

**HIGHLAND PARK BOROUGH
PUBLIC SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2018

**Responsibility of the Management of
Highland Park Borough Public School District
Middlesex County, New Jersey**



HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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**HIGHLAND PARK
PUBLIC SCHOOLS**

www.hpschools.net
435 Mansfield St, Highland Park

SCHOOL BUSINESS ADMINISTRATOR

LINDA HOEFELE

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(732) 572-2400, EXT 2810

February 28, 2019

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 (the School District) for the fiscal year ended June 30, 2018 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 School District. 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 School 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 School 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 School 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 School District are included in this report. The Highland Park Board of Education and all its schools constitute the School District's reporting entity.

AVERAGE DAILY ENROLLMENT

The School District completed the 2017-2018 fiscal year with an average enrollment of 1,605 students, which is 7 more students than the previous year's enrollment. The following details the changes in the student enrollment of the School District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2017-18	1,605	0.4 %
2016-17	1,598	-0.1 %
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 School 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 School 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 School District has made a commitment to upgrading its existing physical plant. The School 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 the Highland Park High School and Bartle School in the 2017-2018 school year and the replacement of an aging boiler system at the Highland Park High School, concluded in the fall of 2016, which has improved energy efficiency as well as comfort in both schools.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School 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 School 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 School 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 School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system for the School 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 School District is guided in large part by state statute as detailed in Notes to the Financial Statement, Note 2. The School 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 School District 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 BKC CPAs PC, 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.

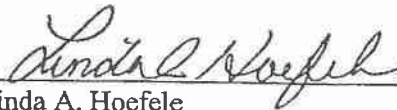
ACKNOWLEDGMENTS

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



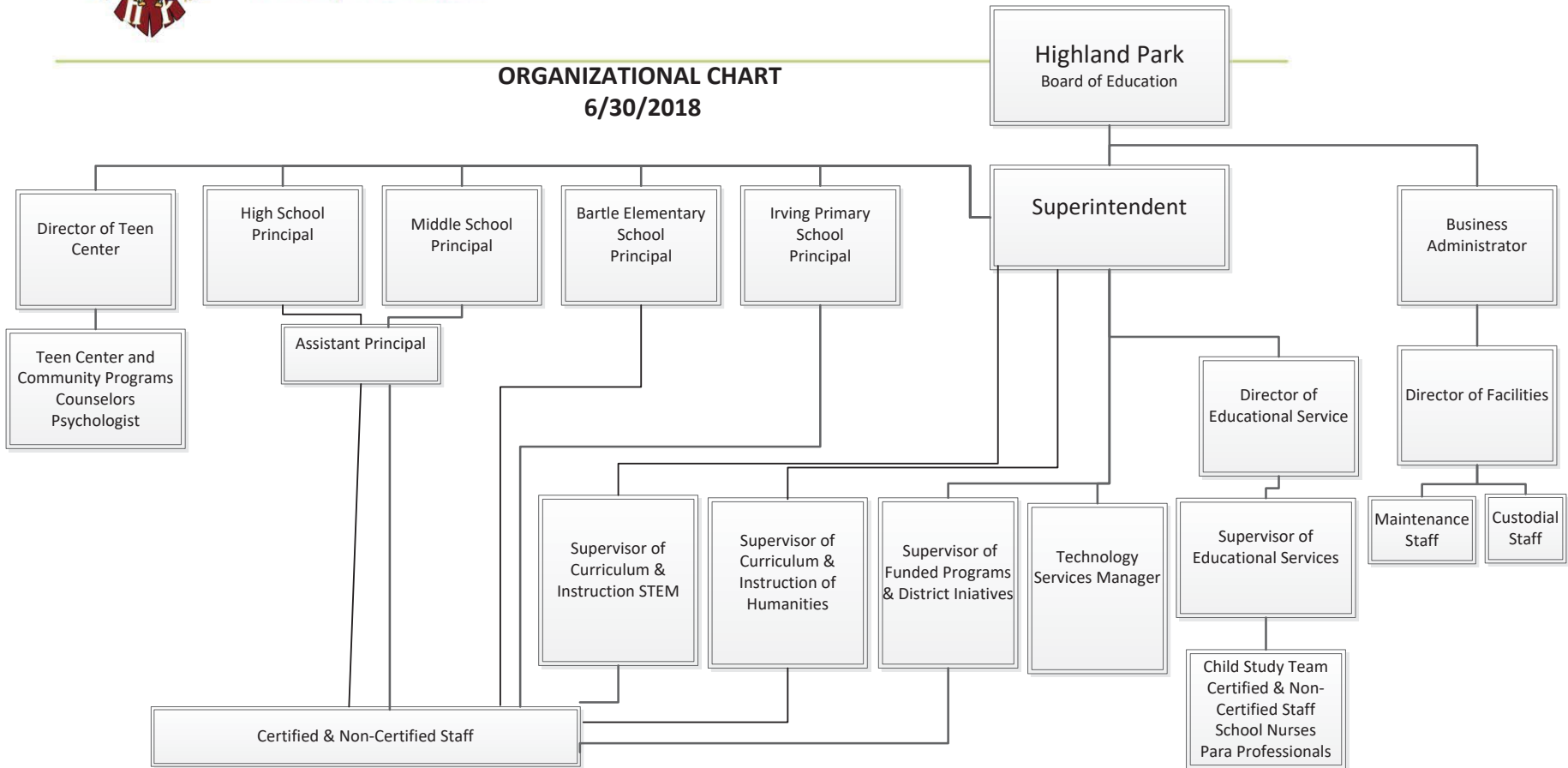
Linda A. Hoefele
Business Administrator/Board Secretary



HIGHLAND PARK PUBLIC SCHOOLS

www.hpschools.net

ORGANIZATIONAL CHART 6/30/2018



Revised: June 30, 2018

**HIGHLAND PARK PUBLIC SCHOOL DISTRICT
HIGHLAND PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ms. Darcie Cimarusti	President	12/31/2019
Ms. Anne Gowen	Vice-President	12/31/2020
Ms. Ruth Beyer		12/31/2018
Ms. Monique Coleman		12/31/2018
Mr. Mark Krieger		12/31/2019
Mr. Robert Magaziner		12/31/2018
Ms. Michelle McFadden-DiNicola		12/31/2020
Ms. Judy Pietrobono		12/31/2019
Mr. Rob Roslewicz		12/31/2020

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 PUBLIC SCHOOL DISTRICT
HIGHLAND PARK, NEW JERSEY**

**CONSULTANTS AND ADVISORS
JUNE 30, 2018**

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Architect



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, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2018, 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and schedule of 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 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 introduction 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 June 30, 2018 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.



BKC, CPAs,



Michael Holk, CPA, PSA

February 28, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018
Unaudited

The discussion and analysis of Highland Park Borough Public School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2018. 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 2018 are as follows:

- General revenues accounted for \$45,219,882 in revenues, or 94.58 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 \$2,589,803, or 5.42 percent of total revenues of \$47,809,685.
- The School District had \$48,475,096 in expenses; only \$2,589,803 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 \$34,432,962 in revenues and \$34,812,162 in expenditures. After accounting for net other financing uses of \$87,442; the general fund's balance decreased by \$466,642 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, 2018
Unaudited

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Government-wide financial statements are designed to provide readers with a broad overview of the School Districts' 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 2018?" 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, 2018
Unaudited

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School 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 measure and report the operating results by measuring cash on hand and other assets that can be easily 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, 2018, and a comparison with net position as of June 30, 2017. The comparison between the years shows a decrease in total net position of \$665,411.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018
Unaudited

Table 1
Net Position

	06/30/18	06/30/17	Variance	
			Dollars	%
Current & Other Assets	\$ 4,704,488	\$ 5,030,626	\$ (326,138)	-6.48%
Capital Assets	<u>36,010,263</u>	<u>37,123,667</u>	<u>(1,113,404)</u>	-3.00%
Total Assets	<u>40,714,751</u>	<u>42,154,293</u>	<u>(1,439,542)</u>	-3.41%
Deferred Amount on Rounding	674,552	728,596	(54,044)	-7.42%
Deferred Pension Activity	<u>2,236,513</u>	<u>2,820,965</u>	<u>(584,452)</u>	-20.72%
Total Deferred Outflow of Resources	<u>2,911,065</u>	<u>3,549,561</u>	<u>(638,496)</u>	-17.99%
Long-Term Liabilities	28,072,540	31,173,027	(3,100,487)	-9.95%
Other Liabilities	<u>1,922,431</u>	<u>1,646,638</u>	<u>275,793</u>	16.75%
Total Liabilities	<u>29,994,971</u>	<u>32,819,665</u>	<u>(2,824,694)</u>	-8.61%
Deferred Pension Activity	<u>1,642,400</u>	<u>230,333</u>	<u>1,412,067</u>	613.05%
Total Deferred Inflow of Resources	<u>1,642,400</u>	<u>230,333</u>	<u>1,412,067</u>	613.05%
Net Position				
Net Investment in Capital Assets	16,260,263	16,043,667	216,596	1.35%
Restricted	1,296,983	1,582,914	(285,931)	-18.06%
Unrestricted	<u>(5,568,801)</u>	<u>(4,972,725)</u>	<u>(596,076)</u>	-11.99%
Total Net Position	<u>\$ 11,988,445</u>	<u>\$ 12,653,856</u>	<u>\$ (665,411)</u>	-5.26%

The unrestricted net position at June 30, 2018 of (\$5,568,801) shown above is not a negative reflection on the School 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 \$693,751 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years.

The decrease in unrestricted net position from the previous year of \$596,076 is primarily due to an increase in PERS net pension liability and related deferred inflow and outflow activity as well as the increases in health benefits expenses.

Table 2 provides a summary of the School District's changes in net position in fiscal year ending June 30, 2018 with comparisons to fiscal year ending June 30, 2017.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
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Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/18	06/30/17	Dollars	%
Revenues				
Program Revenues				
Charges for Services	\$ 799,538	\$ 907,550	\$ (108,012)	-11.90%
Operating Grants	1,823,204	1,816,807	6,397	0.35%
Capital Grants	(32,939)	-	(32,939)	*
General Revenues				
Property Taxes	27,804,569	27,174,030	630,539	2.32%
Unrestricted Grants	17,363,231	13,903,853	3,459,378	24.88%
Other	52,082	55,343	(3,261)	-5.89%
Total Revenues	<u>47,809,685</u>	<u>43,857,583</u>	<u>3,952,102</u>	9.01%
Program Expenses				
Instruction				
Regular	18,002,294	16,376,975	1,625,319	9.92%
Special	5,960,160	4,953,646	1,006,514	20.32%
Other	2,972,082	2,510,058	462,024	18.41%
Support Services				
Tuition	2,735,626	2,357,430	378,196	16.04%
Student & Instructional Staff	7,846,773	6,839,448	1,007,325	14.73%
General & Business Administration	1,907,551	1,985,785	(78,234)	-3.94%
School Administration	2,614,282	2,302,957	311,325	13.52%
Maintenance	2,523,099	2,651,875	(128,776)	-4.86%
Transportation	1,946,823	1,951,983	(5,160)	-0.26%
Charter Schools	340,461	388,784	(48,323)	-12.43%
Interest on Long-Term Debt	623,716	698,742	(75,026)	-10.74%
Food Service	628,191	618,367	9,824	1.59%
Community Service Programs	374,038	370,663	3,375	0.91%
Total Expenses	<u>48,475,096</u>	<u>44,006,713</u>	<u>4,468,383</u>	10.15%
Increases (Decreases) Before				
Special Items	<u>(665,411)</u>	<u>(149,130)</u>	<u>(516,281)</u>	346.20%
Special Items				
Transfers	-	(40,000)	40,000	-100.00%
Prior Year Accounts Receivable Canceled	-	(1,736)	1,736	-100.00%
Total Special Items	<u>-</u>	<u>(41,736)</u>	<u>41,736</u>	-100.00%
Increase (Decrease) in Net Position	<u>\$ (665,411)</u>	<u>\$ (190,866)</u>	<u>\$ (474,545)</u>	248.63%

* = Undefined

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018
Unaudited

Governmental Activities

Property taxes made up 59.41 percent of revenues for governmental funds for the Highland Park Borough Public School District for fiscal year 2018. The District's total revenues for governmental funds were \$46,799,839 for the fiscal year ended June 30, 2018. 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 \$6,223.
- Charges for services represent \$289,002 of revenue and other financing sources, or 45.55 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 \$345,412.

Before and After School Child Care Program

- The Before and After School Child Care Program had operating revenues of \$375,432 and operating expenses of \$374,038. The net profit for fiscal year 2018 was \$1,394.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2018 with comparisons to fiscal year ending June 30, 2017.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/18	06/30/17	06/30/18	06/30/17
Instruction	\$ 26,934,536	\$ 23,840,679	\$ 26,236,467	\$ 23,023,267
Support Services				
Tuition	2,735,626	2,357,430	2,393,205	2,054,796
Student & Instructional Staff	7,846,773	6,839,448	7,486,050	6,574,474
General & Business Administration	1,907,551	1,985,785	1,908,901	1,985,785
School Administration	2,614,282	2,302,957	2,498,505	2,172,943
Plant Operations & Maintenance	2,523,099	2,651,875	2,459,576	2,479,259
Pupil Transportation	1,946,823	1,951,983	1,946,029	1,951,460
Charter Schools	340,461	388,784	340,461	388,784
Interest on Long-Term Debt	623,716	698,742	623,716	698,742
Total Expenses	<u>\$ 47,472,867</u>	<u>\$ 43,017,683</u>	<u>\$ 45,892,910</u>	<u>\$ 41,329,510</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 School District.
- Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.
- Curriculum and staff development include 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 School 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 74 percent, continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents approximately 26 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, 2018:

<u>Revenues</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From Prior Year</u>	<u>Percentage Increase (Decrease)</u>
Local Sources				
Tax Levy				
General	\$ 26,084,657	69.36%	\$ 929,986	3.70%
Debt Service	1,719,912	4.57%	(299,447)	-14.83%
Other Revenues	211,471	0.56%	31,666	17.61%
State Aid	8,364,228	22.24%	489,961	6.22%
Federal Aid	1,227,511	3.27%	298,155	32.08%
TOTAL	\$ 37,607,779	100.00%	\$ 1,450,321	4.01%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018
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, 2018:

Expenditures	Amount	Percentage of Total	Increase (Decrease) From Prior Year	Percentage Increase (Decrease)
Current Expense	\$ 34,380,276	89.93%	\$ 2,426,693	7.59%
Capital Outlay	37,402	0.10%	(191,780)	-83.68%
Charter Schools	340,461	0.89%	(48,323)	-12.43%
Special Revenues	1,540,399	4.03%	(19,754)	-1.27%
Debt Service				
Principal	1,330,000	3.48%	155,000	13.19%
Interest	600,521	1.57%	(160,750)	-21.12%
TOTAL	\$ 38,229,059	100.00%	\$ 2,161,086	5.99%

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 2018 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 2018 and 2017. At the end of fiscal year 2018, the District had \$36,010,263 invested in land, buildings, machinery and equipment, and construction in progress. In fiscal year 2018, the District expended \$33,907 towards the installation of ductless HVAC units in various classrooms in Bartle School and the high school.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
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Table 4
Capital Assets at Year-end
(Net of Depreciation)

	06/30/18	06/30/17	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	0.00%
Construction in Progress	33,907	-	33,907	100.00%
Land Improvements	372,714	405,276	(32,562)	-8.03%
Buildings & Improvements	34,997,563	36,052,607	(1,055,044)	-2.93%
Furniture & Equipment	191,079	250,784	(59,705)	-23.81%
Total	<u>\$ 36,010,263</u>	<u>\$ 37,123,667</u>	<u>\$ (1,113,404)</u>	-3.00%

DEBT ADMINISTRATION

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 School District issued a second refunding issue for the February 1996 issue in the amount of \$13,985,000. In November 2016, the School District issued a third refunding issue for the February 1996 issue in the amount of \$8,555,000. As of June 30, 2018, the amount of \$7,595,000 remains outstanding.

