

**HIGHLAND PARK BOROUGH
PUBLIC SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

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



HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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February 5, 2021

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

Dear Board Members:

The comprehensive annual financial report of the Highland Park School District (the School District) for the fiscal year ended June 30, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

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

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

SCHOOL DISTRICT ORGANIZATION AND OVERVIEW

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

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

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

REPORTING ENTITY AND ITS SERVICES

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

AVERAGE DAILY ENROLLMENT

The School District completed the 2019-2020 Fiscal Year with an average enrollment of 1,603 students, which is 5 more students than the previous year’s enrollment. The following details the changes in the student enrollment of the School District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2019-20	1,604	0.3 %
2018-19	1,599	-0.4 %
2017-18	1,605	0.4 %
2016-17	1,598	-0.1 %
2015-16	1,600	1.2 %

ECONOMIC CONDITION AND OUTLOOK

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

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

The School District, along with many other public school districts in the State of New Jersey, faces difficult economic conditions since the primary funding source of revenues is property taxes. Highland Park is currently the proportionately highest-taxed community in Middlesex County, and its overwhelming reliance

on property taxes places future educational initiatives in jeopardy. Additionally, the economic conditions in the State have resulted in reduced funding, thereby exacerbating the reliance on property taxes, which are also becoming additionally restrictive as to the limits on increases.

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

EDUCATIONAL PROGRAM

The school district worked closely with the local community to create a strategic plan that includes multiple goals and action steps. Student academic, social, and emotional achievement is the plan's broad focus. The goals focus on the following areas as follows: social-emotional skill building, educational equity and personalized learning. The plan can be viewed at <http://www.pathway.hpschools.net>

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

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

FACILITIES INITIATIVES

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

The most recent facilities projects have focused on issues related to renovation and improving comfort and energy efficiency of facilities. This included the continued installation of air conditioning units in several classrooms in the Highland Park High School and Bartle School which has improved energy efficiency as well as comfort in both schools. The District has also upgraded its technology infrastructure, adding internal wireless capability as well as improving internet speeds across the District, and rolled out a one-to-one computer initiative during the school year in the Middle and High Schools. The District also expanded the use of technology devices to students in all grades, in order to accommodate virtual learning in the spring, in response to the COVID-19 pandemic, which forced the closure of schools for in-person learning. The district has also been upgrading the air filtration systems in all schools, in preparation for the reopening of schools for in-person instruction.

INTERNAL ACCOUNTING CONTROLS

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

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

BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

ACCOUNTING SYSTEM AND REPORTS

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

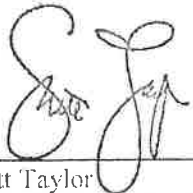
OTHER INFORMATION

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



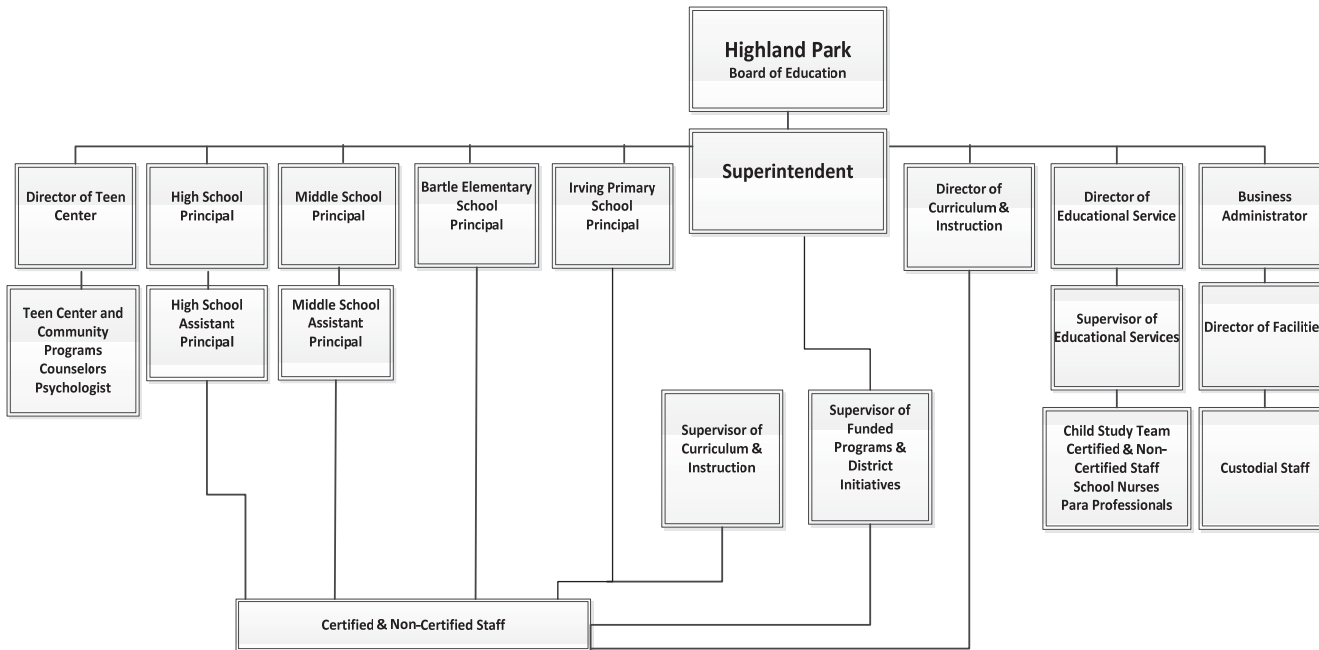
Dr. Scott Taylor
Superintendent of Schools



Linda A. Hoefele
Business Administrator/Board Secretary

HIGHLAND PARK BOARD OF EDUCATION

ORGANIZATIONAL CHART 2019-2020



Revised: June 30, 2020

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

**ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Ms. Anne Gowen	President	12/31/2020
Mr. Mark Krieger	Vice-President	12/31/2022
Ms. Ruth Beyer		12/31/2021
Ms. Darcie Cimarusti		12/31/2022
Ms. Monique Coleman		12/31/2021
Mr. Robert Magaziner		12/31/2021
Ms. Michelle McFadden-DiNicola		12/31/2020
Mr. Robert Roslewicz		12/31/2020
Mr. Christopher Woodward		12/31/2022

<u>Other Officials</u>	<u>Title</u>
Dr. Scott Taylor	Superintendent of Schools
Ms. Linda A. Hoefele	School Business Administrator/Board Secretary
Mr. Brian Falkowski	Treasurer of School Monies

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

**CONSULTANTS AND ADVISORS
JUNE 30, 2020**

Jonathan Busch, Esq.
Busch Law Group, LLC
450 Main Street
Metuchen, New Jersey 08840

School Board Attorney

Mr. David Rubin, Esq.
44 Bridge Street
P.O. Box 4579
Metuchen, New Jersey 08840

School Board Attorney

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

Auditors

Donna O’Gorman, AIA
DMR Architects
777 Terrace Avenue, 6th Floor
Hasbrouck Heights, NJ 07604

Architect

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

Architect



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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Borough Public School District, (the District) in the County of Middlesex, the State of New Jersey, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Highland Park Borough Public School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and schedule of state awards required by New Jersey Department of the Treasury OMB 15-08 is also not a required part of the basic financial statements.

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

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

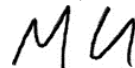
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs,



Michael Holk, CPA, PSA
NO. 20CS00265600

February 5, 2021
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2020
Unaudited

The discussion and analysis of Highland Park Borough Public School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- General revenues accounted for \$45,347,487 in revenues, or 95.03% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,373,927, or 4.97% of total revenues of \$47,721,414.
- The School District had \$46,577,265 in expenses; only \$2,373,927 of these expenses were offset by program specific charges for services, grants or contributions, with the remainder, primarily property taxes, providing for the programs.
- Among governmental funds, the general fund had \$37,793,159 in revenues and \$36,791,263 in expenditures. After accounting for net other financing uses of \$52,161; the general fund's balance increased by \$949,735 from the previous year.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2020
Unaudited

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

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

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question; "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2020
Unaudited

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District's governmental funds include the general fund, special revenue fund and the debt service fund.

Governmental Funds

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

Enterprise Fund

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

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THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position as of June 30, 2020, and a comparison with net position as of June 30, 2019. The comparison between the years shows an increase in total net position of \$1,124,159.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	%
Current & other assets	\$ 4,810,779	\$ 3,710,267	\$ 1,100,512	29.66%
Capital assets	<u>34,060,604</u>	<u>34,937,878</u>	<u>(877,274)</u>	-2.51%
Total assets	<u>38,871,383</u>	<u>38,648,145</u>	<u>223,238</u>	0.58%
Deferred amount on refunding bond issue	566,467	620,511	(54,044)	-8.71%
Deferred pension activity	<u>2,384,701</u>	<u>2,660,327</u>	<u>(275,626)</u>	-10.36%
Total deferred outflow of resources	<u>2,951,168</u>	<u>3,280,838</u>	<u>(329,670)</u>	-10.05%
Long-term liabilities	24,852,977	26,443,193	(1,590,216)	-6.01%
Other liabilities	<u>1,506,327</u>	<u>1,259,107</u>	<u>247,220</u>	19.63%
Total liabilities	<u>26,359,304</u>	<u>27,702,300</u>	<u>(1,342,996)</u>	-4.85%
Deferred pension activity	<u>2,588,936</u>	<u>2,476,521</u>	<u>112,415</u>	4.54%
Total deferred inflow of resources	<u>2,588,936</u>	<u>2,476,521</u>	<u>112,415</u>	4.54%
Net position				
Net investment in capital assets	17,055,604	16,547,878	507,726	3.07%
Restricted	1,150,435	1,083,512	66,923	6.18%
Unrestricted	<u>(5,331,728)</u>	<u>(5,881,228)</u>	<u>549,500</u>	9.34%
Total net position	<u>\$ 12,874,311</u>	<u>\$ 11,750,162</u>	<u>\$ 1,124,149</u>	9.57%

The unrestricted net position at June 30, 2020 of (\$5,331,728) shown above is not a negative reflection on the School District's financial condition, but is mostly the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State. The negative unrestricted net position is also the result of a long-term estimated liability of \$687,142 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years.

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Table 2 provides a summary of the School District's changes in net position in fiscal year ending June 30, 2020 with comparisons to fiscal year ending June 30, 2019.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/20	06/30/19	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 681,129	\$ 880,862	\$ (199,733)	-22.67%
Operating grants	1,692,798	1,931,826	(239,028)	-12.37%
General revenues				
Property taxes	29,792,736	29,001,905	790,831	2.73%
Unrestricted grants	15,503,139	15,881,088	(377,949)	-2.38%
Other	51,612	82,411	(30,799)	-37.37%
Total revenues	<u>47,721,414</u>	<u>47,778,092</u>	<u>(56,678)</u>	-0.12%
Program expenses				
Instruction				
Regular	16,004,769	17,449,280	(1,444,511)	-8.28%
Special	6,689,067	6,126,788	562,279	9.18%
Other	2,294,103	2,334,450	(40,347)	-1.73%
Support services				
Tuition	3,340,324	2,996,466	343,858	11.48%
Student & instructional staff	7,413,039	7,786,113	(373,074)	-4.79%
General & business administration	1,755,234	1,842,097	(86,863)	-4.72%
School administration	2,737,032	2,795,569	(58,537)	-2.09%
Maintenance	2,925,188	2,608,318	316,870	12.15%
Transportation	1,732,599	2,123,382	(390,783)	-18.40%
Charter schools	293,186	335,512	(42,326)	-12.62%
Interest on long-term debt	560,470	584,341	(23,871)	-4.09%
Food service	488,437	634,725	(146,288)	-23.05%
Community service programs	343,817	382,942	(39,125)	-10.22%
Total expenses	<u>46,577,265</u>	<u>47,999,983</u>	<u>(1,422,718)</u>	-2.96%
Increases (decreases) before				
Special items	<u>1,144,149</u>	<u>(221,891)</u>	<u>1,366,040</u>	615.64%
Special items				
Transfers	<u>(20,000)</u>	<u>(16,392)</u>	<u>(3,608)</u>	22.01%
Total special items	<u>(20,000)</u>	<u>(16,392)</u>	<u>(3,608)</u>	22.01%
Increase (decrease) in net position	<u>\$ 1,124,149</u>	<u>\$ (238,283)</u>	<u>\$ 1,362,432</u>	571.77%

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Governmental Activities

Property taxes made up 63.42% of revenues for governmental funds for the Highland Park Borough Public School District for fiscal year 2020. The District’s total revenues for governmental funds were \$46,978,011 for the fiscal year ended June 30, 2020. The remaining revenues for governmental funds were from mostly from interest on investments, tuition, state aid, state and federal grants.

Business-Type Activities

Food Service Program

- Food service expenses exceeded revenues by \$16,505.
- Charges for services represent \$212,932 of revenue, or 45.12 percent. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$258,480.

Before and After School Child Care Program

- The Before and After School Child Care Program had operating revenues of \$271,471 and operating expenses of \$343,817. The net loss for fiscal year 2020 was \$72,346.

Table 3 provides a summary of the School District’s cost of governmental services in fiscal year ending June 30, 2020 with comparisons to fiscal year ending June 30, 2019.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 24,987,939	\$ 25,910,518	\$ 24,262,184	\$ 25,123,232
Support services				
Tuition	3,340,324	2,996,466	2,952,506	2,561,687
Student & instructional staff	7,413,039	7,786,113	7,057,005	7,405,800
General & business administration	1,755,234	1,842,097	1,755,234	1,842,097
School administration	2,737,032	2,795,569	2,612,476	2,670,527
Plant operations & maintenance	2,925,188	2,608,318	2,888,307	2,558,992
Pupil transportation	1,732,599	2,123,382	1,732,599	2,121,859
Charter schools	293,186	335,512	293,186	335,512
Interest on long-term debt	560,470	584,341	560,470	584,341
Total expenses	<u>\$ 45,745,011</u>	<u>\$ 46,982,316</u>	<u>\$ 44,113,967</u>	<u>\$ 45,204,047</u>

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

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

THE DISTRICT’S REVENUES

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. Revenues came primarily from three sources: tax levy, state aid, and federal grants. The major source of revenue, approximately 73%, continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents approximately 27% of the total revenues.

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2020:

Revenues	Amount	Percentage of Total	Increase/ (Decrease) From Prior Year	Percentage Increase (Decrease)
Local Sources				
Tax levy				
General	\$ 27,928,070	67.95%	\$ 791,691	2.92%
Debt service	1,864,666	4.54%	(860)	-0.05%
Other revenues	286,825	0.70%	(45,295)	-13.64%
State Aid	9,877,603	24.03%	761,547	8.35%
Federal Aid	1,144,062	2.78%	(116,432)	-9.24%
Total	<u>\$ 41,101,226</u>	100.00%	<u>\$ 1,390,651</u>	3.50%

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THE DISTRICT'S EXPENDITURES

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2020:

<u>Expenditures</u>	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percentage Increase (Decrease)</u>
Current expense	\$ 36,211,272	90.24%	\$ 124,074	0.34%
Capital outlay	232,782	0.58%	173,139	290.29%
Charter schools	293,186	0.73%	(42,326)	-12.62%
Special revenues	1,463,301	3.65%	(173,909)	-10.62%
Debt service				
Principal	1,385,000	3.45%	25,000	1.84%
Interest	542,772	1.35%	(28,953)	-5.06%
Total	<u>\$ 40,128,313</u>	100.00%	<u>\$ 77,025</u>	0.19%

GENERAL FUND BUDGETING HIGHLIGHTS

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

During the course of fiscal year 2020 the School District amended its general fund budget as needed to reflect the following:

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

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CAPITAL ASSETS

Table 4 provides a summary of the School District's capital assets net of depreciation for fiscal years 2020 and 2019. At the end of fiscal year 2020, the District had \$34,060,604 invested in land, buildings, machinery and equipment, and construction in progress. In fiscal year 2020, the District had capital expenditures for security upgrades at the Middle and High School as well as the completion of the security vestibule at the Bartle Elementary School.

