Net investment in capital assets	43,204	-	43,204
Unrestricted	165,057	261,318	426,375
Total net position	\$ 208,261	\$ 261,318	\$ 469,579

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 170,716	\$ -	\$ 170,716
Daily sales - non-reimbursable programs	98,736	-	98,736
Special function sales	30,418	-	30,418
Before and after school care service fees	-	386,754	386,754
Total operating revenues	299,870	386,754	686,624
Operating expenses			
Cost of sales - reimbursable programs	218,535	-	218,535
Cost of sales - non-reimbursable programs	37,253	-	37,253
Salaries	183,233	207,805	391,038
Employee benefits	70,540	20,544	91,084
Purchased property services	8,833	-	8,833
Rental of land and buildings	-	35,000	35,000
Insurance	4,408	-	4,408
Management fee	23,486	-	23,486
Other purchased services	2,162	17,228	19,390
General supplies	21,493	90,086	111,579
Commodity costs	42,251	-	42,251
Depreciation	6,173	-	6,173
Total operating expenses	618,367	370,663	989,030
Operating income (loss)	(318,497)	16,091	(302,406)
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,391	-	6,391
Federal sources			
National school breakfast program	47,438	-	47,438
National school lunch program			
Cash assistance	253,480	-	253,480
Non cash assistance (commodities)	42,251	-	42,251
Prior year accounts receivable cancelled	(1,736)	-	(1,736)
Total non-operating revenues (expenses)	347,824	-	347,824
Change in net position	29,327	16,091	45,418
Net position, beginning	178,934	245,227	424,161
Net position, ending	\$ 208,261	\$ 261,318	\$ 469,579

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 306,385	\$ 383,703	\$ 690,088
Payments to employees	-	(207,805)	(207,805)
Payments for employee benefits	-	(20,544)	(20,544)
Payments to Food Service Management Co.	(552,573)	-	(552,573)
Payments to vendors and customers (net)	(11,595)	(141,773)	(153,368)
Net cash provided by (used for) operating activities	(257,783)	13,581	(244,202)
Cash flows from non-capital financing activities			
State sources	6,304	-	6,304
Federal sources	290,387	-	290,387
Interfund activity	(24,939)	414	(24,525)
Net cash provided by (used for) non-capital financing activities	271,752	414	272,166
Net increase (decrease) in cash and cash equivalents	13,969	13,995	27,964
Cash and cash equivalents, beginning	83,970	255,989	339,959
Cash and cash equivalents, ending	\$ 97,939	\$ 269,984	\$ 367,923
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (318,497)	\$ 16,091	\$ (302,406)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	6,173	-	6,173
Federal food donation program	42,251	-	42,251
(Increase) decrease in accounts receivable	8,419	(3,051)	5,368
(Increase) decrease in inventory	(1,276)	-	(1,276)
Increase (decrease) in accounts payable	6,919	541	7,460
Increase (decrease) in unearned revenues	(1,772)	-	(1,772)
Net cash provided by (used for) operating activities	\$ (257,783)	\$ 13,581	\$ (244,202)

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position
June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 56,531	\$ 88,945	\$ 145,570	\$ 66,602	\$ 357,648
Due from other funds	67,470	-	-	-	67,470
Total assets	124,001	88,945	145,570	66,602	425,118
Liabilities					
Due to other funds	-	-	-	44,450	44,450
Accounts payable	98	-	-	-	98
Due to student groups	-	-	145,570	-	145,570
Payroll deductions & withholdings	-	-	-	22,152	22,152
Total liabilities	98	-	145,570	66,602	212,270
Net Position					
Held in trust for unemployment claims and other purposes	\$ 123,903	\$ 88,945	\$ -	\$ -	\$ 212,848

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employees	\$ 27,470	\$ -	\$ 27,470
Other	-	15,413	15,413
Investment earnings			
Interest	-	7	7
Total additions	<u>27,470</u>	<u>15,420</u>	<u>42,890</u>
Deductions			
Scholarships awarded	-	8,400	8,400
Unemployment claims	12,477	-	12,477
Total deductions	<u>12,477</u>	<u>8,400</u>	<u>20,877</u>
Change in net position before other financing sources (uses)	14,993	7,020	22,013
Other financing sources (uses)			
Transfer in from general fund	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Change in net position after other financing sources (uses)	54,993	7,020	62,013
Net position - beginning of the year	<u>68,910</u>	<u>81,925</u>	<u>150,835</u>
Net position - end of the year	<u>\$ 123,903</u>	<u>\$ 88,945</u>	<u>\$ 212,848</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 153,122	\$ 314,068	\$ 321,620	\$ 145,570
Total assets	\$ 153,122	\$ 314,068	\$ 321,620	\$ 145,570
Liabilities				
Due to student groups				
Irving School	\$ 8,580	\$ 1,125	\$ 6,813	\$ 2,892
Bartle School	21,863	23,355	25,522	19,696
Middle School	9,717	38,538	39,632	8,623
High School	112,962	219,509	218,112	114,359
Athletic account	-	31,541	31,541	-
Total liabilities	\$ 153,122	\$ 314,068	\$ 321,620	\$ 145,570

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 39,785	\$ 18,319,585	\$ 18,292,768	\$ 66,602
Total assets	\$ 39,785	\$ 18,319,585	\$ 18,292,768	\$ 66,602
Liabilities				
Payroll deductions and withholdings				
Due to other funds	\$ 16,979	\$ 29,403	\$ 1,932	\$ 44,450
Net payroll	-	9,991,568	9,991,568	-
Payroll agency	22,806	8,298,614	8,299,268	22,152
Total liabilities	\$ 39,785	\$ 18,319,585	\$ 18,292,768	\$ 66,602

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
Refunding School Bonds of 2006	11/17/06	\$ 13,985,000				\$ 9,010,000	\$ -	\$ 9,010,000	\$ -
Refunding School Bonds of 2012	10/25/12	13,640,000	03/01/18	\$ 395,000	4.00%	-	-	-	-
			03/01/19	385,000	4.00%	-	-	-	-
			03/01/20	390,000	4.00%	-	-	-	-
			03/01/21	320,000	4.00%	-	-	-	-
			03/01/22	335,000	4.00%	-	-	-	-
			03/01/23	325,000	4.00%	-	-	-	-
			03/01/24	370,000	4.00%	-	-	-	-
			03/01/25	415,000	4.00%	-	-	-	-
			03/01/26	1,790,000	4.00%	-	-	-	-
			03/01/27	1,870,000	4.00%	-	-	-	-
			03/01/28	1,925,000	4.00%	-	-	-	-
			03/01/29	1,985,000	4.00%	-	-	-	-
			03/01/30	2,045,000	4.00%	13,005,000	-	455,000	12,550,000
Refunding School Bonds of 2016	11/22/16	8,555,000	02/15/18	935,000	1.39%	-	-	-	-
			02/15/19	975,000	1.39%	-	-	-	-
			02/15/20	995,000	1.39%	-	-	-	-
			02/15/21	1,100,000	1.39%	-	-	-	-
			02/15/22	1,110,000	1.39%	-	-	-	-
			02/15/23	1,155,000	1.39%	-	-	-	-
			02/15/24	1,140,000	1.39%	-	-	-	-
			02/15/25	1,120,000	1.39%	-	8,555,000	25,000	8,530,000
						<u>\$ 22,015,000</u>	<u>\$ 8,555,000</u>	<u>\$ 9,490,000</u>	<u>\$ 21,080,000</u>

