

**HANOVER PARK
REGIONAL HIGH SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

**Hanover Park
Regional High School District**

East Hanover, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)

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

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

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

HANOVER PARK HIGH SCHOOL
WHIPPANY PARK HIGH SCHOOL

November 15, 2019

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2018-2019 fiscal year with an enrollment of 1,462 students, which is a decrease of 27 students from the previous year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: Hanover Township has two projects, Barclays which will bring in between 2,000 and 3,000 jobs and a new Lowe’s Home Improvement center. There are no housing developments scheduled.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2018-2019, please contact the Superintendent’s Office.

Students in the Class of 2019 at both of the District’s high schools were granted diplomas in June 2019.

	Regular Pupils	Special Education Pupils	Total Pupils
Grade 12 Enrollment 6/30/19	299	82	381 *
No. Students Graduating	298	55	353
No. Students On Track Continuing	- 0 -	27	27

* Includes 10 out of district students

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2019.

	4-Year College	2-Year College	Armed Forces	Other Education	Total
Hanover Park	144	28	0	4	176
Whippany Park	135	20	1	9	165

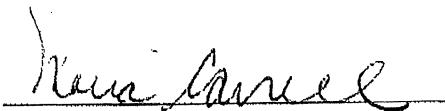
4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the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

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

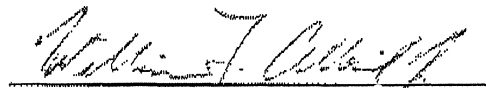
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2019.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
8. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hanover Park Regional District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

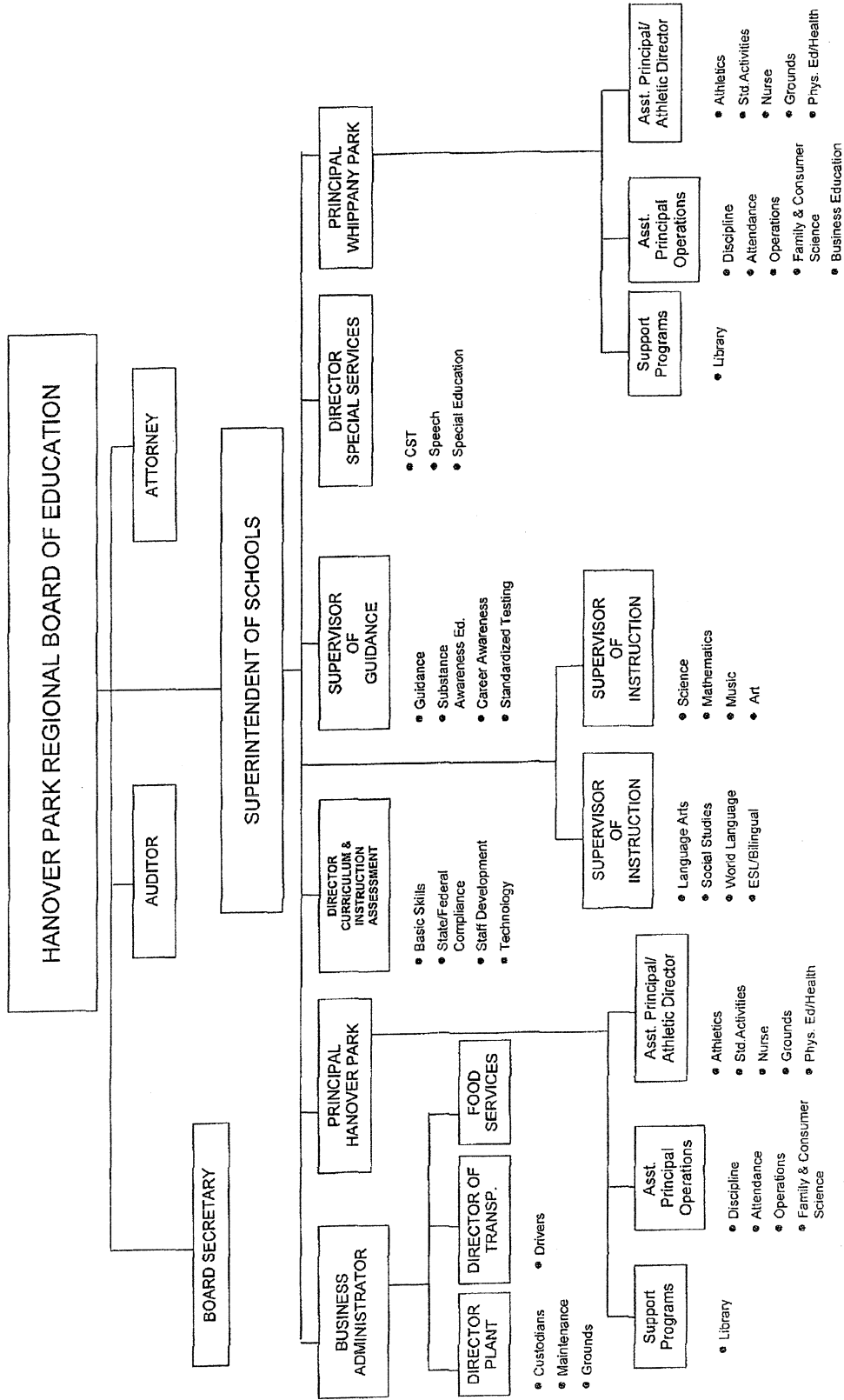


Maria Carrell
Superintendent



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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
1110 Organizational Chart



Revised:
Board Approved: 10 December 2014

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gerard Freda - President	2020
James Herbert - Vice President	2022
Tim Donohue	2022
Ernest Eveland	2022
Richard Ford	2020
Deborah Davis	2020
Rhett Eveland	2022
Michael Lomio	2021
Joanne Tobias	2020

<u>Other Officers</u>	<u>Title</u>
Carol Grossi	Superintendent of Schools (to 6/30/19)
Maria Carrell	Director of Curriculum, Instruction and Assessment (to 6/30/19) Superintendent of Schools (from 7/1/19)
William F. Albert, Jr.	Board Secretary/Business Administrator
Susan Young	Treasurer
Noemi Schlecht	Director of Curriculum, Instruction and Assessment (from 7/1/19)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors
Fiscal Year Ended June 30, 2019

Audit Firm

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

Attorney

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

Architects

FKA Architects
306 Ramapo Valley Road
Oakland, New Jersey 07436

Official Depositories

TD Bank
East Hanover, New Jersey 07936

Valley National Bank
East Hanover, New Jersey 07936

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 15, 2019
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of Hanover Park Regional High School’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of Hanover Park Regional School District's Financial Report

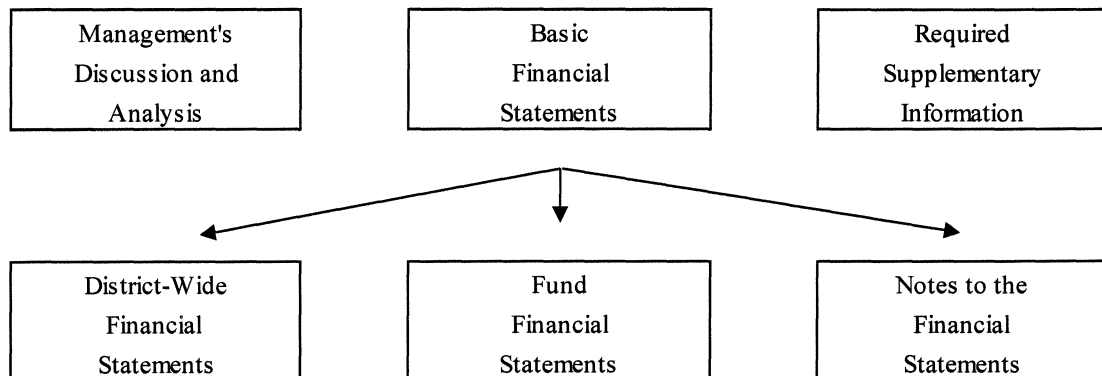


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$31,486,300 on June 30, 2019, \$2,669,122 or 9.26% more than the year before (See Figure A-3). Net position from governmental activities increased \$2,678,225 and net position from business-type activities decreased by \$9,103 (See Figure A-4). Net investment in capital assets increased \$1,746,003, restricted net position increased \$824,280 and unrestricted net position increased \$98,839.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Assets:							
Current and Other Assets	\$ 15,287,233	\$ 13,774,414	\$ 43,474	\$ 80,478	\$ 15,330,707	\$ 13,854,892	
Capital Assets, Net	50,526,308	51,339,235	5,766	8,805	50,532,074	51,348,040	
Total Assets	65,813,541	65,113,649	49,240	89,283	65,862,781	65,202,932	1.01%
Deferred Outflows of Resources	5,234,699	6,091,891			5,234,699	6,091,891	-14.07%
Liabilities:							
Other Liabilities	1,621,084	1,239,104	15,278	46,218	1,636,362	1,285,322	
Long-Term Liabilities Outstanding	33,438,041	37,837,315			33,438,041	37,837,315	
Total Liabilities	35,059,125	39,076,419	15,278	46,218	35,074,403	39,122,637	-10.35%
Deferred Inflows of Resources	4,536,777	3,355,008			4,536,777	3,355,008	35.22%
Net Position:							
Net Investment in Capital Assets	32,647,525	30,898,483	5,766	8,805	32,653,291	30,907,288	
Restricted	12,573,801	11,749,521			12,573,801	11,749,521	
Unrestricted/(Deficit)	(13,768,988)	(13,873,891)	28,196	34,260	(13,740,792)	(13,839,631)	
Total Net Position	\$ 31,452,338	\$ 28,774,113	\$ 33,962	\$ 43,065	\$ 31,486,300	\$ 28,817,178	9.26%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Financial Analysis of the District as a Whole

The increase in net position from governmental activities is primarily due to the reduction in net pension liability, deferred outflows in pensions, and serial bonds payable offset by the increase in deferred inflows in pensions. The decrease in net position from business-type activities is primarily due to a decrease in lunch sales revenue. The increase in net investment in capital assets is primarily due to a reduction in serial bonds payable. The increase in restricted net position is primarily due to an increase in capital reserve as a result of the return of unused funds from Capital Projects, as well as an increase in current year excess surplus. The increase in unrestricted net position is primarily due to the reduction in net pension liability, deferred outflows in pensions, and unamortized bond premium offset by the increase in deferred inflows in pensions.

Changes in Net Position

The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Revenue:							
Program Revenue:							
Charges for Services	\$ 16,650		\$ 431,136	\$ 467,310	\$ 447,786	\$ 467,310	
Operating Grants & Contributions	9,480,989	\$ 11,531,282			9,480,989	11,531,282	
General Revenue:							
Property Taxes	35,228,423	34,415,799			35,228,423	34,415,799	
Unrestricted Federal & State Aid	888,668	841,490			888,668	841,490	
Other	902,259	797,240	27	51	902,286	797,291	
Total Revenue	46,516,989	47,585,811	431,163	467,361	46,948,152	48,053,172	-2.30%
Expenses:							
Instruction	20,881,327	21,948,819			20,881,327	21,948,819	
Pupil & Instruction Services	11,145,226	10,163,233			11,145,226	10,163,233	
Administration and Business	3,968,663	4,778,971			3,968,663	4,778,971	
Maintenance & Operations	3,219,826	3,401,157			3,219,826	3,401,157	
Transportation	2,855,927	3,230,215			2,855,927	3,230,215	
Other	1,767,795	2,158,200	440,266	471,157	2,208,061	2,629,357	
Total Expenses	43,838,764	45,680,595	440,266	471,157	44,279,030	46,151,752	-4.06%
Other Items		(52,706)		35,065		(17,641)	100.00%
Change in Net Position	\$ 2,678,225	\$ 1,852,510	\$ (9,103)	\$ 31,269	\$ 2,669,122	\$ 1,883,779	41.69%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Financial Analysis of the District as a Whole

Governmental Activities

The financial position of the District increased by \$2,678,225 and remains strong. However, maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services for disabled pupils places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits costs and the costs associated with training new teachers.

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

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Governmental Activities

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018/19	2017/18	2018/19	2017/18
Instruction	\$ 20,881,327	\$ 21,948,819	\$ 15,490,199	\$ 15,118,932
Pupil & Instruction Services	11,145,226	10,163,233	9,365,670	8,430,339
Administration and Business	3,968,663	4,778,971	3,137,635	3,362,466
Maintenance & Operations	3,219,826	3,401,157	2,756,291	2,774,853
Transportation	2,855,927	3,230,215	1,823,535	2,304,523
Other	1,767,795	2,158,200	1,767,795	2,158,200
Total	\$ 43,838,764	\$ 45,680,595	\$ 34,341,125	\$ 34,149,313

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Business-Type Activities

- Net position from the District's business-type activities decreased \$9,103 due primarily to decreased revenue from its Food Service Program. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's General Fund financial position remains positive. The District continues to see a rise in additional student needs and the associated expenditures. Difficult economic times continue to have an effect on the District's revenue. The District's Capital Projects Fund financial condition decreased \$314,854 due to continued construction on various capital projects and the return of unexpended funds to the General Fund.

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

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

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

General Fund Budgetary Highlights

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

Capital Assets and Long-Term Liabilities

The District's capital assets decreased \$815,966, or 1.59%, over the course of the fiscal year.

Capital asset additions consisted of \$84,969 of construction in progress and \$413,396 of budgeted capital outlay expenditures.

Depreciation expense was \$1,308,888 from governmental activities and \$3,039 from business-type activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Capital Assets and Long-Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	
Construction in Progress	9,289,702	9,603,848			9,289,702	9,603,848	
Site Imps.	714,635	778,428			714,635	778,428	
Buildings & Bldg. Imps.	36,596,688	37,143,433			36,596,688	37,143,433	
Machinery, Furniture and Equipment	1,963,957	1,852,200	\$ 5,766	\$ 8,805	1,969,723	1,861,005	
Total	\$50,526,308	\$51,339,235	\$ 5,766	\$ 8,805	\$50,532,074	\$51,348,040	-1.59%

Long-Term Liabilities

The District's long-term liabilities decreased \$4,399,274, or 11.63%, over the course of the fiscal year. At year-end, the District had \$18,845,000 in general obligation bonds outstanding – a decrease of \$2,700,000 from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percent Change
	2018/19	2017/18	
General Obligation Bonds (Financed with Property Taxes)	\$ 18,845,000	\$ 21,545,000	
Unamortized Bond Issuance Premium	1,356,453	1,550,232	
Net Pension Liability	12,500,600	14,016,570	
Compensated Absences Payable	735,988	725,513	
Total	\$ 33,438,041	\$ 37,837,315	-11.63%

- The District paid down \$2,700,000 of its School Bonds during the fiscal year.
- Unamortized bond issuance premium decreased by \$193,779.
- Net Pension Liability decreased \$1,515,970.
- Compensated absences payable increased by \$10,475.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Factors Bearing on the District's Future

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

Similar to most school districts in New Jersey, the District's primary sources of funding are property tax revenue and state aid. State aid comprised 4% of the District's original 2019 operating budget while local property taxes accounted for 95%. As a result, the financial wellbeing of the District is tied in large measure to the actions of the state legislature. Current legislation restricts the growth rate on local property taxes to 2%. However, the law does allow for an increase in the 2% limitation, if needed. Significant cuts in state funding and/or further restrictions on the growth rate of the local property tax levy could have a substantial impact on the District's programs and services.