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

	06/30/20	06/30/19	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	-0.00%
Construction in progress	-	36,183	(36,183)	-100.00%
Land improvements	307,590	340,152	(32,562)	-9.57%
Buildings & improvements	33,165,465	33,984,862	(819,397)	-2.41%
Furniture & equipment	172,549	161,681	10,868	6.72%
Total	<u>\$ 34,060,604</u>	<u>\$ 34,937,878</u>	<u>\$ (877,274)</u>	-2.51%

DEBT ADMINISTRATION

In December 1996, the Board of Education authorized a refunding issue for the February 1996 issue in the amount of \$17,040,000. In November 2006, the School District issued a second refunding issue for the February 1996 issue in the amount of \$13,985,000. In November 2016, the School District issued a third refunding issue for the February 1996 issue in the amount of \$8,555,000. As of June 30, 2020, the amount of \$5,625,000 remains outstanding.

In March 2005, the School District issued General Obligation Bonds in the amount of \$13,775,000. The proceeds of this bond issue were placed in the School District's capital projects fund for use to provide funds for capital improvements to the School District's buildings and grounds. These improvements include additions, renovations, site improvements and various other projects. The New Jersey Economic Development Authority (NJEDA) will be funding an additional \$7,915,597 towards the project. The School District has been authorized to issue debt equal to the full amount of the project, pending the receipt of the state portion of the funding. In October 2012, the Board of Education authorized a refunding issue for the March 2005 issue in the amount of \$13,640,000. A balance of \$11,380,000 remains outstanding on the new refunding issue at June 30, 2020.

The general obligation bonded debt of the School District is limited to 4% of the overage equalized assessed values of the total taxable property in the School District for the past three years. The legal debt limit at June 30, 2020 is \$57,868,370. General obligation authorized debt at June 30, 2020 is \$17,005,000, resulting in a legal debt margin of \$40,863,370.

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Table 5 provides a summary of the School District’s outstanding long-term debt at June 30, 2020 with comparisons to June 30, 2019.

Table 5
Outstanding Long-Term Liabilities at Year-End

	06/30/20	06/30/19	Variance	
			Dollars	%
2012 refunding bonds for 2005 issue	\$ 11,380,000	\$ 11,770,000	\$ (390,000)	-3.31%
2016 refunding bonds for 2006 issue	5,625,000	6,620,000	(995,000)	-15.03%
Unamortized Bond Premium	233,640	259,600	(25,960)	-10.00%
PERS net pension liability	6,927,195	7,089,870	(162,675)	-2.29%
Compensated absences	687,142	703,723	(16,581)	-2.36%
Total	<u>\$ 24,852,977</u>	<u>\$ 26,443,193</u>	<u>\$ (1,590,216)</u>	-6.01%

FOR THE FUTURE

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

CONTACTING THE SCHOOL DISTRICT

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

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,973,826	\$ 255,670	\$ 2,229,496
Internal balances	(61,362)	61,362	-
Due from other funds, net	212,310	-	212,310
Receivables, net	1,461,043	41,580	1,502,623
Inventory	-	8,312	8,312
Restricted assets			
Capital reserve account - cash	710,760	-	710,760
Emergency reserve account - cash	667	-	667
Maintenance reserve account - cash	146,611	-	146,611
Capital assets, net			
Land and construction in progress	415,000	-	415,000
Other capital assets, net of depreciation	33,582,076	63,528	33,645,604
Total assets	38,440,931	430,452	38,871,383
Deferred outflows of resources			
Deferred amount on pension activity	2,384,701	-	2,384,701
Deferred amount on refunding bond issue	566,467	-	566,467
Total deferred outflows of resources	2,951,168	-	2,951,168
Liabilities			
Accounts payable	1,177,909	7,251	1,185,160
Accrued interest	156,365	-	156,365
Payables to other governments	8,499	-	8,499
Unearned revenue	119,777	16,884	136,661
Other current liabilities	18,422	1,220	19,642
Long-term liabilities			
Due within one year	1,468,717	-	1,468,717
Due beyond one year	23,384,260	-	23,384,260
Total liabilities	26,333,949	25,355	26,359,304
Deferred inflows of resources			
Deferred amount on pension liability	2,588,936	-	2,588,936
Net position			
Net investment in capital assets	16,992,076	63,528	17,055,604
Restricted for			
Capital reserve fund	710,760	-	710,760
Emergency reserve fund	667	-	667
Maintenance reserve fund	146,611	-	146,611
Capital projects fund	292,397	-	292,397
Unrestricted	(5,673,297)	341,569	(5,331,728)
Total net position	\$ 12,469,214	\$ 405,097	\$ 12,874,311

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 7,955,473	\$ 8,049,296	\$ 159,845	\$ 271,168	\$ -	\$ (15,573,756)	\$ -	\$ (15,573,756)
Special education	3,400,837	3,288,230	-	35,997	-	(6,653,070)	-	(6,653,070)
Other special instruction	608,535	489,641	-	258,745	-	(839,431)	-	(839,431)
Other instruction	821,559	374,368	-	-	-	(1,195,927)	-	(1,195,927)
Support services								
Tuition	3,340,324	-	-	387,818	-	(2,952,506)	-	(2,952,506)
Students and instruction related services	4,166,078	3,246,961	-	356,034	-	(7,057,005)	-	(7,057,005)
General and business administration services	1,073,246	681,988	-	-	-	(1,755,234)	-	(1,755,234)
School administration services	1,520,283	1,216,749	-	124,556	-	(2,612,476)	-	(2,612,476)
Plant operations and maintenance	2,659,344	265,844	36,881	-	-	(2,888,307)	-	(2,888,307)
Pupil transportation	1,722,364	10,235	-	-	-	(1,732,599)	-	(1,732,599)
Charter schools	293,186	-	-	-	-	(293,186)	-	(293,186)
Interest on long-term debt	560,470	-	-	-	-	(560,470)	-	(560,470)
Total governmental activities	<u>28,121,699</u>	<u>17,623,312</u>	<u>196,726</u>	<u>1,434,318</u>	<u>-</u>	<u>(44,113,967)</u>	<u>-</u>	<u>(44,113,967)</u>
Business-type activities								
Food service	488,437	-	212,932	258,480	-	-	(17,025)	(17,025)
Before and after school child care fund	343,817	-	271,471	-	-	-	(72,346)	(72,346)
Total business-type activities	<u>832,254</u>	<u>-</u>	<u>484,403</u>	<u>258,480</u>	<u>-</u>	<u>-</u>	<u>(89,371)</u>	<u>(89,371)</u>
Total primary government	<u>\$ 28,953,953</u>	<u>\$ 17,623,312</u>	<u>\$ 681,129</u>	<u>\$ 1,692,798</u>	<u>\$ -</u>	<u>(44,113,967)</u>	<u>(89,371)</u>	<u>(44,203,338)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						27,928,070	-	27,928,070
Property taxes levied for debt service						1,864,666	-	1,864,666
Federal and state aid not restricted						15,503,139	-	15,503,139
Investment earnings						20,870	-	20,870
Miscellaneous income						30,222	520	30,742
Transfers in (out)						(20,000)	-	(20,000)
Total general revenues and special items						<u>45,326,967</u>	<u>520</u>	<u>45,327,487</u>
Change in net position						1,213,000	(88,851)	1,124,149
Net position - beginning						11,256,214	493,948	11,750,162
Net position - ending						<u>\$ 12,469,214</u>	<u>\$ 405,097</u>	<u>\$ 12,874,311</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,973,826	\$ -	\$ -	\$ -	\$ 1,973,826
Due from other funds	265,232	-	-	-	265,232
Receivables from other governments					
State	685,778	1,882	299,408	-	987,068
Federal	-	237,388	-	-	237,388
Local	198,991	-	-	-	198,991
Other accounts receivable	25,498	12,098	-	-	37,596
Restricted cash and equivalents	858,038	-	-	-	858,038
Total assets	\$ 4,007,363	\$ 251,368	\$ 299,408	\$ -	\$ 4,558,139
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 1,056,064	\$ 121,845	\$ -	\$ -	\$ 1,177,909
Due to other funds	80,906	26,367	7,011	-	114,284
Payable to other governments					
State	-	8,499	-	-	8,499
Other current liabilities	18,422	-	-	-	18,422
Unearned revenue	-	119,777	-	-	119,777
Total liabilities	1,155,392	276,488	7,011	-	1,438,891

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Capital reserve account	\$ 710,760	\$ -	\$ -	\$ -	\$ 710,760
Emergency reserve account	667	-	-	-	667
Maintenance reserve account	146,611	-	-	-	146,611
Capital projects	-	-	292,397	-	292,397
Committed fund balance					
Year-end encumbrances	179,439	-	-	-	179,439
Assigned fund balance					
Designated for subsequent year's expenditures	1,728,054	-	-	-	1,728,054
Unassigned fund balance	86,440	(25,120)	-	-	61,320
Total fund balances	<u>2,851,971</u>	<u>(25,120)</u>	<u>292,397</u>	<u>-</u>	<u>3,119,248</u>
Total liabilities and fund balances	<u>\$ 4,007,363</u>	<u>\$ 251,368</u>	<u>\$ 299,408</u>	<u>\$ -</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$53,711,700 and the accumulated depreciation is \$19,714,624.	33,997,076
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(204,235)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(24,852,977)
For refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a net deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter. The original net deferred outflow is \$1,079,330 and the accumulated amortization is \$512,863.	566,467
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(156,365)</u>
Total net position of governmental activities	<u>\$ 12,469,214</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 27,928,070	\$ -	\$ -	\$ 1,864,666	\$ 29,792,736
Tuition - individuals	51,490	-	-	-	51,490
Tuition from other LEAs	108,355	-	-	-	108,355
Interest on investments	20,870	-	-	-	20,870
Rents and royalties	1,881	-	-	-	1,881
Local contributions	-	39,007	-	-	39,007
Miscellaneous	65,222	-	-	-	65,222
Total	28,175,888	39,007	-	1,864,666	30,079,561
State sources	9,569,600	298,920	-	9,083	9,877,603
Federal sources	47,671	1,096,391	-	-	1,144,062
Total revenues	37,793,159	1,434,318	-	1,873,749	41,101,226
Expenditures					
Current					
Instructional					
Regular instruction	7,661,144	294,329	-	-	7,955,473
Special education instruction	3,368,163	32,674	-	-	3,400,837
Other special instruction	385,556	222,979	-	-	608,535
Other instruction	821,559	-	-	-	821,559
Support service and undistributed costs					
Tuition	2,952,506	387,818	-	-	3,340,324
Student and instruction related services	3,818,973	347,105	-	-	4,166,078
General and business administrative services	1,073,246	-	-	-	1,073,246
School administrative services	1,395,727	124,556	-	-	1,520,283
Plant operations and maintenance	2,659,344	-	-	-	2,659,344
Pupil transportation	1,722,364	-	-	-	1,722,364
Unallocated benefits	10,352,690	50,872	-	-	10,403,562

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 232,782	\$ 2,968	\$ -	\$ -	\$ 235,750
Charter school	293,186	-	-	-	293,186
Debt service					
Principal	-	-	-	1,385,000	1,385,000
Interest and other charges	54,023	-	-	488,749	542,772
Total expenditures	<u>36,791,263</u>	<u>1,463,301</u>	<u>-</u>	<u>1,873,749</u>	<u>40,128,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,001,896</u>	<u>(28,983)</u>	<u>-</u>	<u>-</u>	<u>972,913</u>
Other financing sources (uses)					
Transfers in	-	32,161	-	-	32,161
Transfers out	(52,161)	-	-	-	(52,161)
Total other financing sources (uses)	<u>(52,161)</u>	<u>32,161</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	949,735	3,178	-	-	952,913
Fund balances, July 1	<u>1,902,236</u>	<u>(28,298)</u>	<u>292,397</u>	<u>-</u>	<u>2,166,335</u>
Fund balances, June 30	<u>\$ 2,851,971</u>	<u>\$ (25,120)</u>	<u>\$ 292,397</u>	<u>\$ -</u>	<u>\$ 3,119,248</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - Governmental fund (from B-2) \$ 952,913

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 235,750	
Depreciation expense	<u>(1,134,180)</u>	(898,430)

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

Bond principal payments	1,385,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	25,960
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Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(225,366)

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2020

In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	\$ (54,044)
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	10,386
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>16,581</u>
Change in net position of governmental activities	<u>\$ 1,213,000</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Fund Net Position
June 30, 2020

	<u>Food Service Fund</u>	<u>Before and After School Child Care Fund</u>	<u>Total</u>
Asset			
Current assets			
Cash and cash equivalents	\$ 66,369	\$ 189,301	\$ 255,670
Due from other funds	68,474	-	68,474
Receivables from other governments			
State	1,618	-	1,618
Federal	8,077	-	8,077
Other receivables	31,885	-	31,885
Inventory	8,312	-	8,312
Total current assets	<u>184,735</u>	<u>189,301</u>	<u>374,036</u>
Noncurrent assets			
Capital assets	181,587	-	181,587
Less: accumulated depreciation	118,059	-	118,059
Total noncurrent assets	<u>63,528</u>	<u>-</u>	<u>63,528</u>
Total assets	<u>248,263</u>	<u>189,301</u>	<u>437,564</u>
Liabilities			
Current liabilities			
Due to other funds	-	7,112	7,112
Accounts payable	6,940	311	7,251
Unearned revenues			
Commodities	1,200	-	1,200
Prepaid sales	15,659	25	15,684
Other current liabilities	122	1,098	1,220
Total liabilities	<u>23,921</u>	<u>8,546</u>	<u>32,467</u>
Net position			
Net investment in capital assets	63,528	-	63,528
Unrestricted	160,814	180,755	341,569
Total net position	<u>\$ 224,342</u>	<u>\$ 180,755</u>	<u>\$ 405,097</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 130,853	\$ -	\$ 130,853
Daily sales - non-reimbursable programs	40,429	-	40,429
Special function sales	41,650	-	41,650
Before and after school child care service fees	-	271,471	271,471
Total operating revenues	<u>212,932</u>	<u>271,471</u>	<u>484,403</u>
Operating expenses			
Cost of sales - reimbursable programs	148,983	-	148,983
Cost of sales - non-reimbursable programs	32,694	-	32,694
Commodity costs	34,198	-	34,198
Salaries	146,608	250,987	397,595
Employee benefits	55,188	19,200	74,388
Purchased professional and technical services	22	-	22
Purchased property services	12,306	-	12,306
Rental of land and buildings	-	35,000	35,000
Other purchased services			
Management fee	29,632	-	29,632
Other purchased services	5,057	18,877	23,934
General supplies	15,501	19,753	35,254
Depreciation	8,248	-	8,248
Total operating expenses	<u>488,437</u>	<u>343,817</u>	<u>832,254</u>
Operating income (loss)	<u>(275,505)</u>	<u>(72,346)</u>	<u>(347,851)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	5,945	-	5,945
Federal sources			
National school breakfast program	52,278	-	52,278
National school lunch program			
Cash assistance	166,059	-	166,059
Non cash assistance (commodities)	34,198	-	34,198
Miscellaneous	520	-	520
Total non-operating revenues (expenses)	<u>259,000</u>	<u>-</u>	<u>259,000</u>
Change in net position	(16,505)	(72,346)	(88,851)
Net position, beginning	<u>240,847</u>	<u>253,101</u>	<u>493,948</u>
Net position, ending	<u>\$ 224,342</u>	<u>\$ 180,755</u>	<u>\$ 405,097</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 221,580	\$ 271,471	\$ 493,051
Payments to employees	-	(254,839)	(254,839)
Payments for employee benefits	-	(19,200)	(19,200)
Payments to Food Service Management Co.	(464,408)	-	(464,408)
Payments to vendors and customers (net)	(14,533)	(75,284)	(89,817)
Net cash provided by (used for) operating activities	<u>(257,361)</u>	<u>(77,852)</u>	<u>(335,213)</u>
Cash flows from non-capital financing activities			
State sources	5,630	-	5,630
Federal sources	270,078	-	270,078
Interfund activity	(59,474)	-	(59,474)
Miscellaneous	520	-	520
Net cash provided by (used for) non-capital financing activities	<u>216,754</u>	<u>-</u>	<u>216,754</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(29,404)	-	(29,404)
Net cash provided by (used for) capital and related financing activities	<u>(29,404)</u>	<u>-</u>	<u>(29,404)</u>
Net increase (decrease) in cash and cash equivalents	(70,011)	(77,852)	(147,863)
Cash and cash equivalents, beginning	<u>136,380</u>	<u>267,153</u>	<u>403,533</u>
Cash and cash equivalents, ending	<u>\$ 66,369</u>	<u>\$ 189,301</u>	<u>\$ 255,670</u>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Before and After School Child Care Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (275,505)	\$ (72,346)	\$ (347,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	8,248	-	8,248
Federal food donation program	34,198	-	34,198
(Increase) decrease in due from other funds	5,420	-	5,420
(Increase) decrease in accounts receivable	(4,327)	-	(4,327)
(Increase) decrease in inventory	(3,858)	-	(3,858)
Increase (decrease) in accounts payable	(30,069)	(1,654)	(31,723)
Increase (decrease) in due to other funds	-	(3,852)	(3,852)
Increase (decrease) in unearned revenues	8,410	-	8,410
Increase (decrease) in other current liabilities	122	-	122
	<u>\$ (257,361)</u>	<u>\$ (77,852)</u>	<u>\$ (335,213)</u>
Net cash provided by (used for) operating activities			