Analysis of Amount Retired

Budget expenditures	\$ 1,175,000
Defeasance for refunding of 2006 bond issue	<u>8,315,000</u>
Total amount retired	<u>\$ 9,490,000</u>

See independent auditor's report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Debt service tax levy	\$ 2,019,359	\$ -	\$ 2,019,359	\$ 2,019,359	\$ -
Miscellaneous	-	-	-	5,619	5,619
State sources					
Debt service aid	9,423	-	9,423	9,423	-
Total revenues	<u>2,028,782</u>	<u>-</u>	<u>2,028,782</u>	<u>2,034,401</u>	<u>5,619</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,150,000	25,000	1,175,000	1,175,000	-
Interest on bonds	878,782	(25,000)	853,782	707,248	146,534
Total expenditures	<u>2,028,782</u>	<u>-</u>	<u>2,028,782</u>	<u>1,882,248</u>	<u>146,534</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	152,153	152,153
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,153</u>	<u>\$ 152,153</u>
Recapitulation of excess (deficiency) of revenue over (under) expenditures					
Budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,153</u>	<u>\$ 152,153</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statistical Section J Series

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

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

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 10,770,628	\$ 11,593,747	\$ 12,357,525	\$ 13,315,453	\$ 14,680,839	\$ 15,424,132	\$ 15,927,934	\$ 16,630,941	\$ 17,173,416	\$ 16,000,463
Restricted	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914
Unrestricted	(1,736,837)	(1,297,089)	(1,966,622)	(1,677,935)	(1,184,011)	(721,513)	(6,362,501)	(6,538,377)	(5,858,310)	(5,399,100)
Total governmental activities	\$ 9,621,431	\$ 10,872,772	\$ 11,533,801	\$ 13,253,481	\$ 14,974,856	\$ 16,047,253	\$ 10,861,300	\$ 11,581,459	\$ 12,420,561	\$ 12,184,277
Business-type activities										
Net investment in capital assets	\$ 58,693	\$ 52,471	\$ 45,324	\$ 40,711	\$ 33,344	\$ 26,770	\$ 33,107	\$ 42,020	\$ 49,377	\$ 43,204
Unrestricted	83,144	167,930	167,913	168,790	233,111	234,305	263,567	300,611	374,784	426,375
Total business-type activities	\$ 141,837	\$ 220,401	\$ 213,237	\$ 209,501	\$ 266,455	\$ 261,075	\$ 296,674	\$ 342,631	\$ 424,161	\$ 469,579
District-wide										
Net investment in capital assets	\$ 10,829,321	\$ 11,646,218	\$ 12,402,849	\$ 13,356,164	\$ 14,714,183	\$ 15,450,902	\$ 15,961,041	\$ 16,672,961	\$ 17,222,793	\$ 16,043,667
Restricted	587,640	576,114	1,142,898	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914
Unrestricted	(1,653,693)	(1,129,159)	(1,798,709)	(1,509,145)	(950,900)	(487,208)	(6,098,934)	(6,237,766)	(5,483,526)	(4,972,725)
Total district-wide	\$ 9,763,268	\$ 11,093,173	\$ 11,747,038	\$ 13,462,982	\$ 15,241,311	\$ 16,308,328	\$ 11,157,974	\$ 11,924,090	\$ 12,844,722	\$ 12,653,856