In March 2005, the School District issued General Obligation Bonds in the amount of \$13,775,000. The proceeds of this bond issue were placed in the School District's capital projects fund for use to provide funds for capital improvements to the School 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 \$12,155,000 remains outstanding on the new refunding issue at June 30, 2018.

The general obligation bonded debt of the School District is limited to 4% of the overage equalized assessed values of the total taxable property in the School District for the past three years. The legal debt limit at June 30, 2018 is \$51,671,859. General obligation authorized debt at June 30, 2018 is \$19,750,000, resulting in a legal debt margin of \$31,921,859.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2018
Unaudited

Table 5 provides a summary of the School District's outstanding long-term debt at June 30, 2018 with comparisons to June 30, 2017.

Table 5
Outstanding Long-Term Liabilities at Year-end

	06/30/18	06/30/17	Variance	
			Dollars	%
2012 Refunding Bonds for 2005 Issue	\$12,155,000	\$12,550,000	\$ (395,000)	-3.15%
2016 Refunding Bonds for 2006 Issue	7,595,000	8,530,000	(935,000)	-10.96%
Unamortized Bond Premium	285,560	311,518	(25,958)	-8.33%
PERS Net Pension Liability	7,343,229	9,112,015	(1,768,786)	-19.41%
Compensated Absences	693,751	669,494	24,257	3.62%
	<u>\$28,072,540</u>	<u>\$31,173,027</u>	<u>\$ (3,100,487)</u>	<u>-9.95%</u>

FOR THE FUTURE

The Highland Park Borough Public School District is in fair 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.

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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,731,360	\$ 472,113	\$ 2,203,473
Due from other funds	20,399	-	20,399
Internal balances	17,611	(17,611)	-
Receivables, net	996,366	36,395	1,032,761
Inventory	-	6,221	6,221
Restricted assets			
Capital reserve account - cash	748,300	-	748,300
Maintenance reserve account - cash	100,000	-	100,000
Emergency reserve account - cash	150,667	-	150,667
Capital projects account - cash	442,667	-	442,667
Capital assets, net			
Land and construction in progress	448,907	-	448,907
Other capital assets, net of depreciation	35,524,993	36,363	35,561,356
Total assets	40,181,270	533,481	40,714,751
Deferred outflows of resources			
Deferred amount on pension activity	2,236,513	-	2,236,513
Deferred amount on refunding bond issue	674,552	-	674,552
Total deferred outflows of resources	2,911,065	-	2,911,065
Liabilities			
Accounts payable	1,546,334	46,451	1,592,785
Accrued interest	182,216	-	182,216
Payables to other governments	10,730	-	10,730
Unearned revenue	126,866	8,736	135,602
Other current liabilities	-	1,098	1,098
Long-term liabilities			
Due within one year	1,410,519	-	1,410,519
Due beyond one year	26,662,021	-	26,662,021
Total liabilities	29,938,686	56,285	29,994,971
Deferred inflows of resources			
Deferred amount on pension liability	1,642,400	-	1,642,400
Net position			
Net investment in capital assets	16,223,900	36,363	16,260,263
Restricted for			
Capital reserve fund	748,300	-	748,300
Maintenance reserve fund	100,000	-	100,000
Emergency reserve fund	150,667	-	150,667
Debt service fund	5,619	-	5,619
Capital projects	292,397	-	292,397
Unrestricted	(6,009,634)	440,833	(5,568,801)
Total net position	\$ 11,511,249	\$ 477,196	\$ 11,988,445

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Program Revenues		Net (Expense) Revenue & Changes in Net Position		
				Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 8,567,324	\$ 9,434,970	\$ 70,668	\$ 273,547	\$ (14,692)	\$ (17,672,771)	\$ -	\$ (17,672,771)
Special education	2,750,750	3,209,410	-	74,029	(5,336)	(5,891,467)	-	(5,891,467)
Other special instruction	643,559	936,622	-	302,224	(1,416)	(1,279,373)	-	(1,279,373)
Other instruction	917,096	474,805	-	-	(955)	(1,392,856)	-	(1,392,856)
Support services								
Tuition	2,735,626	-	-	342,421	-	(2,393,205)	-	(2,393,205)
Students and instruction related services	4,046,140	3,800,633	485	366,727	(6,489)	(7,486,050)	-	(7,486,050)
General and business administration services	1,148,936	758,615	-	-	(1,350)	(1,908,901)	-	(1,908,901)
School administration services	1,372,570	1,241,712	-	118,050	(2,273)	(2,498,505)	-	(2,498,505)
Plant operations and maintenance	2,344,372	178,727	63,951	-	(428)	(2,459,576)	-	(2,459,576)
Pupil transportation	1,943,525	3,298	-	794	-	(1,946,029)	-	(1,946,029)
Charter schools	340,461	-	-	-	-	(340,461)	-	(340,461)
Interest on long-term debt	623,716	-	-	-	-	(623,716)	-	(623,716)
Total governmental activities	<u>27,434,075</u>	<u>20,038,792</u>	<u>135,104</u>	<u>1,477,792</u>	<u>(32,939)</u>	<u>(45,892,910)</u>	<u>-</u>	<u>(45,892,910)</u>
Business-type activities								
Food service	628,191	-	289,002	345,412	-	-	6,223	6,223
Before and after school child care fund	374,038	-	375,432	-	-	-	1,394	1,394
Total business-type activities	<u>1,002,229</u>	<u>-</u>	<u>664,434</u>	<u>345,412</u>	<u>-</u>	<u>-</u>	<u>7,617</u>	<u>7,617</u>
Total primary government	<u>\$ 28,436,304</u>	<u>\$ 20,038,792</u>	<u>\$ 799,538</u>	<u>\$ 1,823,204</u>	<u>\$ (32,939)</u>	<u>(45,892,910)</u>	<u>7,617</u>	<u>(45,885,293)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						26,084,657	-	26,084,657
Property taxes levied for debt service						1,719,912	-	1,719,912
Federal and state aid not restricted						17,363,231	-	17,363,231
Investment earnings						21,744	-	21,744
Miscellaneous income						30,338	-	30,338
Total general revenues & special items						<u>45,219,882</u>	<u>-</u>	<u>45,219,882</u>
Change in net position						(673,028)	7,617	(665,411)
Net position - beginning						12,184,277	469,579	12,653,856
Net position - ending						<u>\$ 11,511,249</u>	<u>\$ 477,196</u>	<u>\$ 11,988,445</u>

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, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,725,741	\$ -	\$ -	\$ 5,619	\$ 1,731,360
Due from other funds	521,325	-	-	-	521,325
Receivables from other governments					
State	417,956	-	299,408	-	717,364
Federal	-	230,968	-	-	230,968
Local	12,676	-	-	-	12,676
Other accounts receivable	14,288	21,070	-	-	35,358
Restricted cash and equivalents	998,967	-	442,667	-	1,441,634
Total assets	\$ 3,690,953	\$ 252,038	\$ 742,075	\$ 5,619	\$ 4,690,685
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 1,399,836	\$ 146,498	\$ -	\$ -	\$ 1,546,334
Due to other funds	2,487	31,150	449,678	-	483,315
Payable to other governments					
State	-	10,730	-	-	10,730
Unearned revenue	37,944	88,922	-	-	126,866
Total liabilities	1,440,267	277,300	449,678	-	2,167,245

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2018

	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	\$ 748,300	\$ -	\$ -	\$ -	\$ 748,300
Emergency reserve account	150,667	-	-	-	150,667
Maintenance reserve account	100,000	-	-	-	100,000
Capital projects	-	-	292,397	-	292,397
Committed fund balance					
Year-end encumbrances	151,576	-	-	-	151,576
Assigned fund balance					
Designated for subsequent year's expenditures	999,990	-	-	5,619	1,005,609
Unassigned fund balance	100,153	(25,262)	-	-	74,891
Total fund balances	<u>2,250,686</u>	<u>(25,262)</u>	<u>292,397</u>	<u>5,619</u>	<u>2,523,440</u>
Total liabilities and fund balances	<u>\$ 3,690,953</u>	<u>\$ 252,038</u>	<u>\$ 742,075</u>	<u>\$ 5,619</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 \$53,416,307 and the accumulated depreciation is \$17,442,407.	35,973,900
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	594,113
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.	(28,072,540)
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 \$404,778.	674,552
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(182,216)</u>
Total net position of governmental activities	<u>\$ 11,511,249</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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 26,084,657	\$ -	\$ -	\$ 1,719,912	\$ 27,804,569
Tuition - individuals	18,179	-	-	-	18,179
Tuition from other sources	52,489	-	-	-	52,489
Interest on investments	21,744	-	-	-	21,744
Rents and royalties	50,258	-	-	-	50,258
Local contributions	-	38,463	-	-	38,463
Miscellaneous	30,338	-	-	-	30,338
Total	26,257,665	38,463	-	1,719,912	28,016,040
State sources	8,127,682	259,433	(32,939)	10,052	8,364,228
Federal sources	47,615	1,179,896	-	-	1,227,511
Total revenues	34,432,962	1,477,792	(32,939)	1,729,964	37,607,779
Expenditures					
Current					
Instructional					
Regular instruction	8,243,236	324,088	-	-	8,567,324
Special education instruction	2,684,226	66,524	-	-	2,750,750
Other special instruction	367,728	275,831	-	-	643,559
Other instruction	917,096	-	-	-	917,096
Support service and undistributed costs					
Tuition	2,393,205	342,421	-	-	2,735,626
Student and instruction related services	3,686,999	358,656	-	-	4,045,655
General and business					
administrative services	1,148,936	-	-	-	1,148,936
School administrative services	1,254,520	118,050	-	-	1,372,570
Plant operations and maintenance					
Plant operations and maintenance	2,330,679	-	-	-	2,330,679
Pupil transportation	1,942,731	794	-	-	1,943,525
Unallocated benefits	9,410,920	54,035	-	-	9,464,955

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 37,402	\$ -	\$ -	\$ -	\$ 37,402
Charter school	340,461	-	-	-	340,461
Debt service					
Principal	-	-	-	1,330,000	1,330,000
Interest and other charges	54,023	-	-	546,498	600,521
Total expenditures	<u>34,812,162</u>	<u>1,540,399</u>	<u>-</u>	<u>1,876,498</u>	<u>38,229,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(379,200)</u>	<u>(62,607)</u>	<u>(32,939)</u>	<u>(146,534)</u>	<u>(621,280)</u>
Other financing sources (uses)					
Transfers in	-	59,994	27,448	-	87,442
Transfers out	(87,442)	-	-	-	(87,442)
Total other financing sources (uses)	<u>(87,442)</u>	<u>59,994</u>	<u>27,448</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(466,642)	(2,613)	(5,491)	(146,534)	(621,280)
Fund balances, July 1	<u>2,717,328</u>	<u>(22,649)</u>	<u>297,888</u>	<u>152,153</u>	<u>3,144,720</u>
Fund balances, June 30	<u><u>\$ 2,250,686</u></u>	<u><u>\$ (25,262)</u></u>	<u><u>\$ 292,397</u></u>	<u><u>\$ 5,619</u></u>	<u><u>\$ 2,523,440</u></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, 2018

Total net changes in fund balances - Governmental fund (from B-2) \$ (621,280)

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	\$ 37,402	
Depreciation expense	<u>(1,143,965)</u>	(1,106,563)

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	1,330,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	25,958
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Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(227,733)

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, 2018

In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	\$ (54,044)
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.	4,891
In the Statement of Activities, compensated absences and 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>(24,257)</u>
Change in net position of governmental activities	<u>\$ (673,028)</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Fund Net Position
June 30, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Asset			
Current assets			
Cash and cash equivalents	\$ 173,014	\$ 299,099	\$ 472,113
Due from other funds	17,293	-	17,293
Receivables from other governments			
State	512	-	512
Federal	25,898	-	25,898
Other receivables	9,985	-	9,985
Inventory	6,221	-	6,221
Total current assets	<u>232,923</u>	<u>299,099</u>	<u>532,022</u>
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	102,624	-	102,624
Total noncurrent assets	<u>36,363</u>	<u>-</u>	<u>36,363</u>
Total assets	<u>269,286</u>	<u>299,099</u>	<u>568,385</u>
Liabilities			
Current liabilities			
Due to other funds	-	34,904	34,904
Accounts payable	46,091	360	46,451
Unearned revenues			
Commodities	400	-	400
Prepaid sales	8,311	25	8,336
Other current liabilities	-	1,098	1,098
Total liabilities	<u>54,802</u>	<u>36,387</u>	<u>91,189</u>
Net position			
Net investment in capital assets	36,363	-	36,363
Unrestricted	178,121	262,712	440,833
Total net position	<u>\$ 214,484</u>	<u>\$ 262,712</u>	<u>\$ 477,196</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, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 171,252	\$ -	\$ 171,252
Daily sales - non-reimbursable programs	90,093	-	90,093
Special function sales	27,657	-	27,657
Before and after school child care service fees	-	375,432	375,432
Total operating revenues	<u>289,002</u>	<u>375,432</u>	<u>664,434</u>
Operating expenses			
Cost of sales - reimbursable programs	217,420	-	217,420
Cost of sales - non-reimbursable programs	38,164	-	38,164
Commodity costs	32,821	-	32,821
Salaries	188,269	214,601	402,870
Employee benefits	67,391	21,056	88,447
Purchased professional and technical services	5,436	-	5,436
Purchased property services	16,284	-	16,284
Rental of land and buildings	-	35,000	35,000
Other purchased services			
Insurance	2,374	-	2,374
Management fee	23,627	-	23,627
Other purchased services	-	18,497	18,497
General supplies	29,564	84,884	114,448
Depreciation	6,841	-	6,841
Total operating expenses	<u>628,191</u>	<u>374,038</u>	<u>1,002,229</u>
Operating income (loss)	<u>(339,189)</u>	<u>1,394</u>	<u>(337,795)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,650	-	6,650
Federal sources			
National school breakfast program	58,907	-	58,907
National school lunch program			
Cash assistance	243,919	-	243,919
Non cash assistance (commodities)	32,821	-	32,821
Miscellaneous	3,115	-	3,115
Total non-operating revenues (expenses)	<u>345,412</u>	<u>-</u>	<u>345,412</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 (continued)
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Change in net position	\$ 6,223	\$ 1,394	\$ 7,617
Net position, beginning	<u>208,261</u>	<u>261,318</u>	<u>469,579</u>
Net position, ending	<u><u>\$ 214,484</u></u>	<u><u>\$ 262,712</u></u>	<u><u>\$ 477,196</u></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, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 283,920	\$ 378,448	\$ 662,368
Payments to employees	-	(189,400)	(189,400)
Payments for employee benefits	-	(21,056)	(21,056)
Payments to Food Service Management Co.	(557,307)	-	(557,307)
Payments to vendors and customers (net)	(25,388)	(138,877)	(164,265)
Net cash provided by (used for) operating activities	<u>(298,775)</u>	<u>29,115</u>	<u>(269,660)</u>
Cash flows from non-capital financing activities			
State sources	7,377	-	7,377
Federal sources	338,594	-	338,594
Miscellaneous	3,115	-	3,115
Interfund activity	24,764	-	24,764
Net cash provided by (used for) non-capital financing activities	<u>373,850</u>	<u>-</u>	<u>373,850</u>
Net increase (decrease) in cash and cash equivalents	75,075	29,115	104,190
Cash and cash equivalents, beginning	97,939	269,984	367,923
Cash and cash equivalents, ending	<u>\$ 173,014</u>	<u>\$ 299,099</u>	<u>\$ 472,113</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (339,189)	\$ 1,394	\$ (337,795)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	6,841	-	6,841
Federal food donation program	32,821	-	32,821
(Increase) decrease in due from other funds	(4,845)	-	(4,845)
(Increase) decrease in accounts receivable	(1,441)	3,051	1,610
(Increase) decrease in inventory	563	-	563
Increase (decrease) in accounts payable	5,268	(496)	4,772
Increase (decrease) in due to other funds	-	25,201	25,201
Increase (decrease) in unearned revenues	1,207	(35)	1,172
Net cash provided by (used for) operating activities	<u>\$ (298,775)</u>	<u>\$ 29,115</u>	<u>\$ (269,660)</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 123,355	\$ 84,745	\$ 143,904	\$ 208,931
Due from other funds	9,199	-	-	-
Total assets	132,554	84,745	143,904	208,931
Liabilities				
Due to other funds	-	-	-	29,598
Accounts payable	11,265	-	-	-
Due to student groups	-	-	143,904	-
Payroll deductions and withholdings	-	-	-	179,333
Total liabilities	11,265	-	\$ 143,904	\$ 208,931
Net position				
Held in trust for unemployment claims and other purposes	\$ 121,289	\$ 84,745		

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>	<u>Private Purpose Scholarship Fund</u>
Additions		
Contributions		
Employees	\$ 28,302	\$ -
Other	-	4,650
Total additions	<u>28,302</u>	<u>4,650</u>
Deductions		
Scholarships awarded	-	8,850
Unemployment claims	<u>30,916</u>	<u>-</u>
Total deductions	<u>30,916</u>	<u>8,850</u>
Change in net position	(2,614)	(4,200)
Net position - beginning of the year	<u>123,903</u>	<u>88,945</u>
Net position - end of the year	<u>\$ 121,289</u>	<u>\$ 84,745</u>

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 Highland Park Borough School District (the 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, 2018 of 1,658 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 Activities) 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 resource's 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 - This fund is 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, 2018 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 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, 2018.