- The labor agreement with the Hanover Park Regional Education Association will expire on June 30, 2021.
- The labor agreement with the Hanover Park Regional Administrator's Association will expire on June 30, 2020.
- The Board of Education voted to move the school election to November thereby eliminating a public vote.
- The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters is either unknown, or will not have a material adverse effect on the financial position of the District.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,974,324	\$ 36,904	\$ 14,011,228
Cash with Fiscal Agents	1,837		1,837
Receivable from Federal Government	113,135		113,135
Receivable from State Government	694,374		694,374
Other Receivables		1,056	1,056
Inventories		5,514	5,514
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account	450,680		450,680
Maintenance Reserve Account	52,883		52,883
Capital Assets, Net:			
Site (Land) and Construction in Progress	11,565,174		11,565,174
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	38,961,134	5,766	38,966,900
Total Assets	65,813,541	49,240	65,862,781
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	966,217		966,217
Deferred Outflows Related to Pensions	4,268,482		4,268,482
Total Deferred Outflows of Resources	5,234,699		5,234,699
LIABILITIES			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	185,408		185,408
Accounts Payable	1,426,064	4,978	1,431,042
Unearned Revenue	7,775	10,300	18,075
Noncurrent Liabilities:			
Due Within One Year	3,098,042		3,098,042
Due Beyond One Year	30,339,999		30,339,999
Total Liabilities	35,059,125	15,278	35,074,403
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	4,536,777		4,536,777
Total Deferred Inflows of Resources	4,536,777		4,536,777

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 32,647,525	\$ 5,766	\$ 32,653,291
Restricted for:			
Capital Projects	7,233,118		7,233,118
Debt Service	1		1
Excess Surplus	5,287,799		5,287,799
Maintenance Reserve	52,883		52,883
Unrestricted/(Deficit)	<u>(13,768,988)</u>	<u>28,196</u>	<u>(13,740,792)</u>
Total Net Position	<u>\$ 31,452,338</u>	<u>\$ 33,962</u>	<u>\$ 31,486,300</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 16,493,189		\$ 3,755,321		\$ (12,737,868)		\$ (12,737,868)
Special Education	2,006,974		1,153,683		(853,291)		(853,291)
Other Special Instruction	46,492		10,946		(35,546)		(35,546)
Other Instruction	2,334,672		471,178		(1,863,494)		(1,863,494)
Support Services:							
Tuition	4,243,694	\$ 16,650	283,075		(3,943,969)		(3,943,969)
Student & Instruction Related Services	6,901,532		1,479,831		(5,421,701)		(5,421,701)
General Administration Services	1,150,639		210,898		(939,741)		(939,741)
School Administration Services	1,782,775		416,493		(1,366,282)		(1,366,282)
Central Services	825,874		203,637		(622,237)		(622,237)
Administration Information Technology	209,375				(209,375)		(209,375)
Plant Operations and Maintenance	3,219,826		463,535		(2,756,291)		(2,756,291)
Pupil Transportation	2,855,927		1,032,392		(1,823,535)		(1,823,535)
Interest on Long-Term Debt	629,365				(629,365)		(629,365)
Capital Outlay	106,465				(106,465)		(106,465)
Unallocated Depreciation	1,031,965				(1,031,965)		(1,031,965)
Total Governmental Activities	43,838,764	16,650	9,480,989	\$ - 0 -	(34,341,125)	\$ - 0 -	(34,341,125)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:						
Food Service	\$ 426,115	\$ 418,685			\$ (7,430)	\$ (7,430)
Summer Enrichment	14,151	12,451			(1,700)	(1,700)
Total Business-Type Activities	440,266	431,136	\$ - 0 -	\$ - 0 -	(9,130)	(9,130)
Total Primary Government	\$ 44,279,030	\$ 447,786	\$ 9,480,989	\$ (34,341,125)	(9,130)	(34,350,255)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				32,046,873		32,046,873
Taxes Levied for Debt Service				3,181,550		3,181,550
Federal and State Aid not Restricted				888,668		888,668
Investment Earnings				5,859	27	5,886
Miscellaneous Income				896,400		896,400
Total General Revenues				37,019,350	27	37,019,377
Change in Net Position				2,678,225	(9,103)	2,669,122
Net Position - Beginning				28,774,113	43,065	28,817,178
Net Position - Ending				\$ 31,452,338	\$ 33,962	\$ 31,486,300

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

FUND FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 7,190,452		\$ 6,783,871	1	\$ 13,974,324
Cash with Fiscal Agents				1,837	1,837
Interfunds Receivable	98,221				98,221
Receivable from Federal Government		\$ 113,135			113,135
Receivable from State Government	694,374				694,374
Restricted Cash and Cash Equivalents	503,563				503,563
Total Assets	<u>\$ 8,486,610</u>	<u>\$ 113,135</u>	<u>\$ 6,783,871</u>	<u>\$ 1,838</u>	<u>\$ 15,385,454</u>

LIABILITIES AND FUND BALANCES:

Liabilities:					
Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable - Vendors	\$ 838,802		\$ 1,433		\$ 847,374
Interfunds Payable		98,221			98,221
Unearned Revenue		7,775			7,775
Total Liabilities	<u>838,802</u>	<u>113,135</u>	<u>1,433</u>	<u>1,837</u>	<u>955,207</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	450,680				450,680
Maintenance Reserve Account	52,883				52,883
Excess Surplus	2,720,445				2,720,445
Excess Surplus - Subsequent					
Year's Expenditures	2,567,354				2,567,354
Capital Projects			6,725,226		6,725,226
Debt Service				1	1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Committed:					
Capital Projects			\$ 57,212		\$ 57,212
Assigned:					
Year End Encumbrances	\$ 463,794				463,794
Subsequent Year's Expenditures	484,015				484,015
Unassigned	908,637				908,637
Total Fund Balances	7,647,808		\$ 6,782,438	\$ 1	14,430,247
Total Liabilities and Fund Balances	\$ 8,486,610	\$ 113,135	\$ 6,783,871	\$ 1,838	\$ 15,385,454

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

Total Fund Balances (Above)		\$ 14,430,247
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.		50,526,308
The Deferred Amount on Refunding is not reported as an expenditure in the governmental funds in the year of the expenditure.		966,217
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(185,408)
Long-term liabilities, including bonds payable, bond issuance premiums and net pension liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.		(33,438,041)

Certain Amounts Related to the Net Pension Liability are deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Deferred Outflows		3,689,792
Deferred Inflows		(4,536,777)
Net Position of Governmental Activities (Exhibit A-1)		\$ 31,452,338

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 32,046,873			\$ 3,181,550	\$ 35,228,423
Tuition from Individuals	16,650				16,650
Interest Earned on Maintenance Reserve Funds	1,310				1,310
Interest Earned on Capital Reserve Funds	4,549				4,549
Miscellaneous	865,859	\$ 7,900	\$ 30,541		904,300
Total - Local Sources	32,935,241	7,900	30,541	3,181,550	36,155,232
State Sources	6,298,820			227,001	6,525,821
Federal Sources	862	360,329			361,191
Total Revenue	39,234,923	368,229	30,541	3,408,551	43,042,244

EXPENDITURES:					
Current:					
Regular Instruction	9,306,643	46,214			9,352,857
Special Education Instruction	1,124,870				1,124,870
Other Special Instruction	25,904				25,904
Other Instruction	1,448,442				1,448,442
Support Services and Undistributed Costs:					
Tuition	3,960,619	283,075			4,243,694
Student & Instruction Related Services	4,147,581	38,940			4,186,521
General Administration Services	763,885				763,885
School Administration Services	1,008,106				1,008,106
Central Services	412,904				412,904
Administrative Information Technology	211,630				211,630
Plant Operations and Maintenance	2,328,650				2,328,650
Pupil Transportation	1,871,380				1,871,380

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs:					
Unallocated Benefits	10,884,666				10,884,666
Capital Outlay	\$ 633,887	\$ 84,969			\$ 718,856
Debt Service:					
Interest and Other Charges				\$ 708,550	708,550
Principal				2,700,000	2,700,000
Total Expenditures	38,129,167	\$ 368,229	84,969	3,408,550	41,990,915
Excess/(Deficiency) of Revenue over/(under) Expenditures	1,105,756		(54,428)	1	1,051,329
OTHER FINANCING SOURCES/(USES):					
Transfers In	260,426				260,426
Transfers Out			(260,426)		(260,426)
Total Other Financing Sources/(Uses)	260,426		(260,426)		- 0 -
Net Change in Fund Balances	1,366,182		(314,854)	1	1,051,329
Fund Balance - July 1	6,281,626		7,097,292		13,378,918
Fund Balance - June 30	\$ 7,647,808	\$ - 0 -	\$ 6,782,438	\$ 1	\$ 14,430,247

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,051,329

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

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

	Depreciation Expense	\$ (1,308,888)
Disposal of Capital Assets, Net of Accumulated Depreciation		(2,404)
Capital Outlays		498,365
		(812,927)

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

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

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

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

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

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

Change in Net Pension Liability	1,515,970
Change in Deferred Outflows	(663,088)
Change in Deferred Inflows	(1,181,769)
	\$ 2,678,225

Change in Net Position of Governmental Activities (Exhibit A-2)

23,437

193,779

(138,031)

2,700,000

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 19,385	\$ 17,519	\$ 36,904
Other Receivables		1,056	1,056
Inventories		5,514	5,514
Total Current Assets	<u>19,385</u>	<u>24,089</u>	<u>43,474</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		400,888	400,888
Less: Accumulated Depreciation		<u>(395,122)</u>	<u>(395,122)</u>
Total Non-Current Assets		<u>5,766</u>	<u>5,766</u>
Total Assets	<u>19,385</u>	<u>29,855</u>	<u>49,240</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	10,300		10,300
Accounts Payable - Vendors		4,978	4,978
Total Liabilities	<u>10,300</u>	<u>4,978</u>	<u>15,278</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		5,766	5,766
Unrestricted	9,085	19,111	28,196
Total Net Position	<u>\$ 9,085</u>	<u>\$ 24,877</u>	<u>\$ 33,962</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 386,559	\$ 386,559
Special Events		2,098	2,098
Free and Reduced Lunches Subsidized by District		30,028	30,028
Summer Enrichment Program Fees	\$ 12,451		12,451
Total Operating Revenue	<u>12,451</u>	<u>418,685</u>	<u>431,136</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		185,670	185,670
Salaries, Benefits & Payroll Taxes	14,151	172,002	186,153
Supplies, Insurance & Other Costs		13,817	13,817
Management Fee		21,601	21,601
Miscellaneous Expense		6,987	6,987
Insurance & Office Supplies		22,999	22,999
Depreciation Expense		3,039	3,039
Total Operating Expenses	<u>14,151</u>	<u>426,115</u>	<u>440,266</u>
Operating Loss	<u>(1,700)</u>	<u>(7,430)</u>	<u>(9,130)</u>
Non-Operating Income:			
Interest Income		27	27
Total Non-Operating Income		<u>27</u>	<u>27</u>
Change in Net Position	(1,700)	(7,403)	(9,103)
Net Position - Beginning of Year	<u>10,785</u>	<u>32,280</u>	<u>43,065</u>
Net Position - End of Year	<u>\$ 9,085</u>	<u>\$ 24,877</u>	<u>\$ 33,962</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Fund</u>	<u>Major Fund</u>	<u>Total</u>
			<u>Food Service</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 21,201	\$ 401,791	\$ 422,992
Receipts from District		30,028	30,028
Payments by District for the Free Lunches		(30,028)	(30,028)
Payments to Food Service Vendor		(433,622)	(433,622)
Payments to Summer Enrichment Employees	(14,151)		(14,151)
Net Cash Provided by/(Used for) Operating Activities	<u>7,050</u>	<u>(31,831)</u>	<u>(24,781)</u>
Cash Flows from Investing Activities:			
Interest Income		27	27
Net Cash Provided by Investing Activities		<u>27</u>	<u>27</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	7,050	(31,804)	(24,754)
Cash and Cash Equivalents, July 1	<u>12,335</u>	<u>49,323</u>	<u>61,658</u>
Cash and Cash Equivalents, June 30	<u>\$ 19,385</u>	<u>\$ 17,519</u>	<u>\$ 36,904</u>
Reconciliation of Operating Loss to Net Cash Provided by/ (Used for) Operating Activities:			
Operating Loss	\$ (1,700)	\$ (7,430)	\$ (9,130)
Adjustment to Reconcile Operating Loss to Cash to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,039	3,039
Changes in Assets and Liabilities:			
(Increase) in Inventory		(884)	(884)
Decrease in Accounts Receivable		13,134	13,134
Increase in Unearned Revenue	8,750		8,750
(Decrease) in Accounts Payable		(39,690)	(39,690)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 7,050</u>	<u>\$ (31,831)</u>	<u>\$ (24,781)</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Benefits Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 644,000	\$ 99,798	\$ 28,051	\$ 107,104
Investments	24,288			
Total Assets	<u>668,288</u>	<u>99,798</u>	<u>28,051</u>	<u>107,104</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	170,020			
Summer Savings Deductions Payable	326,639			
Due to Student Groups	171,629			
Total Liabilities	<u>668,288</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		99,798		
Flexible Benefits Claims				107,104
Scholarships			28,051	
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 99,798</u>	<u>\$ 28,051</u>	<u>\$ 107,104</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 50,450		\$ 88,776
Donations		\$ 17,372	
Total Contributions	50,450	17,372	88,776
Investment Earnings:			
Interest	2,225		
Net Investment Earnings	2,225		
Total Additions	52,675	17,372	88,776
DEDUCTIONS:			
Unemployment Compensation Claims	51,959		
Flexible Benefits Claims			62,466
Scholarship Payments		14,051	
Total Deductions	51,959	14,051	62,466
Change in Net Position	716	3,321	26,310
Net Position - Beginning of the Year	99,082	24,730	80,794
Net Position - End of the Year	\$ 99,798	\$ 28,051	\$ 107,104

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 39,274,426	\$ 365,837
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances at year end		(4,746)
Prior Year Encumbrances at year end		7,138
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	80,506	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(120,009)</u>	
Total Revenues as reported on the Statement of Revenues,		
Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 39,234,923</u>	<u>\$ 368,229</u>

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 38,129,167	\$ 365,837
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances at year end		(4,746)
Prior Year Encumbrances at year end		<u>7,138</u>
Total Expenditures as Reported on the Statement of Revenue,		
Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 38,129,167</u>	<u>\$ 368,229</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

E. Cash and Cash Equivalents, and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise funds represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

Certain District employees, who provide services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned undisbursed amounts be retained in a separate bank account. As of June 30, 2019, the amount earned by these employees but not disbursed was \$326,639.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$7,647,808 General Fund balance at June 30, 2019, \$947,809 is assigned fund balance of which \$463,794 is for year-end encumbrances and \$484,015 is for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$450,680 is restricted in the capital reserve account; \$52,883 is restricted in the maintenance reserve account; \$2,567,354 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$2,720,445 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; and \$908,637 is unassigned fund balance which is \$120,009 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2020.

Capital Projects Fund: Of the \$6,782,438 Capital Projects Fund balance at June 30, 2019, \$6,725,226 is restricted and \$57,212 is committed.

Debt Service Fund: The \$1 of Debt Service Fund fund balance as of June 30, 2019 is restricted.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$120,009 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$13,768,988 in governmental activities, which is primarily due to accruals for unamortized bond premiums and net pension liability. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2019 for the Deferred Amount on Refunding related to the District's 2013 refunding bonds and pensions.

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2019 for deferred inflows related to pensions.