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,307,353	\$ 9,573,546	\$ 9,156,318	\$ 8,897,577	\$ 9,887,679	\$ 11,057,689	\$ 11,258,338	\$ 13,827,267	\$ 15,105,204	\$ 16,376,975
Special education	2,615,781	2,609,222	2,989,771	3,262,529	3,111,479	3,663,691	3,752,569	4,553,786	4,479,743	4,953,646
Other special education	736,405	496,443	485,936	659,803	587,261	596,341	733,884	774,195	712,296	888,524
Other instruction	709,853	672,637	1,126,422	983,996	914,493	833,214	867,842	938,732	1,250,193	1,621,534
Support services										
Tuition	1,722,016	1,763,726	1,750,764	1,804,870	1,868,281	1,902,117	1,963,823	1,978,369	2,290,325	2,357,430
Student & instruction related services	4,706,208	4,389,406	4,419,671	4,240,958	4,204,905	4,662,007	4,285,857	4,871,894	5,417,343	6,839,448
General & business administrative services	1,748,463	1,503,870	1,418,257	1,412,487	1,908,409	1,767,011	1,577,180	1,976,727	1,798,719	1,985,785
School administration	1,436,481	1,380,141	1,502,289	1,380,535	1,536,729	1,628,626	1,554,762	1,792,284	1,964,659	2,302,957
Plant operations & maintenance	2,181,302	2,304,046	2,232,019	2,213,377	2,011,298	2,237,883	1,992,071	2,407,329	2,734,852	2,651,875
Pupil transportation	1,311,731	1,245,772	1,216,083	1,283,356	1,266,543	1,312,460	1,309,393	1,405,434	1,299,670	1,951,983
Transfer to charter schools	69,048	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002	388,784
Interest on long term debt	1,339,177	1,290,577	1,245,732	1,278,984	1,214,753	1,111,490	1,121,718	1,082,075	1,034,427	698,742
Total governmental activities expenses	<u>28,883,818</u>	<u>27,296,119</u>	<u>27,655,669</u>	<u>27,613,360</u>	<u>28,732,534</u>	<u>31,099,236</u>	<u>30,743,794</u>	<u>36,002,867</u>	<u>38,473,433</u>	<u>43,017,683</u>
Business-type activities										
Food services	602,539	555,129	545,600	504,307	519,295	554,527	588,168	584,567	587,347	618,367
Other	382,620	467,428	401,137	284,588	288,115	302,036	274,970	300,133	303,049	370,663
Total business-type activities	<u>985,159</u>	<u>1,022,557</u>	<u>946,737</u>	<u>788,895</u>	<u>807,410</u>	<u>856,563</u>	<u>863,138</u>	<u>884,700</u>	<u>890,396</u>	<u>989,030</u>
Total district expenses	<u>\$ 29,868,977</u>	<u>\$ 28,318,676</u>	<u>\$ 28,602,406</u>	<u>\$ 28,402,255</u>	<u>\$ 29,539,944</u>	<u>\$ 31,955,799</u>	<u>\$ 31,606,932</u>	<u>\$ 36,887,567</u>	<u>\$ 39,363,829</u>	<u>\$ 44,006,713</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 23,835	\$ 33,338	\$ 28,663	\$ 34,093	\$ 46,095	\$ 61,062	\$ 57,441	\$ 48,734	\$ 50,339	\$ 46,902
Special education instruction	-	10,951	-	42,289	9,400	30,464	68,799	36,016	20,687	-
Other instruction	-	-	3,551	-	-	-	-	-	-	-
Student & instruction related services	-	-	-	-	-	280	-	-	-	1,408
General & business administrative services	135	256	140	138	10	137	168	4	-	-
Plant operations & maintenance	21,423	20,918	7,778	294	5,282	28,346	29,554	75,108	121,145	172,616
Operating grants & contributions	2,586,175	1,351,035	1,289,252	1,711,885	1,353,625	2,294,897	1,419,517	1,334,920	1,546,537	1,467,247
Capital grants & contributions	783,098	310,401	-	259,835	497,091	64,903	19,640	235,293	44,475	-
Total governmental activities program revenues	<u>3,414,666</u>	<u>1,726,899</u>	<u>1,329,384</u>	<u>2,048,534</u>	<u>1,911,503</u>	<u>2,480,089</u>	<u>1,595,119</u>	<u>1,730,075</u>	<u>1,783,183</u>	<u>1,688,173</u>
Business-type activities										
Charges for services										
Food service	376,895	339,574	302,562	272,828	294,182	289,781	306,373	298,563	293,412	299,870
Other	412,396	553,773	387,757	275,473	308,312	310,673	315,652	322,526	366,190	386,754
Operating grants & contributions	199,839	207,442	249,093	236,430	258,294	275,729	301,212	309,568	312,324	349,560
Total business-type activities program revenues	<u>989,130</u>	<u>1,100,789</u>	<u>939,412</u>	<u>784,731</u>	<u>860,788</u>	<u>876,183</u>	<u>923,237</u>	<u>930,657</u>	<u>971,926</u>	<u>1,036,184</u>
Total district - program revenues	<u>\$ 4,403,796</u>	<u>\$ 2,827,688</u>	<u>\$ 2,268,796</u>	<u>\$ 2,833,265</u>	<u>\$ 2,772,291</u>	<u>\$ 3,356,272</u>	<u>\$ 2,518,356</u>	<u>\$ 2,660,732</u>	<u>\$ 2,755,109</u>	<u>\$ 2,724,357</u>
Net (expense) revenues										
Governmental activities	\$ (25,469,152)	\$ (25,569,220)	\$ (26,326,285)	\$ (25,564,826)	\$ (26,821,031)	\$ (28,619,147)	\$ (29,148,675)	\$ (34,272,792)	\$ (36,690,250)	\$ (41,329,510)
Business-type activities	3,971	78,232	(7,325)	(4,164)	53,378	19,620	60,099	45,957	81,530	47,154
Total district-wide net expenses	<u>\$ (25,465,181)</u>	<u>\$ (25,490,988)</u>	<u>\$ (26,333,610)</u>	<u>\$ (25,568,990)</u>	<u>\$ (26,767,653)</u>	<u>\$ (28,599,527)</u>	<u>\$ (29,088,576)</u>	<u>\$ (34,226,835)</u>	<u>\$ (36,608,720)</u>	<u>\$ (41,282,356)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 18,647,753	\$ 19,125,082	\$ 19,690,085	\$ 20,464,826	\$ 20,874,123	\$ 21,291,605	\$ 21,717,437	\$ 23,208,941	\$ 24,207,999	\$ 25,154,671
Taxes levied for debt service	1,972,159	2,051,618	2,055,915	2,056,511	2,054,645	2,056,929	1,967,946	2,008,923	1,989,143	2,019,359
Unrestricted grants & contributions	5,340,516	5,550,906	5,300,824	4,733,360	5,478,065	6,136,322	5,947,416	9,716,309	11,248,257	13,903,853
Investment earnings	146,178	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739	11,170
Miscellaneous income	103,792	149,866	103,487	131,819	241,182	143,730	87,345	92,720	76,214	44,173
Special item - gain (loss) on disposal of capital assets	(1,614)	(4,677)	-	(5,076)	-	-	(1,864)	-	-	-
Special item - insurance proceeds for storm damage	-	-	-	-	-	35,761	-	-	-	-
Operating transfers in/(out)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)
Total governmental activities	<u>26,069,614</u>	<u>26,820,561</u>	<u>26,987,314</u>	<u>27,284,506</u>	<u>28,542,406</u>	<u>29,691,544</u>	<u>29,705,107</u>	<u>34,992,951</u>	<u>37,529,352</u>	<u>41,093,226</u>
Business-type activities										
Investment earnings	753	332	361	428	58	-	-	-	-	-
Miscellaneous income	-	-	-	-	3,518	-	500	-	-	-
Transfers in/(out)	50,170	-	-	-	-	(25,000)	(25,000)	-	-	-
Special item - prior year special function revenue (expenses)	1,343	-	-	-	-	-	-	-	-	-
Special item - prior year accounts receivable canceled	-	-	(200)	-	-	-	-	-	-	(1,736)
Total business-type activities	<u>52,266</u>	<u>332</u>	<u>161</u>	<u>428</u>	<u>3,576</u>	<u>(25,000)</u>	<u>(24,500)</u>	<u>-</u>	<u>-</u>	<u>(1,736)</u>
Total district-wide	<u>\$ 26,121,880</u>	<u>\$ 26,820,893</u>	<u>\$ 26,987,475</u>	<u>\$ 27,284,934</u>	<u>\$ 28,545,982</u>	<u>\$ 29,666,544</u>	<u>\$ 29,680,607</u>	<u>\$ 34,992,951</u>	<u>\$ 37,529,352</u>	<u>\$ 41,091,490</u>
Change in net position										
Governmental activities	\$ 600,462	\$ 1,251,341	\$ 661,029	\$ 1,719,680	\$ 1,721,375	\$ 1,072,397	\$ 556,432	\$ 720,159	\$ 839,102	\$ (236,284)
Business-type activities	56,237	78,564	(7,164)	(3,736)	56,954	(5,380)	35,599	45,957	81,530	45,418
Total district	<u>\$ 656,699</u>	<u>\$ 1,329,905</u>	<u>\$ 653,865</u>	<u>\$ 1,715,944</u>	<u>\$ 1,778,329</u>	<u>\$ 1,067,017</u>	<u>\$ 592,031</u>	<u>\$ 766,116</u>	<u>\$ 920,632</u>	<u>\$ (190,866)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 825,704	\$ 829,209	\$ 1,903,082	\$ 720,049	\$ 1,755,612	\$ 1,462,579	\$ 552,234	\$ 1,152,936	\$ 857,435	\$ 1,132,873
Committed	358,716	524,715	-	315,076	765,230	219,233	628,454	295,676	738,735	262,967
Assigned	243,000	430,000	12,825	426,210	505,489	680,000	400,000	400,000	700,000	800,000
Unassigned	383,468	256,073	182,362	365,048	320,852	359,524	388,364	509,412	529,052	521,488
Total general fund	<u>\$ 1,810,888</u>	<u>\$ 2,039,997</u>	<u>\$ 2,098,269</u>	<u>\$ 1,826,383</u>	<u>\$ 3,347,183</u>	<u>\$ 2,721,336</u>	<u>\$ 1,969,052</u>	<u>\$ 2,358,024</u>	<u>\$ 2,825,222</u>	<u>\$ 2,717,328</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 559,559	\$ 463,688	\$ 96,238	\$ 1,128,721	\$ 168,921	\$ 120,353	\$ 717,541	\$ 364,602	\$ 297,888	\$ 297,888
Assigned, reported in										
debt service fund	1	1	-	1	1	50,250	26,092	21,225	-	152,153
Unassigned, reported in										
Special revenue fund	(73,377)	(29,022)	(29,992)	(29,992)	(27,492)	(28,859)	(30,488)	(32,231)	(27,875)	(22,649)
Total all other governmental funds	<u>\$ 486,183</u>	<u>\$ 434,667</u>	<u>\$ 66,246</u>	<u>\$ 1,098,730</u>	<u>\$ 141,430</u>	<u>\$ 141,744</u>	<u>\$ 713,145</u>	<u>\$ 353,596</u>	<u>\$ 270,013</u>	<u>\$ 427,392</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 20,619,912	\$ 21,176,700	\$ 21,746,000	\$ 22,521,337	\$ 22,928,768	\$ 23,348,534	\$ 23,685,383	\$ 25,217,864	\$ 26,197,142	\$ 27,174,030
Tuition charges	23,835	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026	46,310
Interest earnings	146,178	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739	11,170
Miscellaneous	136,808	184,377	100,806	140,296	267,431	1,034,900	109,456	173,101	118,508	71,217
State sources	7,099,005	6,209,897	5,357,841	5,285,820	5,879,238	6,710,432	6,498,687	6,990,035	7,434,050	7,874,267
State sources - capital projects	783,098	310,401		259,835	497,091	64,903	19,640	235,293	44,475	51,108
Federal sources	769,426	630,739	1,196,717	1,110,005	885,699	778,930	805,729	732,653	876,023	929,356
Total revenues	29,578,262	28,575,964	28,452,030	29,406,741	30,518,113	32,030,417	31,246,931	33,439,754	34,748,963	36,157,458
Expenditures										
Instruction										
Regular instruction	6,535,275	6,877,160	6,514,936	6,187,899	6,785,092	7,335,202	7,511,275	7,867,272	7,933,174	7,997,787
Special education instruction	1,727,937	1,890,684	2,087,987	2,232,059	2,073,818	2,413,925	2,464,384	2,594,131	2,356,648	2,406,856
Other special instruction	231,264	238,532	249,108	243,562	254,013	264,405	273,745	222,516	271,245	300,803
School sponsored/Other instruction	528,237	496,530	803,805	694,021	639,463	580,783	597,520	621,901	751,555	886,365
Support services										
Tuition	1,418,877	1,544,207	1,588,055	1,325,187	1,551,601	1,583,577	1,638,311	1,759,536	1,980,136	2,054,796
Student & inst related services	2,733,522	3,015,690	2,929,618	2,781,135	2,716,128	2,947,208	2,748,630	2,719,938	2,871,595	3,333,212
General administration	662,134	599,287	540,782	564,270	681,821	657,647	629,571	870,571	754,044	734,919
School administration services	818,510	886,022	929,273	850,887	942,431	988,977	970,007	976,782	1,064,649	1,127,893
Central services	636,204	457,733	383,945	368,853	416,759	424,193	418,742	414,785	427,213	446,396
Administrative information technology	51,277	60,696	55,749	45,723	55,958	49,416	45,699	101,644	52,905	56,525
Plant operations & maintenance	2,136,233	2,236,832	2,146,722	2,149,502	1,976,206	2,190,994	1,963,783	2,339,513	2,589,595	2,449,410
Pupil transportation	1,306,768	1,237,312	1,208,805	1,275,558	1,258,988	1,301,430	1,299,566	1,396,218	1,283,568	1,942,433
Employee benefits	2,809,315	3,086,387	3,295,083	3,432,714	3,578,330	3,877,541	4,282,640	4,440,405	4,541,301	4,973,847
On-behalf TPAF pension & Social Security contribution	2,669,005	1,529,760	1,610,837	1,482,444	1,830,338	2,341,289	2,108,950	2,475,847	2,810,755	3,242,341
Capital outlay	50,742	324,511	395,953	234,686	191,113	950,456	550,329	131,586	537,291	229,182
Transfers to charter schools	69,048	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002	388,784
Special revenue funds	2,596,325	1,306,680	1,290,222	1,711,885	1,361,578	2,343,162	1,434,213	1,352,979	1,568,729	1,560,153
Capital projects fund	2,147,978	406,272	367,450	627,526	1,207,927	245,342	49,100	588,232	111,189	49,369
Debt service										
Principal	737,474	769,865	807,368	840,449	873,948	988,096	1,032,261	1,074,558	1,095,000	1,175,000
Interest & other charges	1,322,170	1,291,328	1,259,074	1,292,895	1,229,247	1,087,932	1,067,731	1,027,142	978,754	761,271
Total expenditures	31,188,295	28,322,221	28,577,179	28,536,143	29,845,463	32,898,282	31,412,814	33,370,331	34,365,348	36,117,342