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. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

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, 2018, 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.

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, 2018, the District's bank balances of \$5,157,781 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		4,907,781
Total		\$ 5,157,781

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash and cash equivalents		\$	4,206,042
			\$ 4,206,042
Unrestricted cash			
Governmental funds, Balance Sheet	Ref.	\$	1,731,360
Enterprise funds, Statement of Net Position	B-1		472,113
Fiduciary funds, Statement of Net Position	B-4		560,935
Restricted cash			
Governmental funds, Balance Sheet	B-7		1,441,634
Total cash			\$ 4,206,042

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, 2018 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	-	33,907	-	33,907
Total	<u>415,000</u>	<u>33,907</u>	<u>-</u>	<u>448,907</u>
Capital assets, being depreciated				
Land improvements	1,171,471	-	-	1,171,471
Building and improvements	50,855,626	-	-	50,855,626
Vehicles	15,640	-	2,300	13,340
Furniture and equipment	926,598	3,495	3,130	926,963
Total	<u>52,969,335</u>	<u>3,495</u>	<u>5,430</u>	<u>52,967,400</u>
Accumulated depreciation				
Land improvements	766,195	32,562	-	798,757
Building and improvements	14,803,019	1,055,044	-	15,858,063
Vehicles	15,640	-	2,300	13,340
Furniture and equipment	719,018	56,359	3,130	772,247
Total	<u>16,303,872</u>	<u>1,143,965</u>	<u>5,430</u>	<u>17,442,407</u>
Total capital assets, being depreciated, net	<u>36,665,463</u>	<u>(1,140,470)</u>	<u>-</u>	<u>35,524,993</u>
Governmental activities capital assets, net	<u>\$ 37,080,463</u>	<u>\$(1,106,563)</u>	<u>\$ -</u>	<u>\$ 35,973,900</u>
	<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	(95,783)	6,841	-	(102,624)
Business type activities capital assets, net	<u>\$ 43,204</u>	<u>\$ (6,841)</u>	<u>\$ -</u>	<u>\$ 36,363</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	454,493
Special education		167,083
Other special instruction		34,632
Co-curricular activities		90,604
Support services		
Student and instruction		253,282
General and business administration		63,169
School administration		73,225
Plant and maintenance		7,477
Total depreciation expense, governmental activities	\$	<u>1,143,965</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation					
bonds payable	\$ 21,080,000	\$ -	\$ 1,330,000	\$ 19,750,000	\$ 1,360,000
Unamortized bond					
premium	311,518	-	25,958	285,560	25,960
PERS net pension					
liability	9,112,015	-	1,768,786	7,343,229	-
Compensated					
absences payable	<u>669,494</u>	<u>119,299</u>	<u>95,042</u>	<u>693,751</u>	<u>24,559</u>
Total governmental					
activities long-					
term liabilities	<u>\$ 31,173,027</u>	<u>\$ 119,299</u>	<u>\$ 3,219,786</u>	<u>\$ 28,072,540</u>	<u>\$ 1,410,519</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, 2018 including interest payments are listed as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,480,000	402,400	1,882,400
2024 - 2028	8,630,000	1,440,213	10,070,213
2029 - 2030	4,030,000	187,363	4,217,363
Total	<u>\$ 19,750,000</u>	<u>\$ 3,926,975</u>	<u>\$ 23,676,975</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2018, 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%.	\$ 12,155,000
\$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%.	7,595,000
Totals	<u>\$ 19,750,000</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, 2018 is \$51,671,859. General obligation debt at June 30, 2018 is \$19,750,000, resulting in a legal debt margin of \$31,921,859.

Operating leases

At June 30, 2018, 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:

<u>Fiscal Year Ended June 30,</u>	
2019	\$ 35,326
2020	35,326
2021	11,776
Total minimum lease payments	<u>\$ 82,428</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

Substantially all of the District'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.

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 1, 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, 2017 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2017. 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, 2017.

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, 2018. 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 2017, 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, 2017 are as follows:

		<u>2017</u>
Total pension liability	\$	14,148,789
Plan fiduciary net position		<u>6,805,560</u>
Net pension liability	\$	<u>7,343,229</u>
Plan fiduciary net position as a percentage of the total pension liability		48.10%

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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

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, 2017 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>2017</u>
At current discount rate (5.00%)	\$ 7,343,229
At a 1% lower rate (4.00%)	9,109,774
At a 1% higher rate (6.00%)	5,871,478

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, 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	\$ 172,908	\$ -
Changes of assumptions	1,479,408	1,473,984
Net difference between projected and actual earnings on pension plan investments	50,002	-
Changes in proportion and differences between District contributions and proportionate share of contributions	241,962	168,416
District contributions subsequent to the measurement date	292,233	-
Total	\$ 2,236,513	\$ 1,642,400

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, 2018, the plan measurement date is June 30, 2017) of \$292,233 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, 2017:

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				
Differences between expected and actual experience	\$ 173,748	\$ 53,621	\$ 54,461	\$ 172,908
Changes of assumptions	1,935,328	-	455,920	1,479,408
Difference between projected and actual earnings on pension plan investments	356,249	(314,748)	(8,501)	50,002
Deferred Inflows of resources				
Changes of assumptions	-	(1,802,998)	(329,014)	(1,473,984)
Net of deferred outflows	<u>\$ 2,465,325</u>	<u>\$ (2,064,125)</u>	<u>\$ 172,866</u>	<u>\$ 228,334</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 Ended June 30

2018	\$ 172,867
2019	260,860
2020	158,068
2021	(210,231)
2022	(153,230)
Total	<u>\$ 228,334</u>

Pension expense

For the fiscal year ended June 30, 2018, the District recognized net pension expense of \$531,576, which represents the District's proportionate share of allocable plan pension expense of \$529,654, plus the net amortization of deferred amounts from changes in proportion of \$20,834, less other adjustments to the net pension liability of \$18,912. 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, 2017 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	\$	342,506
Interest on total pension liability		621,527
Member contributions		(162,926)
Administrative expense		4,263
Expected investment return net of investment expense		(443,766)
Pension expense related to specific liabilities of individual employers		(4,819)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		126,907
Amortization of expected versus actual experience		54,461
Amortization of projected versus actual investment earnings on pension plan investments		(8,501)
Pension expense	\$	529,652

B. Teachers' pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a 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.

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.

The following represents the membership Tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 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)

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

Contributions

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 2017, the State's pension contribution was less than the actuarial determined amount.

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 ended June 30, 2017, the State of New Jersey contributed \$1,274,219 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.

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

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 ended June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 76,508,679
District's proportionate share of net pension liability	.1134746170%
Employer pension expense and related revenue	5,300,134
Non-employer contribution	1,274,219
Allocable proportionate percentage	25.41%

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 ended June 30, 2017 are as follows:

Service cost	\$ 3,424,269
Interest on total pension liability	3,736,656
Member contributions	(894,074)
Administrative expense	13,481
Expected investment return net of investment expense	(1,816,832)
Pension expense related to specific liabilities of individual employers	(404)
Recognition of deferred inflows/outflows of resources	
Amortization of economic/demographic gains or losses	60,297
Amortization of assumption changes or inputs	818,370
Amortization of investment gains or losses	(41,629)
Pension expense	\$ 5,300,134

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2017 is as follows:

	2017
Total pension liability	\$ 102,576,228
Plan fiduciary net position	26,067,549
Net pension liability	\$ 76,508,679

Plan fiduciary net position as a percentage of the total pension liability 25.41%

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Preretirement, 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 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 plan (continued)

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

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, 2017 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>2017</u>
At current discount rate (4.25%)	\$ 76,508,679
At a 1% lower rate (3.25%)	90,894,710
At a 1% higher rate (5.25%)	64,657,403

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 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

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 2018 was \$2,277.

D. Other pension plan information

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,158,867 to the TPAF for post-retirement medical benefits, \$42,510 for noncontributory insurance premiums, \$3,101 for long-term disability insurance and \$1,751,739 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 \$940,014 during the fiscal year ended June 30, 2018 for the employer's share of Social Security Contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25-years of credited service or on a disability retirement. Chapter 103 of PL 2007 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, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description - The State Health Benefits Program (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, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.nj.gov/treasury/pensions.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Funding Policy - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go 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.

Total OPEB liability - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

		2017
State's proportionate share of the OPEB liability	\$	53,639,841,858
District's proportionate share of the State's OPEB liability		60,279,079
Employer pension expense and related revenue		3,877,748
Allocable proportionate percentage		.112377436%

Changes in the Total OPEB Liability

		Total OPEB Liability
Total OPEB liability at June 30, 2016	\$	65,070,346
Service cost		2,810,178
Interest cost		1,915,566
Change of benefit terms		-
Differences between expected and actual experiences		-
Changes of assumptions		(8,172,231)
Member contributions		51,411
Gross benefit payments		(1,396,191)
Total OPEB liability at June 30, 2017	\$	60,279,079

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

The total non-employer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total non-employer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases		
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Health care trend assumptions

For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB 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>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 60,279,079
At a 1% lower rate (2.58%)	71,555,616
At a 1% higher rate (4.58%)	51,334,423

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 60,279,079
At a 1% lower rate (1% decrease)	49,573,715
At a 1% higher rate (1% increase)	74,495,676

OPEB expense and deferred outflows of resources and deferred inflows of resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$3,877,748 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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:

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation (continued)

Metropolitan Life Insurance
 Equivest
 TIAA-CREF
 Lincoln Investment Planning

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2018 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 521,325	\$ 2,487
Special revenue fund	-	31,150
Capital projects fund	-	449,678
Food service fund	17,293	-
Before and after school child care fund	-	34,904
Unemployment compensation fund	9,199	-
Payroll agency fund	-	29,598
Total	\$ 547,817	\$ 547,817

The balance due from the capital projects fund to the general fund represents a loan from the general fund of \$449,678 due to cash flows 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 \$30,192 due to cash flows related to the delayed receipt of grant revenues. The balance due from the general fund to the food service fund of \$2,487 represents transactions occurring in the general fund affecting the food service fund. The balance due from the special revenue fund to the food service fund of \$958 represents transactions occurring in the special revenue fund affecting the food service fund. The balance due from the payroll agency fund to the general fund of \$20,399 represents net payroll balances due back to the general fund and payroll withholdings for mentoring that were not turned over to the general fund. The balance due to the food service fund from the before & after school care enterprise fund of \$13,848 represents transactions occurring in the before & after school care enterprise fund affecting the food service fund. The balance due to the general fund from the before & after school care enterprise fund of \$21,056 represents transactions occurring in the before & after school care enterprise fund affecting the general fund. The balance due from the payroll agency fund to the unemployment compensation fund of \$9,199 represents amounts withheld for but not turned over to the unemployment compensation fund within the payroll agency fund.

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

The District transferred \$59,994 from the general fund to the special revenue fund representing local funding for the Preschool Education grant. The District also transferred \$27,448 from the general fund to the capital projects fund representing an increase in local funding for capital projects.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 4,534
Supplies	1,687
Total	\$ 6,221

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
2017 - 2018	\$ -	\$ -	\$ 28,302	\$ (30,916)	\$ 121,289
2016 - 2017	40,000	-	27,470	(12,477)	123,903
2015 - 2016	-	-	25,595	(65,613)	68,910

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. The District did not make any deposits to the legal reserves in the current fiscal year.

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	\$ 782,206	\$ -	\$ -	\$ 33,906	\$ 748,300
Maintenance	100,000	-	-	-	100,000
Emergency	250,667	-	-	100,000	150,667
Total	<u>\$ 1,132,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>133,906</u>	<u>\$ 998,967</u>

The June 30, 2018 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

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

	2018
Restricted	
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 748,300
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.	150,667
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.	151,576
Assigned	
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	999,990
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	480,761
Total fund balance - budgetary basis (C-1)	2,631,294
Last state aid payments not recognized on GAAP basis	(380,608)
Total fund balance - GAAP basis (exhibit B-1)	\$ 2,250,686

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, 2018 is \$0.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of \$6,009,634 on Schedule A-1, Statement of Net Position. The deficit balance 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 17 - Deficit fund balance in special revenue fund

The District has a deficit fund balance of \$25,262 in the special revenue fund as of June 30, 2018 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.

Note 18 - Recent accounting pronouncements not yet effective

The following is 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 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 not expected to have a material impact on the District's financial reporting.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - 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. This agreement will not directly affect the District's local tax revenue.

Note 20 - Subsequent events

The District has evaluated subsequent events through February 28, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 26,084,657	\$ -	\$ 26,084,657	\$ 26,084,657	\$ -
Tuition from individuals	150,000	-	150,000	18,179	(131,821)
Tuition from other sources	-	-	-	52,489	52,489
Rents and royalties	15,000	-	15,000	50,258	35,258
Unrestricted miscellaneous revenues	56,300	-	56,300	52,082	(4,218)
Total	26,305,957	-	26,305,957	26,257,665	(48,292)
State sources					
Categorical transportation aid	76,509	-	76,509	76,509	-
Extraordinary aid	200,000	-	200,000	295,481	95,481
Categorical special education aid	901,509	-	901,509	901,509	-
Equalization aid	2,584,331	208,092	2,792,423	2,792,423	-
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	18,876	-	18,876	18,876	-
Lead testing for drinking water	-	-	-	1,904	1,904
Other state aid	-	-	-	76,560	76,560
TPAF pension (on-behalf)	-	-	-	1,794,249	1,794,249
TPAF social security (reimbursed)	-	-	-	940,014	940,014
TPAF post retirement benefits	-	-	-	1,158,867	1,158,867
TPAF long-term disability insurance	-	-	-	3,101	3,101
Total	3,877,347	208,092	4,085,439	8,155,615	4,070,176
Federal sources					
Medicaid reimbursement	24,240	-	24,240	47,615	23,375
Total	24,240	-	24,240	47,615	23,375
Total revenues	\$ 30,207,544	\$ 208,092	\$ 30,415,636	\$ 34,460,895	\$ 4,045,259
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 426,678	\$ 2,466	\$ 429,144	\$ 428,990	\$ 154
Grades 1-5	2,490,278	45,321	2,535,599	2,535,599	-
Grades 6-8	1,676,265	43,257	1,719,522	1,719,522	-
Grades 9-12	2,512,994	(10,651)	2,502,343	2,501,393	950
Home instruction					
Salaries of teacher	10,532	9,704	20,236	20,236	-
Purchased professional - educational services	34,149	24,733	58,882	49,453	9,429