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had \$57,212 of committed resources in its Capital Projects Fund at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$463,794 for year-end encumbrances and \$484,015 for subsequent year's expenditures in the General Fund at June 30, 2019.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4; or

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.).
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Invest- ments	Cash With Fiscal Agents	<u>Restricted</u>		Total
				Capital Reserve	Maintenance Reserve	
Checking Accounts	\$ 14,703,425		\$ 1,837			\$ 14,705,262
Savings Accounts	186,756			\$ 450,680	\$ 52,883	690,319
Certificates of Deposit		\$ 24,288				24,288
	<u>\$ 14,890,181</u>	<u>\$ 24,288</u>	<u>\$ 1,837</u>	<u>\$ 450,680</u>	<u>\$ 52,883</u>	<u>\$ 15,419,869</u>

During the period ended June 30, 2019, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2019, was \$15,419,869 and the bank balance was \$16,147,328. The \$1,837 of Cash with Fiscal Agents is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$ 216,246
Increased by:	
Interest Earnings	\$ 4,549
Return of Unused Funds - Capital Projects Fund	<u>229,885</u>
	<u>234,434</u>
Ending Balance at June 30, 2019	<u>\$ 450,680</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$	51,573
Interest Earnings		1,310
Ending Balance at June 30, 2019	\$	52,883

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	9,603,848	\$ 84,969	\$ (399,115)	9,289,702
Total Capital Assets not being Depreciated	11,565,174	84,969	(399,115)	11,251,028
Capital Assets being Depreciated:				
Site Improvements	2,799,166			2,799,166
Buildings and Building Improvements	53,469,317		399,115	53,868,432
Machinery and Equipment	6,573,020	413,396	(220,563)	6,765,853
Total Capital Assets being Depreciated	62,841,503	413,396	178,552	63,433,451
Governmental Activities Capital Assets	74,406,677	498,365	(220,563)	74,684,479
Less Accumulated Depreciation for:				
Site Improvements	(2,020,738)	(63,793)		(2,084,531)
Buildings and Building Improvements	(16,325,884)	(945,860)		(17,271,744)
Machinery and Equipment	(4,720,820)	(299,235)	218,159	(4,801,896)
Total Accumulated Depreciation	(23,067,442)	(1,308,888)	218,159	(24,158,171)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 51,339,235	\$ (810,523)	\$ (2,404)	\$ 50,526,308
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 400,888			\$ 400,888
Less Accumulated Depreciation	(392,083)	\$ (3,039)		(395,122)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 8,805	\$ (3,039)	\$ - 0 -	\$ 5,766
Total Governmental and Business-Type Activities	\$ 51,348,040	\$ (813,562)	\$ (2,404)	\$ 50,532,074

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

During the year ended June 30, 2019, the District had active construction projects for refurbishment of the athletic and physical education facility at the Hanover Park and Whippany Park High Schools, a fuel station replacement at Hanover Park High School, and the installation of interior cameras at Hanover Park and Whippany Park High Schools totaling \$10,665,000 of which the District expended \$84,969 during the year and has \$275,197 in construction encumbrances at June 30, 2019.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 17,046
Operations & Maintenance of Plant	18,806
Student Transportation	212,097
Central Services	28,974
Unallocated	1,031,965
Total Depreciation	\$ 1,308,888

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$139,099 to the capital outlay accounts for equipment which did not require County Superintendent approval.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2019, to lease copying equipment valued at \$221,880 under operating leases which expire in 2022. Total operating lease payments made during the year ended June 30, 2019 were \$48,074. Future minimum lease payments are as follows:

Year	Amount
2020	\$ 44,376
2021	44,376
2022	44,376
	\$ 133,128

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in the long-term liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2018</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2019</u>
Serial Bonds Payable	\$ 21,545,000		\$ 2,700,000	\$ 18,845,000
Unamortized Bond Issuance Premium	1,550,232		193,779	1,356,453
Net Pension Liability	14,016,570		1,515,970	12,500,600
Compensated Absences Payable	<u>725,513</u>	<u>\$ 28,558</u>	<u>18,083</u>	<u>735,988</u>
	<u>\$ 37,837,315</u>	<u>\$ 28,558</u>	<u>\$ 4,427,832</u>	<u>\$ 33,438,041</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$2,845,000 and the long-term portion is \$16,000,000.

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

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

Serial Bonds Outstanding as of June 30, 2019

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount</u>
School Refunding Bonds of 2013	10/01/25	4.00%	\$ 13,395,000
School Bonds of 2014	02/01/24	1.50% to 2.50%	<u>5,450,000</u>
			<u>\$ 18,845,000</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,845,000	\$ 622,400	\$ 3,467,400
2021	2,945,000	526,600	3,471,600
2022	3,045,000	428,800	3,473,800
2023	3,090,000	326,350	3,416,350
2024	3,140,000	220,000	3,360,000
2025 - 2026	3,780,000	149,400	3,929,400
	<u>\$ 18,845,000</u>	<u>\$ 2,273,550</u>	<u>\$ 24,481,250</u>

B. Bonds Authorized But Not Issued:

The Board had \$444 of bonds authorized but not issued related to the District's athletic and physical education facility refurbishment project at both of the high schools at June 30, 2019.

C. Capital Leases Payable:

As of June 30, 2019, the District had no capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$59,263 and the long-term portion is \$676,725.

The District had no liability at June 30, 2019 for compensated absences in its Food Service Enterprise Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$12,500,600. See Note 10 for further information on the PERS.

F. Unamortized Bond Issuance Premium:

The bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$193,779 and is separated from the long-term liability balance of \$1,162,674.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$634,762 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District reported a liability of \$12,500,600 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0635%, which was an increase of 0.003% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$960,395. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 98,943	
	2015	5.72	446,569	
	2016	5.57	1,514,380	
	2017	5.48		\$(2,304,391)
	2018	5.63		(1,692,636)
			<u>2,059,892</u>	<u>(3,997,027)</u>
Difference Between Expected and Actual Experience	2015	5.72	123,899	
	2016	5.57	45,957	
	2017	5.48	68,532	
	2018	5.63		(64,457)
			<u>238,388</u>	<u>(64,457)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		75,537
	2016	5.00		422,289
	2017	5.00		(380,081)
	2018	5.00		(235,001)
				<u>(117,256)</u>
Changes in Proportion	2014	6.44	47,951	
	2015	5.72		(274,063)
	2016	5.57	735,936	
	2017	5.48		(83,974)
	2018	5.63		607,625
			<u>1,391,512</u>	<u>(358,037)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	578,690	
			<u>\$ 4,268,482</u>	<u>\$(4,536,777)</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 86,761
2020	(120,121)
2021	(861,367)
2022	(746,646)
2023	(239,087)
	\$ (1,880,460)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market 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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 15,718,064	\$ 12,500,600	\$ 9,801,353

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, 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 nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$2,333,342 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,362,652.

The employee contribution rate was 7.50% effective July 1, 2018.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$74,835,573. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.118%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	74,835,573
	74,835,573
Total	\$ 74,835,573

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$4,362,652 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			11,053,759,853	16,078,750,001
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			1,420,239,017	96,229,812
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
			\$ 12,473,998,870	\$ 16,180,773,643

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 88,454,226	\$ 74,835,573	\$ 63,546,042

Pension Plan Fiduciary Net Position - TPAF

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$16,350 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$22,148 for the year ended June 30, 2019.

NOTE 11. DEFERRED COMPENSATION

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

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

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, Liability and Health Benefits

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

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

The June 30, 2019 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

Total Assets	<u>\$ 348,953,830</u>
Net Position	<u>\$ 82,580,855</u>
Total Revenue	<u>\$ 133,258,299</u>
Total Expenses	<u>\$ 129,340,074</u>
Change in Net Position	<u>\$ 3,918,225</u>
Members Dividends	<u>\$ -0-</u>

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

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

New Jersey Unemployment Compensation Insurance

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ -0-	\$ 52,675	\$ 51,959	\$ 99,798
2017-2018	-0-	58,674	74,817	99,082
2016-2017	-0-	51,334	60,670	115,225

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2019.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 98,221	
Special Revenue Fund		\$ 98,221
	<u>\$ 98,221</u>	<u>\$ 98,221</u>

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

NOTE 14. TAX CALENDAR

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2019, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 463,794	\$ 4,746	\$ 275,197	\$ 743,737

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,746 less than actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. Of the \$275,197 of encumbrances in the Capital Projects Fund, \$225,719 is included in restricted fund balance and \$49,478 is included in committed fund balance for capital projects.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bond issues. The amount of liability at June 30, 2019, if any, is unknown and has not been recorded in the financial statements.

NOTE 16. ECONOMIC DEPENDENCY

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 17. TAX ABATEMENTS

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

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

The Borough of Florham Park recognized revenue in the amount of \$483,145 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2018 without the abatement would have been \$1,119,031 of which \$201,440 would have been for the regional high school tax.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2019:

	<u>Governmental Funds</u>			<u>Total</u> <u>Governmental</u> <u>Funds</u>	<u>District</u> <u>Contribution</u> <u>Subsequent</u> <u>to the</u> <u>Measurement</u> <u>Date</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u> <u>Proprietary</u> <u>Funds</u>	<u>Total</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>					
Vendors	\$ 838,802	\$ 7,139	\$ 1,433	\$ 847,374		\$ 847,374	\$ 4,978	\$ 852,352
Due to the State of New Jersey					\$ 578,690	578,690		578,690
	<u>\$ 838,802</u>	<u>\$ 7,139</u>	<u>\$ 1,433</u>	<u>\$ 847,374</u>	<u>\$ 578,690</u>	<u>\$ 1,426,064</u>	<u>\$ 4,978</u>	<u>\$ 1,431,042</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer 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.

Actuarial Assumptions and Other Inputs

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/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 61,029,258
Changes for Year:	
Service Cost	2,208,352
Interest on the Total OPEB Liability	2,239,377
Changes of Assumptions	(6,145,614)
Differences between Expected and Actual Experience	(4,394,636)
Gross Benefit Payments by the State	(1,432,020)
Contributions from Members	49,493
Net Changes	(7,475,048)
Balance at June 30, 2018	\$ 53,554,210

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 63,311,978	\$ 53,554,210	\$ 45,797,792

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 44,265,674	\$ 53,554,210	\$ 65,838,655

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$2,525,991 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (6,505,063)
Changes in Assumptions	2018	9.51		(5,499,387)
			-0-	(12,004,450)
Differences Between Expected and Actual Experience	2018	9.51		(5,198,632)
Changes in Proportion	N/A	N/A	\$ 1,270,181	(346)
			\$ 1,270,181	\$ (17,203,428)

N/A - Not Available

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (2,119,852)
2020	(2,119,852)
2021	(2,119,852)
2022	(2,119,852)
2023	(2,119,852)
Thereafter	(6,603,822)
	\$ (17,203,082)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the Net Pension Liability	0.0575238109%	0.052789137%	0.0608193031%	0.0602127692%	0.0634886552%
District's proportionate share of the Net Pension Liability	\$ 10,770,031	\$ 11,850,103	\$ 18,012,933	\$ 14,016,570	\$ 12,500,000
District's Covered Employee Payroll	\$ 3,796,444	\$ 3,887,969	\$ 3,961,621	\$ 4,017,384	\$ 3,909,098
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	283.69%	304.79%	454.69%	348.90%	319.77%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 474,218	\$ 453,845	\$ 543,864	\$ 566,478	\$ 634,762
Contributions in relation to the Contractually Required Contribution	(474,218)	(453,845)	(543,864)	(566,478)	(634,762)
Contribution Deficiency/(Excess)	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
District's Covered Employee Payroll	\$ 3,720,515	\$ 3,796,444	\$ 3,887,969	\$ 3,961,621	\$ 4,017,384
Contributions as a percentage of Covered Employee Payroll	12.75%	11.95%	13.99%	14.30%	15.80%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the Net Pension Liability attributable to the District	0.1206990792%	0.1188149302%	0.1185157526%	0.1195199449%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 64,509,730	\$ 75,096,110	\$ 93,232,037	\$ 80,584,657
District's Covered Employee Payroll	\$ 12,008,103	\$ 12,004,910	\$ 12,070,586	\$ 12,398,615
State's proportionate share of the Net Pension Liability attributable to the District as a % of District's Covered Employee Payroll	537.22%	625.54%	772.39%	649.95%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%
				26.49%
				590.15%
				12,680,670
				74,835,573
				0.1176329769%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 3,471,229	\$ 4,585,294	\$ 7,005,090	\$ 5,582,497	\$ 4,362,652
Contributions in relation to the Contractually Required Contribution	(642,357)	(948,884)	(1,297,358)	(1,732,319)	(2,333,342)
Contribution Deficiency/(Excess)	<u>\$ 2,828,872</u>	<u>\$ 3,636,410</u>	<u>\$ 5,707,732</u>	<u>\$ 3,850,178</u>	<u>\$ 2,029,310</u>
District's Covered Employee Payroll	\$ 12,004,910	\$ 12,070,586	\$ 12,398,615	\$ 12,680,670	\$ 12,495,852
Contributions as a percentage of Covered Employee Payroll	5.35%	7.86%	10.46%	13.66%	18.67%

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Total OPEB Liability:		
Service Cost	\$ 2,670,677	\$ 2,208,352
Interest Cost	1,932,126	2,239,377
Changes in Assumptions	(8,011,206)	(6,145,614)
Differences between Expected and Actual Experience		(4,394,636)
Member Contributions	52,051	49,493
Gross Benefit Payments	(1,413,567)	(1,432,020)
	(4,769,919)	(7,475,048)
Net Change in Total OPEB Liability		
Total OPEB Liability - Beginning	65,799,177	61,029,258
Total OPEB Liability - Ending	<u>\$ 61,029,258</u>	<u>\$ 53,554,210</u>
District's Covered Employee Payroll *	\$ 16,032,207	\$ 16,415,999
Total OPEB Liability as a Percentage of Covered Employee Payroll	381%	326%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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 MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

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 rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term 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.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 32,046,873	\$	\$ 32,046,873	\$ 32,046,873	\$ 16,650
Tuition from Individuals	200		200	1,310	1,110
Interest Earned on Maintenance Reserve	5,000		5,000	4,549	(451)
Interest Earned on Capital Reserve Funds	170,000		170,000	865,859	695,859
Unrestricted Miscellaneous					
Total - Local Sources	32,222,073		32,222,073	32,935,241	713,168
State Sources:					
Transportation Aid	365,791	\$ 274,368	640,159	640,159	
Special Education Aid	689,427		689,427	689,427	
Categorical Security Aid	25,177		25,177	25,177	
Extraordinary Aid	300,000		300,000	631,642	331,642
Non-Public Transportation Aid				21,038	21,038
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,333,342	2,333,342
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,080,556	1,080,556
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				48,843	48,843
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,629	2,629
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				865,510	865,510
Total - State Sources	1,380,395	274,368	1,654,763	6,338,323	4,683,560
Federal Sources:					
Medicaid Reimbursement				862	862
Total - Federal Sources				862	862
TOTAL REVENUES	33,602,468	274,368	33,876,836	39,274,426	5,397,590

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 9,012,070	\$ (46,674)	\$ 8,965,396	\$ 8,765,225	\$ 200,171
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	14,804	34,804	34,803	1
Purchased Professional-Educational Services	9,270	13,932	23,202	18,731	4,471
Other Purchased Services (400-500 series)	561	668	1,229	970	259
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	2,900		2,900	1,900	1,000
Other Purchased Services (400-500 series)	130,092	(15,627)	114,465	78,324	36,141
General Supplies	544,468	71,468	615,936	340,907	275,029
Textbooks	77,162	(9,201)	67,961	57,684	10,277
Other Objects	9,060	2,123	11,183	8,099	3,084
Total Regular Programs - Instruction	9,805,583	31,493	9,837,076	9,306,643	530,433
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	61,411	(1,008)	60,403	58,299	2,104
Other Purchased Services (400-500 series)	156	175	331	174	157
General Supplies	3,645	840	4,485	3,065	1,420
Textbooks	131	387	518	424	94
Other Objects	208		208	101	107
Total Cognitive - Mild	65,551	394	65,945	62,063	3,882

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Multiple Disabilities:					
Salaries of Teachers	\$ 64,275	\$	64,275	\$ 61,463	\$ 2,812
Other Purchased Services (400-500 series)	300		300	225	75
General Supplies	3,839		3,839	3,602	237
Textbooks	1,005	\$ (1,000)	5		5
Other Objects	325		325	320	5
Total Multiple Disabilities	69,744	(1,000)	68,744	65,610	3,134
Resource Room/Resource Center:					
Salaries of Teachers	1,181,740	(2,379)	1,179,361	996,690	182,671
Other Purchased Services (400-500 series)	800	(800)			
General Supplies	1,700	(942)	758	507	251
Textbooks	480	(480)			
Total Resource Room/Resource Center	1,184,720	(4,601)	1,180,119	997,197	182,922
Total Special Education - Instruction	1,320,015	(5,207)	1,314,808	1,124,870	189,938

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 24,534	\$ 1,371	\$ 25,905	\$ 25,904	\$ 1
General Supplies	500		500		500
Total Bilingual Education - Instruction	25,034	1,371	26,405	25,904	501
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	250,481	9,236	259,717	259,716	1
Purchased Services (300-500 series)	16,209	35	16,244	8,439	7,805
Supplies and Materials	12,166	15,780	27,946	11,178	16,768
Other Objects	12,675	(1,201)	11,474	6,233	5,241
Total School-Sponsored Cocurricular Activities - Instruction	291,531	23,850	315,381	285,566	29,815
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	845,530	7,221	852,751	836,656	16,095
Purchased Services (300-500 series)	215,357	(8,555)	206,802	184,784	22,018
Supplies and Materials	87,793	(5,797)	81,996	76,465	5,531
Other Objects	49,968	17,270	67,238	64,971	2,267
Total School-Sponsored Cocurricular Athletics - Instruction	1,198,648	10,139	1,208,787	1,162,876	45,911
Total Instruction	12,640,811	61,646	12,702,457	11,905,859	796,598