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets				
Cash and cash equivalents	\$ 41,208	\$ 75,385	\$ 156,805	\$ 317,172
Due from other funds	49,845	-	-	-
Total assets	<u>91,053</u>	<u>75,385</u>	<u>156,805</u>	<u>317,172</u>
Liabilities				
Due to other funds	-	-	-	262,155
Accounts payable	38,663	-	-	-
Due to student groups	-	-	156,805	-
Payroll deductions and withholdings	-	-	-	55,017
Total liabilities	<u>38,663</u>	<u>-</u>	<u>\$ 156,805</u>	<u>\$ 317,172</u>
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 52,390</u>	<u>\$ 75,385</u>		

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund
Additions		
Contributions		
Employees	\$ 29,846	\$ -
Board contribution	20,000	-
Other	-	6,925
Total additions	49,846 -	6,925
Deductions		
Scholarships awarded	-	10,034
Unemployment claims	90,224	-
Total deductions	90,224 -	10,034
Change in net position	(40,378) -	(3,109)
Net position - beginning of the year	92,768	78,494
Net position - end of the year	\$ 52,390	\$ 75,385

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K to 12. The District had an approximate enrollment at June 30, 2020 of 1,604 students.

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

The District reports the following major governmental funds:

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

Additionally, the District reports the following fund types:

Proprietary Fund types

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

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

The District's enterprise funds are comprised of the food service fund and the before and after school childcare fund.

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

Equipment	12 Years
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Fiduciary Fund types

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

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

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

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the fiscal year ended June 30, 2020 were insignificant.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2019-2020 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

H. Short-term interfund receivable/payables

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

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

J. Capital assets

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

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

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

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

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

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

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

M. Long-term obligations

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits and cash equivalents

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash and cash equivalents regardless of the date of maturity. As of June 30, 2020, the District had no investments.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

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

N.J.S.A. 17:9-41 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 public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

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

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

As of June 30, 2020, the District's bank balances of \$4,190,447 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	3,940,447
Total bank balances	\$ 4,190,447

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash and cash equivalents	\$ 3,678,103
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HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 1,973,825
Enterprise funds, Statement of Net Position	B-4	255,670
Fiduciary funds, Statement of Net Position	B-7	590,570
Restricted cash		
Governmental funds, Balance Sheet	B-1	858,038
Total cash		\$ 3,678,103

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 415,000	\$ -	\$ -	\$ 415,000
Construction in progress	36,183	2,000	38,183	-
Total	451,183	2,000	38,183	415,000
Capital assets, being depreciated				
Land improvements	1,171,471	-	-	1,171,471
Building and improvements	50,894,338	237,540	-	51,131,878
Vehicles	15,640	-	-	15,640
Furniture and equipment	943,318	34,393	-	977,711
Total	53,024,767	271,933	-	53,296,700
Accumulated depreciation				
Land improvements	831,319	32,562	-	863,881
Building and improvements	16,909,476	1,056,937	-	17,966,413
Vehicles	15,640	-	-	15,640
Furniture and equipment	824,009	44,681	-	868,690
Total	18,580,444	1,134,180	-	19,714,624
Total capital assets, being depreciated, net	34,444,323	(862,247)	-	33,582,076
Transfers	-	(38,183)	(38,183)	-
Governmental activities capital assets, net	\$ 34,895,506	\$ (898,430)	\$ -	\$ 33,997,076

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture equipment	\$ 152,183	\$ 29,404	\$ -	\$ 181,587
Less: accumulated depreciation	(109,811)	(8,248)	-	(118,059)
Business type activities capital assets, net	<u>\$ 42,372</u>	<u>\$ 21,156</u>	<u>\$ -</u>	<u>\$ 63,528</u>

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

Instruction		
Regular	\$ 440,877	
Special education	189,837	
Other special instruction	33,230	
Co-curricular activities	68,051	
Support services		
Student and instruction	245,967	
General and business administration	59,678	
School administration	88,770	
Plant and maintenance	7,770	
Total depreciation expense, governmental activities	<u>\$ 1,134,180</u>	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 18,390,000	\$ -	\$ 1,385,000	\$ 17,005,000	\$ 1,420,000
Unamortized bond premium	259,600	-	25,960	233,640	25,960
PERS net pension liability	7,089,870	-	162,675	6,927,195	-
Compensated absences payable	703,723	145,257	161,838	687,142	22,757
Total governmental activities long-term liabilities	<u>\$ 26,443,193</u>	<u>\$ 145,257</u>	<u>\$ 1,735,473</u>	<u>\$ 24,852,977</u>	<u>\$ 1,468,717</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020 including interest payments are listed as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,420,000	\$ 459,319	\$ 1,879,319
2022	1,445,000	431,229	1,876,229
2023	1,480,000	402,400	1,882,400
2024	1,510,000	371,720	1,881,720
2025	1,535,000	341,074	1,876,074
2026 - 2030	9,615,000	914,782	10,529,782
Total	<u>\$ 17,005,000</u>	<u>\$ 2,920,524</u>	<u>\$ 19,925,524</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$13,640,000 - 2012 general obligation refunding bonds, due in annual installments of \$60,000 to \$2,045,000 beginning March 1, 2013 through March 1, 2030, interest from 2.00% to 4.50%.	\$ 11,380,000
\$8,555,000 - 2016 general obligation refunding bonds, due in annual installments of \$935,000 to \$1,120,000 beginning February 15, 2018 through February 15, 2025, interest at 1.39%.	5,625,000
Totals	<u>\$ 17,005,000</u>

Advance Refunding of School Bond Series 2012

On September 17, 2020, the District issued \$11,400,000 in general obligation bonds with an average coupon rate of 1.635428% and a net interest cost rate of 1.686773% to advance refund \$10,725,000 of outstanding 2012 series bonds with an average coupon rate of 3.216054%. The net proceeds of \$11,240,133 (issue amount of \$11,400,000, less \$159,867 in underwriting fees, insurance and excess issue proceeds) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2012 series bonds. As a result, the portion of the 2012 series bonds to be refunded will be considered defeased and both the trust account cash and investment balance asset and the liability for those bonds will be removed from the financial statements. The advance refunding of outstanding callable 2012 series bonds generated \$518,405 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus excess issue funds) of \$484,574.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The general obligation bonded debt of the District is limited by State Law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$57,868,370. General obligation debt at June 30, 2020 is \$17,005,000, resulting in a legal debt margin of \$40,863,370.

Operating leases

At June 30, 2020, the District had operating lease agreements in effect for copy machines and instructional information technology small equipment. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ended June 30,</u>	
2021	\$ 108,367
2022	96,591
2023	96,591
Total minimum lease payments	<u>\$ 301,549</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in the State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District's contractually required contribution rate for the year ended June 30, 2020 was 12.65% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2019:

Total pension liability	\$	6,927,195
Proportionate Share		0.0038444938
Plan fiduciary net position as a percentage of the total pension liability		56.27%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Components of net pension liability (continued)

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.75%
Price	3.25%
Wage	
Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the net pension liability

At current discount rate (6.28%)	\$	6,927,195
At a 1% lower rate (5.28%)		8,811,045
At a 1% higher rate (7.28%)		5,428,582

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,334	\$ 30,601
Changes of assumptions	691,706	2,404,407
Net difference between projected and actual earnings on pension plan investments	-	109,348
Changes in proportion and differences between District contributions and proportionate share of contributions	1,194,705	44,580
District contributions subsequent to the measurement date	373,956	-
Total	\$ 2,384,701	\$ 2,588,936

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) of \$373,956 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2019 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 135,205	\$ (10,871)	\$ 124,334
Changes of assumptions	1,168,293	(476,587)	691,706
Deferred inflows of resources			
Differences between expected and actual experience	(36,558)	5,957	(30,601)
Changes of assumptions	(2,266,963)	(137,444)	(2,404,407)
Difference between projected and actual earnings on pension plan investments	(66,503)	(42,845)	(109,348)
Net of deferred outflows	<u>\$ (1,066,526)</u>	<u>\$ (661,790)</u>	<u>\$ (1,728,316)</u>

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

State Fiscal Year Ended June 30

2020	\$ (200,026)
2021	(648,880)
2022	(579,412)
2023	(272,064)
2024	(27,934)
Total	<u>\$ (1,728,316)</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense

For the year ended June 30, 2020, the District recognized net pension expense of \$599,324, which represents the District's proportionate share of allocable plan pension expense of \$321,158, plus the net amortization of deferred amounts from changes in proportion of \$293,955 less other adjustments to the net pension liability of \$15,789. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2019 measurement date are as follows:

Service cost	\$	266,794
Interest on total pension liability		790,747
Member contributions		(183,760)
Administrative expense		4,867
Expected investment return net of investment expense		(490,652)
Pension expense related to specific liabilities of individual employers		(2,298)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		59,533
Amortization of expected versus actual experience		(181,957)
Amortization of projected versus actual investment earnings on pension plan investments		57,884
Pension expense	\$	321,158

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF)

Plan description

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

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

The following represents the membership Tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member 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 State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Special funding situation

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

During the State fiscal year ended June 30, 2019, the State of New Jersey contributed \$2,404,837 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for the fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$	100,484,094
Less: State proportionate share of net pension liability		27,081,136
Net pension liability	\$	73,402,958
 Proportionate share		 0.1196053915%
 Plan fiduciary net position as a percentage of the total pension liability		 26.95%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial assumptions (continued)

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The following presents the net pension liability of the State as of June 30, 2019 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.60%)	\$	73,402,958
At a 1% lower rate (4.60%)		86,558,334
At a 1% higher rate (6.60%)		62,488,150

Pension Expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2019 measurement date are as follows:

Service cost	\$	2,245,650
Interest on total pension liability		5,013,323
Member contributions		(1,009,623)
Administrative expense		16,612
Expected investment return net of investment expense		(1,840,929)
Pension expense related to specific liabilities of individual employers		(358)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience		212,657
Amortization of assumption changes or inputs		(711,932)
Amortization of projected versus actual investment earnings on pension plan investments		404,103
Pension expense	\$	<u>4,329,503</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year 2020 was \$3,050.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$1,034,679 to the TPAF for postretirement medical benefits, \$49,110 for noncontributory insurance premiums, \$2,593 for long-term disability insurance and \$2,739,920 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$938,056 during the fiscal year ended June 30, 2020 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statements No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

State's proportionate share of the OPEB liability	\$	41,729,081,045
District's proportionate share of the State's OPEB liability		48,553,308
Employer OPEB expense and related revenue		1,547,282
Allocable proportionate percentage		0.1163536478%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2018	\$ 52,824,578
Service cost	2,135,719
Interest cost	2,099,244
Change of benefit terms	-
Differences between expected and actual experiences	(7,783,906)
Changes of assumptions	723,933
Member contributions	44,181
Gross benefit payments	(1,490,441)
Total OPEB liability at June 30, 2019	\$ 48,553,308

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$	48,553,308
At a 1% lower rate (2.50%)		57,360,644
At a 1% higher rate (4.50%)		41,557,243

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

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	48,553,308
At a 1% lower rate (1% decrease)		40,005,762
At a 1% higher rate (1% increase)		59,868,504

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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 \$1,547,282 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

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

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 265,232	\$ 80,906
Special revenue fund	-	26,367
Capital projects fund	-	7,011
Food service fund	68,474	-
Before and after school childcare fund	-	7,112
Unemployment compensation fund	49,845	-
Payroll agency fund	-	262,155
Total	\$ 383,551	\$ 383,551

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivables and payables (continued)

The balance due from the capital projects fund to the general fund represents a loan from the general fund of \$7,011 due to cash flows related to the delayed receipt of grant revenues. The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$25,911 due to cash flows related to the delayed receipt of grant revenues. The balance due from the general fund to the food service fund of \$60,906 represents transactions occurring in the general fund affecting the food service fund. The balance due from the special revenue fund to the food service fund of \$456 represents transactions occurring in the special revenue fund affecting the food service fund. The balance due from the payroll agency fund to the general fund of \$232,310 represents net payroll balances due back to the general fund and excess transfers to the payroll agency fund that were not turned over to the general fund. The balance due to the food service fund from the before and after school care enterprise fund of \$7,112 represents transactions occurring in the before and after school care enterprise fund affecting the food service fund. The balance due from the payroll agency fund to the unemployment compensation fund of \$29,845 represents amounts withheld for but not turned over to the unemployment compensation fund within the payroll agency fund. The balance due from the general fund to the unemployment compensation fund of \$20,000 represents a board contribution from the general fund to the unemployment compensation fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2020 consisted of the following:

Food	\$	4,504
Supplies		3,808
Total	\$	8,312

Note 11 - Contingent liabilities

Litigation

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management

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

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

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

Fiscal Year	Board Transfer	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2019 - 2020	\$ 20,000	\$ -	\$ 29,846	\$ (90,224)	\$ 52,390
2018 - 2019	20,000	-	28,663	(77,184)	92,768
2017 - 2018	-	-	28,302	(30,916)	121,289

Note 13 - District reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$200,000 to their capital reserve account and \$100,000 to their maintenance reserve account by Board Resolution in June 2020.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - District reserve accounts (continued)

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

Reserve Type	Beginning Balance	District Contribution	Return of Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 710,117	\$ 200,000	\$ 278,443	\$ 477,800	\$ 710,760
Emergency	667	-	-	-	667
Maintenance	80,331	100,000	6,280	40,000	146,611
Total	<u>\$ 791,115</u>	<u>\$ 300,000</u>	<u>\$ 284,723</u>	<u>\$ 517,800</u>	<u>\$ 858,038</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 710,760
Emergency reserve account - Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education.	667
Maintenance reserve account - Represents funds restricted for required maintenance of school facilities.	146,611

Committed

Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30.	179,439
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Assigned

Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	1,728,054
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>482,116</u>
Total fund balance - Budgetary basis (C-1)	3,247,647

Last state aid payments not recognized on GAAP basis	<u>(395,676)</u>
Total fund balance - GAAP basis (exhibit B-1)	<u>\$ 2,851,971</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$0.