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Regular programs - undistributed instruction					
Other salaries for instruction	\$ 214,474	\$ (37,071)	\$ 177,403	\$ 173,973	\$ 3,430
Purchased professional - educational services	383,563	122,438	506,001	506,001	-
Other purchased services	100,545	1,663	102,208	84,708	17,500
General supplies	273,747	(46,870)	226,877	191,361	35,516
Textbooks	31,566	12,087	43,653	31,519	12,134
Other objects	1,670	125	1,795	481	1,314
Total	<u>8,156,461</u>	<u>167,202</u>	<u>8,323,663</u>	<u>8,243,236</u>	<u>80,427</u>
Special education					
Learning and/or language disabilities					
Salaries of teachers	291,461	22,120	313,581	312,068	1,513
Other salaries for instruction	254,107	(111,510)	142,597	142,597	-
Other purchased services	859	227	1,086	904	182
General supplies	5,561	(114)	5,447	1,511	3,936
Textbooks	-	113	113	113	-
Total	<u>551,988</u>	<u>(89,164)</u>	<u>462,824</u>	<u>457,193</u>	<u>5,631</u>
Behavioral disabilities					
Salaries of teachers	56,000	(56,000)	-	-	-
General supplies	500	-	500	-	500
Total	<u>56,500</u>	<u>(56,000)</u>	<u>500</u>	<u>-</u>	<u>500</u>
Multiple disabilities					
Salaries of teachers	21,064	(20,130)	934	934	-
Other salaries for instruction	7,372	(6,017)	1,355	1,355	-
Other purchased services	-	62	62	62	-
Total	<u>28,436</u>	<u>(26,085)</u>	<u>2,351</u>	<u>2,351</u>	<u>-</u>
Resource room/resource center					
Salaries of teachers	1,569,769	86,711	1,656,480	1,656,480	-
Other salaries for instruction	193,027	110,710	303,737	294,174	9,563
Other purchased services	6,195	-	6,195	-	6,195
General supplies	8,109	-	8,109	3,891	4,218
Total	<u>1,777,100</u>	<u>197,421</u>	<u>1,974,521</u>	<u>1,954,545</u>	<u>19,976</u>
Autism					
Salaries of teachers	59,686	4,330	64,016	64,016	-
Other salaries for instruction	1,580	63,331	64,911	62,152	2,759
General supplies	4,500	-	4,500	3,393	1,107
Total	<u>65,766</u>	<u>67,661</u>	<u>133,427</u>	<u>129,561</u>	<u>3,866</u>
Preschool disabilities - full-time					
Salaries of teachers	129,546	(64,060)	65,486	65,486	-
Other salaries for instruction	91,589	6,347	97,936	69,331	28,605
General supplies	2,200	4,000	6,200	5,759	441
Total	<u>223,335</u>	<u>(53,713)</u>	<u>169,622</u>	<u>140,576</u>	<u>29,046</u>
Total special education	<u>2,703,125</u>	<u>40,120</u>	<u>2,743,245</u>	<u>2,684,226</u>	<u>59,019</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 367,942	\$ (1,376)	\$ 366,566	\$ 366,566	\$ -
General supplies	3,237	-	3,237	1,162	2,075
Total	<u>371,179</u>	<u>(1,376)</u>	<u>369,803</u>	<u>367,728</u>	<u>2,075</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	138,369	48,605	186,974	186,974	-
Purchased services	26,411	-	26,411	15,799	10,612
Supplies and materials	10,100	(350)	9,750	8,726	1,024
Other objects	8,053	-	8,053	5,356	2,697
Total	<u>182,933</u>	<u>48,255</u>	<u>231,188</u>	<u>216,855</u>	<u>14,333</u>
School-sponsored athletics - instruction					
Salaries	277,041	10,410	287,451	287,451	-
Purchased services	71,399	(300)	71,099	43,157	27,942
Supplies and materials	11,330	(931)	10,399	10,211	188
Other objects	13,433	1,231	14,664	14,332	332
Total	<u>373,203</u>	<u>10,410</u>	<u>383,613</u>	<u>355,151</u>	<u>28,462</u>
Other supplemental/at-risk programs - instruction					
Salaries of reading specialists	345,649	5,698	351,347	345,090	6,257
Total	<u>345,649</u>	<u>5,698</u>	<u>351,347</u>	<u>345,090</u>	<u>6,257</u>
Total instruction regular	<u>\$ 12,132,550</u>	<u>\$ 270,309</u>	<u>\$ 12,402,859</u>	<u>\$ 12,212,286</u>	<u>\$ 190,573</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 18,865	\$ -	\$ 18,865	\$ 16,675	\$ 2,190
Tuition to other LEAs within the state - special	993,936	(240,652)	753,284	720,320	32,964
Tuition to cssd & regional day schools	172,225	21,976	194,201	172,172	22,029
Tuition to priv. school for the disabled w/i state	928,334	226,769	1,155,103	1,070,177	84,926
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	7,058	-	7,058	-	7,058
Tuition - state facilities	32,952	-	32,952	32,952	-
Tuition - other	299,702	114,772	414,474	380,909	33,565
Total	<u>2,453,072</u>	<u>122,865</u>	<u>2,575,937</u>	<u>2,393,205</u>	<u>182,732</u>
Undistributed expenditures - attendance & social work					
Salaries	145,395	12,490	157,885	157,885	-
Other purchased services	21,667	12,337	34,004	32,879	1,125
Total	<u>167,062</u>	<u>24,827</u>	<u>191,889</u>	<u>190,764</u>	<u>1,125</u>
Undistributed expenditures - health services					
Salaries	330,490	(9,203)	321,287	321,287	-
Purchased professional and technical services	37,523	7,397	44,920	44,920	-
Other purchased services	2,300	(160)	2,140	1,602	538
Supplies and materials	6,206	185	6,391	5,814	577
Other objects	270	-	270	-	270
Total	<u>376,789</u>	<u>(1,781)</u>	<u>375,008</u>	<u>373,623</u>	<u>1,385</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - speech, ot, pt & related services					
Salaries	\$ 306,399	\$ 8,118	\$ 314,517	\$ 314,517	\$ -
Purchased professional - educational services	62,226	76,720	138,946	128,843	10,103
Supplies and materials	4,868	-	4,868	4,248	620
Total	<u>373,493</u>	<u>84,838</u>	<u>458,331</u>	<u>447,608</u>	<u>10,723</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	303,737	33,034	336,771	336,771	-
Purchased professional - educational services	380,844	(300,958)	79,886	72,962	6,924
Supplies and materials	5,262	499	5,761	5,394	367
Total	<u>689,843</u>	<u>(267,425)</u>	<u>422,418</u>	<u>415,127</u>	<u>7,291</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	502,006	13,693	515,699	515,699	-
Salaries of secretarial and clerical assistants	-	57,348	57,348	57,348	-
Purchased professional - educational services	1,000	-	1,000	-	1,000
Other purchased professional and technical services	200	-	200	-	200
Other purchased services	11,095	(75)	11,020	8,977	2,043
Supplies and materials	2,789	2,750	5,539	4,400	1,139
Other objects	585	-	585	130	455
Total	<u>517,675</u>	<u>73,716</u>	<u>591,391</u>	<u>586,554</u>	<u>4,837</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	597,902	52,163	650,065	650,065	-
Salaries of secretarial and clerical assistants	134,277	(9,321)	124,956	124,956	-
Other salaries	3,159	(251)	2,908	2,908	-
Unused vacation payment to terminated/retired staff	-	4,500	4,500	-	4,500
Purchased professional - educational services	1,790	-	1,790	-	1,790
Other purchased professional and technical services	35,373	(6,035)	29,338	19,106	10,232
Other purchased services	9,200	(911)	8,289	2,940	5,349
Miscellaneous purchased service	10,030	20,066	30,096	24,639	5,457
Supplies and materials	12,900	-	12,900	10,000	2,900
Other objects	3,240	-	3,240	2,430	810
Total	<u>807,871</u>	<u>60,211</u>	<u>868,082</u>	<u>837,044</u>	<u>31,038</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	186,799	716	187,515	186,117	1,398
Salaries of other professional staff	62,900	(25,706)	37,194	37,194	-
Salaries of secretarial and clerical assist	36,791	(1,676)	35,115	35,115	-
Other salaries	14,828	(8,824)	6,004	6,004	-
Other purchased services	2,650	-	2,650	184	2,466
Supplies and materials	2,454	1,375	3,829	3,005	824
Other objects	250	-	250	250	-
Total	<u>306,672</u>	<u>(34,115)</u>	<u>272,557</u>	<u>267,869</u>	<u>4,688</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 165,071	\$ (21,380)	\$ 143,691	\$ 143,691	\$ -
Salaries of technology coordinators	235,344	(12,554)	222,790	222,790	-
Unused vacation payment to terminated/retired staff	-	3,500	3,500	-	3,500
Other purchased services	11,354	727	12,081	10,479	1,602
Supplies and materials	12,372	387	12,759	6,269	6,490
Total	424,141	(29,320)	394,821	383,229	11,592
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	86,590	653	87,243	87,243	-
Salaries of other professional staff	-	3,419	3,419	-	3,419
Salaries of secretarial and clerical assist.	36,791	(265)	36,526	36,526	-
Other salaries	4,059	1,000	5,059	5,023	36
Unused vacation payment to terminated/retired staff	-	349	349	-	349
Purchased professional - educational services	30,692	(5,604)	25,088	15,656	9,432
Other purchased services	15,992	26,253	42,245	34,461	7,784
Supplies and materials	2,675	831	3,506	2,565	941
Other objects	3,345	1,013	4,358	3,707	651
Total	180,144	27,649	207,793	185,181	22,612
Undistributed expend. - support service - general admin.					
Salaries	301,059	(58,332)	242,727	242,727	-
Legal services	90,183	8,124	98,307	98,307	-
Audit fees	35,000	-	35,000	34,100	900
Architectural/engineering services	13,645	(4,800)	8,845	-	8,845
Other purchased professional services	22,285	8,421	30,706	30,594	112
Communications/telephone	111,850	(33,842)	78,008	75,755	2,253
BOE other purchased services	4,229	71	4,300	4,284	16
Misc. purch services	141,085	(12,365)	128,720	128,352	368
General supplies	8,158	5,834	13,992	13,267	725
BOE in-house training/meeting supplies	2,200	455	2,655	2,655	-
Judgments against the school district	35,000	3,966	38,966	38,966	-
Miscellaneous expenditures	3,725	-	3,725	3,200	525
BOE membership dues and fees	15,000	-	15,000	14,285	715
Total	783,419	(82,468)	700,951	686,492	14,459
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	625,449	38,786	664,235	664,235	-
Salaries of other professional staff	4,559	7,202	11,761	11,761	-
Salaries of secretarial and clerical assistants	478,828	(21,840)	456,988	456,567	421
Purchased professional and technical services	3,355	3,500	6,855	6,010	845
Other purchased services	32,193	(5,758)	26,435	20,420	6,015
Supplies and materials	31,722	3,478	35,200	34,931	269
Other objects	7,814	-	7,814	7,406	408
Total	1,183,920	25,368	1,209,288	1,201,330	7,958

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 375,556	\$ 9,032	\$ 384,588	\$ 384,588	\$ -
Purchased professional services	7,340	10,998	18,338	17,018	1,320
Purchased technical services	19,616	(1,294)	18,322	18,322	-
Miscellaneous purchased services	26,986	7,298	34,284	31,766	2,518
Supplies and materials	8,337	1,998	10,335	9,200	1,135
Other objects	1,600	-	1,600	1,550	50
Total	439,435	28,032	467,467	462,444	5,023
Undistributed expenditures - admin. info. technology					
Salaries	45,431	(38)	45,393	45,393	-
Other purchased services	11,000	-	11,000	5,377	5,623
Supplies and materials	10,000	(1,185)	8,815	2,420	6,395
Total	66,431	(1,223)	65,208	53,190	12,018
Undistributed expend. - required maint. for school facilities					
Salaries	-	150,000	150,000	132,021	17,979
Cleaning, repair, and maintenance services	366,661	(125,955)	240,706	155,632	85,074
General supplies	58,014	63,538	121,552	65,897	55,655
Total	424,675	87,583	512,258	353,550	158,708
Undistributed expenditures - custodial services					
Salaries of non-instructional aides	76,869	(19,003)	57,866	57,866	-
Purchased professional and technical services	18,200	-	18,200	15,523	2,677
Cleaning, repair, and maintenance service	1,218,119	500	1,218,619	1,198,959	19,660
Other purchased property services	38,843	-	38,843	27,907	10,936
Insurance	60,172	(3,536)	56,636	48,651	7,985
General supplies	61,373	15,536	76,909	71,720	5,189
Energy (natural gas)	101,040	51,904	152,944	145,904	7,040
Energy (electricity)	400,858	(80,698)	320,160	272,763	47,397
Other objects	1,025	-	1,025	-	1,025
Total	1,976,499	(35,297)	1,941,202	1,839,293	101,909
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	98,318	10,166	108,484	91,523	16,961
General supplies	12,330	5,000	17,330	16,570	760
Total	110,648	15,166	125,814	108,093	17,721
Undistributed expenditures - security					
Salaries	31,652	(9,832)	21,820	21,820	-
Purchased professional and technical services	1,800	(1,391)	409	244	165
Cleaning, repair, and maintenance service	3,700	1,391	5,091	4,776	315
General supplies	15,559	-	15,559	2,903	12,656
Total	52,711	(9,832)	42,879	29,743	13,136

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	\$ 6,339	\$ -	\$ 6,339	\$ 6,331	\$ 8
Salaries for pupil trans (between home & school) - sp ed	6,339	-	6,339	6,331	8
Management fee - esc & ctsa trans. program	42,023	5,589	47,612	47,261	351
Contract service-aid in lieu pymts - non-public schools	207,800	28,351	236,151	232,151	4,000
Contr service-aid in lieu pymts-charter school students	21,852	(2,852)	19,000	19,000	-
Contr service (oth. than between home & school) - vend	87,593	16,275	103,868	102,943	925
Contr service (between home & school) - joint agreement	35,083	(35,083)	-	-	-
Contract service (sp ed stds) - vendors	89,158	805	89,963	89,963	-
Contract service (reg. students) - escs & ctsas	409,605	15,759	425,364	425,364	-
Contract service (spl. ed. students) - escs & ctsas	788,134	225,098	1,013,232	1,013,232	-
General supplies	-	155	155	155	-
Total	1,693,926	254,097	1,948,023	1,942,731	5,292
Unallocated benefits - employee benefits					
Social security contributions	239,065	67,342	306,407	285,216	21,191
Other retirement contributions - PERS	305,073	(9,905)	295,168	295,168	-
Other retirement contributions - regular	4,715	1,500	6,215	3,220	2,995
Workmen's compensation	89,810	20,000	109,810	109,791	19
Health benefits	4,982,109	(128,612)	4,853,497	4,798,293	55,204
Tuition reimbursement	18,001	-	18,001	6,775	11,226
Other employee benefits	1,320	-	1,320	1,256	64
Unused sick payment to terminated/retired staff	20,000	28,992	48,992	14,970	34,022
Total	5,660,093	(20,683)	5,639,410	5,514,689	124,721
On-behalf TPAF pension contribution	-	-	-	1,794,249	(1,794,249)
On-behalf TPAF post retirement medical benefits	-	-	-	1,158,867	(1,158,867)
On-behalf TPAF long-term disability insurance	-	-	-	3,101	(3,101)
Reimbursed TPAF social security contribution	-	-	-	940,014	(940,014)
Total	-	-	-	3,896,231	(3,896,231)
Total undistributed expenditures	\$ 18,688,519	\$ 322,208	\$ 19,010,727	\$ 22,167,990	\$ (3,157,263)
Total current	\$ 30,821,069	\$ 592,517	\$ 31,413,586	\$ 34,380,276	\$ (2,966,690)
Capital outlay					
Equipment					
Special education - instruction					
Resource room/resource center	\$ -	\$ 3,495	\$ 3,495	\$ 3,495	\$ -
Undistributed					
Undistributed expenditures - school admin.	-	2,174	2,174	-	2,174
Total equipment	-	5,669	5,669	3,495	2,174
Facilities acquisition and construction service					
Construction services	89,000	(55,093)	33,907	33,907	-
Assessment for debt service on SDA funding	54,023	-	54,023	54,023	-
Total facilities acquisition and construction service	143,023	(55,093)	87,930	87,930	-
Total capital outlay	\$ 143,023	\$ (49,424)	\$ 93,599	\$ 91,425	\$ 2,174