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 885,482	\$ (114,914)	\$ 770,568	\$ 752,129	\$ 18,439
Tuition to County Vocational School District - Regular	682,500	(12,447)	670,053	655,491	14,562
Tuition to County Vocational School District - Special	71,500	(70,400)	1,100	1,100	
Tuition to CSSD & Regular Day Schools	7,201	56,680	63,881	63,880	1
Tuition to Private Schools for the Handicapped - Within State	2,580,052	133,383	2,713,435	2,488,019	225,416
Total Undistributed Expenditures - Instruction	4,226,735	(7,698)	4,219,037	3,960,619	258,418
Attendance & Social Work:					
Salaries	179,838	1,779	181,617	181,608	9
Other Purchased Services (400-500 series)	1,125	1,050	2,175	2,175	
Supplies and Materials	500	(316)	184	180	4
Total Attendance & Social Work	181,463	2,513	183,976	183,963	13
Health Services:					
Salaries	152,887	7,359	160,246	160,245	1
Purchased Professional and Technical Services	48,173	5,246	53,419	51,205	2,214
Other Purchased Services (400-500 series)	972	(200)	772	679	93
Supplies and Materials	6,494	70	6,564	6,218	346
Other Objects	320	5	325	297	28
Total Health Services	208,846	12,480	221,326	218,644	2,682

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 152,480	\$	\$ 152,480	\$ 151,489	\$ 991
Purchased Professional - Educational Services	79,907	1,901	81,808	79,761	2,047
Supplies and Materials	520	(175)	345	247	98
Other Objects	834	174	1,008	781	227
Total Speech, OT, PT and Related Services	233,741	1,900	235,641	232,278	3,363
Other Support Services - Students - Extra Services:					
Salaries	785,928	(6,090)	779,838	666,534	113,304
Purchased Professional - Educational Services	404,923	(1,900)	403,023	308,441	94,582
Supplies and Materials	15,450	(510)	14,940	6,688	8,252
Other Objects	300	800	1,100	593	507
Total Other Support Services - Students - Extra Services	1,206,601	(7,700)	1,198,901	982,256	216,645
Guidance:					
Salaries of Other Professional Staff	879,578	14,699	894,277	893,836	441
Salaries of Secretarial and Clerical Assistants	162,295	855	163,150	163,149	1
Other Purchased Professional and Technical Services		2,804	2,804		2,804
Other Purchased Services (400-500 series)	39,795	(1,030)	38,765	37,864	901
Supplies and Materials	1,899	3,328	5,227	4,873	354
Other Objects	1,985		1,985	1,559	426
Total Guidance	1,085,552	20,656	1,106,208	1,101,281	4,927

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 420,264	\$ (7,191)	\$ 413,073	\$ 412,784	\$ 289
Salaries of Secretarial and Clerical Assistants	99,222	866	100,088	100,088	
Purchased Professional - Educational Services	1,700	4,564	6,264	6,263	1
Other Purchased Prof. and Tech. Services	13,259	(12,159)	1,100	1,100	
Other Purchased Services (400-500 series)	18,951	13,259	32,210	33,026	233
Misc. Purch. Serv. (400-500 series - Other than Res. Costs)	8,193	(8,389)	10,562	9,117	1,445
Supplies and Materials	520	712	8,905	7,632	1,273
Other Objects		400	920	742	178
Total Child Study Teams	562,109	(7,938)	554,171	550,752	3,419
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	257,792		257,792	255,101	2,691
Salaries of Secretarial and Clerical Assistants	58,639		58,639	58,634	5
Other Purchased Services	7,649	(559)	7,090	7,089	1
Supplies and Materials	500	7,274	7,774	6,728	1,046
Other Objects		500	500	160	340
Total Improvement of Instructional Services	324,580	7,215	331,795	327,712	4,083
Educational Media Services/School Library:					
Salaries	150,522	1,116	151,638	151,309	329
Salaries of Technology Coordinators	45,223	2	45,225	45,224	1
Other Purchased Services (400-500 series)	20,993	(932)	20,061	16,608	3,453
Supplies and Materials	158,783	69,802	228,585	177,794	50,791
Other Objects	150	115	265	130	135
Total Educational Media Services/School Library	375,671	70,103	445,774	391,065	54,709

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	\$ 126,972	\$	\$ 126,972	\$ 125,648	\$ 1,324
Salaries of Secretarial and Clerical Assistants	28,880		28,880	28,878	2
Purchased Professional - Educational Services		\$ 3,492	3,492	3,492	
Other Purchased Services (400-500 series)	5,582	(1,050)	4,532	1,450	3,082
Supplies and Materials	500	(101)	399	162	237
Other Objects	500		500		500
Total Instructional Staff Training Services	162,434	2,341	164,775	159,630	5,145
Support Services - General Administration:					
Salaries	494,820		494,820	494,819	1
Legal Services	76,500	(45,743)	30,757	30,757	
Audit Fees	47,000	2,286	49,286	41,712	7,574
Architectural/Engineering Services	10,000	37,000	47,000	46,500	500
Other Purchased Professional Services	3,500	40,280	43,780		43,780
Purchased Professional and Technical Services		3,545	3,545	3,345	200
Communications/Telephone	95,455	59	95,514	69,965	25,549
BOE Other Purchased Services	5,000	1,024	6,024	4,849	1,175
Misc. Purchased Services (400-500 series)	58,892	(6,058)	52,834	47,295	5,539
General Supplies	5,000	582	5,582	5,324	258
BOE In-House Training/Meeting Supplies	500	(478)	22		22
Judgements	90		90		90
Miscellaneous Expenditures	6,250	90	6,340	6,090	250
BOE Membership Dues and Fees	13,229		13,229	13,229	
Total Support Services - General Administration	816,236	32,587	848,823	763,885	84,938

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 757,109	\$ (356)	\$ 756,753	\$ 746,829	\$ 9,924
Salaries of Secretarial and Clerical Assistants	213,385	356	213,741	213,592	149
Unused Vacation Payment to Terminated/Retired Staff		6,264	6,264	6,263	1
Other Purchased Services (400-500 series)	11,568	6,458	18,026	12,984	5,042
Supplies and Materials	15,492	5,363	20,855	17,783	3,072
Other Objects	18,767	(3,355)	15,412	10,655	4,757
Total Support Services - School Administration	1,016,321	14,730	1,031,051	1,008,106	22,945
Central Services:					
Salaries	336,979	1,499	338,478	338,477	1
Purchased Professional Services		33,815	33,815	26,964	6,851
Purchased Technical Services	26,900	(26,900)			
Miscellaneous Purchased Services (400-500 series)	40,119	7,475	47,594	36,417	11,177
Supplies and Materials	9,065		9,065	7,711	1,354
Other Objects	73	3,400	3,473	3,335	138
Miscellaneous Expenditures	3,400	(3,400)			
Total Central Services	416,536	15,889	432,425	412,904	19,521
Administration Information Technology:					
Salaries	158,494	(1,499)	156,995	146,074	10,921
Purchased Technical Services	20,390	(17,302)	3,088	1,693	1,395
Other Purchased Services (400-500 series)	27,013	27,563	54,576	50,774	3,802
Supplies and Materials	9,400	14,401	23,801	13,089	10,712
Total Administration Information Technology	215,297	23,163	238,460	211,630	26,830

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 274,709	\$ 8,300	\$ 283,009	\$ 277,734	\$ 5,275
Cleaning, Repair and Maintenance Services	210,086	163,365	373,451	169,828	203,623
General Supplies	82,052	14,646	96,698	81,900	14,798
Total Required Maintenance of School Facilities	566,847	186,311	753,158	529,462	223,696
Custodial Services:					
Salaries	786,968		786,968	662,099	124,869
Purchased Professional and Technical Services	129,759		129,759	127,186	2,573
Cleaning, Repair and Maintenance Services	32,535	1,900	34,435	33,449	986
Other Purchased Property Services	58,066	12,125	70,191	64,796	5,395
Insurance	145,000	(22,396)	122,604	118,150	4,454
Miscellaneous Purchased Services		600	600	491	109
General Supplies	80,537	(27,548)	52,989	48,522	4,467
Energy (Natural Gas)	251,214	(29,569)	221,645	184,355	37,290
Energy (Electricity)	378,000	(37,804)	340,196	277,917	62,279
Other Objects	400		400	125	275
Total Custodial Services	1,862,479	(102,692)	1,759,787	1,517,090	242,697
Care & Upkeep of Grounds:					
Salaries	171,648	3,434	175,082	172,720	2,362
Purchased Professional and Technical Services	7,580	(2,997)	4,583	2,184	2,399
Cleaning, Repair and Maintenance Services	44,962	16,825	61,787	54,284	7,503
General Supplies	82,179	(34,274)	47,905	41,512	6,393
Total Care & Upkeep of Grounds	306,369	(17,012)	289,357	270,700	18,657

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Security:					
Salaries		\$ 920	\$ 920		\$ 920
Purchased Professional and Technical Services	2,100	5,351	7,451	4,845	2,606
Cleaning, Repair and Maintenance Services	2,569	(506)	2,063	1,755	308
General Supplies	2,000	9,420	11,420	4,798	6,622
Total Security	6,669	15,185	21,854	11,398	10,456
Total Undist. Expend. - Operations & Maintenance of Plant	2,742,364	81,792	2,824,156	2,328,650	495,506
Student Transportation Services:					
Salaries of Non-Instructional Aides	50,000	2,216	52,216	52,216	
Salaries for Pupil Transportation:					
Between Home and School - Regular	814,732	(225,607)	589,125	481,226	107,899
Between Home and School - Special Education	372,000	(92,962)	279,038	279,037	1
Other than Between Home and School - Regular	183,137	(16,013)	167,124	149,607	17,517
Between Home and School - Nonpublic	33,500	3,502	37,002	37,001	1
Management Fee - ESC & CTSA Transportation Program	1,000	(220)	780	780	
Other Purchased Professional & Technical Services	2,860	2,258	5,118	4,833	285
Cleaning, Repair and Maintenance Services	13,650	22,500	36,150	30,775	5,375
Contracted Services (Spl. Ed. Students) - Vendors	25,825	(10,000)	15,825	12,929	2,896
Contracted Services (Spl. Ed. Students) - Joint Agreements	14,352	43,111	57,463	57,462	1
Contracted Services (Reg. Students) - ESCs and CTSA	38,895	136,943	175,838	161,567	14,271
Contracted Services (Spl. Ed. Students) - ESCs and CTSA	76,066	208,672	284,738	245,027	39,711
Aid in Lieu of Payments - Nonpublic Students	61,768		61,768	57,928	3,840
Miscellaneous Purchased Services - Transportation	100,786	(11,969)	88,817	86,899	1,918
General Supplies	2,775	1,000	3,775	2,445	1,330
Transportation Supplies	326,078	(75,990)	250,088	205,453	44,635
Miscellaneous Expenditures		6,375	6,375	6,195	180
Other Objects	4,215	(4,215)			
Total Student Transportation Services	2,121,639	(10,399)	2,111,240	1,871,380	239,860

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	\$ 495,000	\$ 4,244	\$ 499,244	\$ 496,589	\$ 2,655
Other Retirement Contributions - PERS	690,000	(55,238)	634,762	634,762	8
Other Retirement Contributions - Regular	155,232	47,825	203,057	202,062	995
Workmen's Compensation	5,615,000	(469,608)	5,145,392	5,145,371	21
Health Benefits	25,000	(18,160)	6,840	6,837	3
Tuition Reimbursement	32,150	(6,200)	25,950	23,415	2,535
Other Employee Benefits		28,400	28,400	28,400	
Unused Sick Payment to Terminated/Retired Staff					
Total Unallocated Benefits	7,012,382	(452,379)	6,560,003	6,553,786	6,217
On-Behalf Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,333,342	(2,333,342)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,080,556	(1,080,556)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				48,843	(48,843)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				2,629	(2,629)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				865,510	(865,510)
Total On-Behalf Contributions				4,330,880	(4,330,880)
Total Personal Services - Employee Benefits	7,012,382	(452,379)	6,560,003	10,884,666	(4,324,663)
Total Undistributed Expenditures	22,908,507	(200,745)	22,707,762	25,589,421	(2,881,659)
TOTAL CURRENT EXPENSE	35,549,318	(139,099)	35,410,219	37,495,280	(2,085,061)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	\$ 159,144	\$ (4,703)	\$ 154,441	\$ 137,545	\$ 16,896
School-Sponsored and Other Instructional Programs		5,352	5,352		5,352
Support Services - Related and Extraordinary	9,000		9,000	6,454	2,546
Support Services - Instruction Staff		4,824	4,824	4,805	19
School Administration	2,274		2,274	2,274	
Required Maintenance for School Facilities	14,146	101,204	115,350	14,804	100,546
Custodial Services		6,000	6,000		6,000
Care and Upkeep of Grounds		18,823	18,823	5,258	13,565
Non-Instructional Equipment		7,600	7,600		7,600
School Buses - Regular	356,786	(5,001)	351,785	351,282	503
School Buses - Special		5,000	5,000	5,000	
Total Equipment	541,350	139,099	680,449	527,422	153,027
Facilities Acquisition and Construction Services					
Construction Services	3,258		3,258		3,258
Debt Service Assessment	106,465		106,465	106,465	
Total Facilities Acquisition and Construction Services	109,723		109,723	106,465	3,258
TOTAL CAPITAL OUTLAY	651,073	139,099	790,172	633,887	156,285
TOTAL EXPENDITURES	36,200,391		36,200,391	38,129,167	(1,928,776)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,597,923)	274,368	(2,323,555)	1,145,259	3,468,814

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund - Interest Earnings				\$ 30,541	\$ 30,541
Transfer from Capital Projects Fund - Unexpended Balances				229,885	229,885
Total Other Financing Sources/(Uses)				260,426	260,426
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (2,597,923)	\$ 274,368	\$ (2,323,555)	1,405,685	3,729,240
Fund Balance, July 1	6,362,132		6,362,132	6,362,132	
Fund Balance, June 30	\$ 3,764,209	\$ 274,368	\$ 4,038,577	\$ 7,767,817	\$ 3,729,240

Recapitulation:	
Restricted:	
Capital Reserve	\$ 450,680
Maintenance Reserve	52,883
Excess Surplus - Designated for Subsequent Year's Expenditures	2,567,354
Excess Surplus	2,720,445
Assigned:	
Year-End Encumbrances	463,794
Designated for Subsequent Year's Expenditures	484,015
Unassigned	1,028,646
	<u>7,767,817</u>
Reconciliation to Governmental Fund Statements (GAAP):	
June State Aid Payments not recognized on GAAP basis	(120,009)
Fund Balance per Governmental Funds - GAAP Basis	<u>\$ 7,647,808</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources		\$ 13,098	\$ 13,098	\$ 9,501	\$ (3,597)
State Sources	\$ 10,500	(10,500)			
Federal Sources	293,903	69,999	363,902	356,336	(7,566)
Total Revenue	304,403	72,597	377,000	365,837	(11,163)
EXPENDITURES:					
Instruction:					
Salaries	4,920	12,580	17,500	15,915	1,585
Purchased Professional and Technical Services	10,243	(7,096)	3,147	2,737	410
Other Purchased Services	231,255	51,820	283,075	285,472	(2,397)
General Supplies	20,480	5,278	25,758	22,163	3,595
Textbooks	526	(526)			
Total Instruction	267,424	62,056	329,480	326,287	3,193
Support Services:					
Personal Services - Employee Benefits		1,339	1,339	1,218	121
Purchased Professional and Technical Services	931	(931)			
Purchased Professional/Educational Services	14,522	(7,022)	7,500	2,150	5,350
Other Purchased Services	14,726	(1,812)	12,914	12,695	219
Supplies and Materials	6,800	18,967	25,767	23,487	2,280
Total Support Services	36,979	10,541	47,520	39,550	7,970
Total Expenditures	304,403	72,597	377,000	365,837	11,163
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 39,274,426	\$ 365,837
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Current Year Encumbrances at year end		(4,746)
Prior Year Encumbrances at year end		7,138
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Basis	80,506	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(120,009)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 39,234,923	\$ 368,229
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 38,129,167	\$ 365,837
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Current Year Encumbrances at year end		(4,746)
Prior Year Encumbrances at year end		7,138
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 38,129,167	\$ 368,229