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ (1,610,033)	\$ 253,743	\$ (125,149)	\$ 870,598	\$ 672,650	\$ (867,865)	\$ (165,883)	\$ 69,423	\$ 383,615	\$ 40,116
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	49,116	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-	13,640,000	-	-	-	8,555,000
Payment to refunding bond escrow agent	-	-	-	-	-	(13,949,447)	-	-	-	(8,505,631)
Premium on bond issue	-	-	-	-	-	441,318	-	-	-	-
Premium on note issue	-	-	-	-	850	584	-	-	-	-
Insurance claim proceeds for storm damage	-	-	-	-	-	35,761	-	-	-	-
Transfers in (out)	(139,170)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)
Total other financing sources (uses)	(139,170)	(76,150)	(185,000)	(110,000)	(109,150)	242,332	(15,000)	(40,000)	-	9,369
Net change in fund balances	\$ (1,749,203)	\$ 177,593	\$ (310,149)	\$ 760,598	\$ 563,500	\$ (625,533)	\$ (180,883)	\$ 29,423	\$ 383,615	\$ 49,485
Debt service as a percentage of non-capital expenditures	7.65%	8.07%	8.03%	8.35%	7.98%	7.01%	7.31%	6.88%	6.55%	5.71%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest income	\$ 97,265	\$ 23,779	\$ 22,003	\$ 13,066	\$ 4,391	\$ 2,197	\$ 1,827	\$ 6,058	\$ 7,739	\$ 11,170
Insurance dividends	13,355	13,348	5,032	8,808	-	-	-	-	-	-
Mortgage loan proceeds	43,449	44,535	45,649	46,790	47,960	49,158	-	-	-	-
Rentals	15,660	11,821	2,700	-	1,375	11,085	20,995	45,600	40,883	50,124
Prior year										
Account balance canceled	-	-	-	-	-	9,387	1,164	1,610	-	3,522
Refund	6,084	5,202	11,321	6,693	23,568	2,982	14,740	9,074	3,086	2,362
Outstanding checks voided	-	8,756	-	-	-	-	517	-	-	-
E-Rate rebates	-	36,545	-	-	-	7,791	165	-	-	-
Miscellaneous refunds	-	-	-	-	-	512	-	26	-	-
Restitution	-	328	434	-	410	-	-	-	-	-
Donations and local contributions	-	-	-	27,308	-	1,880	-	-	-	-
Tuition	23,835	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026	46,310
Proceeds from sale of assets	-	2,112	90	-	-	-	289	-	-	2,880
Lawsuit settlement proceeds	-	-	-	-	126,000	-	-	-	-	-
Energy rebates	-	-	-	-	-	3,475	8,808	8,743	8,776	5,781
Local contributions	-	-	-	-	-	-	-	-	2,386	-
Miscellaneous	-	425	62	1,277	1,365	707	261	313	77	929
Annual totals	\$ 199,648	\$ 186,785	\$ 115,954	\$ 180,324	\$ 260,564	\$ 179,695	\$ 174,975	\$ 156,174	\$ 133,973	\$ 123,078