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Transfer of funds to charter schools	\$ 414,925	\$ (49,698)	\$ 365,227	\$ 340,461	\$ 24,766
Total expenditures	<u>\$ 31,379,017</u>	<u>\$ 493,395</u>	<u>\$ 31,872,412</u>	<u>\$ 34,812,162</u>	<u>\$ (2,939,750)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,171,473)</u>	<u>\$ (285,303)</u>	<u>\$ (1,456,776)</u>	<u>\$ (351,267)</u>	<u>\$ 1,105,509</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to capital projects fund	-	(27,448)	(27,448)	(27,448)	-
Transfer to fiduciary fund - board contribution	(20,000)	20,000	-	-	-
Transfer to special revenue fund - preschool programs	<u>(59,994)</u>	<u>-</u>	<u>(59,994)</u>	<u>(59,994)</u>	<u>-</u>
Total other financing sources (uses)	<u>(79,994)</u>	<u>(7,448)</u>	<u>(87,442)</u>	<u>(87,442)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,251,467)	(292,751)	(1,544,218)	(438,709)	1,105,509
Fund balances, July 1	3,070,003	-	3,070,003	3,070,003	-
Fund balances, June 30	<u>\$ 1,818,536</u>	<u>\$ (292,751)</u>	<u>\$ 1,525,785</u>	<u>\$ 2,631,294</u>	<u>\$ 1,105,509</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (262,967)	\$ -	\$ (262,967)	\$ (262,967)	\$ -
Increase in capital reserve	-	-	-	-	-
Interest deposit to capital reserve	500	(500)	-	-	-
Withdrawal from capital reserve	(89,000)	55,094	(33,906)	(33,906)	-
Withdrawal from emergency reserve	(100,000)	-	(100,000)	(100,000)	-
Budgeted fund balance	<u>(800,000)</u>	<u>(347,345)</u>	<u>(1,147,345)</u>	<u>(41,836)</u>	<u>1,105,509</u>
Total	<u>\$ (1,251,467)</u>	<u>\$ (292,751)</u>	<u>\$ (1,544,218)</u>	<u>\$ (438,709)</u>	<u>\$ 1,105,509</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 748,300	
Emergency reserve				150,667	
Maintenance reserve				100,000	
Committed fund balance					
Year-end encumbrances				151,576	
Assigned fund balance					
Designated for subsequent year's expenditures				999,990	
Unassigned fund balance				<u>480,761</u>	
Fund balance per budgetary basis				2,631,294	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(380,608)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,250,686</u>	

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 92,973	\$ -	\$ 92,973	\$ 38,847	\$ (54,126)
State sources	290,884	-	290,884	280,154	(10,730)
Federal sources	1,519,994	-	1,519,994	1,132,540	(387,454)
Total revenues	1,903,851	-	1,903,851	1,451,541	(452,310)
Other financing sources					
Transfer in from general fund	59,994	-	59,994	59,994	-
Total revenues and other financing sources	<u>\$ 1,963,845</u>	<u>\$ -</u>	<u>\$ 1,963,845</u>	<u>\$ 1,511,535</u>	<u>\$ (452,310)</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 447,086	\$ (94,686)	\$ 352,400	\$ 337,548	\$ 14,852
Salaries of other instructional staff	72,769	131,879	204,648	197,994	6,654
Purchased professional and technical services	55,445	(572)	54,873	29,421	25,452
Tuition	664,164	(64,636)	599,528	342,422	257,106
Other purchased services	27,196	(127)	27,069	17,211	9,858
General supplies	84,090	22,600	106,690	75,646	31,044
Textbooks	4,164	-	4,164	1,631	2,533
Other objects	5,503	(499)	5,004	4,027	977
Total	<u>1,360,417</u>	<u>(6,041)</u>	<u>1,354,376</u>	<u>1,005,900</u>	<u>348,476</u>
Support services					
Salaries of program directors	123,781	(5,732)	118,049	118,049	-
Salaries of other professional staff	94,025	-	94,025	94,025	-
Other salaries	149,031	20,512	169,543	150,752	18,791
Employee benefits	42,029	12,496	54,525	50,551	3,974
Purchased professional and technical services	79,220	(2,287)	76,933	45,623	31,310
Contracted services - transportation	2,077	-	2,077	2,077	-
Other purchased services	28,810	(6,960)	21,850	18,854	2,996
Supplies and materials	38,920	(13,236)	25,684	24,954	730
Other objects	19,660	(2,752)	16,908	750	16,158
Total	<u>577,553</u>	<u>2,041</u>	<u>579,594</u>	<u>505,635</u>	<u>73,959</u>
Facilities acquisition and construction services					
Instructional equipment	3,000	-	3,000	-	3,000
Non-instructional equipment	22,875	4,000	26,875	-	26,875
Total	<u>25,875</u>	<u>4,000</u>	<u>29,875</u>	<u>-</u>	<u>29,875</u>
Total expenditures	<u>\$ 1,963,845</u>	<u>\$ -</u>	<u>\$ 1,963,845</u>	<u>\$ 1,511,535</u>	<u>\$ 452,310</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	\$ 34,460,895	\$ 1,451,541
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	79,724
Outstanding encumbrances - current year	-	(50,860)
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	352,675	22,649
State aid receivable current year	(380,608)	(25,262)
Total revenues (GAAP basis)	\$ 34,432,962	\$ 1,477,792

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	\$ 34,812,162	\$ 1,511,535
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	-	79,724
Outstanding encumbrances - current year	-	(50,860)
Total expenditures (GAAP basis)	\$ 34,812,162	\$ 1,540,399

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0315452445%	0.0307660282%	0.0306383920%	0.0324782489%	0.0312791491%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 7,343,229	\$ 9,112,015	\$ 6,877,705	\$ 6,080,816	\$ 5,978,067	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 2,587,801	2,428,069	2,171,881	2,185,869	2,142,807	2,226,899	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	302.43%	419.54%	314.64%	283.78%	268.45%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	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's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 292,223	\$ 273,321	\$ 263,408	\$ 267,746	\$ 235,682	\$ 235,776	\$ 245,853	\$ 248,307	\$ 228,772	\$ 158,837
Contributions in relation to the contractually required contribution	(292,223)	(273,321)	(263,408)	(267,746)	(235,682)	(235,776)	(245,853)	(248,307)	(228,772)	(158,837)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 2,587,801	\$ 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
Contributions as a percentage of covered employee payroll	11.29%	11.26%	12.13%	12.25%	11.00%	10.59%	11.42%	12.09%	10.38%	7.19%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	N/A	0.00%	0.00%	0.00%	0.00%	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	\$ 76,788,511	86,727,556	72,412,273	60,066,913	54,310,582	N/A	N/A	N/A	N/A
Total	\$ -	\$ 76,788,511	\$ 86,727,556	\$ 72,412,273	\$ 60,066,913	\$ 54,310,582	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 12,591,659	\$ 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%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	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's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,794,249	\$ 1,276,366	\$ 882,683	\$ 619,400	\$ 475,442	\$ 694,372	\$ 351,466	\$ 33,298	\$ 41,067	\$ 37,060
Contributions in relation to the contractually required contribution	(1,794,249)	(1,276,366)	(882,683)	(619,400)	(475,442)	(694,372)	(351,466)	(33,298)	(41,067)	(37,060)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,334,021	\$ 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
Contributions as a percentage of covered employee payroll	13.46%	10.14%	7.50%	5.41%	4.21%	6.09%	3.37%	0.33%	0.38%	0.35%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Post-employment Employee Benefits Liability
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	76,508,679	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 76,508,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 15,019,728	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	N/A	N/A	N/A	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
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2018

- Note 1 - Special funding situation - TPAF and other post-retirement benefits
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 and other post-retirement benefits (OPEB) 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 and OPEB 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 and for OPEB 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 increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits
For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

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, 2018

	Total Brought Forward	ESSA Title IA	ESSA Title IIA	ESSA Title III	IDEA Basic	IDEA Preschool	Total
Revenues							
Local sources	\$ 38,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,847
State sources	280,154	-	-	-	-	-	280,154
Federal sources	301,404	299,562	43,478	22,978	452,030	13,088	1,132,540
Total revenues	<u>620,405</u>	<u>299,562</u>	<u>43,478</u>	<u>22,978</u>	<u>452,030</u>	<u>13,088</u>	<u>1,451,541</u>
Other financing sources							
Transfer from general fund	59,994	-	-	-	-	-	59,994
Total revenues and other financing sources	<u>\$ 680,399</u>	<u>\$ 299,562</u>	<u>\$ 43,478</u>	<u>\$ 22,978</u>	<u>\$ 452,030</u>	<u>\$ 13,088</u>	<u>\$ 1,511,535</u>
Expenditures							
Instruction							
Salaries of teachers	\$ 212,376	\$ 49,564	\$ -	\$ 12,745	\$ 50,705	\$ 12,158	\$ 337,548
Salaries of other instructional staff	71,794	126,200	-	-	-	-	197,994
Purchased professional and technical services	11,295	14,528	-	-	3,598	-	29,421
Tuition	-	-	-	-	342,422	-	342,422
Other purchased services	17,211	-	-	-	-	-	17,211
General supplies	16,911	56,851	-	1,884	-	-	75,646
Textbooks	1,631	-	-	-	-	-	1,631
Other objects	4,027	-	-	-	-	-	4,027
Total	<u>335,245</u>	<u>247,143</u>	<u>-</u>	<u>14,629</u>	<u>396,725</u>	<u>12,158</u>	<u>1,005,900</u>
Support services							
Salaries of program directors	118,049	-	-	-	-	-	118,049
Salaries of other professional staff	94,025	-	-	-	-	-	94,025
Other salaries	76,382	17,301	15,933	5,810	35,326	-	150,752
Employee benefits	15,547	25,049	1,219	1,231	6,575	930	50,551
Purchased professional and technical services	14,477	4,800	12,942	-	13,404	-	45,623
Contracted services - transportation	2,077	-	-	-	-	-	2,077
Other purchased services	4,585	2,950	10,161	1,158	-	-	18,854
Supplies and materials	19,412	2,319	3,223	-	-	-	24,954
Other objects	600	-	-	150	-	-	750
Total	<u>345,154</u>	<u>52,419</u>	<u>43,478</u>	<u>8,349</u>	<u>55,305</u>	<u>930</u>	<u>505,635</u>
Total expenditures	<u>\$ 680,399</u>	<u>\$ 299,562</u>	<u>\$ 43,478</u>	<u>\$ 22,978</u>	<u>\$ 452,030</u>	<u>\$ 13,088</u>	<u>\$ 1,511,535</u>

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, 2018

	School Based Youth Services Program	Local Grants	NJ Non-public Funds	NJ Preschool Education Aid	ESSA Title IV	ESSA Title III Immigration	Total Carried Forward
Revenues							
Local sources	\$ -	\$ 38,847	\$ -	\$ -	\$ -	\$ -	\$ 38,847
State sources	-	-	27,535	252,619	-	-	280,154
Federal sources	285,145	-	-	-	4,332	11,927	301,404
Total revenues	<u>285,145</u>	<u>38,847</u>	<u>27,535</u>	<u>252,619</u>	<u>4,332</u>	<u>11,927</u>	<u>620,405</u>
Other financing sources							
Transfer from general fund	-	-	-	59,994	-	-	59,994
Total revenues and other financing sources	<u>\$ 285,145</u>	<u>\$ 38,847</u>	<u>\$ 27,535</u>	<u>\$ 312,613</u>	<u>\$ 4,332</u>	<u>\$ 11,927</u>	<u>\$ 680,399</u>
Expenditures							
Instruction							
Salaries of teachers	\$ -	\$ -	\$ -	\$ 212,376	\$ -	\$ -	\$ 212,376
Salaries of other instructional staff	-	-	-	71,794	-	-	71,794
Purchased professional and technical services	-	-	11,295	-	-	-	11,295
Other purchased services	-	17,211	-	-	-	-	17,211
General supplies	-	7,669	-	-	2,662	6,580	16,911
Textbooks	-	-	1,631	-	-	-	1,631
Other objects	-	4,027	-	-	-	-	4,027
Total	<u>-</u>	<u>28,907</u>	<u>12,926</u>	<u>284,170</u>	<u>2,662</u>	<u>6,580</u>	<u>335,245</u>
Support services							
Salaries of program directors	96,521	-	-	21,528	-	-	118,049
Salaries of other professional staff	94,025	-	-	-	-	-	94,025
Other salaries	74,857	-	-	-	138	1,387	76,382
Employee benefits	8,508	-	-	6,915	11	113	15,547
Purchased professional and technical services	522	-	13,955	-	-	-	14,477
Contracted services - transportation	1,423	-	654	-	-	-	2,077
Other purchased services	4,053	-	-	-	532	-	4,585
Supplies and materials	4,636	9,940	-	-	989	3,847	19,412
Other objects	600	-	-	-	-	-	600
Total	<u>285,145</u>	<u>9,940</u>	<u>14,609</u>	<u>28,443</u>	<u>1,670</u>	<u>5,347</u>	<u>345,154</u>
Total expenditures	<u>\$ 285,145</u>	<u>\$ 38,847</u>	<u>\$ 27,535</u>	<u>\$ 312,613</u>	<u>\$ 4,332</u>	<u>\$ 11,927</u>	<u>\$ 680,399</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, 2018

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 212,376	\$ 212,376	\$ -
Salaries of other instructional staff	71,794	71,794	-
	<u>284,170</u>	<u>284,170</u>	<u>-</u>
Support services			
Salaries of program directors	21,528	21,528	
Employee benefits	6,915	6,915	
	<u>28,443</u>	<u>28,443</u>	<u>-</u>
Total expenditures	<u>\$ 312,613</u>	<u>\$ 312,613</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total revised 2017 - 2018 Preschool education aid allocation	\$ 252,619
Add: actual ECPA/PEA carryover (June 30, 2017)	-
Add: budgeted transfer from general fund	59,994
Total preschool education aid funds available for 2017 - 2018 budget	<u>312,613</u>
Less: 2017 - 2018 budgeted preschool education aid	<u>312,613</u>
Available & unbudgeted preschool education aid funds as of June 30, 2018	-
Add: 2017 - 2018 unexpended preschool education aid	<u>-</u>
2017 - 2018 Actual carryover preschool education aid	<u>\$ -</u>
2017 - 2018 Preschool education aid carryover budgeted for Preschool programs 2018 - 2019	<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, 2018

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Bartle School roof replacement and masonry restoration	2/28/11	\$ 1,432,710	\$1,432,710	\$ -	\$ -
Bartle School window replacement	6/05/14	1,235,850	748,521	-	487,329
		<u>\$ 2,668,560</u>	<u>\$ 2,181,231</u>	<u>\$ -</u>	<u>\$ 487,329</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, 2018

Revenues and other financing sources	
Local sources - transfer from capital outlay	\$ 27,448
State sources - SDA aid	(36,810)
Total revenues	<u>(9,362)</u>
Excess (deficiency) of revenues over (under) expenditures	(9,362)
Fund balance - beginning	<u>496,691</u>
Fund balance - ending	<u><u>\$ 487,329</u></u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund balance - Budgetary basis (Schedule F-2)	\$ 487,329
Receivables from other governments - State	
GAAP basis (Schedule B-1)	299,408
Budgetary basis (Schedule K-4)	<u>(494,340)</u>
Fund balance - GAAP basis (Schedule B-1)	<u><u>\$ 292,397</u></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, 2018

	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	2,437	173,992	173,992
State sources - NJ SDA grant	422,397	(11,799)	410,598	410,598
Total revenues	<u>1,442,072</u>	<u>(9,362)</u>	<u>1,432,710</u>	<u>1,432,710</u>
Expenditures and other financing uses				
Purchased professional and technical services	112,846	-	112,846	112,846
Construction services	899,345	-	899,345	899,345
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>1,432,710</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 9,362</u>	<u>\$ (9,362)</u>	<u>\$ -</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	\$ (324,290)
Revised authorized cost	\$ 1,432,710
Percentage completion	100%