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Elementary and Secondary Education Act			
	Title I	Title IIA	Title III	Title IV
REVENUE:				
Local Sources				
Federal Sources	\$ 44,109	\$ 14,845		\$ 11,910
Total Revenue	44,109	14,845		11,910
EXPENDITURES:				
Instruction:				
Salaries of Teachers	15,915			2,737
Purchased Professional & Technical Services				
Other Purchased Services				
General Supplies	12,662			
Total Instruction	28,577			2,737
Support Services:				
Personal Services - Employee Benefits	1,218			
Purchased Professional - Educational Services		2,150		
Other Purchased Services		12,695		
Supplies and Materials	14,314			9,173
Total Support Services	15,532	14,845		9,173
Total Expenditures	\$ 44,109	\$ 14,845		\$ 11,910

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Local Grants</u>	<u>IDEA Part B Basic</u>	<u>Totals</u>
REVENUE:			
Local Sources	9,501		9,501
Federal Sources		\$ 285,472	\$ 356,336
Total Revenue	<u>9,501</u>	<u>285,472</u>	<u>365,837</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			15,915
Purchased Professional and Technical Services			2,737
Other Purchased Services		285,472	285,472
General Supplies	9,501		22,163
Total Instruction	<u>9,501</u>	<u>285,472</u>	<u>326,287</u>
Support Services:			
Personal Services - Employee Benefits			1,218
Purchased Professional - Educational Services			2,150
Other Purchased Services			12,695
Supplies and Materials			23,487
Total Support Services			<u>39,550</u>
Total Expenditures	<u>\$ 9,501</u>	<u>\$ 285,472</u>	<u>\$ 365,837</u>

CAPITAL PROJECTS FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
Interest Income	\$ 30,541
	<hr/>
Total Revenue and Other Financing Sources	30,541
	<hr/>
Expenditures:	
Other Purchased Professional Technical Services	53,669
Construction Services	8,467
General Supplies	5,800
Other Objects	17,033
	<hr/>
Total Expenditures	84,969
	<hr/>
Deficiency of Revenue and Other Financing Sources	
Under Expenditures	(54,428)
Other Financing Uses:	
Transfer Out - General Fund - Interest Earnings	(30,541)
Transfer Out - General Fund - Unexpended Balances	(229,885)
	<hr/>
Total Other Financing Uses	(260,426)
	<hr/>
Deficiency of Revenues and Other Financing Sources	
Under Expenditures and Other Financing Uses	(314,854)
Fund Balance - Beginning	7,097,292
	<hr/>
Fund Balance - Ending	\$ 6,782,438
	<hr/> <hr/>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 6,499,507
Restricted - Year End Encumbrances	225,719
Committed	7,734
Committed - Year End Encumbrances	49,478
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 6,782,438
	<hr/> <hr/>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Additional Project Information:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Additional Project Information:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ATHLETIC AND PHYSICAL EDUCATION FACILITY REFURBISHMENT AT HANOVER PARK AND WHIPPANY PARK HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 9,795,000		\$ 9,795,000	\$ 9,795,444
Local Contribution	500,000		500,000	500,000
Total Revenues and Other Financing Sources	10,295,000		10,295,000	10,295,444
Expenditures:				
Other Purchased Professional Technical Services	933,107	\$ 48,967	982,074	1,020,006
Construction Services	7,872,705	3,555	7,876,260	9,117,207
General Supplies	71,373	5,800	77,173	100,000
Other Objects	24,374	17,033	41,407	58,231
Total Expenditures	8,901,559	75,355	8,976,914	10,295,444
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,393,441	\$ (75,355)	\$ 1,318,086	\$ - 0 -

Additional Project Information:

Project Number	1990-070-13-3000
Grant Date	N/A
Bond Authorization Date	1/1/2014
Bonds Authorized	\$ 9,795,444
Bonds Issued	\$ 9,795,000
Original Authorized Cost	\$ 9,795,444
Additional Authorized Cost	\$ 500,000
Revised Authorized Cost	\$ 10,295,444
% Increase over Original Authorized Cost	5%
% Completion	87%
Original Target Completion Date	October 2015
Revised Target Completion Date	December 2019

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
FUEL STATION REPLACEMENT PROJECT - HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Total</u>	<u>Authorized</u> <u>Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 335,000		\$ 335,000	\$ 335,000
Total Revenues and Other Financing Sources	335,000		335,000	335,000
Expenditures:				
Other Purchased Professional Technical Services	15,795	\$ 525	16,320	17,500
Construction Services	287,861	4,912	292,773	317,500
Total Expenditures	303,656	5,437	309,093	335,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 31,344	\$ (5,437)	\$ 25,907	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 335,000
Revised Authorized Cost	\$ 335,000
% Increase over Original Authorized Cost	0%
% Completion	92%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2019

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF INTERIOR CAMERAS - HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 17,500	\$ (7,766)	\$ 9,734	\$ 9,734
Total Revenues and Other Financing Sources	17,500	(7,766)	9,734	9,734
Expenditures:				
Other Purchased Professional Technical Services	62		62	62
Construction Services	9,672		9,672	9,672
Total Expenditures	9,734		9,734	9,734
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 7,766	\$ (7,766)	\$ - 0 -	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Returned to Capital Reserve	\$ (7,766)
Revised Authorized Cost	\$ 9,734
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF INTERIOR CAMERAS - WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 17,500	\$ (7,219)	\$ 10,281	\$ 10,281
Total Revenues and Other Financing Sources	17,500	(7,219)	10,281	10,281
Expenditures:				
Other Purchased Professional Technical Services	62		62	62
Construction Services	10,219		10,219	10,219
Total Expenditures	10,281		10,281	10,281
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 7,219	\$ (7,219)	\$ - 0 -	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Returned to Capital Reserve	\$ (7,219)
Revised Authorized Cost	\$ 10,281
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	June 2018
Revised Target Completion Date	June 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
FIELD LIGHTING PROJECT - WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 594,000	\$ (214,900)	\$ 379,100	\$ 379,100
Total Revenues and Other Financing Sources	<u>594,000</u>	<u>(214,900)</u>	<u>379,100</u>	<u>379,100</u>
Expenditures:				
Other Purchased Professional Technical Services	40,766	482	41,248	41,248
Construction Services	337,852		337,852	337,852
Total Expenditures	<u>378,618</u>	<u>482</u>	<u>379,100</u>	<u>379,100</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 215,382</u>	<u>\$ (215,382)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 594,000
Returned to Capital Reserve	\$ (214,900)
Revised Authorized Cost	\$ 379,100
% Increase over Original Authorized Cost	0%
% Completion	100%
Original Target Completion Date	September 2018
Revised Target Completion Date	September 2018

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF INTERIOR CAMERAS - HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 14,950	\$ (2,000)	\$ 12,950	\$ 12,950
Private Contributions	2,550		2,550	2,550
Total Revenues and Other Financing Sources	17,500	(2,000)	15,500	15,500
Expenditures:				
Other Purchased Professional Technical Services		1,875	1,875	2,000
Construction Services				13,500
Total Expenditures		1,875	1,875	15,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 17,500	\$ (3,875)	\$ 13,625	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Returned to Capital Reserve	\$ (2,000)
Revised Authorized Cost	\$ 15,500
% Increase over Original Authorized Cost	0%
% Completion	12%
Original Target Completion Date	June 2019
Revised Target Completion Date	June 2019

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF INTERIOR CAMERAS - WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 14,950	\$ 2,000	\$ 16,950	\$ 16,950
Private Contributions	2,550		2,550	2,550
Total Revenues and Other Financing Sources	17,500	2,000	19,500	19,500
Expenditures:				
Other Purchased Professional Technical Services		1,820	1,820	2,000
Construction Services				17,500
Total Expenditures		1,820	1,820	19,500
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 17,500	\$ 180	\$ 17,680	\$ - 0 -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 17,500
Additional Authorized Cost	\$ 2,000
Revised Authorized Cost	\$ 19,500
% Increase over Original Authorized Cost	0%
% Completion	9%
Original Target Completion Date	June 2019
Revised Target Completion Date	June 2019

PROPRIETARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Non-Major Fund Summer Enrichment</u>	<u>Major Fund Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 19,385	\$ 17,519	\$ 36,904
Other Receivables		1,056	1,056
Inventories		5,514	5,514
Total Current Assets	<u>19,385</u>	<u>24,089</u>	<u>43,474</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Furniture, Machinery & Equipment		400,888	400,888
Less: Accumulated Depreciation		<u>(395,122)</u>	<u>(395,122)</u>
Total Non-Current Assets		<u>5,766</u>	<u>5,766</u>
Total Assets	<u>19,385</u>	<u>29,855</u>	<u>49,240</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	10,300		10,300
Accounts Payable - Vendors		4,978	4,978
Total Liabilities	<u>10,300</u>	<u>4,978</u>	<u>15,278</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		5,766	5,766
Unrestricted	9,085	19,111	28,196
Total Net Position	<u>\$ 9,085</u>	<u>\$ 24,877</u>	<u>\$ 33,962</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Non-Major Fund</u>	<u>Major Fund</u>	<u>Total Enterprise Funds</u>
	<u>Summer Enrichment</u>	<u>Food Service</u>	
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Programs		\$ 386,559	\$ 386,559
Special Events		2,098	2,098
Free and Reduced Lunches Subsidized by District		30,028	30,028
Summer Enrichment Program Fees	\$ 12,451		12,451
Total Operating Revenue	<u>12,451</u>	<u>418,685</u>	<u>431,136</u>
Operating Expenses:			
Cost of Sales- Non-Reimbursable Programs		185,670	185,670
Salaries, Benefits & Payroll Taxes	14,151	172,002	186,153
Supplies and Materials		13,817	13,817
Management Fee		21,601	21,601
Miscellaneous Expense		6,987	6,987
Insurance & Office Supplies		22,999	22,999
Depreciation Expense		3,039	3,039
Total Operating Expenses	<u>14,151</u>	<u>426,115</u>	<u>440,266</u>
Operating Loss	<u>(1,700)</u>	<u>(7,430)</u>	<u>(9,130)</u>
Non-Operating Income:			
Interest Income		27	27
Total Non-Operating Income		<u>27</u>	<u>27</u>
Change in Net Position	(1,700)	(7,403)	(9,103)
Net Position - Beginning of Year	<u>10,785</u>	<u>32,280</u>	<u>43,065</u>
Net Position - End of Year	<u>\$ 9,085</u>	<u>\$ 24,877</u>	<u>\$ 33,962</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Major Fund	Major Fund	Total
	Summer Enrichment	Food Service	Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 21,201	\$ 401,791	\$ 422,992
Receipts from District		30,028	30,028
Payments by District for Free Lunches		(30,028)	(30,028)
Payments to Food Service Vendor		(433,622)	(433,622)
Payments to Summer Enrichment Employees	(14,151)		(14,151)
	7,050	(31,831)	(24,781)
Net Cash Provided by/(Used for) Operating Activities			
Cash Flows from Investing Activities:			
Interest Income		27	27
		27	27
Net Cash Provided by Investing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents	7,050	(31,804)	(24,754)
Cash and Cash Equivalents, July 1	12,335	49,323	61,658
Cash and Cash Equivalents, June 30	\$ 19,385	\$ 17,519	\$ 36,904
Reconciliation of Operating Loss to Net Cash			
Provided by/ (Used for) Operating Activities:			
Operating Loss	\$ (1,700)	\$ (7,430)	\$ (9,130)
Adjustment to Reconcile Operating Loss to Cash			
to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,039	3,039
Changes in Assets and Liabilities:			
(Increase) in Inventory		(884)	(884)
Decrease in Accounts Receivable		13,134	13,134
Increase in Unearned Revenue	8,750		8,750
(Decrease) in Accounts Payable		(39,690)	(39,690)
	7,050	(31,831)	(24,781)
Net Cash Provided by/(Used for) Operating Activities	\$ 7,050	\$ (31,831)	\$ (24,781)

FIDUCIARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	Student Activities	Payroll	Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 147,341	\$ 496,659	\$ 644,000	\$ 99,798	\$ 28,051	\$ 107,104
Investments	24,288		24,288			
Total Assets	171,629	496,659	668,288	99,798	28,051	107,104
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings		170,020	170,020			
Summer Savings Deductions Payable		326,639	326,639			
Due to Student Groups	171,629		171,629			
Total Liabilities	171,629	496,659	668,288			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				99,798		
Scholarships					28,051	
Flexible Benefits Claims						107,104
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 99,798	\$ 28,051	\$ 107,104

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Benefits Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 50,450		\$ 88,776
Donations		\$ 17,372	
Total Contributions	50,450	17,372	88,776
Investment Earnings:			
Interest	2,225		
Net Investment Earnings	2,225		
Total Additions	52,675	17,372	88,776
DEDUCTIONS:			
Unemployment Compensation Claims	51,959		
Flexible Benefits Claims			62,466
Scholarship Payments		14,051	
Total Deductions	51,959	14,051	62,466
Change in Net Position	716	3,321	26,310
Net Position - Beginning of the Year	99,082	24,730	80,794
Net Position - End of the Year	\$ 99,798	\$ 28,051	\$ 107,104

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 132,675	\$ 642,216	\$ 627,550	\$ 147,341
Investments	23,883	405		24,288
Total Assets	<u>\$ 156,558</u>	<u>\$ 642,621</u>	<u>\$ 627,550</u>	<u>\$ 171,629</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>\$ 156,558</u>	<u>\$ 642,621</u>	<u>\$ 627,550</u>	<u>\$ 171,629</u>
Total Liabilities	<u>\$ 156,558</u>	<u>\$ 642,621</u>	<u>\$ 627,550</u>	<u>\$ 171,629</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Senior High Schools:				
Hanover Park	\$ 115,573	\$ 361,132	\$ 365,828	\$ 110,877
Whippany Park	40,985	281,489	261,722	60,752
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 156,558</u>	<u>\$ 642,621</u>	<u>\$ 627,550</u>	<u>\$ 171,629</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 498,698	\$ 27,395,584	\$ 27,397,623	\$ 496,659
Total Assets	<u>\$ 498,698</u>	<u>\$ 27,395,584</u>	<u>\$ 27,397,623</u>	<u>\$ 496,659</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 198,632	\$ 15,356,449	\$ 15,385,616	\$ 169,465
Net Payroll	555	11,711,881	11,711,881	555
Summer Savings Deductions Payable	289,511	327,254	290,126	326,639
Interfund Payable:				
General Fund	<u>10,000</u>		<u>10,000</u>	
Total Liabilities	<u>\$ 498,698</u>	<u>\$ 27,395,584</u>	<u>\$ 27,397,623</u>	<u>\$ 496,659</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Matured	Balance June 30, 2018	Balance June 30, 2019
			Date	Amount				
School Refunding Bonds	3/14/13	\$ 18,480,000	10/1/19	\$ 1,845,000	4.00%			
			10/1/20	1,945,000	4.00%			
			10/1/21	1,945,000	4.00%			
			10/1/22	1,940,000	4.00%			
			10/1/23	1,940,000	4.00%			
			10/1/24	1,935,000	4.00%			
			10/1/25	1,845,000	4.00%	\$ 1,750,000	\$ 15,145,000	\$ 13,395,000
School Bonds, Series 2014	1/14/14	9,795,000	2/1/20	1,000,000	2.00%			
			2/1/21	1,000,000	2.00%			
			2/1/22	1,100,000	2.25%			
			2/1/23	1,150,000	2.50%			
			2/1/24	1,200,000	2.50%			
						\$ 950,000	6,400,000	5,450,000
						\$ 2,700,000	\$ 21,545,000	\$ 18,845,000