Note 16 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$5,673,297) on Schedule A-1, Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 17 - Deficit fund balance in the special revenue fund

The District has a deficit fund balance of (\$25,120) in the special revenue fund as of June 30, 2020 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Recent accounting pronouncements not yet effective

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

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 19 - Risks and uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 20 - Subsequent events

The District has evaluated subsequent events through February 5, 2021, which is the date the financial statements were available to be issued and other than the advance refunding issue detailed in note 5, no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 27,928,070	\$ -	\$ 27,928,070	\$ 27,928,070	\$ -
Tuition from individuals	130,000	-	130,000	51,490	(78,510)
Tuition from other LEAs within the state	150,000	-	150,000	108,355	(41,645)
Rents and royalties	20,000	-	20,000	1,881	(18,119)
Unrestricted miscellaneous revenues	74,500	-	74,500	86,092	11,592
Interest earned on capital reserve funds	500	-	500	-	(500)
Total	28,303,070	-	28,303,070	28,175,888	(127,182)
State sources					
Categorical transportation aid	240,771	-	240,771	240,771	-
Extraordinary aid	300,000	-	300,000	638,437	338,437
Categorical special education aid	901,509	-	901,509	901,509	-
Equalization aid	2,978,764	-	2,978,764	2,978,764	-
Categorical security aid	47,872	-	47,872	47,872	-
Other state aid	-	-	-	1,160	1,160
TPAF Pension (on-behalf)	-	-	-	2,789,030	2,789,030
TPAF Social Security (reimbursed)	-	-	-	938,056	938,056
TPAF Postretirement benefits	-	-	-	1,034,679	1,034,679
TPAF Long-term disability insurance	-	-	-	2,593	2,593
Total	4,468,916	-	4,468,916	9,572,871	5,103,955
Federal sources					
Medicaid reimbursement	41,560	-	41,560	47,671	6,111
Total	41,560	-	41,560	47,671	6,111
Total revenues	\$ 32,813,546	\$ -	\$ 32,813,546	\$ 37,796,430	\$ 4,982,884
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 458,831	\$ 64	\$ 458,895	\$ 458,895	\$ -
Grades 1-5	2,496,382	-	2,496,382	2,442,672	53,710
Grades 6-8	1,641,208	(149,249)	1,491,959	1,461,911	30,048
Grades 9-12	2,420,119	131,270	2,551,389	2,551,389	-
Home instruction					
Salaries of teacher	15,240	(2,448)	12,792	12,792	-
Purchased professional - educational services	34,759	19,381	54,140	35,225	18,915
Regular programs - undistributed instruction					
Other salaries for instruction	198,975	(29,069)	169,906	169,906	-
Purchased professional - educational services	384,000	(1,269)	382,731	262,540	120,191
Other purchased services	58,416	-	58,416	41,933	16,483
General supplies	260,171	(10,173)	249,998	214,451	35,547
Textbooks	20,516	(5,000)	15,516	8,251	7,265
Other objects	1,662	-	1,662	1,179	483
Total	7,990,279	(46,493)	7,943,786	7,661,144	282,642

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 401,654	\$ (18,136)	\$ 383,518	\$ 371,615	\$ 11,903
Other salaries for instruction	155,227	(3,493)	151,734	151,734	-
Other purchased services	1,802	-	1,802	1,627	175
General supplies	7,641	-	7,641	1,675	5,966
Total	<u>566,324</u>	<u>(21,629)</u>	<u>544,695</u>	<u>526,651</u>	<u>18,044</u>
Behavioral disabilities					
Salaries of teachers	59,905	-	59,905	22,810	37,095
Other salaries for instruction	42,964	-	42,964	22,241	20,723
Purchased professional-educational services	141,867	-	141,867	141,867	-
General supplies	12,150	(3,420)	8,730	7,603	1,127
Total	<u>256,886</u>	<u>(3,420)</u>	<u>253,466</u>	<u>194,521</u>	<u>58,945</u>
Multiple disabilities					
Salaries of teachers	-	960	960	-	960
Total	<u>-</u>	<u>960</u>	<u>960</u>	<u>-</u>	<u>960</u>
Resource room/resource center					
Salaries of teachers	1,675,102	105,018	1,780,120	1,780,120	-
Other salaries for instruction	424,590	24,245	448,835	445,421	3,414
Other purchased services	20,988	(17,281)	3,707	1,853	1,854
General supplies	12,348	18,438	30,786	25,079	5,707
Total	<u>2,133,028</u>	<u>130,420</u>	<u>2,263,448</u>	<u>2,252,473</u>	<u>10,975</u>
Autism					
Salaries of teachers	147,985	4,875	152,860	152,860	-
Other salaries for instruction	52,067	5,601	57,668	57,668	-
General supplies	12,766	(3,420)	9,346	5,948	3,398
Total	<u>212,818</u>	<u>7,056</u>	<u>219,874</u>	<u>216,476</u>	<u>3,398</u>
Preschool disabilities - part-time					
Salaries of teachers	34,968	27,214	62,182	62,182	-
Other salaries for instruction	29,569	3,073	32,642	26,944	5,698
General supplies	4,950	(2,126)	2,824	597	2,227
Total	<u>69,487</u>	<u>28,161</u>	<u>97,648</u>	<u>89,723</u>	<u>7,925</u>
Preschool disabilities - full-time					
Salaries of teachers	152,785	(95,001)	57,784	57,784	-
Other salaries for instruction	76,781	(46,751)	30,030	30,030	-
General supplies	4,450	(1,156)	3,294	505	2,789
Total	<u>234,016</u>	<u>(142,908)</u>	<u>91,108</u>	<u>88,319</u>	<u>2,789</u>
Total special education	<u>3,472,559</u>	<u>(1,360)</u>	<u>3,471,199</u>	<u>3,368,163</u>	<u>103,036</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 366,576	\$ 18,077	\$ 384,653	\$ 384,653	\$ -
General supplies	3,028	-	3,028	903	2,125
Total	369,604	18,077	387,681	385,556	2,125
School-sponsored co/extra curricular activities - instruction					
Salaries	203,943	-	203,943	180,871	23,072
Purchased services	24,000	-	24,000	13,247	10,753
Supplies and materials	11,197	(3,310)	7,887	1,503	6,384
Other objects	8,179	-	8,179	3,651	4,528
Total	247,319	(3,310)	244,009	199,272	44,737
School-sponsored athletics - instruction					
Salaries	283,851	-	283,851	269,817	14,034
Purchased services	54,826	(2,000)	52,826	39,731	13,095
Supplies and materials	13,968	-	13,968	10,925	3,043
Other objects	12,860	-	12,860	7,855	5,005
Total	365,505	(2,000)	363,505	328,328	35,177
Other supplemental/at-risk programs - instruction					
Salaries of reading specialists	381,440	(37,753)	343,687	293,959	49,728
Total	381,440	(37,753)	343,687	293,959	49,728
Total instruction regular	\$ 12,826,706	\$ (72,839)	\$ 12,753,867	\$ 12,236,422	\$ 517,445
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 32,723	\$ 45,577	\$ 78,300	\$ 78,300	\$ -
Tuition to other LEAs within the state - special	691,705	50,849	742,554	695,312	47,242
Tuition to cssd. & regional day schools	95,667	-	95,667	91,934	3,733
Tuition to priv. school for the disabled w/i state	1,244,507	137,608	1,382,115	1,310,326	71,789
Tuition to priv. sch. disabled & other LEAs-spl, o/s state	-	128,384	128,384	128,384	-
Tuition - state facilities	4,500	-	4,500	4,500	-
Tuition - other	695,700	(37,697)	658,003	643,750	14,253
Total	2,764,802	324,721	3,089,523	2,952,506	137,017
Undistributed expenditures - attendance & social work					
Salaries	170,705	210	170,915	170,915	-
Other purchased services	40,417	-	40,417	32,770	7,647
Total	211,122	210	211,332	203,685	7,647
Undistributed expenditures - health services					
Salaries	272,963	(28,000)	244,963	239,419	5,544
Purchased professional and technical services	36,500	(20,000)	16,500	13,349	3,151
Other purchased services	3,402	(200)	3,202	1,809	1,393
Supplies and materials	5,742	172	5,914	4,319	1,595
Other objects	270	-	270	-	270
Total	318,877	(48,028)	270,849	258,896	11,953

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - speech, ot, pt & related services					
Salaries	\$ 337,744	\$ 46,590	\$ 384,334	\$ 384,334	\$ -
Purchased professional - educational services	132,687	167,037	299,724	244,634	55,090
Supplies and materials	6,913	-	6,913	4,909	2,004
Total	477,344	213,627	690,971	633,877	57,094
Undistributed expend - other supp. service stds. - extra service					
Salaries	413,384	48,890	462,274	462,274	-
Purchased professional - educational services	222,516	(15,838)	206,678	95,240	111,438
Supplies and materials	11,170	(750)	10,420	6,059	4,361
Total	647,070	32,302	679,372	563,573	115,799
Undistributed expenditures - guidance					
Salaries of other professional staff	575,916	(17,283)	558,633	558,249	384
Salaries of secretarial and clerical assistants	58,655	10	58,665	58,665	-
Purchased professional - educational services	700	(325)	375	375	-
Other purchased professional and technical services	1,000	(1,000)	-	-	-
Other purchased services	12,147	(1,200)	10,947	9,734	1,213
Supplies and materials	1,984	115	2,099	1,611	488
Other objects	585	-	585	-	585
Total	650,987	(19,683)	631,304	628,634	2,670
Undistributed expenditures - child study teams					
Salaries of other professional staff	647,809	(94,096)	553,713	553,713	-
Salaries of secretarial and clerical assistants	132,365	77	132,442	132,442	-
Other salaries	3,034	231	3,265	3,265	-
Purchased professional - educational services	1,500	81,701	83,201	83,201	-
Other purchased professional and technical services	34,075	(9,001)	25,074	20,974	4,100
Other purchased services	28,765	(4,181)	24,584	22,680	1,904
Supplies and materials	15,152	(3,000)	12,152	8,797	3,355
Other objects	3,240	-	3,240	2,480	760
Total	865,940	(28,269)	837,671	827,552	10,119
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	193,415	1,365	194,780	194,780	-
Salaries of other professional staff	39,382	-	39,382	38,518	864
Salaries of secretarial and clerical assist	4,153	(2,223)	1,930	-	1,930
Other salaries	6,184	1,173	7,357	7,357	-
Other purchased services	1,150	-	1,150	21	1,129
Supplies and materials	1,725	-	1,725	691	1,034
Other objects	1,249	1	1,250	628	622
Total	247,258	316	247,574	241,995	5,579

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 169,992	\$ (9,785)	\$ 160,207	\$ 160,207	\$ -
Salaries of technology coordinators	151,458	8,399	159,857	159,857	-
Other purchased services	12,234	-	12,234	10,954	1,280
Supplies and materials	13,201	169	13,370	11,842	1,528
Total	346,885	(1,217)	345,668	342,860	2,808
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	92,576	(8,000)	84,576	84,116	460
Other salaries	3,416	83	3,499	3,499	-
Purchased professional - educational services	38,350	(15,000)	23,350	14,337	9,013
Other purchased services	25,530	(9,800)	15,730	10,741	4,989
Supplies and materials	5,050	(1,035)	4,015	2,562	1,453
Other objects	3,244	1	3,245	2,646	599
Total	168,166	(33,751)	134,415	117,901	16,514
Undistributed expend. - support service - general admin.					
Salaries	259,276	6,695	265,971	265,971	-
Legal services	90,000	(10,300)	79,700	70,725	8,975
Audit fees	37,000	-	37,000	35,950	1,050
Architectural/engineering services	3,000	(2,700)	300	-	300
Other purchased professional services	22,285	2,925	25,210	25,210	-
Communications/telephone	90,622	(20,000)	70,622	64,978	5,644
BOE other purchased services	4,229	645	4,874	4,439	435
Misc. purch services	144,280	(21,146)	123,134	116,202	6,932
General supplies	7,219	4,220	11,439	11,282	157
BOE in-house training/meeting supplies	2,584	349	2,933	2,933	-
Miscellaneous expenditures	3,725	(121)	3,604	3,100	504
BOE membership dues and fees	15,000	-	15,000	11,610	3,390
Total	679,220	(39,433)	639,787	612,400	27,387
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	754,121	(1,788)	752,333	748,110	4,223
Salaries of secretarial and clerical assistants	494,536	267	494,803	494,803	-
Other salaries	-	8,497	8,497	8,497	-
Purchased professional and technical services	3,685	2,367	6,052	5,076	976
Other purchased services	34,038	(10,001)	24,037	17,742	6,295
Supplies and materials	24,678	4,705	29,383	23,664	5,719
Other objects	8,750	(31)	8,719	6,291	2,428
Total	1,319,808	4,016	1,323,824	1,304,183	19,641

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 391,427	\$ 7,270	\$ 398,697	\$ 398,697	\$ -
Purchased professional services	17,740	(8,737)	9,003	6,962	2,041
Purchased technical services	19,772	(264)	19,508	16,675	2,833
Miscellaneous purchased services	29,757	2,524	32,281	29,964	2,317
Supplies and materials	7,221	139	7,360	7,028	332
Other objects	1,600	-	1,600	1,520	80
Total	467,517	932	468,449	460,846	7,603
Undistributed expenditures - admin. info. technology					
Salaries	50,754	-	50,754	47,271	3,483
Other purchased services	9,600	4,978	14,578	12,956	1,622
Supplies and materials	15,400	17,385	32,785	31,317	1,468
Total	75,754	22,363	98,117	91,544	6,573
Undistributed expenditures - req. maint. for school facilities					
Salaries	269,791	(8,696)	261,095	257,390	3,705
Cleaning, repair, and maintenance services	140,593	(15,867)	124,726	105,207	19,519
General supplies	53,934	31,313	85,247	84,492	755
Total	464,318	6,750	471,068	447,089	23,979
Undistributed expenditures - custodial services					
Salaries of non-instructional aides	85,708	(21,203)	64,505	60,616	3,889
Purchased professional and technical services	14,500	-	14,500	4,481	10,019
Cleaning, repair, and maintenance service	1,295,812	-	1,295,812	1,293,096	2,716
Other purchased property services	28,026	(14,335)	13,691	12,803	888
Insurance	52,187	-	52,187	51,273	914
General supplies	65,513	25,111	90,624	79,956	10,668
Energy (natural gas)	89,810	(33,162)	56,648	56,512	136
Energy (electricity)	386,970	94,036	481,006	458,045	22,961
Other objects	1,025	-	1,025	525	500
Total	2,019,551	50,447	2,069,998	2,017,307	52,691
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	95,313	(4,517)	90,796	88,396	2,400
General supplies	11,704	1,466	13,170	13,036	134
Total	107,017	(3,051)	103,966	101,432	2,534
Undistributed expenditures - security					
Salaries	87,752	(1,158)	86,594	85,491	1,103
Purchased professional and technical services	1,800	-	1,800	1,000	800
Cleaning, repair, and maintenance service	3,700	-	3,700	986	2,714
General supplies	3,024	3,039	6,063	6,039	24
Total	96,276	1,881	98,157	93,516	4,641

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student trans. service					
Salaries for pupil trans. (betw. home & school) - reg.	\$ 6,529	\$ -	\$ 6,529	\$ 6,529	\$ -
Salaries for pupil trans. (betw. home & school) - sp.	6,529	-	6,529	6,529	-
Management fee - esc. & ctsa. trans. program	47,327	(103)	47,224	45,205	2,019
Contract service-aid in lieu pymts. - non-public schl.	242,000	(45,000)	197,000	139,015	57,985
Contract service-aid in lieu pymts.-charter schl. stud.	20,000	5,000	25,000	14,930	10,070
Contract service (oth. than betw. home & schl)-vend.	142,173	(40,000)	102,173	79,439	22,734
Contract service (betw. home & school) - joint agree.	16,180	-	16,180	7,000	9,180
Contract service (sp. ed. stds.) - vendors	88,620	789	89,409	77,484	11,925
Contract service (reg. students) - escs. & ctsas.	292,696	42,177	334,873	334,873	-
Contract service (spl. ed. students) - escs. & ctsas.	1,108,395	(40,789)	1,067,606	1,011,257	56,349
General supplies	-	103	103	103	-
Total	1,970,449	(77,823)	1,892,626	1,722,364	170,262
Unallocated benefits - employee benefits					
Social Security contributions	265,000	105,216	370,216	332,369	37,847
Other retirement contributions - PERS	370,540	5,314	375,854	375,854	-
Other retirement contributions - regular	5,500	-	5,500	3,050	2,450
Workmen's compensation	154,510	-	154,510	151,931	2,579
Health benefits	5,904,320	(367,883)	5,536,437	4,613,654	922,783
Tuition reimbursement	38,675	-	38,675	36,312	2,363
Other employee benefits	1,320	-	1,320	672	648
Unused sick payment to terminated/retired staff	88,000	-	88,000	74,490	13,510
Total	6,827,865	(257,353)	6,570,512	5,588,332	982,180
On-behalf TPAF Pension contribution	-	-	-	2,789,030	(2,789,030)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,034,679	(1,034,679)
On-behalf TPAF Long-term disability insurance	-	-	-	2,593	(2,593)
Reimbursed TPAF Social Security contribution	-	-	-	938,056	(938,056)
Total	-	-	-	4,764,358	(4,764,358)
Total undistributed expenditures	\$ 20,726,226	\$ 148,957	\$ 20,875,183	\$ 23,974,850	\$ (3,099,667)
Total current	\$ 33,552,932	\$ 76,118	\$ 33,629,050	\$ 36,211,272	\$ (2,582,222)
Capital outlay					
Equipment					
Special education - instruction					
Behavioral disabilities	\$ -	\$ 3,420	\$ 3,420	\$ 3,420	\$ -
Autism	-	3,420	3,420	3,420	-
Preschool disabilities - part-time	-	2,126	2,126	2,126	-
Vocational programs					
School-sponsored and other instructional programs	-	6,410	6,410	4,410	2,000
Undistributed					
Undistributed expend. - req. maint. for school facilities	-	18,050	18,050	18,050	-
Total equipment	-	33,426	33,426	31,426	2,000