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, 2018

	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 and 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Irving School Waterproofing Project
For the Fiscal Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from capital reserve	\$ 69,380	\$ -	\$ 69,380	\$ 69,380
Local sources - transfer from capital outlay	-	25,011	25,011	25,011
State sources - NJ SDA ROD grant	57,080	(25,011)	32,069	32,069
Total revenues	<u>126,460</u>	<u>-</u>	<u>126,460</u>	<u>126,460</u>
Expenditures and other financing uses				
Purchased professional and technical services	30,612	-	30,612	30,612
Construction services	95,848	-	95,848	95,848
Total expenditures	<u>126,460</u>	<u>-</u>	<u>126,460</u>	<u>126,460</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information

Project number	2150-070-10-1001
Grant date	2/28/2011
Bond authorized date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 142,700
Reduced authorized cost	(16,240)
Revised authorized cost	\$ 126,460
Percentage completion	100%

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, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 173,014	\$ 299,099	\$ 472,113
Due from other funds	17,293	-	17,293
Receivables from other governments			
State	512	-	512
Federal	25,898	-	25,898
Other receivables	9,985	-	9,985
Inventory	6,221	-	6,221
Total current assets	232,923	299,099	532,022
Noncurrent assets			
Capital assets	138,987	-	138,987
Less: accumulated depreciation	102,624	-	102,624
Total noncurrent assets	36,363	-	36,363
Total assets	269,286	299,099	568,385
Liabilities			
Current liabilities			
Due to other funds	-	34,904	34,904
Accounts payable	46,091	360	46,451
Unearned revenues			
Commodities	400	-	400
Prepaid sales	8,311	25	8,336
Other current liabilities	-	1,098	1,098
Total liabilities	54,802	36,387	91,189
Net Position			
Net investment in capital assets	36,363	-	36,363
Unrestricted	178,121	262,712	440,833
Total net position	\$ 214,484	\$ 262,712	\$ 477,196

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, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 171,252	\$ -	\$ 171,252
Daily sales - non-reimbursable programs	90,093	-	90,093
Special function sales	27,657	-	27,657
Before and after school care service fees	-	375,432	375,432
Total operating revenues	289,002	375,432	664,434
Operating expenses			
Cost of sales - reimbursable programs	217,420	-	217,420
Cost of sales - non-reimbursable programs	38,164	-	38,164
Commodity costs	32,821		
Salaries	188,269	214,601	402,870
Employee benefits	67,391	21,056	88,447
Purchased professional and technical services	5,436	-	5,436
Purchased property services	16,284	-	16,284
Rental of land and buildings	-	35,000	35,000
Other purchased services			
Insurance	2,374	-	2,374
Management fee	23,627	-	23,627
Other purchased services	-	18,497	18,497
General supplies	29,564	84,884	114,448
Depreciation	6,841	-	6,841
Total operating expenses	628,191	374,038	1,002,229
Operating income (loss)	(339,189)	1,394	(337,795)

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, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Non-operating revenues (expenses)			
State sources			
State school lunch program	\$ 6,650	\$ -	\$ 6,650
Federal sources			
National school breakfast program	58,907	-	58,907
National school lunch program			
Cash assistance	243,919	-	243,919
Non cash assistance (commodities)	32,821	-	32,821
Miscellaneous	3,115	-	3,115
Total non-operating revenues (expenses)	<u>345,412</u>	<u>-</u>	<u>345,412</u>
Change in net position	6,223	1,394	7,617
Net position, beginning	<u>208,261</u>	<u>261,318</u>	<u>469,579</u>
Net position, ending	<u>\$ 214,484</u>	<u>\$ 262,712</u>	<u>\$ 477,196</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 283,920	\$ 378,448	\$ 662,368
Payments to employees	-	(189,400)	(189,400)
Payments for employee benefits	-	(21,056)	(21,056)
Payments to Food Service Management Co.	(557,307)	-	(557,307)
Payments to vendors and customers (net)	(25,388)	(138,877)	(164,265)
Net cash provided by (used for) operating activities	(298,775)	29,115	(269,660)
Cash flows from non-capital financing activities			
State sources	7,377	-	7,377
Federal sources	338,594	-	338,594
Miscellaneous	3,115	-	3,115
Interfund activity	24,764	-	24,764
Net cash provided by (used for) non-capital financing activities	373,850	-	373,850
Net increase (decrease) in cash and cash equivalents	75,075	29,115	104,190
Cash and cash equivalents, beginning	97,939	269,984	367,923
Cash and cash equivalents, ending	\$ 173,014	\$ 299,099	\$ 472,113
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (339,189)	\$ 1,394	\$ (337,795)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	6,841	-	6,841
Federal food donation program	32,821	-	32,821
(Increase) decrease in due from other funds	(4,846)	-	(4,846)
(Increase) decrease in accounts receivable	(1,441)	3,051	1,610
(Increase) decrease in inventory	564	-	564
Increase (decrease) in accounts payable	5,268	(496)	4,772
Increase (decrease) in interfund payable	-	25,201	25,201
Increase (decrease) in unearned revenues	1,207	(35)	1,172
Net cash provided by (used for) operating activities	\$ (298,775)	\$ 29,115	\$ (269,660)

See independent auditors' report.

FIDUCIARY FUNDS

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, 2018

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 123,355	\$ 84,745	\$ 143,904	\$ 208,931	\$ 560,935
Due from other funds	9,199	-	-	-	9,199
Total assets	132,554	84,745	143,904	208,931	570,134
Liabilities					
Due to other funds	-	-	-	29,598	29,598
Accounts payable	11,265	-	-	-	11,265
Due to student groups	-	-	143,904	-	143,904
Payroll deductions and withholdings	-	-	-	179,333	179,333
Total liabilities	11,265	-	143,904	208,931	364,100
Net Position					
Held in trust for unemployment claims and other purposes	\$ 121,289	\$ 84,745	\$ -	\$ -	\$ 206,034

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, 2018

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employees	\$ 28,302	\$ -	\$ 28,302
Other	-	4,650	4,650
Total additions	<u>28,302</u>	<u>4,650</u>	<u>32,952</u>
Deductions			
Scholarships awarded	-	8,850	8,850
Unemployment claims	30,916	-	30,916
Total deductions	<u>30,916</u>	<u>8,850</u>	<u>39,766</u>
Change in net position	(2,614)	(4,200)	(6,814)
Net position - beginning of the year	<u>123,903</u>	<u>88,945</u>	<u>212,848</u>
Net position - end of the year	<u>\$ 121,289</u>	<u>\$ 84,745</u>	<u>\$ 206,034</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, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 145,570	\$ 315,045	\$ 316,711	\$ 143,904
Total assets	\$ 145,570	\$ 315,045	\$ 316,711	\$ 143,904
Liabilities				
Due to student groups				
Irving School	\$ 2,892	\$ 1,075	\$ 981	\$ 2,986
Bartle School	19,696	28,780	21,501	26,975
Middle School	8,623	25,519	24,551	9,591
High School	114,359	230,260	240,267	104,352
Athletic account	-	29,411	29,411	-
Total liabilities	\$ 145,570	\$ 315,045	\$ 316,711	\$ 143,904

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, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash and cash equivalents	\$ 66,602	\$ 19,466,282	\$ 19,323,953	\$ 208,931
Total assets	\$ 66,602	\$ 19,466,282	\$ 19,323,953	\$ 208,931
Liabilities				
Payroll deductions and withholdings				
Due to other funds	\$ 44,450	\$ 31,721	\$ 46,573	\$ 29,598
Net payroll	-	10,784,845	10,784,845	-
Payroll agency	22,152	8,649,716	8,492,535	179,333
Total liabilities	\$ 66,602	\$ 19,466,282	\$ 19,323,953	\$ 208,931

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, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
Refunding School Bonds of 2012	10/25/12	\$ 13,640,000	03/01/19	\$ 385,000	4.00%	\$ 12,550,000	\$ -	\$ 395,000	\$ 12,155,000
			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%	-	-	-	-
Refunding School Bonds of 2016	11/22/16	8,555,000	03/01/29	1,985,000	4.00%	-	-	-	-
			03/01/30	2,045,000	4.00%	-	-	-	-
			02/15/19	975,000	1.39%	8,530,000	-	935,000	7,595,000
			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%	-	-	-	-			
						<u>\$ 21,080,000</u>	<u>\$ -</u>	<u>\$ 1,330,000</u>	<u>\$ 19,750,000</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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Debt service tax levy	\$ 1,719,912	\$ -	\$ 1,719,912	\$ 1,719,912	\$ -
State sources					
Debt service aid	10,052	-	10,052	10,052	-
Total revenues	<u>1,729,964</u>	<u>-</u>	<u>1,729,964</u>	<u>1,729,964</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,330,000	-	1,330,000	1,330,000	-
Interest on bonds	546,498	-	546,498	546,498	-
Total expenditures	<u>1,876,498</u>	<u>-</u>	<u>1,876,498</u>	<u>1,876,498</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	(146,534)	-	(146,534)	(146,534)	-
Fund balance, July 1	<u>152,153</u>	<u>-</u>	<u>152,153</u>	<u>152,153</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,619</u>	<u>\$ -</u>	<u>\$ 5,619</u>	<u>\$ 5,619</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenue over (under) expenditures					
Budgeted fund balance	<u>\$ (146,534)</u>	<u>\$ -</u>	<u>\$ (146,534)</u>	<u>\$ (146,534)</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ 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	\$ 16,223,900
Restricted	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	1,296,983
Unrestricted	(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)	(6,009,634)
Total governmental activities	<u>\$ 10,872,772</u>	<u>\$ 11,533,801</u>	<u>\$ 13,253,481</u>	<u>\$ 14,974,856</u>	<u>\$ 16,047,253</u>	<u>\$ 10,861,300</u>	<u>\$ 11,581,459</u>	<u>\$ 12,420,561</u>	<u>\$ 12,184,277</u>	<u>\$ 11,511,249</u>
Business-type activities										
Net investment in capital assets	\$ 52,471	\$ 45,324	\$ 40,711	\$ 33,344	\$ 26,770	\$ 33,107	\$ 42,020	\$ 49,377	\$ 43,204	\$ 36,363
Unrestricted	167,930	167,913	168,790	233,111	234,305	263,567	300,611	374,784	426,375	440,833
Total business-type activities	<u>\$ 220,401</u>	<u>\$ 213,237</u>	<u>\$ 209,501</u>	<u>\$ 266,455</u>	<u>\$ 261,075</u>	<u>\$ 296,674</u>	<u>\$ 342,631</u>	<u>\$ 424,161</u>	<u>\$ 469,579</u>	<u>\$ 477,196</u>
District-wide										
Net investment in capital assets	\$ 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	\$ 16,260,263
Restricted	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	1,296,983
Unrestricted	(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)	(5,568,801)
Total district-wide	<u>\$ 11,093,173</u>	<u>\$ 11,747,038</u>	<u>\$ 13,462,982</u>	<u>\$ 15,241,311</u>	<u>\$ 16,308,328</u>	<u>\$ 11,157,974</u>	<u>\$ 11,924,090</u>	<u>\$ 12,844,722</u>	<u>\$ 12,653,856</u>	<u>\$ 11,988,445</u>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 18,002,294
Special education	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	5,960,160
Other special education	496,443	485,936	659,803	587,261	596,341	733,884	774,195	712,296	888,524	1,580,181
Other instruction	672,637	1,126,422	983,996	914,493	833,214	867,842	938,732	1,250,193	1,621,534	1,391,901
Support services										
Tuition	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	2,735,626
Student and instruction related services	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	7,846,773
General and business administrative services	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	1,907,551
School administration	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	2,614,282
Plant operations and maintenance	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	2,523,099
Pupil transportation	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	1,946,823
Transfer to charter schools	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002	388,784	340,461
Interest on long term debt	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	623,716
Total governmental activities expenses	<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>	<u>47,472,867</u>
Business-type activities										
Food services	555,129	545,600	504,307	519,295	554,527	588,168	584,567	587,347	618,367	628,191
Other	467,428	401,137	284,588	288,115	302,036	274,970	300,133	303,049	370,663	374,038
Total business-type activities	<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>	<u>1,002,229</u>
Total district expenses	<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>	<u>\$ 48,475,096</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 33,338	\$ 28,663	\$ 34,093	\$ 46,095	\$ 61,062	\$ 57,441	\$ 48,734	\$ 50,339	\$ 46,902	\$ 70,668
Special education instruction	10,951	-	42,289	9,400	30,464	68,799	36,016	20,687	-	-
Other instruction	-	3,551	-	-	-	-	-	-	-	-
Student and instruction related services	-	-	-	-	280	-	-	-	1,408	485
General and business administrative services	256	140	138	10	137	168	4	-	-	-
Plant operations and maintenance	20,918	7,778	294	5,282	28,346	29,554	75,108	121,145	172,616	63,951
Operating grants and contributions	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	1,477,792
Capital grants and contributions	310,401	-	259,835	497,091	64,903	19,640	235,293	44,475	-	(32,939)
Total governmental activities program revenues	<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>	<u>1,579,957</u>
Business-type activities										
Charges for services										
Food service	339,574	302,562	272,828	294,182	289,781	306,373	298,563	293,412	299,870	289,002
Other	553,773	387,757	275,473	308,312	310,673	315,652	322,526	366,190	386,754	375,432
Operating grants and contributions	207,442	249,093	236,430	258,294	275,729	301,212	309,568	312,324	349,560	345,412
Total business-type activities program revenues	<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>	<u>1,009,846</u>
Total district - program revenues	<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>	<u>\$ 2,589,803</u>
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (45,892,910)
Business-type activities	78,232	(7,325)	(4,164)	53,378	19,620	60,099	45,957	81,530	47,154	7,617
Total district-wide net expenses	<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>	<u>\$ (45,885,293)</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 26,084,657
Taxes levied for debt service	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	1,719,912
Unrestricted grants and contributions	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	17,363,231
Investment earnings	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739	11,170	21,744
Miscellaneous income	149,866	103,487	131,819	241,182	143,730	87,345	92,720	76,214	44,173	30,338
Special item - gain (loss) on disposal of capital assets	(4,677)	-	(5,076)	-	-	(1,864)	-	-	-	-
Special item - insurance proceeds for storm damage	-	-	-	-	35,761	-	-	-	-	-
Operating transfers in/(out)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-
Total governmental activities	<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>	<u>45,219,882</u>
Business-type activities										
Investment earnings	332	361	428	58	-	-	-	-	-	-
Miscellaneous income	-	-	-	3,518	-	500	-	-	-	-
Transfers in/(out)	-	-	-	-	(25,000)	(25,000)	-	-	-	-
Special item - prior year accounts receivable canceled	-	(200)	-	-	-	-	-	-	(1,736)	-
Total business-type activities	<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>	<u>-</u>
Total district-wide	<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>	<u>\$ 45,219,882</u>
Change in net position										
Governmental activities	\$ 1,251,341	\$ 661,029	\$ 1,719,680	\$ 1,721,375	\$ 1,072,397	\$ 556,432	\$ 720,159	\$ 839,102	\$ (236,284)	\$ (673,028)
Business-type activities	78,564	(7,164)	(3,736)	56,954	(5,380)	35,599	45,957	81,530	45,418	7,617
Total district	<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>	<u>\$ (665,411)</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 829,209	\$ 1,903,082	\$ 720,049	\$ 1,755,612	\$ 1,462,579	\$ 552,234	\$ 1,152,936	\$ 857,435	\$ 1,132,873	\$ 998,967
Committed	524,715	-	315,076	765,230	219,233	628,454	295,676	738,735	262,967	151,576
Assigned	430,000	12,825	426,210	505,489	680,000	400,000	400,000	700,000	800,000	999,990
Unassigned	256,073	182,362	365,048	320,852	359,524	388,364	509,412	529,052	521,488	100,153
Total general fund	<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>	<u>\$ 2,250,686</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 463,688	\$ 96,238	\$ 1,128,721	\$ 168,921	\$ 120,353	\$ 717,541	\$ 364,602	\$ 297,888	\$ 297,888	\$ 292,397
Assigned, reported in										
debt service fund	1	-	1	1	50,250	26,092	21,225	-	152,153	5,619
Unassigned, reported in										
Special revenue fund	<u>(29,022)</u>	<u>(29,992)</u>	<u>(29,992)</u>	<u>(27,492)</u>	<u>(28,859)</u>	<u>(30,488)</u>	<u>(32,231)</u>	<u>(27,875)</u>	<u>(22,649)</u>	<u>(25,262)</u>
Total all other governmental funds	<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>	<u>\$ 272,754</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 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	\$ 27,804,569
Tuition charges	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026	46,310	70,668
Interest earnings	23,916	22,003	13,066	4,391	2,197	1,827	6,058	7,739	11,170	21,744
Miscellaneous	184,377	100,806	140,296	267,431	1,034,900	109,456	173,101	118,508	71,217	119,059
State sources	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	8,397,167
State sources - capital projects	310,401		259,835	497,091	64,903	19,640	235,293	44,475	51,108	(32,939)
Federal sources	630,739	1,196,717	1,110,005	885,699	778,930	805,729	732,653	876,023	929,356	1,227,511
Total revenues	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	37,607,779
Expenditures										
Instruction										
Regular instruction	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	8,243,236
Special education instruction	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	2,684,226
Other special instruction	238,532	249,108	243,562	254,013	264,405	273,745	222,516	271,245	300,803	367,728
School sponsored/Other instructi	496,530	803,805	694,021	639,463	580,783	597,520	621,901	751,555	886,365	917,096
Support services										
Tuition	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	2,393,205
Student and inst related services	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	3,686,999
General administration	599,287	540,782	564,270	681,821	657,647	629,571	870,571	754,044	734,919	686,492
School administration services	886,022	929,273	850,887	942,431	988,977	970,007	976,782	1,064,649	1,127,893	1,201,330
Central services	457,733	383,945	368,853	416,759	424,193	418,742	414,785	427,213	446,396	462,444
Administrative information technology	60,696	55,749	45,723	55,958	49,416	45,699	101,644	52,905	56,525	53,190
Plant operations and maintenance	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	2,330,679
Pupil transportation	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	1,942,731
Employee benefits	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	5,514,689
On-behalf TPAF pension and social security contribution	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	3,896,231
Capital outlay	324,511	395,953	234,686	191,113	950,456	550,329	131,586	537,291	229,182	37,402
Transfers to charter schools	66,733	112,407	194,888	220,704	326,707	326,357	394,775	386,002	388,784	340,461
Special revenue funds	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	1,540,399
Capital projects fund	406,272	367,450	627,526	1,207,927	245,342	49,100	588,232	111,189	49,369	-
Debt service										
Principal	769,865	807,368	840,449	873,948	988,096	1,032,261	1,074,558	1,095,000	1,175,000	1,330,000
Interest and other charges	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	600,521
Total expenditures	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	38,229,059