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,181,550		\$ 3,181,550	\$ 3,181,550	
State Sources:					
Debt Service State Aid Support	227,001		227,001	227,001	
Total Revenues	<u>3,408,551</u>		<u>3,408,551</u>	<u>3,408,551</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	708,551		708,551	708,550	\$ 1
Redemption of Principal	2,700,000		2,700,000	2,700,000	
Total Regular Debt Service	<u>3,408,551</u>		<u>3,408,551</u>	<u>3,408,550</u>	<u>1</u>
Total Expenditures	<u>3,408,551</u>		<u>3,408,551</u>	<u>3,408,550</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				<u>1</u>	<u>1</u>
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Analysis of Balance - June 30, 2019:					
Restricted				<u>\$ 1</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

June 30,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 20,128,304	\$ 20,726,578	\$ 21,536,562	\$ 24,359,850	\$ 14,243,092	\$ 17,320,212	\$ 25,279,530	\$ 28,303,100	\$ 30,898,483	\$ 32,647,525
Restricted	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036	12,120,246	11,749,521	12,573,801
Unrestricted (Deficit)	(181,514)	943,282	1,010,943	(1,600,732)	(10,161,263)	(12,543,062)	(12,829,026)	(13,501,743)	(13,873,891)	(13,768,988)
Total Governmental Activities Net Position	\$ 30,505,021	\$ 32,753,763	\$ 33,251,417	\$ 32,622,983	\$ 22,019,698	\$ 23,214,992	\$ 25,860,540	\$ 26,921,603	\$ 28,774,113	\$ 31,452,338
Business-Type Activities:										
Investment in Capital Assets	\$ 65,249	\$ 57,187	\$ 49,125	\$ 41,136	\$ 33,220	\$ 25,638	\$ 18,389	\$ 11,140	\$ 8,805	\$ 5,766
Unrestricted	152,869	130,194	116,681	85,502	34,180	24,316	18,781	656	34,260	28,196
Total Business-Type Activities Net Position	\$ 218,118	\$ 187,381	\$ 165,806	\$ 126,638	\$ 67,400	\$ 49,954	\$ 37,170	\$ 11,796	\$ 43,065	\$ 33,962
District-Wide:										
Net Investment in Capital Assets	\$ 20,193,553	\$ 20,783,765	\$ 21,585,687	\$ 24,400,986	\$ 14,276,312	\$ 17,345,850	\$ 25,297,919	\$ 28,314,240	\$ 30,907,288	\$ 32,653,291
Restricted	10,558,231	11,083,903	10,703,912	9,863,865	17,937,869	18,437,842	13,410,036	12,120,246	11,749,521	12,573,801
Unrestricted (Deficit)	(28,645)	1,073,476	1,127,624	(1,515,230)	(10,127,083)	(12,518,746)	(12,810,245)	(13,501,087)	(13,839,631)	(13,740,792)
Total District-Wide Net Position	\$ 30,723,139	\$ 32,941,144	\$ 33,417,223	\$ 32,749,621	\$ 22,087,098	\$ 23,264,946	\$ 25,897,710	\$ 26,933,399	\$ 28,817,178	\$ 31,486,300

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,668,199	\$ 11,400,691	\$ 11,919,404	\$ 12,462,871	\$ 12,376,960	\$ 14,466,950	\$ 14,743,726	\$ 17,101,592	\$ 17,177,855	\$ 16,493,189
Special Education	1,844,042	1,688,779	1,932,005	2,228,640	2,182,874	2,351,424	2,651,199	2,393,442	2,331,871	2,006,974
Other Special Instruction	169,922	170,088	171,542	183,701	113,467	80,199	36,577	46,320	47,121	46,492
Vocational	43,701	44,193	36,283							
Other Instruction	1,813,480	1,672,541	1,733,831	1,832,733	1,792,087	2,019,398	2,097,579	2,317,701	2,391,972	2,334,672
Support Services:										
Tuition	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037	3,831,583	4,192,126	4,243,694
Student & Instruction Related Services	3,952,123	3,698,588	3,824,169	3,767,588	3,704,389	4,351,320	4,595,140	5,795,009	5,971,107	6,901,532
General Administration Services	936,526	789,613	764,055	906,313	849,878	1,018,917	1,035,800	1,105,341	1,240,375	1,150,639
School Administration Services	1,314,592	1,194,218	1,297,662	1,406,854	1,542,429	1,700,501	1,691,586	1,806,720	1,864,273	1,782,775
Central Services	934,560	488,275	510,587	569,295	584,467	706,504	710,431	829,242	1,480,983	825,874
Administration Information Technology	58,188	43,359	46,959	150,406	112,261	153,597	145,989	293,046	193,340	209,375
Plant Operations And Maintenance	3,145,117	2,807,016	2,850,399	2,887,738	2,776,076	3,361,032	2,992,791	3,383,351	3,401,157	3,219,826
Pupil Transportation	1,392,272	1,647,907	1,753,153	2,136,856	2,353,110	2,391,889	2,788,823	3,209,866	3,230,215	2,855,927
Interest On Long-Term Debt	1,099,345	1,054,345	1,006,845	1,194,049	857,584	897,147	826,164	764,227	705,648	629,365
Capital Outlay	354								418,597	106,465
Unallocated Depreciation	264,540	659,316	1,056,461	1,056,550	1,059,355	1,053,596	1,066,012	1,033,998	1,033,955	1,031,965
Total Governmental Activities Expenses	30,344,822	29,465,074	31,485,171	33,542,898	33,331,322	37,522,895	38,792,854	43,911,438	45,680,595	43,838,764
Business-Type activities:										
Food Service	517,943	537,044	541,858	579,478	614,964	565,789	548,625	551,217	466,636	426,115
Summer Enrichment						5,155	1,920	1,615	4,521	14,151
Total Business-Type Activities Expense	517,943	537,044	541,858	579,478	614,964	570,944	550,545	552,832	471,157	440,266
Total District-Wide Expenses	30,862,765	30,002,118	32,027,029	34,122,376	33,946,286	38,093,839	39,343,399	44,464,270	46,151,752	44,279,030

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	\$ 3,062,590	\$ 2,322,194	\$ 2,948,411	\$ 3,628,969	\$ 3,368,274	\$ 6,486,666	\$ 7,693,517	\$ 10,190,340	\$ 11,531,282	\$ 9,480,989
Capital Grants and Contributions	2,063,974	1,048,464	269,800	17,520	15,310	241,500	35,606			
Charges for Services										16,650
Total Governmental Activities	5,126,564	3,370,658	3,218,211	3,646,489	3,383,584	6,728,166	7,729,123	10,190,340	11,531,282	9,497,639
Business-Type Activities:										
Charges for Services:										
Food Service	522,111	505,962	520,101	540,103	555,536	525,618	516,706	425,180	452,660	418,685
Summer Enrichment						5,155	2,301	1,890	14,650	12,451
Total Business Type Activities	522,111	505,962	520,101	540,103	555,536	530,773	519,007	427,070	467,310	431,136
Total District-Wide Program Revenues	5,648,675	3,876,620	3,738,312	4,186,592	3,939,120	7,258,939	8,248,130	10,617,410	11,998,592	9,928,775
Net (Expense)/Revenue:										
Governmental Activities	(25,218,258)	(26,094,416)	(28,266,960)	(29,896,409)	(29,947,738)	(30,794,729)	(31,063,731)	(33,721,098)	(34,149,313)	(34,341,125)
Business-Type Activities	4,168	(31,082)	(21,757)	(39,375)	(59,428)	(40,171)	(31,538)	(125,762)	(3,847)	(9,130)
Total District-Wide Net (Expense)/Revenue	(25,214,090)	(26,125,498)	(28,288,717)	(29,935,784)	(30,007,166)	(30,834,900)	(31,095,269)	(33,846,860)	(34,153,160)	(34,350,255)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for										
General Purposes, Net	24,341,168	25,465,407	25,848,661	26,365,634	26,892,947	27,834,200	28,946,490	30,390,920	31,276,813	32,046,873
Taxes Levied for Debt Service	2,306,845	2,261,845	2,314,970	2,266,220	2,256,100	3,271,744	2,913,403	3,131,407	3,138,986	3,181,550
Unrestricted Grants and Contributions	288,635	337,033	447,761	424,027	435,164	403,516	904,287	776,577	841,490	888,668
Investment Earnings	13,332	29,035	2,152	2,376	11,707	21,463	27,611	7,838	9,866	5,859
Miscellaneous Income	227,401	314,556	151,070	209,718	528,040	459,100	947,138	558,566	787,374	896,400
Transfers	(1,760)							(83,147)	(52,706)	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2019	2019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Special Item - SDA Grants Cancelled		\$ (64,718)					\$ (29,650)			
Total Governmental Activities	\$ 27,175,621	28,343,158	\$ 28,764,614	\$ 29,267,975	\$ 30,123,958	\$ 31,990,023	33,709,279	\$ 34,782,161	\$ 36,001,823	\$ 37,019,350
Business-Type Activities:										
Investment Earnings	532	345	182	207	190	130	133	92	51	27
Transfers	1,760							83,147	17,619	3,256
Other Item - Board Contribution										
Other Item - Food Service Management						22,595	18,621	17,149	14,190	
Contractor Contribution										
Total Business-Type Activities	2,292	345	182	207	190	22,725	18,754	100,388	35,116	27
Total District-Wide General Revenues and Other Changes in Net Position	27,177,913	28,343,503	28,764,796	29,268,182	30,124,148	32,012,748	33,728,033	34,882,549	36,036,939	37,019,377
Change in Net Position:										
Governmental Activities	1,957,363	2,248,742	497,654	(628,434)	176,220	1,195,294	2,645,548	1,061,063	1,852,510	2,678,225
Business-Type Activities	6,460	(30,737)	(21,575)	(39,168)	(59,238)	(17,446)	(12,784)	(25,374)	31,269	(9,103)
Total District-Wide Change in Net Position	\$ 1,963,823	\$ 2,218,005	\$ 476,079	\$ (667,602)	\$ 116,982	\$ 1,177,848	\$ 2,632,764	\$ 1,035,689	\$ 1,883,779	\$ 2,669,122

Source: Hanover Park Regional High School District Financial Reports.

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

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 5,650,730									
Unreserved	702,133									
Restricted		\$ 5,121,753	\$ 5,146,461	\$ 4,438,349	\$ 3,491,324	\$ 4,166,304	\$ 5,172,166	\$ 4,182,462	\$ 4,652,229	\$ 5,791,362
Assigned		844,758	862,075	772,849	1,251,800	679,605	429,470	810,542	786,067	947,809
Unassigned		858,203	924,355	926,987	638,424	585,191	680,794	800,903	843,330	908,637
Total General Fund	\$ 6,352,863	\$ 6,824,714	\$ 6,932,891	\$ 6,138,185	\$ 5,381,548	\$ 5,431,100	\$ 6,282,430	\$ 5,793,907	\$ 6,281,626	\$ 7,647,808
Other Governmental Funds:										
Reserved	\$ 189,483									
Unreserved	4,595,646									
Restricted		\$ 5,407,140	\$ 5,407,140	\$ 5,425,516	\$ 14,446,545	\$ 14,271,538	\$ 8,237,870	\$ 7,937,784	\$ 7,097,292	\$ 6,725,227
Committed		555,010	150,311	49,641	307,585	141,946				57,212
Total Other Governmental Funds	\$ 4,785,129	\$ 5,962,150	\$ 5,557,451	\$ 5,475,157	\$ 14,754,130	\$ 14,413,484	\$ 8,237,870	\$ 7,937,784	\$ 7,097,292	\$ 6,782,439
Total All Governmental Funds	\$ 11,137,992	\$ 12,786,864	\$ 12,490,342	\$ 11,613,342	\$ 20,135,678	\$ 19,844,584	\$ 14,520,300	\$ 13,731,691	\$ 13,378,918	\$ 14,430,247

Source: Hanover Park Regional High School District Financial Reports.

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:	\$ 26,648,013	\$ 27,777,252	\$ 28,163,631	\$ 28,631,854	\$ 29,149,047	\$ 31,105,944	\$ 31,859,893	\$ 33,522,327	\$ 34,415,799	\$ 35,228,423
Tuition from Individuals										
Interest Earnings	2,198	2,469	2,101	2,338	4,004	3,561	5,029	7,838	9,866	16,650
Miscellaneous	238,535	344,110	159,117	217,756	536,260	486,644	973,628	564,039	794,720	5,859
State Sources	4,936,442	3,279,641	3,267,759	3,738,566	3,500,846	3,964,510	4,661,622	4,933,835	5,545,498	904,300
Federal Sources	478,757	425,062	390,217	323,950	317,385	328,658	331,470	319,877	356,744	6,525,821
Total Revenue	32,303,945	31,778,534	31,982,825	32,914,464	33,507,542	35,889,317	37,831,642	39,347,916	41,122,627	43,042,244
Expenditures:										
Instruction:										
Regular	8,759,281	8,505,773	8,530,317	8,873,841	8,928,323	9,260,553	8,914,967	9,218,032	9,248,537	9,352,857
Special Education	1,374,221	1,264,493	1,405,419	1,562,983	1,557,670	1,453,440	1,593,049	1,273,597	1,229,822	1,124,870
Other Special Instruction	122,600	125,049	124,793	129,723	83,267	72,067	22,166	24,586	24,741	25,904
Vocational	32,250	32,504	26,254							
Other Instruction	1,413,012	1,322,853	1,356,648	1,394,949	1,388,865	1,416,933	1,396,951	1,413,266	1,412,380	1,448,442
Support Services:										
Tuition	1,707,861	2,106,145	2,581,816	2,759,304	3,026,385	2,970,421	3,411,037	3,831,583	4,192,126	4,243,694
Student/Instruction-Related Services	3,085,421	2,796,406	2,849,528	2,776,857	2,719,504	2,862,123	2,915,661	3,287,571	3,663,619	4,186,521
General Administration Services	751,069	639,435	596,897	716,588	664,189	752,552	732,412	722,773	795,773	763,885
School Administration Services	996,213	892,738	937,681	1,010,316	1,106,968	1,063,928	1,022,066	974,136	1,005,853	1,008,106
Central Services	865,190	366,634	377,421	394,729	394,080	407,446	394,671	400,575	415,391	412,904
Administrative Information Technology	47,137	43,322	46,921	150,406	111,363	153,597	145,989	286,686	191,046	211,630
Plant Operations And Maintenance	2,675,558	2,368,870	2,387,932	2,369,055	2,290,273	2,257,080	2,192,206	2,327,849	2,368,685	2,328,650
Pupil Transportation	1,196,527	1,216,651	1,289,632	1,577,805	1,769,152	1,583,878	1,782,101	1,869,950	1,875,919	1,871,380
Unallocated Benefits	5,765,708	5,896,454	6,390,950	7,293,220	7,053,628	7,615,467	8,193,403	8,939,068	9,763,858	10,884,666

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

UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenditures: (Cont'd)										
Capital Outlay	\$ 896,366	\$ 225,772	\$ 1,062,168	\$ 533,844	\$ 1,430,438	\$ 1,020,807	\$ 7,083,247	\$ 2,147,731	\$ 1,872,244	\$ 718,856
Debt Service:										
Principal	1,200,000	1,200,000	1,014,970	1,300,000	1,400,000	2,320,000	2,425,000	2,500,000	2,585,000	708,550
Interest and Other Charges	1,106,845	1,061,845	1,300,000	947,844	856,100	970,119	901,350	835,975	777,700	2,700,000
Total Expenditures	31,995,259	30,064,944	32,279,347	33,791,464	34,780,205	36,180,411	43,126,276	40,053,378	41,422,694	41,990,915
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	308,686	1,713,590	(296,522)	(877,000)	(1,272,663)	(291,094)	(5,294,634)	(705,462)	(300,067)	1,051,329
Other Financing Sources/(Uses):										
School Refunding Bonds Issued				18,480,000						
School Bonds Defeased				(19,014,000)						
Bond Issuance Costs				(190,717)						
Bond Premiums				2,519,122						
Deferred Bond Interest				(1,794,405)	9,795,000					
Bond Proceeds										
SDA Grants Cancelled							(29,650)			
Transfers In	1,031,508	647,590	51	74,428	298,411	199,624	94,766	976,854	48,975	260,426
Transfers Out	(1,033,268)	(647,590)	(51)	(74,428)	(298,411)	(199,624)	(94,766)	(1,060,001)	(101,681)	(260,426)
Total Other Financing Sources/(Uses)	(1,760)	(64,718)			9,795,000		(29,650)	(83,147)	(52,706)	
Net Change In Fund Balances	\$ 306,926	\$ 1,648,872	\$ (296,522)	\$ (877,000)	\$ 8,522,337	\$ (291,094)	\$ (5,324,284)	\$ (788,609)	\$ (352,773)	\$ 1,051,329
Debt Service As A Percentage Of Noncapital Expenditures	7.42%	7.58%	7.42%	6.76%	6.76%	9.36%	9.23%	8.80%	8.50%	8.26%

Source: Hanover Park Regional High School District Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals - Use of Facilities	Athletic Fees	Tuition	Other	Total
2010	\$ 12,200	\$ 1,913			\$ 225,487	\$ 239,601
2011	29,035	7,892	\$ 16,284		290,039	343,250
2012	2,152	4,710	16,245		130,064	153,171
2013	20,788	6,475	22,037	\$ 38,095	124,661	212,056
2014	13,111	6,475	25,860	70,620	415,978	532,044
2015	26,090	4,875	26,885	53,761	351,050	462,661
2016	27,611	3,435	8,801	41,226	363,550	444,623
2017	60,292	11,467	16,585		465,206	553,550
2018	28,938	5,713	8,977	1,850	727,587	773,065
2019	36,401	5,115	16,723	16,650	813,479	888,368

Source: Hanover Park Regional High School District Financial Reports.