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Facilities acquisition and construction service					
Architectural/engineering services	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -
Construction services	477,800	-	477,800	199,356	278,444
Assessment for debt service on SDA funding	54,023	-	54,023	54,023	-
Total facilities acquisition and construction service	<u>533,823</u>	<u>-</u>	<u>533,823</u>	<u>255,379</u>	<u>278,444</u>
Total capital outlay	<u>\$ 533,823</u>	<u>\$ 33,426</u>	<u>\$ 567,249</u>	<u>\$ 286,805</u>	<u>\$ 280,444</u>
Transfer of funds to charter schools	<u>\$ 406,327</u>	<u>\$ (109,044)</u>	<u>\$ 297,283</u>	<u>\$ 293,186</u>	<u>\$ 4,097</u>
Total expenditures	<u>\$ 34,493,082</u>	<u>\$ 500</u>	<u>\$ 34,493,582</u>	<u>\$ 36,791,263</u>	<u>\$ (2,297,681)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,679,536)</u>	<u>\$ (500)</u>	<u>\$ (1,680,036)</u>	<u>\$ 1,005,167</u>	<u>\$ 2,685,203</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	(20,000)	-	(20,000)	(20,000)	-
Transfer to special revenue fund - preschool programs	(32,161)	-	(32,161)	(32,161)	-
Total other financing sources (uses)	<u>(52,161)</u>	<u>-</u>	<u>(52,161)</u>	<u>(52,161)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,731,697)	(500)	(1,732,197)	953,006	2,685,203
Fund balances, July 1	2,294,641	-	2,294,641	2,294,641	-
Fund balances, June 30	<u>\$ 562,944</u>	<u>\$ (500)</u>	<u>\$ 562,444</u>	<u>\$ 3,247,647</u>	<u>\$ 2,685,203</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (214,397)	\$ -	\$ (214,397)	\$ (214,397)	\$ -
Increase in capital reserve	-	200,000	200,000	200,000	-
Interest deposit to capital reserve	500	-	500	-	(500)
Withdrawal from capital reserve	(477,800)	-	(477,800)	(199,357)	278,443
Increase in maintenance reserve	-	100,000	100,000	100,000	-
Withdrawal from maintenance reserve	(40,000)	-	(40,000)	(33,720)	6,280
Budgeted fund balance	(1,000,000)	(300,500)	(1,300,500)	1,100,480	2,400,980
Total	<u>\$ (1,731,697)</u>	<u>\$ (500)</u>	<u>\$ (1,732,197)</u>	<u>\$ 953,006</u>	<u>\$ 2,685,203</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 710,760	
Emergency reserve				667	
Maintenance reserve				146,611	
Committed fund balance					
Year-end encumbrances				179,439	
Assigned fund balance					
Designated for subsequent year's expenditures				1,728,054	
Unassigned fund balance				<u>482,116</u>	
Fund balance per budgetary basis				3,247,647	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(395,676)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 2,851,971</u>	

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources	\$ 124,004	\$ -	\$ 124,004	\$ 27,871	\$ (96,133)
State sources	295,280	-	295,280	286,781	(8,499)
Federal sources	1,673,655	-	1,673,655	1,252,693	(420,962)
Total revenues	2,092,939	-	2,092,939	1,567,345	(525,594)
Other financing sources					
Transfer in from general fund	32,161	-	32,161	32,161	-
Total revenues and other financing sources	<u>\$ 2,125,100</u>	<u>\$ -</u>	<u>\$ 2,125,100</u>	<u>\$ 1,599,506</u>	<u>\$ (525,594)</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 442,817	\$ (987)	\$ 441,830	\$ 406,144	\$ 35,686
Salaries of other instructional staff	58,790	-	58,790	58,790	-
Purchased professional and technical services	46,051	(11,605)	34,446	23,574	10,872
Other purchased services	27,549	-	27,549	5,076	22,473
General supplies	248,227	19,110	267,337	176,946	90,391
Textbooks	3,795	-	3,795	3,628	167
Other objects	687	-	687	-	687
Total	<u>827,916</u>	<u>6,518</u>	<u>834,434</u>	<u>674,158</u>	<u>160,276</u>
Support services					
Tuition	560,039	(2,021)	558,018	387,818	170,200
Salaries of program directors	124,275	281	124,556	124,556	-
Salaries of other professional staff	153,332	402	153,734	153,734	-
Other salaries	136,358	(2,859)	133,499	79,862	53,637
Employee benefits	58,820	3,012	61,832	50,872	10,960
Purchased professional and technical services	89,580	(5,886)	83,694	41,642	42,052
Contracted services - transportation	1,307	-	1,307	-	1,307
Other purchased services	66,602	(1,033)	65,569	17,473	48,096
Supplies and materials	66,493	1,032	67,525	54,205	13,320
Other objects	11,221	998	12,219	12,218	1
Total	<u>1,268,027</u>	<u>(6,074)</u>	<u>1,261,953</u>	<u>922,380</u>	<u>339,573</u>
Capital outlay					
Non-instructional equipment	13,736	(444)	13,292	2,968	10,324
Construction services	15,421	-	15,421	-	15,421
Total	<u>29,157</u>	<u>(444)</u>	<u>28,713</u>	<u>2,968</u>	<u>25,745</u>
Total expenditures	<u>\$ 2,125,100</u>	<u>\$ -</u>	<u>\$ 2,125,100</u>	<u>\$ 1,599,506</u>	<u>\$ 525,594</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information -Part II
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$ 37,796,430	\$ 1,567,345
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	78,941
Outstanding encumbrances - current year	-	(215,146)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expenses (GASB 33):		
State aid receivable prior year	392,405	28,298
State aid receivable current year	(395,676)	(25,120)
Total revenues (GAAP basis)	<u>\$ 37,793,159</u>	<u>\$ 1,434,318</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information -Part II
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

<u>Uses/Outflows of Resources</u>	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 36,791,263	\$ 1,599,506
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	78,941
Outstanding encumbrances - current year	-	(215,146)
Total expenditures (GAAP basis)	\$ 36,791,263	\$ 1,463,301

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.03844493780%	0.0360083800%	0.0315452445%	0.0307660282%	0.030638392%	0.0324782489%	0.0312791491%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 6,927,195	\$ 7,089,870	\$ 7,343,229	\$ 9,112,015	\$ 6,877,705	\$ 6,080,816	\$ 5,978,067	N/A	N/A
District's covered employee payroll	2,955,897	2,759,310	2,587,801	2,428,069	2,171,881	2,185,869	2,142,807	2,226,899	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	251.05%	273.97%	302.43%	419.54%	314.64%	283.78%	268.45%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Information is Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 373,956	\$ 358,167	\$ 292,223	\$ 273,321	\$ 263,408	\$ 267,746	\$ 235,682	\$ 235,776	\$ 245,853	\$ 248,307
Contributions in relation to the contractually required contribution	<u>(373,956)</u>	<u>(358,167)</u>	<u>(292,223)</u>	<u>(273,321)</u>	<u>(263,408)</u>	<u>(267,746)</u>	<u>(235,682)</u>	<u>(235,776)</u>	<u>(245,853)</u>	<u>(248,307)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 2,955,897	\$ 2,759,310	\$ 2,587,801	\$ 2,428,069	\$ 2,171,881	\$ 2,185,869	\$ 2,142,807	\$ 2,226,899	\$ 2,152,171	\$ 2,053,917
Contributions as a percentage of covered employee payroll	12.65%	12.98%	11.29%	11.26%	12.13%	12.25%	11.00%	10.59%	11.42%	12.09%

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	73,402,958	75,674,523	76,788,511	86,727,556	72,412,273	60,066,913	54,310,582	N/A	N/A
Total	\$ -	\$ 73,402,958	\$ 75,674,523	\$ 76,788,511	\$ 86,727,556	\$ 72,412,273	\$ 60,066,913	\$ 54,310,582	\$ -	\$ -
District's covered employee payroll	\$ 12,750,818	\$ 13,386,027	\$ 13,334,021	\$ 12,591,659	\$ 11,768,723	\$ 11,456,508	\$ 11,299,126	\$ 11,396,575	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Information is Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,789,030	\$ 2,401,589	\$ 1,794,249	\$ 1,276,366	\$ 882,683	\$ 619,400	\$ 475,442	\$ 694,372	\$ 351,466	\$ 33,298
Contributions in relation to the contractually required contribution	(2,789,030)	(2,401,589)	(1,794,249)	(1,276,366)	(882,683)	(619,400)	(475,442)	(694,372)	(351,466)	(33,298)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 12,750,818	\$ 13,386,027	\$ 13,334,021	\$ 12,591,659	\$ 11,768,723	\$ 11,456,508	\$ 11,299,126	\$ 11,396,575	\$ 10,437,799	\$ 10,216,027
Contributions as a percentage of covered employee payroll	21.87%	17.94%	13.46%	10.14%	7.50%	5.41%	4.21%	6.09%	3.37%	0.33%

See independent auditors' report.

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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	48,553,308	52,824,578	60,279,079	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 48,553,308	\$ 52,824,578	\$ 60,279,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 16,145,337	\$ 15,921,822	\$ 15,019,728	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information is Not Available

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Total Brought Forward	ESSA Title IA	ESSA Title IIA	ESSA Title III	IDEA Basic	IDEA Preschool	Total
Revenues							
Local sources	\$ 27,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,871
State sources	286,781	-	-	-	-	-	286,781
Federal sources	442,974	305,503	38,826	16,253	435,493	13,644	1,252,693
Total revenues	<u>757,626</u>	<u>305,503</u>	<u>38,826</u>	<u>16,253</u>	<u>435,493</u>	<u>13,644</u>	<u>1,567,345</u>
Other financing sources							
Transfer from general fund	32,161	-	-	-	-	-	32,161
Total revenues and other financing sources	<u>\$ 789,787</u>	<u>\$ 305,503</u>	<u>\$ 38,826</u>	<u>\$ 16,253</u>	<u>\$ 435,493</u>	<u>\$ 13,644</u>	<u>\$ 1,599,506</u>
Expenditures							
Instruction							
Salaries of teachers	\$ 196,061	\$ 176,013	\$ -	\$ 1,396	\$ 20,000	\$ 12,674	\$ 406,144
Salaries of other instructional staff	58,790	-	-	-	-	-	58,790
Purchased professional and technical services	10,158	13,416	-	-	-	-	23,574
Other purchased services	5,076	-	-	-	-	-	5,076
General supplies	122,744	43,300	-	10,902	-	-	176,946
Textbooks	3,628	-	-	-	-	-	3,628
Total	<u>396,457</u>	<u>232,729</u>	<u>-</u>	<u>12,298</u>	<u>20,000</u>	<u>12,674</u>	<u>674,158</u>
Support services							
Tuition	-	-	-	-	387,818	-	387,818
Salaries of program directors	124,556	-	-	-	-	-	124,556
Salaries of other professional staff	153,734	-	-	-	-	-	153,734
Other salaries	25,849	20,185	10,761	3,067	20,000	-	79,862
Employee benefits	6,966	38,712	823	341	3,060	970	50,872
Purchased professional and technical services	26,932	200	12,489	-	2,021	-	41,642
Other purchased services	5,765	-	11,708	-	-	-	17,473
Supplies and materials	45,562	2,457	3,045	547	2,594	-	54,205
Other objects	998	11,220	-	-	-	-	12,218
Total	<u>390,362</u>	<u>72,774</u>	<u>38,826</u>	<u>3,955</u>	<u>415,493</u>	<u>970</u>	<u>922,380</u>
Capital outlay							
Non-instructional equipment	2,968	-	-	-	-	-	2,968
Total	<u>2,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,968</u>
Total expenditures	<u>\$ 789,787</u>	<u>\$ 305,503</u>	<u>\$ 38,826</u>	<u>\$ 16,253</u>	<u>\$ 435,493</u>	<u>\$ 13,644</u>	<u>\$ 1,599,506</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2020

	FEMA CARES Act	School Based Youth Services Program	Local Grants	NJ Non-public Funds	NJ Preschool Education Aid	ESSA Title III Immigration	ESSA Title IV	Total Carried Forward
Revenues								
Local sources	\$ -	\$ -	\$ 27,871	\$ -	\$ -	\$ -	\$ -	\$ 27,871
State sources	-	-	-	35,592	251,189	-	-	286,781
Federal sources	147,927	278,180	-	-	-	5,705	11,162	442,974
Total revenues	<u>147,927</u>	<u>278,180</u>	<u>27,871</u>	<u>35,592</u>	<u>251,189</u>	<u>5,705</u>	<u>11,162</u>	<u>757,626</u>
Other financing sources								
Transfer from general fund	-	-	-	-	32,161	-	-	32,161
Total revenues and other financing sources	<u>\$ 147,927</u>	<u>\$ 278,180</u>	<u>\$ 27,871</u>	<u>\$ 35,592</u>	<u>\$ 283,350</u>	<u>\$ 5,705</u>	<u>\$ 11,162</u>	<u>\$ 789,787</u>
Expenditures								
Instruction								
Salaries of teachers	\$ -	\$ -	\$ -	\$ -	\$ 196,061	\$ -	\$ -	\$ 196,061
Salaries of other instructional staff	-	-	-	-	58,790	-	-	58,790
Purchased professional and technical services	-	-	-	10,158	-	-	-	10,158
Other purchased services	-	-	5,076	-	-	-	-	5,076
General supplies	99,903	-	10,815	-	-	864	11,162	122,744
Textbooks	-	-	-	3,628	-	-	-	3,628
Total	<u>99,903</u>	<u>-</u>	<u>15,891</u>	<u>13,786</u>	<u>254,851</u>	<u>864</u>	<u>11,162</u>	<u>396,457</u>
Support services								
Salaries of program directors	-	102,679	-	-	21,877	-	-	124,556
Salaries of other professional staff	-	153,734	-	-	-	-	-	153,734
Other salaries	-	18,352	3,000	-	-	4,497	-	25,849
Employee benefits	-	-	-	-	6,622	344	-	6,966
Purchased professional and technical services	5,340	250	-	21,342	-	-	-	26,932
Other purchased services	-	545	4,756	464	-	-	-	5,765
Supplies and materials	42,684	1,622	1,256	-	-	-	-	45,562
Other objects	-	998	-	-	-	-	-	998
Total	<u>48,024</u>	<u>278,180</u>	<u>9,012</u>	<u>21,806</u>	<u>28,499</u>	<u>4,841</u>	<u>-</u>	<u>390,362</u>
Capital outlay								
Non-instructional equipment	-	-	2,968	-	-	-	-	2,968
Total	<u>-</u>	<u>-</u>	<u>2,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,968</u>
Total expenditures	<u>\$ 147,927</u>	<u>\$ 278,180</u>	<u>\$ 27,871</u>	<u>\$ 35,592</u>	<u>\$ 283,350</u>	<u>\$ 5,705</u>	<u>\$ 11,162</u>	<u>\$ 789,787</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 196,061	\$ 196,061	\$ -
Salaries of other instructional staff	58,790	58,790	-
	<u>254,851</u>	<u>254,851</u>	<u>-</u>
Support services			
Salaries of program directors	21,877	21,877	
Employee benefits	6,622	6,622	
	<u>28,499</u>	<u>28,499</u>	<u>-</u>
Total expenditures	<u>\$ 283,350</u>	<u>\$ 283,350</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total revised 2019 - 2020 Preschool education aid allocation	\$ 251,189
Add: actual ECPA/PEA carryover (June 30, 2019)	-
Add: budgeted transfer from general fund	32,161
Total preschool education aid funds available for 2019 - 2020 budget	<u>283,350</u>
Less: 2019 - 2020 budgeted preschool education aid	<u>283,350</u>
Available and unbudgeted preschool education aid funds as of June 30, 2020	-
Add: 2019 - 2020 unexpended preschool education aid	<u>-</u>
2019 - 2020 Actual carryover preschool education aid	<u>\$ -</u>
2019 - 2020 Preschool education aid carryover budgeted for Preschool programs 2020 - 2021	<u>\$ -</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/20
			Prior Years	Current Year	
Bartle School window replacement	06/05/14	\$ 1,235,850	\$ 748,521	\$ -	\$ 487,329
		<u>\$ 1,235,850</u>	<u>\$ 748,521</u>	<u>\$ -</u>	<u>\$ 487,329</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Net Position - Budgetary Basis
For the Fiscal Year Ended June 30, 2020

Fund balance - beginning	\$ 487,329
Fund balance - ending	<u>\$ 487,329</u>
<u>Reconciliation of Fund Balance Difference for GAAP Purposes</u>	
Fund balance - Budgetary basis (Schedule F-2)	\$ 487,329
Receivables from other governments - State	
GAAP basis (Schedule B-1)	299,408
Budgetary basis (Schedule K-4)	<u>(494,340)</u>
Fund balance - GAAP basis (Schedule B-1)	<u>\$ 292,397</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status -
Budgetary Basis
Bartle School Window Replacement
For the Fiscal Year Ended June 30, 2020

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

Additional Project Information

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

See independent auditors' report.