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 3,412,100	\$ 3,460,700	\$ 3,402,400	\$ 8,975,900	\$ 7,665,900	\$ 4,941,000	\$ 4,979,000	\$ 8,369,600	\$ 9,602,600	\$ 6,955,000
Residential	394,142,800	395,306,400	396,844,200	397,445,000	401,239,600	409,902,700	410,935,400	410,880,200	416,431,100	426,818,300
Commercial	48,518,800	48,823,000	49,040,700	48,760,300	48,480,900	47,375,500	47,800,300	49,270,000	49,201,300	48,868,800
Industrial	5,044,900	4,763,800	4,763,800	2,808,400	2,808,400	2,808,400	2,487,800	2,330,600	2,330,600	2,330,600
Apartment	80,112,600	80,459,300	80,459,300	77,138,600	77,035,000	76,839,300	76,781,000	76,368,600	76,368,600	76,368,600
Total assessed value	531,231,200	532,813,200	534,510,400	535,128,200	537,229,800	541,866,900	542,983,500	547,219,000	553,934,200	561,341,300
Public utilities (a)	306,318	311,208	304,824	276,411	40	40	42	43	43	44
Net valuation taxable	\$ 531,537,518	\$ 533,124,408	\$ 534,815,224	\$ 535,404,611	\$ 537,229,840	\$ 541,866,940	\$ 542,983,542	\$ 547,219,043	\$ 553,934,243	\$ 561,341,344
Estimated actual county equalized value	\$ 1,488,066,959	\$ 1,512,628,292	\$ 1,501,446,445	\$ 1,436,556,510	\$1,358,356,106	\$1,371,814,938	\$ 1,288,828,726	\$1,271,124,317	\$ 1,294,238,828	\$ 1,294,238,828
Percentage of net valuation to estimated actual equalized value	35.72%	35.24%	35.62%	37.27%	39.55%	39.50%	42.13%	43.05%	42.80%	43.37%
Total direct school tax rate (b)	\$ 3.93	\$ 4.02	\$ 4.14	\$ 4.24	\$ 4.31	\$ 4.33	\$ 4.55	\$ 4.60	\$ 4.87	\$ 4.79

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Municipality	County	
			Total Direct School Tax Rate				
2008	\$ 3.55	\$ 0.38	\$ 3.93	\$ 1.57	\$ 0.80	\$ 6.30	
2009	3.64	0.38	4.02	1.63	0.84	6.49	
2010	3.76	0.38	4.14	1.66	0.84	6.64	
2011	3.86	0.38	4.24	1.71	0.90	6.85	
2012	3.93	0.38	4.31	1.77	0.91	6.99	
2013	3.97	0.36	4.33	1.86	0.98	7.17	
2014	4.19	0.36	4.55	1.98	0.95	7.48	
2015	4.25	0.35	4.60	2.07	0.93	7.60	
2016	4.50	0.37	4.87	2.12	0.91	7.90	
2017	4.43	0.36	4.79	2.16	0.91	7.86	

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2017			2008		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Tree Tops at Highlands LLC	\$ 8,000,000	1	1.43%	\$ 9,814,400	1	1.85%
Cedar Arms Associates LLC	5,220,000	2	0.93%	5,220,000	2	0.98%
Donaldson Park Apartments	5,019,800	3	0.89%	5,019,800	3	0.94%
CLA Management Company	4,994,800	4	0.89%	4,994,800	4	0.94%
Rutgers University c/o Richardson	4,922,100	5	0.88%	-	-	-
Cedar Holding Associates	4,871,600	6	0.87%	4,871,600	6	0.92%
Orchard Gardens	4,600,300	7	0.82%	4,600,300	7	0.87%
Highland Montgomery LLC	3,704,000	8	0.66%	3,704,000	8	0.70%
East Coast Harper & Highland House/Gardens	3,544,600	9	0.63%	-	-	-
Highland Park Manor LLC	2,586,000	10	0.46%	2,712,600	9	0.51%
Forest Glen	-	-	-	4,922,100	5	0.93%
Placid Brook Associates	-	-	-	2,208,800	10	0.42%
	<u>\$ 47,463,200</u>		<u>8.46%</u>	<u>\$ 48,068,400</u>		<u>9.04%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

<u>Year Ending December 31,</u>	<u>Taxes Levied for the Year</u>	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2007	\$ 32,357,491	\$ 32,309,292	99.85%
2008	33,831,273	33,808,188	99.93%
2009	34,875,063	34,863,397	99.97%
2010	35,671,962	35,652,607	99.95%
2011	36,980,545	36,921,189	99.84%
2012	38,186,051	38,182,144	99.99%
2013	39,134,661	39,133,432	100.00%
2014	40,858,126	40,805,412	99.87%
2015	41,963,953	41,876,966	99.79%
2016	44,380,275	44,367,021	99.97%

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

(a)

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 28,437,429	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ 33,437,429	5.11%	\$ 2,379
2009	27,667,564	-	-	-	-	-	27,667,564	4.08%	1,950
2010	26,860,196	-	-	-	-	-	26,860,196	4.07%	1,874
2011	26,019,747	-	-	-	-	-	26,019,747	3.94%	1,860
2012	25,145,799	-	-	1,085,996	-	-	26,231,795	3.70%	1,867
2013	25,167,703	-	49,116	1,085,996	-	-	26,302,815	3.50%	1,853
2014	24,160,000	-	24,558	-	-	-	24,184,558	3.35%	1,698
2015	23,110,000	-	-	-	-	-	23,110,000	3.11%	1,615
2016	22,015,000	-	-	-	-	-	22,015,000	2.89%	1,544
2017	21,080,000	-	-	-	-	-	21,080,000	N/A	1,485

NOTES: (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions				
2008	\$ 28,437,429	-	\$ 28,437,429	5.35%	\$ 2,024	
2009	27,667,564	-	27,667,564	5.19%	1,950	
2010	26,860,196	-	26,860,196	5.02%	1,874	
2011	26,019,747	-	26,019,747	4.86%	1,860	
2012	25,145,799	-	25,145,799	4.68%	1,790	
2013	25,167,703	-	25,167,703	4.64%	1,773	
2014	24,160,000	-	24,160,000	4.45%	1,696	
2015	23,110,000	-	23,110,000	4.22%	1,615	
2016	22,015,000	-	22,015,000	3.97%	1,544	
2017	21,080,000	-	21,080,000	3.76%	1,485	

NOTES: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 14,466,565	100.00%	\$ 14,466,565
County general obligation debt	700,844,475	1.26%	<u>8,833,650</u>
Subtotal, overlapping debt			23,300,215
School district direct debt			<u>22,255,000</u>
Total direct and overlapping debt			<u><u>\$ 45,555,215</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
	2016 \$ 1,250,698,126
	2015 1,278,549,065
	2014 <u>1,261,285,714</u>
	<u>\$ 3,790,532,905</u>
Average equalized valuation of taxable property	<u>\$ 1,263,510,968</u>
Debt limit (4.0% of average equalization value)	\$ 50,540,439
Total net debt applicable to limit	<u>21,080,000</u>
Legal debt margin	<u>\$ 29,460,439</u>