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ 253,743	\$ (125,149)	\$ 870,598	\$ 672,650	\$ (867,865)	\$ (165,883)	\$ 69,423	\$ 383,615	\$ 40,116	\$ (621,280)
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	-	-	-	-	(13,949,447)	-	-	-	(8,505,631)	-
Premium on bond issue	-	-	-	-	441,318	-	-	-	-	-
Premium on note issue	-	-	-	850	584	-	-	-	-	-
Insurance claim proceeds for storm	-	-	-	-	35,761	-	-	-	-	-
Transfers in (out)	(76,150)	(185,000)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-
Total other financing sources (uses)	(76,150)	(185,000)	(110,000)	(109,150)	242,332	(15,000)	(40,000)	-	9,369	-
Net change in fund balances	\$ 177,593	\$ (310,149)	\$ 760,598	\$ 563,500	\$ (625,533)	\$ (180,883)	\$ 29,423	\$ 383,615	\$ 49,485	\$ (621,280)
Debt service as a percentage of non-capital expenditures	8.07%	8.03%	8.35%	7.98%	7.01%	7.31%	6.88%	6.55%	5.71%	5.32%

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 23,779	\$ 22,003	\$ 13,066	\$ 4,391	\$ 2,197	\$ 1,827	\$ 6,058	\$ 7,739	\$ 11,170	\$ 21,744
Insurance dividends	13,348	5,032	8,808	-	-	-	-	-	-	-
Mortgage loan proceeds	44,535	45,649	46,790	47,960	49,158	-	-	-	-	-
Rentals	11,821	2,700	-	1,375	11,085	20,995	45,600	40,883	50,124	50,258
Prior year										
Account balance canceled	-	-	-	-	9,387	1,164	1,610	-	3,522	3,400
Refund	5,202	11,321	6,693	23,568	2,982	14,740	9,074	3,086	2,362	18,051
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	39,934	28,663	76,382	55,495	90,521	126,209	84,750	71,026	46,310	70,668
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	7,920
Local contributions	-	-	-	-	-	-	-	2,386	-	-
Miscellaneous	425	62	1,277	1,365	707	261	313	77	929	967
Annual totals	<u>\$ 186,785</u>	<u>\$ 115,954</u>	<u>\$ 180,324</u>	<u>\$ 260,564</u>	<u>\$ 179,695</u>	<u>\$ 174,975</u>	<u>\$ 156,174</u>	<u>\$ 133,973</u>	<u>\$ 123,078</u>	<u>\$ 173,008</u>

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 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	\$ 5,950,000
Residential	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	433,001,900
Commercial	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	48,762,700
Industrial	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	2,330,600
Apartment	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	76,368,600
Total assessed value	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	566,413,800
Public utilities (a)	311,208	304,824	276,411	40	40	42	43	43	44	42
Net valuation taxable	\$ 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	\$ 566,413,842
Estimated actual county equalized value	<u>\$ 1,512,628,292</u>	<u>\$ 1,501,446,445</u>	<u>\$ 1,436,556,510</u>	<u>\$ 1,358,356,106</u>	<u>\$ 1,371,814,938</u>	<u>\$ 1,288,828,726</u>	<u>\$ 1,271,124,317</u>	<u>\$ 1,294,238,828</u>	<u>\$ 1,294,238,828</u>	<u>\$ 1,362,134,950</u>
Percentage of net valuation to estimated actual equalized value	<u>35.24%</u>	<u>35.62%</u>	<u>37.27%</u>	<u>39.55%</u>	<u>39.50%</u>	<u>42.13%</u>	<u>43.05%</u>	<u>42.80%</u>	<u>43.37%</u>	<u>41.58%</u>
Total direct school tax rate (b)	<u>\$ 4.02</u>	<u>\$ 4.14</u>	<u>\$ 4.24</u>	<u>\$ 4.31</u>	<u>\$ 4.33</u>	<u>\$ 4.55</u>	<u>\$ 4.60</u>	<u>\$ 4.87</u>	<u>\$ 4.79</u>	<u>\$ 5.00</u>

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				
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	4.49	0.30	4.79	2.16	0.91	7.86	
2018	4.68	0.32	5.00	2.22	0.96	8.18	

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

	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Tree Tops at Highlands LLC	\$ 8,000,000	1	1.41%	\$ 9,814,400	1
Cedar Arms Associates LLC	5,220,000	2	0.92%	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	0.88%	4,994,800	4	0.94%
Rutgers University c/o Richardson	4,922,100	5	0.87%	4,922,100	5	0.92%
Cedar Holding Associates	4,871,600	6	0.86%	4,871,600	6	0.91%
Orchard Gardens	4,600,300	7	0.81%	4,600,300	7	0.86%
Highland Montgomery LLC	3,704,000	8	0.65%	3,704,000	8	0.69%
East Coast Harper & Highland House/Gardens	3,544,600	9	0.63%	-	-	-
Parktowne House Apartments	2,586,000	10	0.46%	2,586,000	10	0.49%
Highland Park Manor LLC	-	-	-	2,712,600	9	0.51%
	<u>\$ 47,463,200</u>		<u>8.38%</u>	<u>\$ 48,445,600</u>		<u>9.08%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 21,176,700	\$ 21,176,700	100.00%
2010	21,746,000	21,746,000	100.00%
2011	22,521,337	22,521,337	100.00%
2012	22,928,768	22,928,768	100.00%
2013	23,348,534	23,348,534	100.00%
2014	23,685,383	23,685,383	100.00%
2015	25,217,864	25,217,864	100.00%
2016	26,197,142	26,197,142	100.00%
2017	27,174,030	27,174,030	100.00%
2018	27,804,569	27,804,569	100.00%

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				
2009	\$ 27,667,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,667,564	4.23%	\$ 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	3.69%	1,866
2013	25,167,703	-	49,116	1,085,996	-	-	26,302,815	3.49%	1,850
2014	24,160,000	-	24,558	-	-	-	24,184,558	3.34%	1,695
2015	23,110,000	-	-	-	-	-	23,110,000	3.10%	1,612
2016	22,015,000	-	-	-	-	-	22,015,000	2.85%	1,539
2017	21,080,000	-	-	-	-	-	21,080,000	2.64%	1,480
2018	19,750,000	-	-	-	-	-	19,750,000	N/A	1,394

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

- (a) See Exhibit J-14 for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	1,789
2013	25,167,703	-	25,167,703	4.64%	1,770
2014	24,160,000	-	24,160,000	4.45%	1,693
2015	23,110,000	-	23,110,000	4.22%	1,612
2016	22,015,000	-	22,015,000	3.97%	1,539
2017	21,080,000	-	21,080,000	3.76%	1,480
2018	19,750,000	-	19,750,000	3.49%	1,394

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

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 18,137,231	100.00%	\$ 18,137,231
County general obligation debt	690,097,707	1.25%	<u>8,651,558</u>
Subtotal, overlapping debt			26,788,789
School district direct debt			<u>21,080,000</u>
Total direct and overlapping debt			<u><u>\$ 47,868,789</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 2018

	Equalized Valuation Basis
	2017 \$ 1,346,142,206
	2016 1,250,698,126
	2015 <u>1,278,549,065</u>
	<u>\$ 3,875,389,397</u>
Average equalized valuation of taxable property	<u>\$ 1,291,796,466</u>
Debt limit (4.0% of average equalization value)	\$ 51,671,859
Total net debt applicable to limit	<u>19,750,000</u>
Legal debt margin	<u>\$ 31,921,859</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 53,323,946	\$ 52,100,526	\$ 51,013,507	\$ 50,540,439	\$ 51,671,859
Total net debt applicable	<u>24,160,000</u>	<u>23,110,000</u>	<u>22,015,000</u>	<u>21,080,000</u>	<u>19,750,000</u>
Legal debt margin	<u>\$ 29,163,946</u>	<u>\$ 28,990,526</u>	<u>\$ 28,998,507</u>	<u>\$ 29,460,439</u>	<u>\$ 31,921,859</u>
Total net debt applicable to the limit as a percentage of debt limit	45.31%	44.36%	43.16%	41.71%	38.22%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 58,950,149	\$ 59,992,854	\$ 59,092,121	\$ 57,107,005	\$ 55,296,999
Total net debt applicable	<u>29,444,092</u>	<u>28,636,724</u>	<u>27,796,275</u>	<u>28,008,323</u>	<u>28,030,227</u>
Legal debt margin	<u>\$ 29,506,057</u>	<u>\$ 31,356,130</u>	<u>\$ 31,295,846</u>	<u>\$ 29,098,682</u>	<u>\$ 27,266,772</u>
Total net debt applicable to the limit as a percentage of debt limit	49.95%	47.73%	47.04%	49.05%	50.69%

Source: Equalized Valuation Basis 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)
2009	14,332	\$ 659,529,976	\$ 46,018	7.80%
2010	13,992	661,122,000	47,250	7.80%
2011	14,056	710,572,968	50,553	7.60%
2012	14,217	752,775,933	52,949	7.70%
2013	14,267	724,435,459	50,777	7.80%
2014	14,335	746,437,785	52,071	4.40%
2015	14,301	773,641,197	54,097	3.60%
2016	14,247	797,547,060	55,980	3.30%
2017	14,164	N/A	N/A	3.00%
2018	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2018

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

2009

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

See independent auditors' report.

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

	<u>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>	<u>2018</u>
Function/Program										
Instruction										
Regular	115.0	110.0	99.1	105.4	117.1	116.5	119.4	119.1	119.7	118.4
Special education	44.0	45.4	48.2	49.1	56.8	60.8	49.6	52.3	53.9	54.9
Other instruction	3.6	3.6	3.6	8.0	7.1	6.1	5.3	9.1	9.6	9.1
Support services										
Student and instruction related services	54.0	51.9	50.7	46.3	46.0	34.8	42.4	48.1	53.6	51.1
General administration	3.2	3.2	3.2	3.2	2.2	3.2	3.0	3.0	3.0	3.0
School administration services	11.2	12.7	11.5	11.5	12.2	14.7	14.4	18.4	15.6	14.6
Central services	5.8	5.8	4.8	5.1	5.5	4.5	4.5	4.5	4.5	4.2
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	3.9	3.2	3.6	2.2	2.3	1.6	3.2	5.5	5.7	7.0
Total	<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>	<u>262.8</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
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%
2018	1,658	36,261,136	21,870	7.80%	144	1 to 21.25	1,605.3	1,522.8	0.44%	94.86%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	294	301	290	299	335	336	332	309	315	338
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	478	453	417	447	422	448	473	461	484	478
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	306	310	334	322	355	349	339	344	361	362
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	439	419	387	411	451	460	474	497	511	480
Other										
Maintenance Building (1925)										
Square feet	3,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Number of Schools at June 30, 2018										
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 Expenditures by School Facilities
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
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
2018	54,780	83,895	214,875	353,550
Total school facilities	<u>\$ 1,025,256</u>	<u>\$ 717,818</u>	<u>\$ 2,527,466</u>	<u>\$ 4,270,540</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, 2018
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - Utica Mutual		
Property-Blanket Building & Contents	\$ 79,868,507	\$ 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	245,000	-
Business Administrator's Bond	100,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2019.

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 numbered 2018-01, 2018-02, 2018-03, and 2018-04.

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

Compliance and Other Matters

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

Highland Park Borough Public School District's 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPA'S, PC



Michael A. Holk, CPA, PSA

February 28, 2019
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 15-08-OMB**

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 New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state 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; 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and the 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 and 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 year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 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 and 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as finding number 2018-01 as a significant deficiency.

The District's response to the internal control over compliance 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 compliance, and, accordingly, we express no opinion on the response.