PROPRIETARY FUND

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

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position
June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets					
Cash and cash equivalents	\$ 41,208	\$ 75,385	\$ 156,805	\$ 317,172	\$ 590,570
Due from other funds	49,845	-	-	-	49,845
Total assets	91,053	75,385	156,805	317,172	640,415
Liabilities					
Due to other funds	-	-	-	262,155	262,155
Accounts payable	38,663	-	-	-	38,663
Due to student groups	-	-	156,805	-	156,805
Payroll deductions and withholdings	-	-	-	55,017	55,017
Total liabilities	38,663	-	156,805	317,172	512,640
Net Position					
Held in trust for unemployment claims and other purposes	\$ 52,390	\$ 75,385	\$ -	\$ -	\$ 127,775

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Fund	Private Purpose Scholarship Fund	Total
Additions			
Contributions			
Employees	\$ 29,846	\$ -	\$ 29,846
Board contribution	20,000	-	20,000
Other	-	6,925	6,925
Total additions	<u>49,846</u>	<u>6,925</u>	<u>56,771</u>
Deductions			
Scholarships awarded	-	10,034	10,034
Unemployment claims	90,224	-	90,224
Total deductions	<u>90,224</u>	<u>10,034</u>	<u>100,258</u>
Change in net position	(40,378)	(3,109)	(43,487)
Net position - beginning of the year	<u>92,768</u>	<u>78,494</u>	<u>171,262</u>
Net position - end of the year	<u><u>\$ 52,390</u></u>	<u><u>\$ 75,385</u></u>	<u><u>\$ 127,775</u></u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 152,339	\$ 224,965	\$ 220,499	\$ 156,805
Total assets	\$ 152,339	\$ 224,965	\$ 220,499	\$ 156,805
Liabilities				
Due to student groups				
Irving School	\$ 4,846	\$ 1,031	\$ 269	\$ 5,608
Bartle School	20,157	21,927	21,351	20,733
Middle School	11,058	15,332	13,286	13,104
High School	116,278	158,610	161,782	113,106
Athletic account	-	28,065	23,811	4,254
Total liabilities	\$ 152,339	\$ 224,965	\$ 220,499	\$ 156,805

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 188,216	\$ 20,040,109	\$ 19,911,153	\$ 317,172
Total assets	\$ 188,216	\$ 20,040,109	\$ 19,911,153	\$ 317,172
Liabilities				
Payroll deductions and withholdings				
Due to other funds	\$ 7,079	\$ 255,176	\$ 100	\$ 262,155
Net payroll	-	11,232,675	11,232,675	-
Payroll agency	181,137	8,552,258	8,678,378	55,017
Total liabilities	\$ 188,216	\$ 20,040,109	\$ 19,911,153	\$ 317,172

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Refunding School Bonds of 2012	10/25/12	\$ 13,640,000	03/01/21	\$ 320,000	4.00%	\$ 11,770,000	\$ -	\$ 390,000	\$ 11,380,000
			03/01/22	335,000	4.00%	-	-	-	-
			03/01/23	325,000	4.00%	-	-	-	-
			03/01/24	370,000	4.00%	-	-	-	-
			03/01/25	415,000	4.00%	-	-	-	-
			03/01/26	1,790,000	4.00%	-	-	-	-
			03/01/27	1,870,000	4.00%	-	-	-	-
			03/01/28	1,925,000	4.00%	-	-	-	-
			03/01/29	1,985,000	4.00%	-	-	-	-
			03/01/30	2,045,000	4.00%	-	-	-	-
Refunding School Bonds of 2016	11/22/16	8,555,000	02/15/21	1,100,000	1.39%	6,620,000	-	995,000	5,625,000
			02/15/22	1,110,000	1.39%	-	-	-	-
			02/15/23	1,155,000	1.39%	-	-	-	-
			02/15/24	1,140,000	1.39%	-	-	-	-
			02/15/25	1,120,000	1.39%	-	-	-	-
						<u>\$ 18,390,000</u>	<u>\$ -</u>	<u>\$ 1,385,000</u>	<u>\$ 17,005,000</u>

See independent auditor's report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Debt service tax levy	\$ 1,864,666	\$ -	\$ 1,864,666	\$ 1,864,666
State sources				
Debt service aid	9,083	-	9,083	9,083
Total revenues	<u>1,873,749</u>	<u>-</u>	<u>1,873,749</u>	<u>1,873,749</u>
Expenditures				
Regular debt service				
Redemption of bond principal	1,385,000	-	1,385,000	1,385,000
Interest on bonds	488,749	-	488,749	488,749
Total expenditures	<u>1,873,749</u>	<u>-</u>	<u>1,873,749</u>	<u>1,873,749</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenue over (under) expenditures				
Budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statistical Section J Series

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

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 13,315,453	\$ 14,680,839	\$ 15,424,132	\$ 15,927,934	\$ 16,630,941	\$ 17,173,416	\$ 16,000,463	\$ 16,223,900	\$ 16,505,506	\$ 16,992,076
Restricted	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914	1,296,983	1,083,512	1,150,435
Unrestricted	(1,677,935)	(1,184,011)	(721,513)	(6,362,501)	(6,538,377)	(5,858,310)	(5,399,100)	(6,009,634)	(6,332,804)	(5,673,297)
Total governmental activities	<u>\$ 13,253,481</u>	<u>\$ 14,974,856</u>	<u>\$ 16,047,253</u>	<u>\$ 10,861,300</u>	<u>\$ 11,581,459</u>	<u>\$ 12,420,561</u>	<u>\$ 12,184,277</u>	<u>\$ 11,511,249</u>	<u>\$ 11,256,214</u>	<u>\$ 12,469,214</u>
Business-type activities										
Net investment in capital assets	\$ 40,711	\$ 33,344	\$ 26,770	\$ 33,107	\$ 42,020	\$ 49,377	\$ 43,204	\$ 36,363	\$ 42,372	\$ 63,528
Unrestricted	168,790	233,111	234,305	263,567	300,611	374,784	426,375	440,833	451,576	341,569
Total business-type activities	<u>\$ 209,501</u>	<u>\$ 266,455</u>	<u>\$ 261,075</u>	<u>\$ 296,674</u>	<u>\$ 342,631</u>	<u>\$ 424,161</u>	<u>\$ 469,579</u>	<u>\$ 477,196</u>	<u>\$ 493,948</u>	<u>\$ 405,097</u>
District-wide										
Net investment in capital assets	\$ 13,356,164	\$ 14,714,183	\$ 15,450,902	\$ 15,961,041	\$ 16,672,961	\$ 17,222,793	\$ 16,043,667	\$ 16,260,263	\$ 16,547,878	\$ 17,055,604
Restricted	1,615,963	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914	1,296,983	1,083,512	1,150,435
Unrestricted	(1,509,145)	(950,900)	(487,208)	(6,098,934)	(6,237,766)	(5,483,526)	(4,972,725)	(5,568,801)	(5,881,228)	(5,331,728)
Total district-wide	<u>\$ 13,462,982</u>	<u>\$ 15,241,311</u>	<u>\$ 16,308,328</u>	<u>\$ 11,157,974</u>	<u>\$ 11,924,090</u>	<u>\$ 12,844,722</u>	<u>\$ 12,653,856</u>	<u>\$ 11,988,445</u>	<u>\$ 11,750,162</u>	<u>\$ 12,874,311</u>

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,897,577	\$ 9,887,679	\$ 11,057,689	\$ 11,258,338	\$ 13,827,267	\$ 15,105,204	\$ 16,376,975	\$ 18,002,294	\$ 17,449,280	\$ 16,004,769
Special education	3,262,529	3,111,479	3,663,691	3,752,569	4,553,786	4,479,743	4,953,646	5,960,160	6,126,788	6,689,067
Other special education	659,803	587,261	596,341	733,884	774,195	712,296	888,524	1,580,181	1,043,841	1,098,176
Other instruction	983,996	914,493	833,214	867,842	938,732	1,250,193	1,621,534	1,391,901	1,290,609	1,195,927
Support services										
Tuition	1,804,870	1,868,281	1,902,117	1,963,823	1,978,369	2,290,325	2,357,430	2,735,626	2,996,466	3,340,324
Student and instruction related services	4,240,958	4,204,905	4,662,007	4,285,857	4,871,894	5,417,343	6,839,448	7,846,773	7,786,113	7,413,039
General and business administrative services	1,412,487	1,908,409	1,767,011	1,577,180	1,976,727	1,798,719	1,985,785	1,907,551	1,842,097	1,755,234
School administration	1,380,535	1,536,729	1,628,626	1,554,762	1,792,284	1,964,659	2,302,957	2,614,282	2,795,569	2,737,032
Plant operations and maintenance	2,213,377	2,011,298	2,237,883	1,992,071	2,407,329	2,734,852	2,651,875	2,523,099	2,608,318	2,925,188
Pupil transportation	1,283,356	1,266,543	1,312,460	1,309,393	1,405,434	1,299,670	1,951,983	1,946,823	2,123,382	1,732,599
Transfer to charter schools	194,888	220,704	326,707	326,357	394,775	386,002	388,784	340,461	335,512	293,186
Interest on long term debt	1,278,984	1,214,753	1,111,490	1,121,718	1,082,075	1,034,427	698,742	623,716	584,341	560,470
Total governmental activities expenses	<u>27,613,360</u>	<u>28,732,534</u>	<u>31,099,236</u>	<u>30,743,794</u>	<u>36,002,867</u>	<u>38,473,433</u>	<u>43,017,683</u>	<u>47,472,867</u>	<u>46,982,316</u>	<u>45,745,011</u>
Business-type activities										
Food services	504,307	519,295	554,527	588,168	584,567	587,347	618,367	628,191	634,725	488,437
Other	284,588	288,115	302,036	274,970	300,133	303,049	370,663	374,038	382,942	343,817
Total business-type activities	<u>788,895</u>	<u>807,410</u>	<u>856,563</u>	<u>863,138</u>	<u>884,700</u>	<u>890,396</u>	<u>989,030</u>	<u>1,002,229</u>	<u>1,017,667</u>	<u>832,254</u>
Total district expenses	<u>\$ 28,402,255</u>	<u>\$ 29,539,944</u>	<u>\$ 31,955,799</u>	<u>\$ 31,606,932</u>	<u>\$ 36,887,567</u>	<u>\$ 39,363,829</u>	<u>\$ 44,006,713</u>	<u>\$ 48,475,096</u>	<u>\$ 47,999,983</u>	<u>\$ 46,577,265</u>

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 34,093	\$ 46,095	\$ 61,062	\$ 57,441	\$ 48,734	\$ 50,339	\$ 46,902	\$ 70,668	\$ 151,501	\$ 159,845
Special education instruction	42,289	9,400	30,464	68,799	36,016	20,687	-	-	-	-
Student and instruction related services	-	-	280	-	-	-	1,408	485	-	-
General and business administrative services	138	10	137	168	4	-	-	-	-	-
Plant operations and maintenance	294	5,282	28,346	29,554	75,108	121,145	172,616	63,951	49,326	36,881
Operating grants and contributions	1,711,885	1,353,625	2,294,897	1,419,517	1,334,920	1,546,537	1,467,247	1,477,792	1,577,442	1,434,318
Capital grants and contributions	259,835	497,091	64,903	19,640	235,293	44,475	-	(32,939)	-	-
Total governmental activities program revenues	<u>2,048,534</u>	<u>1,911,503</u>	<u>2,480,089</u>	<u>1,595,119</u>	<u>1,730,075</u>	<u>1,783,183</u>	<u>1,688,173</u>	<u>1,579,957</u>	<u>1,778,269</u>	<u>1,631,044</u>
Business-type activities										
Charges for services										
Food service	272,828	294,182	289,781	306,373	298,563	293,412	299,870	289,002	306,704	212,932
Other	275,473	308,312	310,673	315,652	322,526	366,190	386,754	375,432	373,331	271,471
Operating grants and contributions	236,430	258,294	275,729	301,212	309,568	312,324	349,560	345,412	354,384	258,480
Total business-type activities program revenues	<u>784,731</u>	<u>860,788</u>	<u>876,183</u>	<u>923,237</u>	<u>930,657</u>	<u>971,926</u>	<u>1,036,184</u>	<u>1,009,846</u>	<u>1,034,419</u>	<u>742,883</u>
Total district - program revenues	<u>\$ 2,833,265</u>	<u>\$ 2,772,291</u>	<u>\$ 3,356,272</u>	<u>\$ 2,518,356</u>	<u>\$ 2,660,732</u>	<u>\$ 2,755,109</u>	<u>\$ 2,724,357</u>	<u>\$ 2,589,803</u>	<u>\$ 2,812,688</u>	<u>\$ 2,373,927</u>
Net (expense) revenues										
Governmental activities	\$ (25,564,826)	\$ (26,821,031)	\$ (28,619,147)	\$ (29,148,675)	\$ (34,272,792)	\$ (36,690,250)	\$ (41,329,510)	\$ (45,892,910)	\$ (45,204,047)	\$ (44,113,967)
Business-type activities	(4,164)	53,378	19,620	60,099	45,957	81,530	47,154	7,617	16,752	(89,371)
Total district-wide net expenses	<u>\$ (25,568,990)</u>	<u>\$ (26,767,653)</u>	<u>\$ (28,599,527)</u>	<u>\$ (29,088,576)</u>	<u>\$ (34,226,835)</u>	<u>\$ (36,608,720)</u>	<u>\$ (41,282,356)</u>	<u>\$ (45,885,293)</u>	<u>\$ (45,187,295)</u>	<u>\$ (44,203,338)</u>