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 55,296,999	\$ 53,323,946	\$ 52,100,526	\$ 51,013,507	\$ 50,540,439
Total net debt applicable	<u>28,030,227</u>	<u>24,160,000</u>	<u>23,110,000</u>	<u>22,015,000</u>	<u>21,080,000</u>
Legal debt margin	<u>\$ 27,266,772</u>	<u>\$ 29,163,946</u>	<u>\$ 28,990,526</u>	<u>\$ 28,998,507</u>	<u>\$ 29,460,439</u>
Total net debt applicable to the limit as a percentage of debt limit	50.69%	45.31%	44.36%	43.16%	41.71%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 55,904,247	\$ 58,950,149	\$ 59,992,854	\$ 59,092,121	\$ 57,107,005
Total net debt applicable	<u>33,437,429</u>	<u>29,444,092</u>	<u>28,636,724</u>	<u>27,796,275</u>	<u>28,008,323</u>
Legal debt margin	<u>\$ 22,466,818</u>	<u>\$ 29,506,057</u>	<u>\$ 31,356,130</u>	<u>\$ 31,295,846</u>	<u>\$ 29,098,682</u>
Total net debt applicable to the limit as a percentage of debt limit	59.81%	49.95%	47.73%	47.04%	49.05%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2008	14,187	\$ 678,550,023	\$ 47,829	5.00%
2009	14,332	659,529,976	46,018	7.80%
2010	13,992	661,094,016	47,248	7.80%
2011	14,049	709,895,970	50,530	7.60%
2012	14,198	750,889,626	52,887	7.70%
2013	14,244	721,187,964	50,631	7.80%
2014	14,306	743,540,044	51,974	4.40%
2015	14,262	762,546,354	53,467	3.60%
2016	14,195	N/A	N/A	3.30%
2017	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2017

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
-----------------	------------------	-------------	---------------------------------------------------------

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2008

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

See independent auditors' report.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program										
Instruction										
Regular	120.0	115.0	110.0	99.1	105.4	117.1	116.5	119.4	119.1	119.7
Special education	56.0	44.0	45.4	48.2	49.1	56.8	60.8	49.6	52.3	53.9
Other instruction	3.6	3.6	3.6	3.6	8.0	7.1	6.1	5.3	9.1	9.6
Support services										
Student and instruction related services	44.0	54.0	51.9	50.7	46.3	46.0	34.8	42.4	48.1	53.6
General administration	2.0	3.2	3.2	3.2	3.2	2.2	3.2	3.0	3.0	3.0
School administration services	10.9	11.2	12.7	11.5	11.5	12.2	14.7	14.4	18.4	15.6
Central services	6.5	5.8	5.8	4.8	5.1	5.5	4.5	4.5	4.5	4.5
Administrative information technology	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Plant operations and maintenance	4.5	3.9	3.2	3.6	2.2	2.3	1.6	3.2	5.5	5.7
Total	<u>248.0</u>	<u>241.2</u>	<u>236.3</u>	<u>225.2</u>	<u>231.3</u>	<u>249.7</u>	<u>242.7</u>	<u>242.3</u>	<u>260.5</u>	<u>266.1</u>

Source: District Personnel Records

See independent auditors' report.

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

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	1,486	\$ 26,929,931	\$ 18,122	9.27%	158	1 to 13.44	1,507.2	1,432.5	-1.96%	95.04%
2009	1,445	25,530,245	17,668	-2.51%	152	1 to 19.75	1,451.1	1,384.1	-3.72%	95.38%
2010	1,473	25,747,334	17,480	-1.07%	153	1 to 19.93	1,466.7	1,390.5	1.08%	94.80%
2011	1,457	25,540,587	17,530	0.29%	149	1 to 20.03	1,456.9	1,379.7	-0.67%	94.70%
2012	1,483	26,297,672	17,733	1.16%	151	1 to 21.07	1,470.5	1,406.8	0.93%	95.67%
2013	1,521	29,626,456	19,478	9.84%	142	1 to 22.94	1,531.1	1,460.0	4.12%	95.36%
2014	1,595	28,713,393	18,002	-7.58%	141	1 to 19.69	1,594.8	1,520.6	4.16%	95.35%
2015	1,581	30,548,813	19,322	7.33%	144	1 to 21.66	1,581.5	1,511.6	-0.83%	95.58%
2016	1,600	31,643,114	19,777	2.35%	144	1 to 22.25	1,600.3	1,497.9	1.19%	93.60%
2017	1,671	33,902,520	20,289	2.59%	148	1 to 21.42	1,598.2	1,487.1	-0.13%	93.05%

Source: District Records

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

See independent auditors' report.

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

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Irving School (1915)										
Square feet	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	312	294	301	290	299	335	336	332	309	315
Bartle School (1966)										
Square feet	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	470	478	453	417	447	422	448	473	461	484
Middle School										
Highland Park Middle School (1998)										
Square feet	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	326	306	310	334	322	355	349	339	344	361
High School										
Highland Park High School (1925)										
Square feet	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	451	439	419	387	411	451	460	474	497	511
Other										
Maintenance Building (1925)										
Square feet	3,000	3,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Number of Schools at June 30, 2017										
Elementary & Middle = 3										
High school = 1										
Other = 1										

Source: District Facilities Office

N/A = Not Available

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Bartle Elementary School	Irving Elementary School	Highland Park Middle & High School	Total
2008	\$ 103,930	\$ 78,963	\$ 235,155	\$ 418,048
2009	97,423	82,764	237,821	418,008
2010	90,624	75,038	262,344	428,006
2011	96,121	60,166	209,085	365,372
2012	103,226	92,190	254,960	450,376
2013	113,053	74,976	276,534	464,563
2014	87,068	57,420	181,387	325,875
2015	107,424	51,638	240,484	399,546
2016	124,101	70,604	354,583	549,288
2017	151,436	69,127	295,393	515,956
Total school facilities	<u>\$ 1,074,406</u>	<u>\$ 712,886</u>	<u>\$ 2,547,746</u>	<u>\$ 4,335,038</u>

* School Facilities As Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - Utica Mutual		
Property-Blanket Building & Contents	\$ 79,077,731	\$ 1,000
Comprehensive General Liability	3,000,000	-
Comprehensive Automobile Liability	1,000,000	500
Crime Policy	100,000	500
Inland Marine Policy	750,000	250
 Umbrella Liability - Utica Mutual		
Umbrella Policy	10,000,000	10,000
 School Board Legal Liability - Utica Mutual		
Per Occurrence	1,000,000	7,500
General Aggregate	3,000,000	7,500
 Student Accident Insurance - Monumental Life Insurance Company of Pittsburgh PA:		
Policy Limit	5,000,000	-
 Worker's Compensation -NJ School Board Assoc		
Employer's Liability	2,000,000	-
 NJ CAP Excess Liability - Fireman's Fund Insurance		
Excess Liability	50,000,000	-
 Public Employees' Faithful Performance - Western Surety Company		
Treasurer of School Monies Bond	240,000	-
Business Administrator's Bond	100,000	-

Source: District Records

See independent auditors' report.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Highland Park Borough Public School District, County of Middlesex, the State of New Jersey, (the District), as of and for the year ended June 30, 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 December 5, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as findings number 2017-001 and 2017-002.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as findings number 2017-001 and 2017-002.