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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA

February 28, 2019
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2018				
					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	1705NJ5MAP	N/A	\$ 47,615	07/01/17	06/30/18	\$ -	\$ -	\$ 47,615	\$ 47,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total general fund							-	-	47,615	47,615	-	-	-	-	-	-
U.S. Departments of Education and Health & Human Services Special revenue fund																
School based youth services program	93.558	N/A	18AEMP	285,145	07/01/17	06/30/18	-	-	283,774	285,145	-	(1,371)	-	-	-	-
U.S. Department of Education passed through State Department of Education Special revenue fund																
ESSA Title I A	84.010A	S010A170030	ESSA-2150-18	317,396	07/01/17	06/30/18	-	-	139,926	269,973	-	(130,047)	-	-	-	-
NCLB Title I A	84.010A	S010S160030	NCLB-2150-17	311,322	07/01/16	06/30/17	(231,018)	(16,972)	247,990	-	-	-	-	-	-	-
NCLB Title I A carryover	84.010A	S010S160030	NCLB-2150-17	311,322	07/01/16	06/30/17	-	16,972	-	16,972	-	-	-	-	-	-
ESSA Title I SIA A	84.010A	S010A170030	ESSA-2150-18	34,536	07/01/17	06/30/18	-	-	-	12,617	-	(12,617)	-	-	-	-
ESSA Title II A	84.367A	S367A170029	ESSA-2150-18	45,452	07/01/17	06/30/18	-	-	30,756	42,264	-	(11,508)	-	-	-	-
NCLB Title II A	84.367A	S367A160029	NCLB-2150-17	45,493	07/01/16	06/30/17	(44,279)	(1,214)	45,493	-	-	-	-	-	-	-
NCLB Title II A carryover	84.367A	S367A150029	NCLB-2150-16	45,493	07/01/16	06/30/17	-	1,214	-	1,214	-	-	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-2150-16	49,395	07/01/16	06/30/17	(20,652)	-	20,652	-	-	-	-	-	-	-
ESSA Title III	84.365A	S365A170030	ESSA-2150-18	28,923	07/01/17	06/30/18	-	-	10,659	20,412	-	(9,753)	-	-	-	-
NCLB Title III	84.365A	S365A160030	NCLB-2150-17	18,380	07/01/16	06/30/17	(15,141)	(2,567)	17,708	-	-	-	-	-	-	-
NCLB Title III carryover	84.365A	S365A150030	NCLB-2150-17	18,380	07/01/16	06/30/17	-	2,567	-	2,567	-	-	-	-	-	-
NCLB Title III	84.365A	S365A150030	NCLB-2150-16	17,648	07/01/16	06/30/17	(1,418)	-	1,418	-	-	-	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A170030	ESSA-2150-18	9,515	07/01/17	06/30/18	-	-	-	2,645	-	(2,645)	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A160030	NCLB-2150-17	9,548	07/01/16	06/30/17	(166)	(9,282)	1,635	-	-	(7,813)	-	-	-	-
NCLB Title III Immigrant carryover	84.365A	S365A160030	NCLB-2150-17	9,548	07/01/16	06/30/17	-	9,282	-	9,282	-	-	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-2150-16	19,317	07/01/16	06/30/17	(13,289)	-	13,289	-	-	-	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB-2150-16	19,317	07/01/15	06/30/16	(615)	-	615	-	-	-	-	-	-	-
ESSA Title IV A	84.424A	S424A170031	ESSA-2150-18	10,000	07/01/17	06/30/18	-	-	2,035	4,332	-	(2,297)	-	-	-	-
IDEA Special education cluster																
IDEA Basic	84.027A	H027A170100	IDEA-2150-18	417,036	07/01/17	06/30/18	-	-	71,227	123,161	-	(51,934)	-	-	-	-
IDEA Basic	84.027A	H027A160100	IDEA-2150-17	408,501	07/01/16	06/30/17	(4,041)	(223,870)	332,909	104,998	-	-	-	-	-	-
IDEA Basic carryover	84.027A	H027A160100	IDEA-2150-17	408,501	07/01/16	06/30/17	-	223,870	-	223,870	-	-	-	-	-	-
IDEA Preschool	84.173A	H173A170114	IDEA-2150-18	13,088	07/01/17	06/30/18	-	-	6,969	13,088	-	(6,119)	-	-	-	-
IDEA Preschool	84.173A	H173S160114	IDEA-2150-17	13,002	07/01/16	06/30/17	(7,852)	-	7,852	-	-	-	-	-	-	-
Total IDEA Special education cluster							(11,893)	-	418,957	465,117	-	(58,053)	-	-	-	-
Total special revenue fund							(338,471)	-	1,234,907	1,132,540	-	(236,104)	-	-	-	-

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2018				
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor		
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	181NJ304N1099	N/A	\$ 32,823	10/01/17	09/30/18	\$ -	\$ -	\$ 32,823	\$ 32,423	\$ -	\$ -	\$ 400	\$ -		
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	42,208	10/01/16	09/30/17	398	-	-	398	-	-	-	-		
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	243,919	10/01/17	09/30/18	-	-	224,565	243,919	-	(19,354)	-	-		
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	253,480	10/01/16	09/30/17	(48,912)	-	48,912	-	-	-	-	-		
School breakfast program	10.553	181NJ304N1099	N/A	58,907	10/01/17	09/30/18	-	-	52,363	58,907	-	(6,544)	-	-		
School breakfast program	10.553	171NJ304N1099	N/A	47,438	10/01/16	09/30/17	(12,754)	-	12,754	-	-	-	-	-		
Total enterprise fund and child nutrition cluster:							<u>(61,268)</u>	<u>-</u>	<u>371,417</u>	<u>335,647</u>	<u>-</u>	<u>(25,898)</u>	<u>400</u>	<u>-</u>		
Total Federal financial assistance							<u>\$ (399,739)</u>	<u>\$ -</u>	<u>\$ 1,653,939</u>	<u>\$ 1,515,802</u>	<u>\$ -</u>	<u>\$ (262,002)</u>	<u>\$ 400</u>	<u>\$ -</u>		

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Repayment	Balance June 30, 2018			Memo	
			From	To	of Prior Year	Accounts Receivable			Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure		
					Balances									
State Department of Education														
General fund														
Special education categorical aid	18-495-034-5120-089	\$ 901,509	07/01/17	06/30/18	\$ -	\$ -	\$ 813,200	\$ 901,509	\$ -	\$ -	\$ -	\$ -	\$ 88,309	\$ 901,509
Equalization aid	18-495-034-5120-078	2,792,423	07/01/17	06/30/18	-	-	2,518,884	2,792,423	-	-	-	-	273,539	2,792,423
Security aid	18-495-034-5120-084	47,872	07/01/17	06/30/18	-	-	43,183	47,872	-	-	-	-	4,689	47,872
Transportation aid	18-495-034-5120-014	76,509	07/01/17	06/30/18	-	-	69,014	76,509	-	-	-	-	7,495	76,509
PARCC readiness aid	18-495-034-5120-098	15,870	07/01/17	06/30/18	-	-	14,315	15,870	-	-	-	-	1,555	15,870
Per pupil growth aid	18-495-034-5120-097	15,870	07/01/17	06/30/18	-	-	14,315	15,870	-	-	-	-	1,555	15,870
Professional learning community aid	18-495-034-5120-101	16,510	07/01/17	06/30/18	-	-	14,893	16,510	-	-	-	-	1,617	16,510
Host district support aid	18-495-034-5120-102	18,876	07/01/17	06/30/18	-	-	17,027	18,876	-	-	-	-	1,849	18,876
Extraordinary aid	18-495-034-5120-044	295,481	07/01/17	06/30/18	-	-	-	295,481	-	(295,481)	-	-	-	295,481
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	18-495-034-5120-014	76,560	07/01/17	06/30/18	-	-	-	76,560	-	(76,560)	-	-	-	76,560
Non-public transportation aid	17-495-034-5120-014	44,370	07/01/16	06/30/17	(44,370)	-	44,370	-	-	-	-	-	-	44,370
Lead testing	18-495-034-5120-104	1,904	07/01/17	06/30/18	-	-	1,904	1,904	-	-	-	-	-	1,904
On behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	1,158,867	07/01/17	06/30/18	-	-	1,158,867	1,158,867	-	-	-	-	-	1,158,867
On behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	42,510	07/01/17	06/30/18	-	-	42,510	42,510	-	-	-	-	-	42,510
On behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-004	3,101	07/01/17	06/30/18	-	-	3,101	3,101	-	-	-	-	-	3,101
On behalf TPAF pension contribution - teachers' pension & annuity fund	18-495-034-5094-002	1,751,739	07/01/17	06/30/18	-	-	1,751,739	1,751,739	-	-	-	-	-	1,751,739
Reimbursed TPAF social security contribution	18-495-034-5094-003	940,014	07/01/17	06/30/18	-	-	894,099	940,014	-	(45,915)	-	-	-	940,014
Reimbursed TPAF social security contribution	17-495-034-5094-003	898,940	07/01/16	06/30/17	(43,325)	-	43,325	-	-	-	-	-	-	898,940
Total general fund					(435,575)	-	7,792,626	8,155,615	-	(417,956)	-	-	380,608	9,446,805
Special revenue fund														
Preschool education aid	18-495-034-5120-086	252,619	07/01/17	06/30/18	-	-	227,357	252,619	-	-	-	-	25,262	252,619
Nonpublic technology initiative aid	18-100-034-5120-373	2,812	07/01/17	06/30/18	-	-	2,812	2,562	-	-	-	250	-	2,812
Nonpublic technology initiative aid	17-100-034-5120-373	1,768	07/01/16	06/30/17	-	5	-	-	5	-	-	-	-	-
Nonpublic textbook aid	18-100-034-5120-064	4,164	07/01/17	06/30/18	-	-	4,164	1,631	-	-	-	2,533	-	4,164
Nonpublic textbook aid	17-100-034-5120-064	3,920	07/01/16	06/30/17	-	53	-	-	53	-	-	-	-	-
Nonpublic nursing services	18-100-034-5120-070	8,342	07/01/17	06/30/18	-	-	8,342	7,528	-	-	-	814	-	8,342
Nonpublic nursing services	17-100-034-5120-070	6,120	07/01/16	06/30/17	-	1,022	-	-	1,022	-	-	-	-	-
Nonpublic security aid	18-100-034-5120-509	6,450	07/01/17	06/30/18	-	-	6,450	6,427	-	-	-	23	-	6,450
Nonpublic security aid	17-100-034-5120-509	3,400	07/01/16	06/30/17	-	597	-	-	597	-	-	-	-	-
Non-public auxiliary/handicapped transportation aid	18-100-034-5120-068	654	07/01/17	06/30/18	-	-	654	654	-	-	-	-	-	654
Non-public auxiliary services aid														
Compensatory education	18-100-034-5120-067	1,772	07/01/17	06/30/18	-	-	1,772	-	-	-	-	1,772	-	1,772
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	18-100-034-5120-066	8,911	07/01/17	06/30/18	-	-	8,911	7,639	-	-	-	1,272	-	8,911
Examination and classification	18-100-034-5120-066	1,095	07/01/17	06/30/18	-	-	1,095	1,094	-	-	-	1	-	1,095
Examination and classification	17-100-034-5120-066	2,888	07/01/16	06/30/17	-	361	-	-	361	-	-	-	-	-
Supplemental instruction	18-100-034-5120-066	3,172	07/01/17	06/30/18	-	-	3,172	-	-	-	-	3,172	-	3,172
Corrective speech	18-100-034-5120-066	893	07/01/17	06/30/18	-	-	893	-	-	-	-	893	-	893
Corrective speech	17-100-034-5120-066	884	07/01/16	06/30/17	-	884	-	-	884	-	-	-	-	-
Total special revenue fund					-	4,714	265,622	280,154	4,714	-	-	10,730	25,262	290,884

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, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2018			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	18-495-034-5120-017	\$ 10,052	07/01/17	06/30/18	\$ -	\$ -	\$ 10,052	\$ 10,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,052
NJ School Development Authority															
Capital projects fund															
Irving School waterproofing project	2150-070-10-1001	32,069	Not applicable		(57,080)	-	32,069	(25,011)	-	-	-	-	-	-	32,069
Bartle School gym floor replacement	2150-085-10-1003	410,598	Not applicable		(422,397)	-	410,598	(11,799)	-	-	-	-	-	-	410,598
Bartle School window replacement	2150-085-14-1001	494,340	Not applicable		(494,340)	-	-	-	-	(494,340)	-	-	-	-	494,340
Total capital projects fund					(973,817)	-	442,667	(36,810)	-	(494,340)	-	-	-	-	937,007
State Department of Agriculture															
Enterprise fund															
State school lunch program	18-100-010-3350-023	6,650	07/01/17	06/30/18	-	-	6,138	6,650	-	(512)	-	-	-	-	6,650
State school lunch program	17-100-010-3350-023	6,391	07/01/16	06/30/17	(1,239)	-	1,239	-	-	-	-	-	-	-	6,391
Total enterprise fund					(1,239)	-	7,377	6,650	-	(512)	-	-	-	-	13,041
Total State financial assistance					\$ (1,410,631)	\$ 4,714	\$ 8,518,344	\$8,415,661	\$ 4,714	\$ (912,808)	\$ -	#####	\$ 405,870	\$10,697,789	
Less: On behalf TPAF pension system contributions								(2,956,217)							
Total for state financial assistance - major program determination								\$5,459,444							

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Highland Park Borough Public School District. The District is defined in Note 1 (A) to the District's basic 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, is 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 of financial statements

The Basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$27,933) for the general fund and \$26,251 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 3 - Relationship of financial statements (continued)

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

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 47,615	\$ 8,127,682	\$ 8,175,297
Special revenue fund	38,463	1,179,896	259,433	1,477,792
Capital projects fund	-	-	(32,939)	(32,939)
Debt service fund	-	-	10,052	10,052
Food service fund	-	335,647	6,650	342,297
Total awards and financial assistance	<u>\$ 38,463</u>	<u>\$ 1,563,158</u>	<u>\$ 8,370,878</u>	<u>\$ 9,972,499</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, 2018. 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, 2018.

Note 6 - Indirect costs

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

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	H027A170100	IDEA Basic
84.173	H173S170114	IDEA Preschool

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, 2018

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

State Awards

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

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? X 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 X No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>18-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>18-495-034-5120-078</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-102</u>	<u>Security Aid</u>
<u>18-495-034-5120-097</u>	<u>Host District Support Aid</u>
<u>18-495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>PARCC Readiness aid</u>
<u>18-495-034-5120-044</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5094-003</u>	<u>Extraordinary Special Education Costs Aid</u>
	<u>Reimbursed TPAF Social Security Contribution</u>

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018

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 2018-001

Criteria

Bank account reconciliations should agree with board secretary records and not include aged reconciling items. The treasurer's report was also not presented for approval by the Board of Education at the same time as the board secretary report.

Condition

Bank account reconciliations included reconciling items in excess of one year old. These items were excluded, in some instances, from the board secretary records and the treasurer's reports were not filed in a timely manner to verify the accuracy of monthly financial reports.

Cause

Unknown

Effect

Bank reconciliations prepared by the treasurer include aged reconciling items in excess of one year old and outstanding checks not reflected in the board secretary records. The treasurer's report was not filed at the same time as the board secretary report.

Recommendation

Investigate and adjust outstanding checks not in agreement with the board secretary records and liquidate amounts due within District bank accounts in a timely manner and ensure that the treasurer's report is filed at the same time as the board secretary report.

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 which includes working together more closely and continuously scrutinizing reconciling items.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018

Section II - Financial Statement Findings (continued)

Finding 2018-002

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 from one of the three completed facility projects.

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 collect the funds.

Recommendation

The District should make a continuing effort to collect the NJ Schools Development Authority award funds receivable for one completed facility project 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 which includes utilizing the assistance of a contracted specialist.

This was a finding in the prior year.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018

Section II - Financial Statement Findings (continued)

Finding 2018-003

Criteria

Accounts payable and reserve for encumbrances contained material errors that were not corrected.

Condition

Accounts payable and reserve for encumbrances listings were not reconciled.

Cause

Unknown

Effect

The District had encumbrances and accounts payables that should have been canceled or liquidated.

Recommendation

Purchase orders should be reviewed for proper classification as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be canceled or liquidated.

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 which includes periodic review of open purchase orders and communication with staff as to proper disposition.

Finding 2018-004

Criteria

Procedures should be in place to ensure that receipts are deposited timely to student activity accounts.

Condition

Deposits to the student activity accounts were not made timely.

Cause

Unknown

Effect

Deposits to the student activity accounts were not made timely.

Recommendation

The District should implement procedures ensuring that receipts for student activity funds are deposited timely.

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 which includes which includes closer scrutiny of checks deposited and follow up communication with faculty where applicable.

HIGHLAND PARK BORO PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2018

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, 2018 for federal awards.

There was one finding for the year ended June 30, 2018 for state financial assistance.

Finding 2018-001

Criteria

Bank account reconciliations should agree with board secretary records and not include aged reconciling items. The treasurer's report was also not presented for approval by the Board of Education at the same time as the board secretary report.

Condition

Bank account reconciliations included reconciling items in excess of one year old. These items were excluded, in some instances, from the board secretary records and the treasurer's reports were not filed in a timely manner to verify the accuracy of monthly financial reports.

Cause

Unknown

Effect

Bank reconciliations prepared by the treasurer include aged reconciling items in excess of one year old and outstanding checks not reflected in the board secretary records. The treasurer's report was not filed at the same time as the board secretary report.

Recommendation

Investigate and adjust outstanding checks not in agreement with the board secretary records and liquidate amounts due within District bank accounts in a timely manner and ensure that the treasurer's report is filed at the same time as the board secretary report.

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 which includes working together more closely and continuously scrutinizing reconciling items.

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, 2018

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following. The District has taken corrective action for recommendation 2017-02 and a continuing effort to collect funds due from the District for NJ School Development Authority has been included as recommendation number 2018-02.