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 20,464,826	\$ 20,874,123	\$ 21,291,605	\$ 21,717,437	\$ 23,208,941	\$ 24,207,999	\$ 25,154,671	\$ 26,084,657	\$ 27,136,379	\$ 27,928,070
Taxes levied for debt service	2,056,511	2,054,645	2,056,929	1,967,946	2,008,923	1,989,143	2,019,359	1,719,912	1,865,526	1,864,666
Unrestricted grants and contributions	4,733,360	5,478,065	6,136,322	5,947,416	9,716,309	11,248,257	13,903,853	17,363,231	15,881,088	15,503,139
Investment earnings	13,066	4,391	2,197	1,827	6,058	7,739	11,170	21,744	28,592	20,870
Miscellaneous income	131,819	241,182	143,730	87,345	92,720	76,214	44,173	30,338	53,819	30,222
Special item - gain (loss) on disposal of capital assets	(5,076)	-	-	(1,864)	-	-	-	-	-	-
Special item - insurance proceeds for storm damage	-	-	35,761	-	-	-	-	-	-	-
Operating transfers in/(out)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-	(16,392)	(20,000)
Total governmental activities	<u>27,284,506</u>	<u>28,542,406</u>	<u>29,691,544</u>	<u>29,705,107</u>	<u>34,992,951</u>	<u>37,529,352</u>	<u>41,093,226</u>	<u>45,219,882</u>	<u>44,949,012</u>	<u>45,326,967</u>
Business-type activities										
Investment earnings	428	58	-	-	-	-	-	-	-	-
Miscellaneous income	-	3,518	-	500	-	-	-	-	-	520
Transfers in/(out)	-	-	(25,000)	(25,000)	-	-	-	-	-	-
Special item - prior year accounts receivable canceled	-	-	-	-	-	-	(1,736)	-	-	-
Total business-type activities	<u>428</u>	<u>3,576</u>	<u>(25,000)</u>	<u>(24,500)</u>	<u>-</u>	<u>-</u>	<u>(1,736)</u>	<u>-</u>	<u>-</u>	<u>520</u>
Total district-wide	<u>\$ 27,284,934</u>	<u>\$ 28,545,982</u>	<u>\$ 29,666,544</u>	<u>\$ 29,680,607</u>	<u>\$ 34,992,951</u>	<u>\$ 37,529,352</u>	<u>\$ 41,091,490</u>	<u>\$ 45,219,882</u>	<u>\$ 44,949,012</u>	<u>\$ 45,327,487</u>
Change in net position										
Governmental activities	\$ 1,719,680	\$ 1,721,375	\$ 1,072,397	\$ 556,432	\$ 720,159	\$ 839,102	\$ (236,284)	\$ (673,028)	\$ (255,035)	\$ 1,213,000
Business-type activities	(3,736)	56,954	(5,380)	35,599	45,957	81,530	45,418	7,617	16,752	(88,851)
Total district	<u>\$ 1,715,944</u>	<u>\$ 1,778,329</u>	<u>\$ 1,067,017</u>	<u>\$ 592,031</u>	<u>\$ 766,116</u>	<u>\$ 920,632</u>	<u>\$ (190,866)</u>	<u>\$ (665,411)</u>	<u>\$ (238,283)</u>	<u>\$ 1,124,149</u>

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 720,049	\$ 1,755,612	\$ 1,462,579	\$ 552,234	\$ 1,152,936	\$ 857,435	\$ 1,132,873	\$ 998,967	\$ 791,115	\$ 858,038
Committed	315,076	765,230	219,233	628,454	295,676	738,735	262,967	151,576	214,397	179,439
Assigned	426,210	505,489	680,000	400,000	400,000	700,000	800,000	999,990	1,000,000	1,728,054
Unassigned	365,048	320,852	359,524	388,364	509,412	529,052	521,488	100,153	(103,276)	86,440
Total general fund	<u>\$ 1,826,383</u>	<u>\$ 3,347,183</u>	<u>\$ 2,721,336</u>	<u>\$ 1,969,052</u>	<u>\$ 2,358,024</u>	<u>\$ 2,825,222</u>	<u>\$ 2,717,328</u>	<u>\$ 2,250,686</u>	<u>\$ 1,902,236</u>	<u>\$ 2,851,971</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 1,128,721	\$ 168,921	\$ 120,353	\$ 717,541	\$ 364,602	\$ 297,888	\$ 297,888	\$ 292,397	\$ 292,397	\$ 292,397
Assigned, reported in										
Debt service fund	1	1	50,250	26,092	21,225	-	152,153	5,619	-	-
Unassigned, reported in										
Special revenue fund	(29,992)	(27,492)	(28,859)	(30,488)	(32,231)	(27,875)	(22,649)	(25,262)	(28,298)	(25,120)
Total all other governmental funds	<u>\$ 1,098,730</u>	<u>\$ 141,430</u>	<u>\$ 141,744</u>	<u>\$ 713,145</u>	<u>\$ 353,596</u>	<u>\$ 270,013</u>	<u>\$ 427,392</u>	<u>\$ 272,754</u>	<u>\$ 264,099</u>	<u>\$ 267,277</u>

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 22,521,337	\$ 22,928,768	\$ 23,348,534	\$ 23,685,383	\$ 25,217,864	\$ 26,197,142	\$ 27,174,030	\$ 27,804,569	\$ 29,001,905	\$ 29,792,736
Tuition charges	76,382	55,495	90,521	126,209	84,750	71,026	46,310	70,668	151,501	159,845
Interest earnings	13,066	4,391	2,197	1,827	6,058	7,739	11,170	21,744	28,592	20,870
Miscellaneous	140,296	267,431	1,034,900	109,456	173,101	118,508	71,217	119,059	152,027	106,110
State sources	5,285,820	5,879,238	6,710,432	6,498,687	6,990,035	7,434,050	7,874,267	8,397,167	9,116,056	9,877,603
State sources - capital projects	259,835	497,091	64,903	19,640	235,293	44,475	51,108	(32,939)	-	-
Federal sources	1,110,005	885,699	778,930	805,729	732,653	876,023	929,356	1,227,511	1,260,494	1,144,062
Total revenues	29,406,741	30,518,113	32,030,417	31,246,931	33,439,754	34,748,963	36,157,458	37,607,779	39,710,575	41,101,226
Expenditures										
Instruction										
Regular instruction	6,187,899	6,785,092	7,335,202	7,511,275	7,867,272	7,933,174	7,997,787	8,243,236	8,237,931	7,661,144
Special education instruction	2,232,059	2,073,818	2,413,925	2,464,384	2,594,131	2,356,648	2,406,856	2,684,226	2,947,544	3,368,163
Other special instruction	243,562	254,013	264,405	273,745	222,516	271,245	300,803	367,728	338,675	385,556
Other instruction	694,021	639,463	580,783	597,520	621,901	751,555	886,365	917,096	889,692	821,559
Support services										
Tuition	1,325,187	1,551,601	1,583,577	1,638,311	1,759,536	1,980,136	2,054,796	2,393,205	2,561,687	2,952,506
Student and inst related services	2,781,135	2,716,128	2,947,208	2,748,630	2,719,938	2,871,595	3,333,212	3,686,999	3,944,110	3,818,973
General administration	564,270	681,821	657,647	629,571	870,571	754,044	734,919	686,492	651,577	612,400
School administration services	850,887	942,431	988,977	970,007	976,782	1,064,649	1,127,893	1,201,330	1,314,897	1,304,183
Central services	368,853	416,759	424,193	418,742	414,785	427,213	446,396	462,444	442,066	460,846
Administrative information technology	45,723	55,958	49,416	45,699	101,644	52,905	56,525	53,190	63,171	91,544
Plant operations and maintenance	2,149,502	1,976,206	2,190,994	1,963,783	2,339,513	2,589,595	2,449,410	2,330,679	2,306,110	2,659,344
Pupil transportation	1,275,558	1,258,988	1,301,430	1,299,566	1,396,218	1,283,568	1,942,433	1,942,731	2,118,685	1,722,364
Employee benefits	3,432,714	3,578,330	3,877,541	4,282,640	4,440,405	4,541,301	4,973,847	5,514,689	5,812,025	5,588,332
On-behalf TPAF Pension and Social Security contributions	1,482,444	1,830,338	2,341,289	2,108,950	2,475,847	2,810,755	3,242,341	3,896,231	4,459,028	4,764,358
Capital outlay	234,686	191,113	950,456	550,329	131,586	537,291	229,182	37,402	59,643	232,782
Transfers to charter schools	194,888	220,704	326,707	326,357	394,775	386,002	388,784	340,461	335,512	293,186
Special revenue funds	1,711,885	1,361,578	2,343,162	1,434,213	1,352,979	1,568,729	1,560,153	1,540,399	1,637,210	1,463,301
Capital projects fund	627,526	1,207,927	245,342	49,100	588,232	111,189	49,369	-	-	-
Debt service										
Principal	840,449	873,948	988,096	1,032,261	1,074,558	1,095,000	1,175,000	1,330,000	1,360,000	1,385,000
Interest and other charges	1,292,895	1,229,247	1,087,932	1,067,731	1,027,142	978,754	761,271	600,521	571,725	542,772
Total expenditures	28,536,143	29,845,463	32,898,282	31,412,814	33,370,331	34,365,348	36,117,342	38,229,059	40,051,288	40,128,313

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 870,598	\$ 672,650	\$ (867,865)	\$ (165,883)	\$ 69,423	\$ 383,615	\$ 40,116	\$ (621,280)	\$ (340,713)	\$ 972,913
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	49,116	-	-	-	-	-	-	-
Proceeds from refunding bond issue	-	-	13,640,000	-	-	-	8,555,000	-	-	-
Payment to refunding bond escrow	-	-	(13,949,447)	-	-	-	(8,505,631)	-	-	-
Premium on bond issue	-	-	441,318	-	-	-	-	-	-	-
Premium on note issue	-	850	584	-	-	-	-	-	-	-
Insurance claim proceeds for storm	-	-	35,761	-	-	-	-	-	-	-
Transfers in (out)	(110,000)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-	(16,392)	(20,000)
Total other financing sources (uses)	(110,000)	(109,150)	242,332	(15,000)	(40,000)	-	9,369	-	(16,392)	(20,000)
Net change in fund balances	\$ 760,598	\$ 563,500	\$ (625,533)	\$ (180,883)	\$ 29,423	\$ 383,615	\$ 49,485	\$ (621,280)	\$ (357,105)	\$ 952,913
Debt service as a percentage of non-capital expenditures	8.35%	7.98%	7.01%	7.31%	6.88%	6.55%	5.71%	5.32%	5.08%	5.08%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 13,066	\$ 4,391	\$ 2,197	\$ 1,827	\$ 6,058	\$ 7,739	\$ 11,170	\$ 21,744	\$ 28,592	\$ 20,870
Insurance dividends	8,808	-	-	-	-	-	-	-	-	-
Mortgage loan proceeds	46,790	47,960	49,158	-	-	-	-	-	-	-
Rentals	-	1,375	11,085	20,995	45,600	40,883	50,124	50,258	49,326	36,881
Prior year										
Account balance canceled	-	-	9,387	1,164	1,610	-	3,522	3,400	1,032	-
Refund	6,693	23,568	2,982	14,740	9,074	3,086	2,362	18,051	25,089	21,125
Outstanding checks voided	-	-	-	517	-	-	-	-	-	-
E-Rate rebates	-	-	7,791	165	-	-	-	-	-	-
Miscellaneous refunds	-	-	512	-	26	-	-	-	-	-
Restitution	-	410	-	-	-	-	-	-	-	-
Donations and local contributions	27,308	-	1,880	-	-	-	-	-	-	-
Tuition	76,382	55,495	90,521	126,209	84,750	71,026	46,310	70,668	151,501	159,845
Proceeds from sale of assets	-	-	-	289	-	-	2,880	-	-	-
Lawsuit settlement proceeds	-	126,000	-	-	-	-	-	-	-	-
Energy rebates	-	-	3,475	8,808	8,743	8,776	5,781	7,920	15,120	8,852
Local contributions	-	-	-	-	-	2,386	-	-	-	-
Miscellaneous	1,277	1,365	707	261	313	77	929	967	12,578	245
Annual totals	<u>\$ 180,324</u>	<u>\$ 260,564</u>	<u>\$ 179,695</u>	<u>\$ 174,975</u>	<u>\$ 156,174</u>	<u>\$ 133,973</u>	<u>\$ 123,078</u>	<u>\$ 173,008</u>	<u>\$ 283,238</u>	<u>\$ 247,818</u>

Source: District Records

See independent auditors' report.

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

	Fiscal year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 8,975,900	\$ 7,665,900	\$ 4,941,000	\$ 4,979,000	\$ 8,369,600	\$ 9,602,600	\$ 6,955,000	\$ 5,950,000	\$ 5,974,600	\$ 11,011,600
Residential	397,445,000	401,239,600	409,902,700	410,935,400	410,880,200	416,431,100	426,818,300	433,001,900	440,976,400	443,108,400
Commercial	48,760,300	48,480,900	47,375,500	47,800,300	49,270,000	49,201,300	48,868,800	48,762,700	46,938,300	46,282,000
Industrial	2,808,400	2,808,400	2,808,400	2,487,800	2,330,600	2,330,600	2,330,600	2,330,600	1,764,200	1,764,200
Apartment	77,138,600	77,035,000	76,839,300	76,781,000	76,368,600	76,368,600	76,368,600	76,368,600	77,023,200	80,814,900
Total assessed value	535,128,200	537,229,800	541,866,900	542,983,500	547,219,000	553,934,200	561,341,300	566,413,800	572,676,700	582,981,100
Public utilities (a)	276,411	40	40	42	43	43	44	42	41	41
Net valuation taxable	\$ 535,404,611	\$ 537,229,840	\$ 541,866,940	\$ 542,983,542	\$ 547,219,043	\$ 553,934,243	\$ 561,341,344	\$ 566,413,842	\$ 572,676,741	\$ 582,981,141
Estimated actual county equalized value	\$ 1,436,556,510	\$ 1,358,356,106	\$ 1,371,814,938	\$ 1,288,828,726	\$ 1,271,124,317	\$ 1,294,238,828	\$ 1,294,238,828	\$ 1,362,134,950	\$ 1,404,307,850	\$ 1,409,869,748
Percentage of net valuation to estimated actual equalized value	37.27%	39.55%	39.50%	42.13%	43.05%	42.80%	43.37%	41.58%	40.78%	41.35%
Total direct school tax rate (b)	\$ 4.24	\$ 4.31	\$ 4.33	\$ 4.55	\$ 4.60	\$ 4.87	\$ 4.79	\$ 5.00	\$ 5.18	\$ 5.15

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Municipality	County	
			Total Direct School Tax Rate				
2011	\$ 3.86	\$ 0.38	\$ 4.24	\$ 1.71	\$ 0.90	\$ 6.85	
2012	3.93	0.38	4.31	1.77	0.91	6.99	
2013	3.97	0.36	4.33	1.86	0.98	7.17	
2014	4.19	0.36	4.55	1.98	0.95	7.48	
2015	4.25	0.35	4.60	2.07	0.93	7.60	
2016	4.50	0.37	4.87	2.12	0.91	7.90	
2017	4.49	0.30	4.79	2.16	0.91	7.86	
2018	4.68	0.32	5.00	2.22	0.96	8.18	
2019	4.86	0.32	5.18	2.29	0.95	8.42	
2020	4.83	0.32	5.15	2.31	0.95	8.41	