Highland Park Borough Public School Districts Response to Findings

Highland Park Borough Public School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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


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

December 5, 2017
Flemington, New Jersey



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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Highland Park Borough Public School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2017. Highland Park Borough Public School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

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

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

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

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

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



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

December 5, 2017
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/16	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2017		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services general fund														
Medical assistance program	93.778	1605NJ5MAP	N/A	\$ 59,815	07/01/16	06/30/17	\$ -	\$ -	\$ 59,815	\$ 59,815	\$ -	\$ -	\$ -	\$ -
ARRA - Medical assistance program	93.778	1705NJ5MAP	ARRA-2150	3,340	04/01/09	12/31/10	-	-	3,340	3,340	-	-	-	-
Total general fund							-	-	63,155	63,155	-	-	-	-
U.S. Department of Education passed through State Department of Education Special revenue fund														
NCLB Title I A carry over	84.010A	S010S150030	NCLB-215016	298,170	07/01/16	06/30/17	-	-	41,401	41,401	-	-	-	-
NCLB Title I A	84.010A	S010S160030	NCLB-215017	311,322	07/01/16	06/30/17	-	-	63,332	294,350	-	(231,018)	-	-
NCLB Title I A	84.010A	S010S150030	NCLB-215016	298,170	07/01/15	06/30/16	(159,724)	-	159,724	-	-	-	-	-
NCLB Title II A	84.367A	S367A160029	NCLB-215017	45,493	07/01/16	06/30/17	-	-	-	44,279	-	(44,279)	-	-
NCLB Title II A carry over	84.367A	S367A150029	NCLB-215016	49,395	07/01/16	06/30/17	-	-	19,692	40,344	-	(20,652)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-215016	49,395	07/01/15	06/30/16	(6,310)	-	6,310	-	-	-	-	-
NCLB Title III	84.365A	S365A150030	NCLB-215015	17,648	07/01/14	06/30/15	(280)	-	280	-	-	-	-	-
NCLB Title III carry over	84.365A	S365A150030	NCLB-215016	17,648	07/01/16	06/30/17	-	-	4,518	5,936	-	(1,418)	-	-
NCLB Title III	84.365A	S365A150030	NCLB-215016	14,590	07/01/15	06/30/16	(8,654)	-	8,654	-	-	-	-	-
NCLB Title III	84.365A	S365A160030	NCLB-215017	18,380	07/01/16	06/30/17	-	-	672	15,813	-	(15,141)	-	-
NCLB Title III Immigrant carry over	84.365A	S365A150030	NCLB-215016	19,317	07/01/16	06/30/17	-	-	59	13,348	-	(13,289)	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-215016	19,317	07/01/15	06/30/16	(1,467)	-	852	-	-	(615)	-	-
NCLB Title III Immigrant	84.365A	S365A160030	NCLB-215017	9,548	07/01/16	06/30/17	-	-	100	266	-	(166)	-	-
IDEA Special education cluster														
IDEA Basic	84.027	H027A160100	IDEA-215017	408,501	07/01/16	06/30/17	-	-	75,592	79,633	-	(4,041)	-	-
IDEA Basic carry over	84.027	H027A150100	IDEA-215016	428,709	07/01/16	06/30/17	-	-	322,790	322,790	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-215016	428,709	07/01/15	06/30/16	(38,667)	-	38,667	-	-	-	-	-
IDEA Preschool	84.173	H173S160114	IDEA-215017	13,002	07/01/16	06/30/17	-	-	5,150	13,002	-	(7,852)	-	-
IDEA Preschool	84.173	H173S150114	IDEA-215016	12,884	07/01/15	06/30/16	(5,763)	-	5,763	-	-	-	-	-
Total IDEA Special education cluster							(44,430)	-	447,962	415,425	-	(11,893)	-	v
Total special revenue fund							(220,865)	-	753,556	871,162	-	(338,471)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise fund														
Child nutrition cluster														
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	37,136	07/01/15	06/30/16	441	-	-	441	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	42,208	10/01/16	09/30/17	-	-	42,208	41,810	-	-	398	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	241,652	07/01/15	06/30/16	(45,435)	-	45,435	-	-	-	-	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	253,480	10/01/16	09/30/17	-	-	204,568	253,480	-	(48,912)	-	-
School breakfast program	10.553	1616NJ304N1099	N/A	27,238	07/01/15	06/30/16	(5,700)	-	5,700	-	-	-	-	-
School breakfast program	10.553	171NJ304N1099	N/A	47,438	10/01/16	09/30/17	-	-	34,684	47,438	-	(12,754)	-	-
Total enterprise fund and child nutrition cluster							(50,694)	-	332,595	343,169	-	(61,666)	398	-
Total Federal financial assistance							\$ (271,559)	\$ -	\$ 1,149,306	\$ 1,277,486	\$ -	\$ (400,137)	\$ 398	\$ -

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	17-495-034-5120-089	\$ 901,509	07/01/16	06/30/17	\$ -	\$ -	\$ 815,037	\$ 901,509	\$ -	\$ -	\$ -	\$ -	\$ 86,472	\$ 901,509
Equalization aid	17-495-034-5120-078	2,584,331	07/01/16	06/30/17	-	-	2,336,443	2,584,331	-	-	-	-	247,888	2,584,331
Security aid	17-495-034-5120-084	47,872	07/01/16	06/30/17	-	-	43,280	47,872	-	-	-	-	4,592	47,872
Transportation aid	17-495-034-5120-014	76,509	07/01/16	06/30/17	-	-	69,170	76,509	-	-	-	-	7,339	76,509
PARCC Readiness aid	17-495-034-5120-098	15,870	07/01/16	06/30/17	-	-	14,348	15,870	-	-	-	-	1,522	15,870
Per pupil growth aid	17-495-034-5120-097	15,870	07/01/16	06/30/17	-	-	14,348	15,870	-	-	-	-	1,522	15,870
Professional learning community aid	17-495-034-5120-101	16,510	07/01/16	06/30/17	-	-	14,926	16,510	-	-	-	-	1,584	16,510
Host district support aid	17-495-034-5120-102	18,313	07/01/16	06/30/17	-	-	16,557	18,313	-	-	-	-	1,756	18,313
Extraordinary aid	16-495-034-5120-044	285,280	07/01/15	06/30/16	(285,280)	-	285,280	-	-	-	-	-	-	285,280
Extraordinary aid	17-495-034-5120-044	347,880	07/01/16	06/30/17	-	-	-	347,880	-	(347,880)	-	-	-	347,880
Non-public transportation aid	16-495-034-5120-014	42,826	07/01/15	06/30/16	(42,826)	-	42,826	-	-	-	-	-	-	42,826
Non-public transportation aid	17-495-034-5120-014	44,370	07/01/16	06/30/17	-	-	-	44,370	-	(44,370)	-	-	-	44,370
On behalf TPAF pension contribution - Post retirement medical	17-495-034-5094-001	1,063,503	07/01/16	06/30/17	-	-	1,063,503	1,063,503	-	-	-	-	-	1,063,503
On behalf TPAF pension contribution - Non-contributory insurance	17-495-034-5094-004	44,629	07/01/16	06/30/17	-	-	44,629	44,629	-	-	-	-	-	44,629
On behalf TPAF pension contribution - Long term disability insurance	17-495-034-5094-004	3,532	07/01/16	06/30/17	-	-	3,532	3,532	-	-	-	-	-	3,532
On behalf TPAF pension contribution - Teachers' pension & annuity fund	17-495-034-5094-002	1,231,737	07/01/16	06/30/17	-	-	1,231,737	1,231,737	-	-	-	-	-	1,231,737
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	877,040	07/01/15	06/30/16	(43,771)	-	43,771	-	-	-	-	-	-	877,040
Reimbursed TPAF Social Security contribution	17-495-034-5094-003	898,940	07/01/16	06/30/17	-	-	855,615	898,940	-	(43,325)	-	-	-	898,940
Total general fund					(371,877)	-	6,895,002	7,311,375	-	(435,575)	-	-	352,675	8,516,521
Special revenue fund														
Preschool education aid	16-495-034-5120-086	278,752	07/01/15	06/30/16	1,444	-	-	1,444	-	-	-	-	-	1,444
Preschool education aid	17-495-034-5120-086	226,486	07/01/16	06/30/17	-	-	203,837	226,486	-	-	-	-	22,649	226,486
School based youth services program	17-100-054-7500-068	277,587	07/01/16	06/30/17	-	-	277,587	277,587	-	-	-	-	-	277,587
Nonpublic technology initiative aid	16-100-034-5120-373	1,742	07/01/15	06/30/16	-	-	44	-	44	-	-	-	-	1,698
Nonpublic technology initiative aid	17-100-034-5120-373	1,768	07/01/16	06/30/17	-	-	1,768	1,763	-	-	-	5	-	1,763
Nonpublic textbook aid	16-100-034-5120-064	3,826	07/01/15	06/30/16	-	-	203	-	203	-	-	-	-	3,623
Nonpublic textbook aid	17-100-034-5120-064	3,920	07/01/16	06/30/17	-	-	3,920	3,867	-	-	-	53	-	3,867
Nonpublic nursing services	16-100-034-5120-070	6,750	07/01/15	06/30/16	-	-	1,402	-	1,402	-	-	-	-	5,348
Nonpublic nursing services	17-100-034-5120-070	6,120	07/01/16	06/30/17	-	-	6,120	5,098	-	-	-	1,022	-	5,098
Nonpublic security aid	17-100-034-5120-509	1,875	07/01/15	06/30/16	-	-	246	-	246	-	-	-	-	1,629
Nonpublic security aid	17-100-034-5120-509	3,400	07/01/16	06/30/17	-	-	3,400	2,803	-	-	-	597	-	2,803
Non-public auxiliary/handicapped transportation aid	17-100-034-5120-068	305	07/01/16	06/30/17	-	-	305	305	-	-	-	-	-	305
Non-public auxiliary services aid														
Compensatory education	16-100-034-5120-067	2,538	07/01/15	06/30/16	-	-	846	-	846	-	-	-	-	1,692
Compensatory education	17-100-034-5120-067	1,792	07/01/16	06/30/17	-	-	1,792	-	-	-	-	1,792	-	-
Non-public handicapped aid														
Examination and classification	16-100-034-5120-066	3,750	07/01/15	06/30/16	-	-	682	-	682	-	-	-	-	3,068
Examination and classification	17-100-034-5120-066	2,888	07/01/16	06/30/17	-	-	2,888	2,527	-	-	-	361	-	2,527
Supplemental instruction	16-100-034-5120-066	1,485	07/01/15	06/30/16	-	-	742	-	742	-	-	-	-	743
Supplemental instruction	17-100-034-5120-066	2,119	07/01/16	06/30/17	-	-	2,119	2,119	-	-	-	-	-	2,119
Corrective speech	17-100-034-5120-066	884	07/01/16	06/30/17	-	-	884	-	-	-	-	884	-	-
Total special revenue fund					1,444	4,165	504,620	523,999	4,165	-	-	4,714	22,649	541,800