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

EAST HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$ 23,661,400	\$ 1,413,759,500	\$ 119,800	\$ 748,300	\$ 912,417,600	\$ 200,519,200	\$ 224,300	\$ 2,470,514,697	\$ 2,650,113	\$ 2,473,164,810	\$ 116,803,900	.39	\$ 3,699,322,656
2010	22,852,400	1,417,254,300	119,800	748,300	887,116,700	200,142,200		2,461,236,997	2,595,764	2,463,832,761	117,931,800	.41	4,044,758,170
2011	22,432,600	1,418,273,800	119,800	748,300	867,113,600	200,566,400		2,462,236,197	2,037,625	2,464,273,822	117,931,800	.43	3,836,789,266
2012	21,921,200	1,418,233,400	119,800	748,300	890,441,900	200,816,300		2,462,029,997	2,045,837	2,464,075,834	117,849,500	.42	3,700,819,582
2013	20,842,200	1,423,277,600	748,300	119,800	890,390,400	201,216,300		2,463,026,097	2,045,837	2,465,071,934	118,392,700	.43	3,433,090,066
2014	20,748,400	1,424,081,700	748,300	119,800	882,320,700	202,322,900		2,531,622,197	2,045,837	2,533,668,034	117,817,300	.48	3,558,858,057
2015	21,366,100	1,426,212,000	748,300	119,800	882,190,797	202,322,900		2,532,091,797	1,974,647	2,534,066,444	117,909,300	.47	3,604,117,281
2016	20,188,000	1,434,708,400	748,300	119,800	880,470,597	202,072,900	320,900	2,537,760,797	1,974,647	2,539,735,444	117,250,700	.48	3,401,886,141
2017	19,877,800	1,440,661,700	748,300	119,800	879,706,097	200,693,600	153,100	2,541,092,297	1,974,647	2,543,066,944	117,639,400	.45	3,315,434,416
2018	20,196,800	1,444,642,100	748,300	119,800	875,268,277	199,799,700	153,000	2,540,059,877	7,669	2,540,067,546	118,090,800	.48	3,328,486,435

FLORHAM PARK BOROUGH

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$ 126,647,500	\$ 2,011,843,600	\$ 119,800	\$ 748,300	\$ 912,417,600	\$ 108,971,400	\$ 153,215,500	\$ 3,313,963,700	\$ 4,947,120	\$ 3,318,910,820	\$ 447,021,900	.20	\$ 3,357,907,547
2010	128,845,700	2,047,551,750	119,800	748,300	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	447,729,600	.21	3,332,562,174
2011	118,379,400	2,051,700,450	119,800	748,300	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	448,697,200	.17	3,356,840,595
2012	110,392,500	2,031,401,150	119,800	748,300	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	448,739,900	.18	3,335,769,352
2013	95,485,900	2,024,445,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,265,930,100	4,257,410	3,270,187,510	457,858,600	.22	3,015,767,531
2014	98,799,800	1,985,991,000	748,300	119,800	882,320,700	96,354,600	168,609,300	3,232,943,500	3,854,835	3,236,798,335	446,779,800	.24	2,839,810,371
2015	95,113,200	2,003,842,000	748,300	119,800	883,268,500	94,644,600	175,484,100	3,253,220,500	4,080,033	3,257,300,533	447,962,000	.25	3,021,413,939
2016	98,191,900	2,014,682,600	748,300	119,800	903,530,300	92,180,200	175,484,100	3,284,937,200	4,079,867	3,289,017,067	446,298,000	.25	3,126,935,377
2017	96,791,400	2,035,336,200	748,300	119,800	894,116,700	88,344,300	193,577,400	3,309,034,100	4,107,211	3,313,141,311	401,517,100	.27	3,415,130,920
2018	64,953,700	2,050,951,700	748,300	119,800	929,394,900	88,344,300	245,944,100	3,380,456,800	3,974,458	3,384,431,258	413,888,900	.28	3,503,649,795

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

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

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

Source: Municipal Tax Assessors.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
UNAUDITED

HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land		Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
	\$													
2009	\$ 72,641,900		\$ 1,148,171,700	\$ 7,600	\$ 7,600	\$ 538,942,500	\$ 213,530,700	\$ 28,868,800	\$ 2,002,170,800	\$ 11,255,992	\$ 2,013,787,492	\$ 271,431,000	.47	\$ 4,139,864,889
2010	65,676,800		1,153,279,300	7,600	368,300	524,527,300	214,138,200	28,868,800	1,986,866,300	11,175,509	1,998,041,809	271,947,500	.49	4,166,464,286
2011	47,974,300		1,176,198,450	7,600	368,300	489,126,600	221,082,600	28,868,800	1,963,636,650	10,542,510	1,974,169,160	271,672,800	.61	4,115,149,057
2012 *	78,048,900		2,054,726,800	5,900	433,000	871,536,400	412,981,600	56,721,600	3,474,454,200	21,415,187	3,495,869,387	376,741,000	.35	3,957,980,829
2013	94,503,500		2,055,323,600	5,900	433,000	873,200,300	408,758,900	56,721,600	3,488,946,800		3,488,946,800	366,341,800	.32	3,889,698,033
2014	80,697,600		2,080,627,400	433,000	5,900	996,669,100	433,662,200	57,634,600	3,649,729,800		3,649,729,800	375,167,100	.31	3,701,001,450
2015	73,645,700		2,101,021,300	433,000	5,900	1,016,994,300	429,302,700	75,960,100	3,697,363,000		3,697,363,000	375,229,600	.33	3,946,715,598
2016	75,035,800		2,106,119,300	433,000	5,900	983,192,400	425,684,100	84,700,100	3,675,170,600		3,675,170,600	372,465,700	.36	4,093,380,765
2017	74,177,300		2,124,601,600	441,800	5,900	1,034,213,600	422,412,500	84,734,600	3,740,587,300		3,740,587,300	372,788,000	.37	4,242,471,702
2018	58,906,700		2,131,024,700	441,800	5,900	1,081,238,100	410,507,800	91,543,400	3,773,668,400		3,773,668,400	37,338,000	.36	4,338,309,152

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

* Revaluation of real property took effect in this year.

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

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

Source: Municipal Tax Assessors.

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

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

EAST HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			East Hanover School	East Hanover Township	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct				
2009	\$ 0.36	\$ 0.03	\$ 0.39	\$ 0.69	\$ 0.54	\$ 0.34	\$ 1.96
2010	0.38	0.03	0.41	0.72	0.56	0.38	2.07
2011	0.39	0.04	0.43	0.72	0.56	0.37	2.08
2012	0.39	0.03	0.42	0.72	0.57	0.37	2.08
2013	0.40	0.03	0.43	0.71	0.60	0.35	2.09
2014	0.43	0.05	0.48	0.66	0.61	0.35	2.09
2015	0.43	0.04	0.47	0.67	0.55	0.36	2.05
2016	0.44	0.04	0.48	0.66	0.63	0.34	2.11
2017	0.41	0.04	0.45	0.77	0.65	0.34	2.20
2018	0.44	0.04	0.48	0.76	0.69	0.34	2.27

FLORHAM PARK BOROUGH

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Florham Park School	Florham Park Borough	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct				
2009	\$ 0.18	\$ 0.02	\$ 0.20	\$ 0.45	\$ 0.35	\$ 0.23	\$ 1.22
2010	0.19	0.02	0.21	0.46	0.35	0.23	1.25
2011	0.16	0.01	0.17	0.52	0.36	0.24	1.29
2012	0.17	0.01	0.18	0.53	0.38	0.25	1.34
2013	0.20	0.02	0.22	0.51	0.39	0.23	1.35
2014	0.21	0.03	0.24	0.52	0.40	0.22	1.38
2015	0.22	0.02	0.24	0.52	0.37	0.23	1.36
2016	0.23	0.02	0.25	0.51	0.41	0.24	1.41
2017	0.25	0.02	0.27	0.54	0.41	0.25	1.47
2018	0.25	0.03	0.28	0.55	0.42	0.27	1.51

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

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Hanover			
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Township School	Hanover Township	Morris County	
2009	\$ 0.43	\$ 0.04	\$ 0.47	\$ 1.02	\$ 0.67	\$ 0.47	\$ 2.63
2010	0.45	0.04	0.49	1.07	0.73	0.47	2.76
2011	0.56	0.05	0.61	1.02	0.76	0.49	2.88
2012	* 0.32	* 0.03	* 0.35	* 0.58	* 0.43	* 0.27	* 1.63
2013	0.30	0.02	0.32	0.62	0.44	0.28	1.66
2014	0.28	0.03	0.31	0.62	0.44	0.26	1.63
2015	0.30	0.03	0.33	0.60	0.43	0.27	1.63
2016	0.33	0.03	0.36	0.57	0.44	0.28	1.65
2017	0.34	0.03	0.37	0.66	0.45	0.28	1.76
2018	0.33	0.03	0.36	0.69	0.45	0.29	1.80

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

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

^b Rates for debt service are based on each year's requirements.

* Revaluation of real property became effective in this year.

Source: Municipal Tax Collectors and School Business Administrator.

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

EAST HANOVER TOWNSHIP

	2019		2010		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Novartis		\$ 415,030,700	Novartis Pharmaceuticals	\$ 353,910,100	14.47%
Mondelez Global, Inc.		36,987,600	Kraft Foods North America, Inc.	71,962,600	2.83%
Mondelez Global, Inc.		25,000,000	New Hanover, LLC	24,917,000	0.98%
New Hanover, LLC		24,917,000	Castle Ridge Plaza, LLC	22,000,000	0.87%
Givaudan Fragrances Corporation		21,400,000	Givaudan Fragrances Corporation	21,400,000	0.84%
E H Route Ten Realty Corp		21,218,700	Paradigm East Hanover, LLC	21,303,497	0.84%
Givaudan Flavors Corporation		19,872,200	Eagle Rock Executive C/O Well Main	20,000,000	0.79%
Castle Ridge Plaza		18,500,000	Givaudan Flavors Corporation Tax Dep	19,991,300	0.79%
Paradigm East Hanover, LLC		17,024,777	Eric Richard DR Company, LLC	15,500,000	0.61%
Eric Richard DR Company, LLC		15,500,000	Costco Wholesale Corp	14,000,000	0.55%
Total		\$ 615,450,977		\$ 584,984,497	23.57%

Source: Municipal Tax Assessor.

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

FLORHAM PARK BOROUGH

	2019		2010		Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value					
KBSII 300-600 Campus Drive, LLC		93,517,700	2.84%	\$	300 Campus Drive LLC	108,017,200	3.24%		
Sun Valley Plaza, LLC		80,500,000	2.45%		100 Campus Drive, LLC	73,000,900	2.19%		
BASF Corporation		68,000,000	2.07%		Wells Reit II	69,600,000	2.09%		
RG-KCI, LLC		63,500,000	1.93%		Avalonbay Communities, Inc.	63,369,900	1.90%		
Avalonbay Communities, Inc		63,369,900	1.93%		Sun Valley Plaza, LLC	46,245,600	1.39%		
KBSII 100-200 Campus Drive, LLC		56,400,000	1.71%		L.H. Florham Holding	43,000,000	1.29%		
Welltower, Inc		52,511,000	1.60%		100-200 Campus Drive, LLC	37,283,200	1.12%		
LIPT 140 Park Avenue, LLC		35,014,200	1.06%		Advance Realty Management	34,865,300	1.05%		
KBSII 100-200 Campus Drive, LLC		34,052,800	1.04%		LFT Real Est & Life Time Fitness	33,900,000	1.02%		
AGNL Exercise, LLC		33,900,000	1.03%		Wells Reit II	31,436,900	0.94%		
Total		\$ 580,765,600	17.66%		Total	\$ 540,719,000	16.22%		

Source: Municipal Tax Assessor.

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

HANOVER TOWNSHIP

	2019		2010		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Bayer Healthcare LLC		\$ 155,670,300	LTI NJ Finance LLC	\$ 42,737,300	2.14%
SFP ML I LLC (Metlife)		60,000,000	JP Morgan Chase	42,229,800	2.11%
TR Sterling Hanover LLC		57,261,000	Hartz Mountain Industries	27,587,300	1.38%
Interstate Realty Company LLC		50,290,300	Marriot Corporation	24,607,500	1.23%
AVR Hanover Hotel LLC		45,000,000	Sterling Apartments LLC	24,600,300	1.23%
LSAC Morris County LP		42,954,600	Interstate Realty Company	21,904,000	1.10%
US Real Estate Holdings		36,424,400	CLF Parsippany-Cadbury Adams	21,462,400	1.07%
Kraft Foods Global Inc		32,000,000	LSAC Morris County LP	21,355,600	1.07%
Hanover 3201 Realty LLC (Wegmans)		30,286,600	Fan Pier Land Company	19,200,000	0.96%
Novartis Pharmaceuticals Corp		30,000,000	River Park Business Center LLC	18,300,400	0.92%
Total		\$ 539,887,200	Total	\$ 263,984,600	13.21%

Note: A revaluation was effective in 2012

Source: Municipal Tax Assessor.