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Debt service fund														
Debt service aid - State support	17-495-034-5120-017	9,423	07/01/16	06/30/17	\$ -	\$ -	\$ 9,423	\$ 9,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,423
NJ School Development Authority														
Capital projects fund														
Irving School waterproofing project	2150-070-10-1001	57,080	Not applicable		(57,080)	-	-	-	-	(57,080)	-	-	-	57,080
Bartle School gym floor replacement	2150-085-10-1003	422,397	Not applicable		(422,397)	-	-	-	-	(422,397)	-	-	-	422,397
Bartle School window replacement	2150-085-14-1001	494,340	Not applicable		(494,340)	-	-	-	-	(494,340)	-	-	-	494,340
Total capital projects fund					(973,817)	-	-	-	-	(973,817)	-	-	-	973,817
State Department of Agriculture														
Enterprise fund														
State school lunch program	17-100-010-3350-023	6,391	07/01/16	06/30/17	-	-	5,152	6,391	-	(1,239)	-	-	-	6,391
State school lunch program	16-100-010-3350-023	6,288	07/01/15	06/30/16	(1,152)	-	1,152	-	-	-	-	-	-	6,288
Total enterprise fund					(1,152)	-	6,304	6,391	-	(1,239)	-	-	-	12,679
Total State financial assistance					\$ (1,345,402)	\$ 4,165	\$ 7,415,349	\$ 7,851,188	\$ 4,165	\$ (1,410,631)	\$ -	\$ 4,714	\$ 375,324	\$10,054,240
Less: On behalf TPAF pension system contributions								(2,343,401)						
Total for State financial assistance - major program determination								\$ 5,507,787						

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2017

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship to basic financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,531 for the General Fund and \$17,424 for the Special Revenue. For a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, see CAFR Exhibit C-3.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2017

Note 3 - Relationship to basic financial statements (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 63,155	\$ 7,314,906	\$ 7,378,061
Special Revenue Fund	51,108	866,201	549,938	1,467,247
Debt Service Fund	-	-	9,423	9,423
Food Service Fund	-	343,169	6,391	349,560
Total	<u>\$ 51,108</u>	<u>\$ 1,272,525</u>	<u>\$ 7,880,658</u>	<u>\$ 9,204,291</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2017.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes X No
2. Were significant deficiencies identified? X Yes None reported

Noncompliance material to basic financial statements noted?

 Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No
2. Were significant deficiencies identified? Yes X None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

 Yes X No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
		IDEA Special Education Cluster
84.027	H027A160100	IDEA Basic
84.173	H173S160114	IDEA Preschool
81.010	S010S150030	NCLB Title I

What was the dollar threshold used to distinguish between Type A and Type B programs?

\$750,000

Did the auditee qualify as a low-risk auditee?

 X Yes No

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017

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

State Awards

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

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>17-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>17-495-034-5120-078</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Adjustment Aid</u>
<u>17-495-034-5120-068</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>School Choice Aid</u>
<u>17-495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>PARCC Readiness aid</u>
	<u>Professional Learning Community Aid</u>

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2017-001

Criteria

The District is required to obtain Political Contribution Disclosure Forms for all non-fair and open contracts exceeding \$17,500 as required by N.J.S.A. 19:44A-20.4.

Condition

The District did not obtain Political Contribution Disclosure Forms for all vendors exceeding the threshold.

Context

Our test of contracts in excess of \$17,500 disclosed that several applicable contracts were awarded to vendors who did not provide a Political Disclosure Contribution Form.

Cause

Unknown

Effect

The District did not comply with N.J.S.A. 19:44A-20.4.

Recommendation

The District should implement procedures ensuring that Political Contribution Disclosure Forms are received in a timely manner from all applicable vendors.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan

Finding 2017-002

Criteria

The District must submit all required documentation to the NJ Schools Development Authority (SDA) to facilitate the collection of state aid funding for their completed facility projects in the capital projects fund.

Condition

The District has not received NJ SDA funding for three completed facility projects.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings (continued)

Context

The first project is a roof replacement and masonry restoration project at Bartle School with a SDA award amount of \$422,397 and an award date of February 28, 2011. The second project is a waterproofing project at Irving School with a SDA award amount of \$57,080 and an award date of February 28, 2011. The third project is a window replacement project at Bartle School with a SDA award amount of \$494,340 and an award date of June 5, 2014.

Cause

Unknown

Effect

By not collecting the SDA award funding, the District had to take an interfund loan from the General Fund to complete the projects. Also, as more time elapses, there is an increased risk that the District will be unable to obtain the required documentation required by NJ SDA in order to collect the funds.

Recommendation

The District should take measures to collect the NJ Schools Development Authority Award Funds receivable for two completed facility projects in the Capital Projects Fund.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan

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

There were no findings or questioned costs for the year ended June 30, 2017.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

Status of Prior Year Findings

There were no prior year findings or questioned costs.