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy ^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	\$ 26,648,013	\$ 26,648,013	100.00%	\$ - 0 -
2011	27,727,252	27,727,252	100.00%	- 0 -
2012	28,163,631	28,163,631	100.00%	- 0 -
2013	28,631,854	28,631,854	100.00%	- 0 -
2014	29,149,047	29,149,047	100.00%	- 0 -
2015	31,105,944	31,105,944	100.00%	- 0 -
2016	31,859,893	31,859,893	100.00%	- 0 -
2017	33,522,327	32,163,424	95.95%	1,358,903
2018	34,415,799	34,415,799	100.00%	- 0 -
2019	35,228,423	35,228,423	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of District Personal Income ^a	District Per Capita ^a
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
2010	\$ 27,314,000			\$ 27,314,000	1.00%	\$ 744.47
2011	26,114,000			26,114,000	0.91%	706.17
2012	24,814,000			24,814,000	0.84%	668.86
2013	22,980,000			22,980,000	0.76%	618.21
2014	31,375,000			31,375,000	1.00%	840.23
2015	29,055,000			29,055,000	0.88%	775.83
2016	26,630,000			26,630,000	0.79%	706.16
2017	24,130,000			24,130,000	0.68%	640.73
2018	21,545,000			21,545,000	0.62%	581.10
2019	18,845,000			18,845,000	0.54%	508.28

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

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

Source: Hanover Park Regional High School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Taxable Value ^a of Property	District Per Capita ^b
	General Obligation Bonds	Deductions			
2010	\$ 27,314,000	\$ - 0 -	\$ 27,314,000	1.05%	\$ 744.47
2011	26,114,000	- 0 -	26,114,000	1.01%	706.17
2012	24,814,000	- 0 -	24,814,000	0.96%	668.86
2013	22,980,000	- 0 -	22,980,000	0.75%	618.21
2014	31,375,000	- 0 -	31,375,000	1.02%	840.23
2015	29,055,000	- 0 -	29,055,000	0.93%	775.83
2016	26,630,000	- 0 -	26,630,000	0.84%	706.16
2017	24,130,000	- 0 -	24,130,000	0.76%	640.73
2018	21,545,000	- 0 -	21,545,000	0.67%	581.10
2018	18,845,000	- 0 -	18,845,000	0.58%	508.28

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

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

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

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
East Hanover Township	\$ 30,148,339	100.00%	\$ 30,148,339
Florham Park Borough	9,153,312	100.00%	9,153,312
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	216,647,700	11.79%	<u>25,540,074</u>
Subtotal, Overlapping Debt			64,841,725
Hanover Park Regional School District Direct Debt			<u>19,795,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 84,636,725</u></u>

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

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 336,152,819	\$ 338,737,158	\$ 335,794,028	\$ 323,491,655	\$ 308,646,769	\$ 304,098,046	\$ 306,920,090	\$ 315,071,809	\$ 320,662,297	\$ 326,012,344
Total Net Debt Applicable to Limit	27,314,000	26,114,000	24,814,000	22,980,000	31,375,000	29,055,000	26,630,000	24,130,000	21,545,000	18,845,000
Legal Debt Margin	\$ 308,838,819	\$ 312,623,158	\$ 310,980,028	\$ 300,511,655	\$ 277,271,769	\$ 275,043,046	\$ 280,290,090	\$ 290,941,809	\$ 299,117,297	\$ 307,167,344

Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	8.13%	7.71%	7.39%	7.10%	10.17%	9.55%	8.68%	7.66%	6.72%	5.78%
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Equalized Valuation Basis	Legal Debt Margin Calculation for Fiscal Year 2019				Total
	East Hanover		Florham Park		
	Township	Borough	Township	Borough	
2016	\$ 3,270,310,305	\$ 3,164,679,383	\$ 4,152,265,959	\$ 4,152,265,959	\$ 10,587,255,647
2017	3,313,459,769	3,411,023,709	4,242,471,702	4,242,471,702	10,966,955,180
2018	3,368,779,810	3,507,061,728	4,171,182,049	4,171,182,049	11,047,023,587
	<u>\$ 9,952,549,884</u>	<u>\$ 10,082,764,820</u>	<u>\$ 12,565,919,710</u>	<u>\$ 12,565,919,710</u>	<u>\$ 32,601,234,414</u>
Average Equalized Valuation of Taxable Property					
Debt Limit (3% of average equalization value) ^a					
Net Bonded School Debt - June 30, 2019					
Legal Debt Margin					
					<u>\$ 10,867,078,138</u>
					\$ 326,012,344
					<u>18,845,000</u>
					\$ 307,167,344

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

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

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

EAST HANOVER TOWNSHIP

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2010	11,168	\$ 74,460	\$ 831,569,280	7.30%
2011	11,216	77,207	865,953,712	7.10%
2012	11,242	80,027	899,663,534	7.40%
2013	11,252	80,868	909,926,736	6.40%
2014	11,242	83,687	940,809,254	5.20%
2015	11,245	87,896	988,390,520	4.10%
2016	11,238	89,065	1,000,912,470	4.00%
2017	11,234	94,259	1,058,905,606	3.60%
2018	11,054	94,259 *	1,041,938,986	3.30%
2019	11,054 **	94,259 *	1,041,938,986 ***	N/A

FLORHAM PARK BOROUGH

Year	Borough Population ^a	Morris County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2010	11,745	\$ 74,460	\$ 874,532,700	5.60%
2011	11,782	77,207	909,652,874	5.40%
2012	11,816	80,027	945,599,032	5.70%
2013	11,823	80,868	956,102,364	5.40%
2014	11,769	83,687	984,912,303	4.70%
2015	11,816	87,896	1,038,579,136	4.00%
2016	11,773	89,065	1,048,562,245	3.70%
2017	11,765	94,259	1,108,957,135	3.50%
2018	11,594	94,259 *	1,092,838,846	3.10%
2019	11,594 **	94,259 *	1,092,838,846 ***	N/A

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

HANOVER TOWNSHIP

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
2010	13,776	\$ 74,460	\$ 1,025,760,960	3.90%
2011	13,982	77,207	1,079,508,274	3.80%
2012	14,041	80,027	1,123,659,107	3.90%
2013	14,097	80,868	1,139,996,196	5.20%
2014	14,330	83,687	1,199,234,710	4.70%
2015	14,389	87,896	1,264,735,544	4.00%
2016	14,700	89,065	1,309,255,500	3.50%
2017	14,661	94,259	1,381,931,199	3.40%
2018	14,428	94,259 *	1,359,968,852	3.00%
2019	14,428 **	94,259 *	1,359,968,852 ***	N/A

* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

***- Latest population data (2018) and latest per capita personal income (2017) was used for calculations

N/A - Information is not available.

Sources:

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

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

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

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

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

	2019		2009		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
U.S. Army Armament Research and Development		6,400	Atlantic Health Systems	6,300	N/A
Atlantic Health Systems		6,350	U.S. Army Armament Research and Development	3,575	N/A
Novartis Corporation		4,607	Novartis Corporation	3,573	N/A
Bayer Healthcare, LLC		2,800	St. Clare's Hospital	2,342	N/A
ADP		2,242	County of Morris	2,126	N/A
Wyndham Worldwide		1,907	ADP	2,019	N/A
Accenture		1,883	UPS	1,941	N/A
Honeywell		1,863	AT&T	1,500	N/A
Allergan		1,700	Honeywell	1,500	N/A
St. Clare's Hospital		1,544	Wyndham Worldwide	1,395	N/A
Total		31,296		26,271	N/A

N/A - Total amount of employment is not available in order to do the percentage calculation.

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

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

<u>Function/Program</u>	<u>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>	<u>2019</u>
Instruction:										
Regular	112.0	110.6	110.6	111.3	117.6	118.4	116.1	116.2	116.4	113.2
Special Education	24.0	26.3	26.3	27.4	25.4	25.1	27.5	16.7	16.6	15.6
Basic Skills/Bilingual		1.4	1.4	1.4	1.4	1.2	0.4	0.4	0.4	0.4
Vocational	1.0	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Co-Curricular Athletics		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Student & Instruction										
Related Services	36.1	32.2	32.0	32.1	32.4	33.8	31.8	42.0	51.4	50.5
School Administration	10.0	8.6	8.6	9.1	10.2	9.7	9.7	9.3	9.3	8.9
General/Business										
Administration	8.5	10.3	9.5	10.5	10.5	10.5	10.1	11.5	12.0	10.5
Plant Operations										
and Maintenance	27.0	25.6	25.0	25.0	25.0	24.0	21.0	21.0	22.6	23.6
Pupil Transportation	35.0	37.0	37.0	37.0	40.0	40.0	41.0	42.0	43.4	45.4
Total	253.6	254.4	252.8	255.8	264.5	264.7	259.6	261.1	274.1	270.1

Source: Hanover Park Regional High School District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2010	1,458.0	28,792,048	19,748	3.39%	127	1:11.5	1:11.5	1,452.7	1,410.5	0.19%	97.10%
2011	1,431.0	27,577,327	19,271	-2.41%	123	1:11.6	1:11.6	1,429.1	1,360.1	-1.62%	95.17%
2012	1,508.0	28,902,209	19,166	-0.55%	122	1:12.4	1:12.4	1,482.1	1,413.5	3.71%	95.37%
2013	1,607.5	31,009,776	19,291	0.65%	129	1:12.5	1:12.5	1,531.2	1,455.9	3.31%	95.08%
2014	1,597.5	31,093,667	19,464	0.90%	136	1:11.8	1:11.8	1,574.3	1,499.1	2.81%	95.22%
2015	1,620.0	31,869,485	19,673	1.07%	136	1:11.9	1:11.9	1,599.4	1,526.4	1.59%	95.44%
2016	1,553.0	32,716,679	21,067	7.09%	134	1:11.4	1:11.4	1,527.5	1,454.6	-4.50%	95.23%
2017	1,512.5	34,569,672	22,856	8.49%	134	1:11.3	1:11.3	1,494.6	1,425.1	-2.15%	95.35%
2018	1,489.0	36,187,750	24,303	6.33%	135	1:11.0	1:11.0	1,491.0	1,421.0	-0.24%	95.31%
2019	1,461.5	37,863,509	25,907	6.60%	134	1:10.9	1:10.9	1,442.6	1,383.3	-3.25%	95.89%

Note: Enrollment based on annual October District count.

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

Source: Hanover Park Regional High School District records.

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

District Buildings	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hanover Park High School:										
Square Feet	165,713	165,713	166,264	166,264	166,264	166,264	166,264	166,264	166,264	166,264
Capacity (Students)	1,204	1,204	1,204	1,201	1,204	1,204	1,204	1,204	1,204	1,204
Enrollment	838	805	823	889	864	868	824	822	840	822
Whippany Park High School:										
Square Feet	133,448	133,448	156,451	156,451	156,451	156,451	156,451	156,451	156,451	156,451
Capacity (Students)	908	908	908	908	908	908	908	908	908	908
Enrollment	620	626	652	685	701	720	692	691	648	640

Number of Schools at June 30, 2019:
 High Schools = 2

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

Source: Hanover Park Regional High School District Facilities Office.

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

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

School Facilities*	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Hanover Park High School	\$ 303,114	\$ 271,125	\$ 337,521	\$ 343,011	\$ 293,545	\$ 270,700	\$ 291,529	\$ 277,720	\$ 319,275	\$ 285,063
Whippany Park High School	259,206	197,343	270,494	297,840	240,452	235,326	243,293	245,114	265,537	244,399
Total School Facilities	\$ 562,320	\$ 468,468	\$ 608,015	\$ 640,851	\$ 533,997	\$ 506,026	\$ 534,822	\$ 522,834	\$ 584,812	\$ 529,462

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

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

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

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hanover Park Regional High School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

November 15, 2019
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-298-8500 | 973-298-8501 Fax

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Hanover Park Regional High School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

November 15, 2019
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Cancel Prior Year Enc.	Balance June 30, 2019	
					Accounts Receivable	Unearned Revenue					Accounts Receivable	Unearned Revenue
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.-A. Part B, Basic	84.027	IDEA 199019	7/1/18-6/30/19	\$ 283,075			\$ 2,291	\$ 185,226	\$ (285,472)	\$ 2,397	\$ (97,849)	
I.D.E.-A. Part B, Basic	84.027	IDEA 199018	7/1/17-6/30/18	289,069	\$ (13,803)		(2,291)	13,803				
Total Special Education Cluster					(13,803)			199,029	(285,472)	2,397	(97,849)	
Elementary and Secondary Education Act Grant:												
Title I	84.010	ESEA199019	7/1/18-6/30/19	48,505			\$ 2,291	31,562	(44,109)		(10,256)	
Title I	84.010	ESEA199018	7/1/17-6/30/18	44,844			(2,291)					
Title IIA	84.367A	ESEA199019	7/1/18-6/30/19	20,414				9,568	(14,845)		(5,277)	
Title IIA	84.367A	ESEA199018	7/1/17-6/30/18	19,678	(2,378)			2,378				
Title III	84.365A	ESEA199018	7/1/17-6/30/18	16,883	(7,000)			7,000				
Title IV	84.424	ESEA199019	7/1/18-6/30/19	11,910				9,012	(11,910)		(2,898)	
Title IV	84.424	ESEA199018	7/1/17-6/30/18	10,000	(1,778)			1,778				
Total Elementary and Secondary Education Act Grant					(11,156)			61,298	(70,864)		(18,431)	
Total Special Revenue Fund					(24,959)			260,327	(356,336)	2,397	(116,280)	
Total U.S. Department of Education					(24,959)			260,327	(356,336)	2,397	(116,280)	
U.S. Department of Health and Human Services												
Passed-through State Department of Human Services:												
Medicaid Cluster:												
Medical Assistance Program (SEMI)	84.027	N/A	7/1/18-6/30/19	\$ 862				862	(862)			
Total General Fund/Medicaid Cluster								862	(862)			
Total U.S. Department of Health and Human Services								862	(862)			
Total Federal Awards					\$ (24,959)		\$ - 0 -	\$ 261,189	\$ (357,198)	\$ 2,397	\$ (116,280)	\$ - 0 -

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2019		Memo	
				(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:												
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 689,427		\$ 628,355	\$ (689,427)			\$ (61,072)	\$ (689,427)		
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	689,427	\$ (57,883)	57,883					(689,427)		
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	25,177		22,947	(25,177)			(2,230)	(25,177)		
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	25,177	(2,114)	2,114					(25,177)		
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	640,159		583,452	(640,159)			(56,707)	(640,159)		
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	195,421	(16,407)	16,407					(195,421)		
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	16,350	(1,373)	1,373					(16,350)		
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	16,350	(1,373)	1,373					(16,350)		
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	16,150	(1,356)	1,356					(16,150)		
Extraordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	631,642		499,286	(631,642)			(631,642)	(631,642)		
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	538,012	(538,012)						(538,012)		
Non-Public Transportation	19-495-034-5120-014	7/1/18-6/30/19	21,038		25,011	(21,038)			(21,038)	(21,038)		
Non-Public Transportation	18-495-034-5120-014	7/1/17-6/30/18	25,011	(25,011)						(25,011)		
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	865,510		823,816	(865,510)			(41,694)	(865,510)		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	887,828	(43,571)	43,571					(887,828)		
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	1,080,556		1,080,556	(1,080,556)				(1,080,556)		
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	2,333,342		2,333,342	(2,333,342)				(2,333,342)		
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	48,843		48,843	(48,843)				(48,843)		
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	2,629		2,629	(2,629)				(2,629)		
Total General Fund State Aid				(687,100)	6,172,314	(6,338,323)			(694,374)	(814,383)		
NJ Nonpublic Aid:												
Nursing Services (Chapter 226)	18-100-034-5120-070	9/1/17-6/30/18	1,164							\$ 1,164		
Textbook Aid (Chapter 194)	18-100-034-5120-064	9/1/17-6/30/18	657							657		
Technology Initiative Aid	18-100-034-5120-373	9/1/17-6/30/18	444							444		
Total Special Revenue Fund										2,265		

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2019		Memo	
				(Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:												
Debt Service Fund:												
Debt Service Aid	19-100-034-5120-075	7/1/18-6/30/19	\$ 227,001			\$ 227,001	\$ (227,001)					\$ (227,001)
Total Debt Service Fund						227,001	(227,001)					(227,001)
Total NJ Department of Education						6,399,315	(6,565,324)	\$ 2,265	\$ (694,374)	\$ -0-	\$ (814,383)	(9,776,208)
Total State Awards						\$ 6,399,315	\$ (6,565,324)	\$ 2,265	\$ (694,374)	\$ -0-	\$ (814,383)	\$(9,776,208)
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
	19-495-034-5094-001	7/1/18-6/30/19	(1,080,556)				1,080,556					
	19-495-034-5094-002	7/1/18-6/30/19	(2,333,342)				2,333,342					
	19-495-034-5094-004	7/1/18-6/30/19	(48,843)				48,843					
	19-495-034-5094-004	7/1/18-6/30/19	(2,629)				2,629					
Subtotal - On-Behalf TPAF Pension System Contributions							3,465,370					
Total State Awards Subject to Single Audit Major Program Determination							\$ (3,099,954)					

N/A - Not Available.

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$39,503) for the general fund, and \$2,392 for the special revenue fund (of which \$1,601 applies to encumbrances of local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

Note 5. Relationship to Basic Financial Statements

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

	Federal	State	Total
General Fund	\$ 862	\$ 6,298,820	\$ 6,299,682
Special Revenue Fund	360,329		360,329
Debt Service Fund		227,001	227,001
	\$ 361,191	\$ 6,525,821	\$ 6,887,012

Note 6. Relationship to Federal and State Financial Reports

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

Note 7. Other

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for each major state program for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 689,427	\$ 689,427
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	25,177	25,177

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2018.