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2020			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Merriwold Assoc., LLC	\$ 11,852,100	1	2.03%	\$ -		-
Treetops at Highlands LLC	8,000,000	2	1.37%	-		-
Cedar Arms Associates LLC	5,220,000	3	0.90%	5,220,000	2	0.97%
Donaldson Park Apartments	5,019,800	4	0.86%	5,019,800	3	0.94%
CLA Management Company	4,994,800	5	0.86%	4,994,800	4	0.93%
Rutgers University c/o Richardson	4,922,100	6	0.84%	4,922,100	5	0.92%
Cedar Holding Associates	4,871,600	7	0.84%	4,871,600	6	0.91%
Orchard Gardens	4,600,300	8	0.79%	4,600,300	7	0.86%
American Properties at Highland Park	4,600,300	9	0.79%	-		-
Cedar Lane Treetops	3,704,000	10	0.64%	8,000,000	1	1.49%
Highland Montgomery LLC	-		-	3,704,000	8	0.69%
East Coast Harper & Highland House/Garden	-		-	3,544,600	9	0.66%
Highland Park Manor LLC	-		-	2,712,600	10	0.51%
	<u>\$ 57,785,000</u>		<u>9.92%</u>	<u>\$ 47,589,800</u>		<u>8.88%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 22,521,337	\$ 22,521,337	100.00%
2012	22,928,768	22,928,768	100.00%
2013	23,348,534	23,348,534	100.00%
2014	23,685,383	23,685,383	100.00%
2015	25,217,864	25,217,864	100.00%
2016	26,197,142	26,197,142	100.00%
2017	27,174,030	27,174,030	100.00%
2018	27,804,569	27,804,569	100.00%
2019	29,001,905	29,001,905	100.00%
2020	29,792,736	29,792,736	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 26,019,747	\$ -	\$ -	\$ -	\$ -	\$ 26,019,747	3.93%	\$ 1,861	
2012	25,145,799	-	-	-	-	25,145,799	3.52%	1,795	
2013	25,167,703	-	-	1,085,996	-	26,253,699	3.48%	1,860	
2014	24,160,000	-	49,116	1,085,996	-	25,295,112	3.41%	1,792	
2015	23,110,000	-	24,558	-	-	23,134,558	3.03%	1,637	
2016	22,015,000	-	-	-	-	22,015,000	2.85%	1,564	
2017	21,080,000	-	-	-	-	21,080,000	2.67%	1,507	
2018	19,750,000	-	-	-	-	19,750,000	2.44%	1,421	
2019	18,390,000	-	-	-	-	18,390,000	2.18%	1,332	
2020	17,005,000	-	-	-	-	17,005,000	N/A	1,240	

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

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

N/A Information is not available

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 26,019,747	\$ -	\$ 26,019,747	4.86%	\$ 1,861
2012	25,145,799	-	25,145,799	4.68%	1,795
2013	25,167,703	-	25,167,703	4.64%	1,783
2014	24,160,000	-	24,160,000	4.45%	1,711
2015	23,110,000	-	23,110,000	4.22%	1,635
2016	22,015,000	-	22,015,000	3.97%	1,564
2017	21,080,000	-	21,080,000	3.76%	1,507
2018	19,750,000	-	19,750,000	3.49%	1,421
2019	18,390,000	-	18,390,000	3.21%	1,332
2020	17,005,000	-	17,005,000	2.92%	1,240

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

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 16,778,504	100.00%	\$ 16,778,504
County general obligation debt	639,091,028	1.30%	8,329,384
Subtotal, overlapping debt			25,107,888
School district direct debt			18,390,000
Total direct and overlapping debt			\$ 43,497,888

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis
	2019 \$ 1,605,035,594
	2018 1,388,949,975
	2017 1,346,142,206
	\$ 4,340,127,775
Average equalized valuation of taxable property	\$ 1,446,709,258
Debt limit (4.0% of average equalization value)	\$ 57,868,370
Total net debt applicable to limit	17,005,000
Legal debt margin	\$ 40,863,370

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 51,013,507	\$ 50,540,439	\$ 51,671,859	\$ 53,143,871	\$ 57,868,370
Total net debt applicable	22,015,000	21,080,000	19,750,000	18,390,000	17,005,000
Legal debt margin	\$ 28,998,507	\$ 29,460,439	\$ 31,921,859	\$ 34,753,871	\$ 40,863,370
Total net debt applicable to the limit as a percentage of debt limit	43.16%	41.71%	38.22%	34.60%	29.39%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 59,092,121	\$ 57,107,005	\$ 55,296,999	\$ 53,323,946	\$ 52,100,526
Total net debt applicable	27,796,275	28,008,323	28,030,227	24,160,000	23,110,000
Legal debt margin	\$ 31,295,846	\$ 29,098,682	\$ 27,266,772	\$ 29,163,946	\$ 28,990,526
Total net debt applicable to the limit as a percentage of debt limit	47.04%	49.05%	50.69%	45.31%	44.36%

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

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2011	14,011	\$ 714,126,659	\$ 50,969	7.60%
2012	14,118	754,395,330	53,435	7.70%
2013	14,118	740,785,578	52,471	7.80%
2014	14,135	762,653,925	53,955	4.40%
2015	14,075	773,716,825	54,971	3.60%
2016	13,991	790,855,266	56,526	3.30%
2017	13,895	808,299,940	58,172	3.00%
2018	13,807	843,124,455	61,065	2.70%
2019	13,711	N/A	N/A	2.30%
2020	N/A	N/A	N/A	N/A

Sources:

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

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

2020

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

2011

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

See independent auditors' report.

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	99.1	105.4	117.1	116.5	119.4	119.1	119.7	118.4	116.1	110.1
Special education	48.2	49.1	56.8	60.8	49.6	52.3	53.9	54.9	66.7	67.1
Other instruction	3.6	8.0	7.1	6.1	5.3	9.1	9.6	9.1	10.1	9.8
Support services										
Student and instruction related services	50.7	46.3	46.0	34.8	42.4	48.1	53.6	51.1	55.0	59.3
General administration	3.2	3.2	2.2	3.2	3.0	3.0	3.0	3.0	2.0	2.0
School administration services	11.5	11.5	12.2	14.7	14.4	18.4	15.6	14.6	15.4	15.4
Central services	4.8	5.1	5.5	4.5	4.5	4.5	4.5	4.2	4.2	4.2
Administrative information technology	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.8	0.8
Plant operations and maintenance	3.6	2.2	2.3	1.6	3.2	5.5	5.7	7.0	9.9	8.5
Total	<u>225.2</u>	<u>231.3</u>	<u>249.7</u>	<u>242.7</u>	<u>242.3</u>	<u>260.5</u>	<u>266.1</u>	<u>262.8</u>	<u>280.2</u>	<u>277.2</u>

Source: District Personnel Records

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

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2011	1,457	\$ 25,540,587	\$ 17,530	0.29%	149	1 to 20.03	1,456.9	1,379.7	-0.67%	94.70%
2012	1,483	26,343,228	17,763	1.33%	151	1 to 21.07	1,470.5	1,406.8	0.93%	95.67%
2013	1,521	29,626,456	19,478	9.65%	142	1 to 22.94	1,531.1	1,460.0	4.12%	95.36%
2014	1,595	28,713,393	18,002	-7.58%	141	1 to 19.69	1,594.8	1,520.6	4.16%	95.35%
2015	1,581	30,548,813	19,322	7.33%	144	1 to 21.66	1,581.5	1,511.6	-0.83%	95.58%
2016	1,600	31,643,114	19,777	2.35%	144	1 to 22.25	1,600.3	1,497.9	1.19%	93.60%
2017	1,598	33,902,520	21,216	7.27%	148	1 to 21.42	1,598.2	1,487.1	-0.13%	93.05%
2018	1,605	36,261,136	22,593	6.49%	144	1 to 21.25	1,605.3	1,522.8	0.44%	94.86%
2019	1,599	38,059,920	23,802	5.35%	145	1 to 21.39	1,610.3	1,532.7	0.31%	95.18%
2020	1,604	37,967,759	23,671	4.77%	148	1 to 20.99	1,604.1	1,545.2	-0.39%	96.33%

Source: District Records

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

See independent auditors' report.

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

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Elementary</u>										
Irving School (1915)										
Square feet	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521	54,521
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	290	299	335	336	332	309	315	338	309	298
Bartle School (1966)										
Square feet	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325	94,325
Capacity (students)	485	485	485	485	485	485	485	485	485	485
Enrollment	417	447	422	448	473	461	484	478	461	470
<u>Middle School</u>										
Highland Park Middle School (1998)										
Square feet	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744	78,744
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	334	322	355	349	339	344	361	362	360	372
<u>High School</u>										
Highland Park High School (1925)										
Square feet	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286	144,286
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	387	411	451	460	474	497	511	480	472	441
<u>Other</u>										
Maintenance Building (1925)										
Square feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<u>Number of schools at June 30, 2020:</u>										
Elementary and middle school	3									
High school	1									
Other	1									

Source: District Facilities Office

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

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facilities
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	Bartle Elementary School	Irving Elementary School	Highland Park Middle & High School	Total
2011	\$ 96,121	\$ 60,166	\$ 209,085	\$ 365,372
2012	103,226	92,190	254,960	450,376
2013	113,053	74,976	276,534	464,563
2014	87,068	57,420	181,387	325,875
2015	107,424	51,638	240,484	399,546
2016	124,101	70,604	354,583	549,288
2017	151,436	69,127	295,393	515,956
2018	54,780	83,895	214,875	353,550
2019	97,194	68,916	266,391	432,501
2020	113,398	83,380	250,311	447,089
Total school facilities	<u>\$ 1,047,801</u>	<u>\$ 712,312</u>	<u>\$ 2,544,003</u>	<u>\$ 4,304,116</u>

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - Utica Mutual		
Property-Blanket Building & Contents	\$ 84,318,549	\$ 1,000
Comprehensive General Liability	3,000,000	-
Comprehensive Automobile Liability	1,000,000	500
Crime Policy	100,000	500
Inland Marine Policy	750,000	250
 Umbrella Liability - Utica Mutual		
Umbrella Policy	10,000,000	10,000
 School Board Legal Liability - Utica Mutual		
Per Occurrence	1,000,000	7,500
General Aggregate	3,000,000	7,500
 Student Accident Insurance - Monumental Life Insurance Company of Pittsburgh PA		
Policy Limit	5,000,000	-
 Worker's Compensation - NJ School Board Assoc		
Employer's Liability	3,000,000	-
 NJ CAP Excess Liability - Fireman's Fund Insurance		
Excess Liability	50,000,000	-
 Public Employees' Faithful Performance - Western Surety Company		
Treasurer of School Monies Bond	250,000	-
Business Administrator's Bond	100,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Highland Park Borough Public School District, County of Middlesex, the State of New Jersey, (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as findings numbered 2020-001; 2020-002; 2020-003; 2020-005; and 2020-006.

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

Compliance and Other Matters

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

Highland Park Borough Public School District's Response to Findings

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

Purpose of this Report

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

BKC, CPAs, PC



Michael A. Holk, CPA, PSA



NO. 20CS00265600

February 5, 2021
Flemington, New Jersey



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

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

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

Report on Compliance for Each Major Federal and State Program

We have audited the Highland Park Borough Public School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as finding number 2020-004 as a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

February 5, 2021
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2020				
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Departments of Education and Health & Human Services General Fund																
Medical Assistance Program	93.778	1905NJ5MAP	N/A	\$ 47,671	07/01/19	06/30/20	\$ -	\$ -	\$ 47,671	\$ 47,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	47,671	47,671	-	-	-	-	-	-
U.S. Departments of Education and Health & Human Services Special Revenue Fund																
School Based Youth Services Program	93.558	N/A	20AEMP	278,180	07/01/19	06/30/20	-	-	278,180	278,180	-	-	-	-	-	-
U.S. Department of Education passed through State Department of Education Special Revenue Fund																
ESSA Title I A	84.010A	S010A180030	ESSA-2150-19	314,991	07/01/18	06/30/19	(271,429)	(43,562)	314,991	-	-	-	-	-	-	-
ESSA Title I A Carryover	84.010A	S010A180030	ESSA-2150-19	314,991	07/01/18	06/30/19	-	43,562	-	43,562	-	-	-	-	-	-
ESSA Title I A Additional	84.010A	S010A180030	ESSA-2150-19	12,288	07/01/18	06/30/19	(9,804)	-	9,804	2,484	-	(2,484)	-	-	-	-
ESSA Title I A	84.010A	S010A170030	ESSA-2150-18	317,396	07/01/17	06/30/18	(47,407)	-	47,407	-	-	-	-	-	-	-
ESSA Title I A	84.010A	S010A190030	ESSA-2150-20	294,986	07/01/19	06/30/20	-	-	152,578	241,223	-	(88,645)	-	-	-	-
ESSA Title I A Reallocated	84.010A	S010A190030	ESSA-2150-20	33,386	07/01/19	06/30/20	-	-	982	1,669	-	(687)	-	-	-	-
ESSA Title I SIA A	84.010A	S010A180030	ESSA-2150-19	12,600	07/01/18	06/30/19	(4,049)	(2,151)	12,600	6,400	-	-	-	-	-	-
ESSA Title I SIA A Carryover	84.010A	S010A180030	ESSA-2150-19	12,600	07/01/18	06/30/19	-	2,151	-	2,151	-	-	-	-	-	-
ESSA Title I SIA A	84.010A	S010A170030	ESSA-2150-18	34,536	07/01/17	06/30/18	(21,919)	-	21,919	-	-	-	-	-	-	-
ESSA Title I SIA A	84.010A	S010A190030	ESSA-2150-20	10,600	07/01/19	06/30/20	-	-	4,354	8,014	-	(3,660)	-	-	-	-
ESSA Title II A	84.367A	S367A180029	ESSA-2150-19	69,049	07/01/18	06/30/19	(49,623)	(19,425)	69,048	-	-	-	-	-	-	-
ESSA Title II A	84.367A	S367A170029	ESSA-2150-18	45,452	07/01/17	06/30/18	(3,188)	-	3,188	-	-	-	-	-	-	-
ESSA II A Carryover	84.367A	S367A180029	ESSA-2150-19	69,049	07/01/18	06/30/19	-	19,425	-	19,426	1	-	-	-	-	-
ESSA Title II A	84.367A	S367A190029	ESSA-2150-20	51,214	07/01/19	06/30/20	-	-	5,484	19,400	-	(13,916)	-	-	-	-
ESSA Title III	84.365A	S365A190030	ESSA-2150-20	22,561	07/01/19	06/30/20	-	-	12,899	16,036	-	(3,137)	-	-	-	-
ESSA Title III	84.365A	S365A180030	ESSA-2150-19	23,283	07/01/18	06/30/19	(23,066)	(217)	23,283	-	-	-	-	-	-	-
ESSA Title III	84.365A	S365A170030	ESSA-2150-18	28,923	07/01/17	06/30/18	(8,511)	-	8,511	-	-	-	-	-	-	-
ESSA Title III Carryover	84.365A	S365A180030	ESSA-2150-19	23,283	07/01/18	06/30/19	-	217	-	217	-	-	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A180030	ESSA-2150-19	10,208	07/01/18	06/30/19	(5,843)	(4,365)	10,054	-	-	(154)	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A170030	ESSA-2150-18	9,515	07/01/17	06/30/18	(6,870)	-	6,870	-	-	-	-	-	-	-
ESSA Title III Immigrant Carryover	84.365A	S365A180030	ESSA-2150-19	10,208	07/01/18	06/30/19	-	4,365	-	4,365	-	-	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A190030	ESSA-2150-20	10,143	07/01/19	06/30/20	-	-	-	1,340	-	(1,340)	-	-	-	-
ESSA Title IV A	84.424A	S424A170031	ESSA-2150-19	10,000	07/01/18	06/30/19	(5,668)	-	5,668	-	-	-	-	-	-	-
ESSA Title IV A	84.424A	S424A180031	ESSA-2150-20	18,385	07/01/19	06/30/20	-	-	7,163	11,162	-	(3,999)	-	-	-	-
CARES Act	84.425D	S425D200027	ESSER-2150-20	237,173	03/13/20	09/30/22	-	-	-	147,927	-	(147,927)	-	-	-	-
IDEA Special Education Cluster																
IDEA Basic	84.027A	H027A190100	IDEA-2150-20	420,207	07/01/19	06/30/20	-	-	75,081	202,394	-	(127,313)	-	-	-	-
IDEA Basic	84.027A	H027A180100	IDEA-2150-19	415,635	07/01/18	06/30/19	(182,536)	(112,674)	415,635	120,425	-	-	-	-	-	-
IDEA Basic	84.027A	H027A170100	IDEA-2150-18	417,036	07/01/17	06/30/18	(47,983)	-	47,983	-	-	-	-	-	-	-
IDEA Basic Carryover	84.027A	H027A180100	IDEA-2150-19	415,635	07/01/18	06/30/19	-	112,674	-	112,674	-	-	-	-	-	-
IDEA Preschool	84.173A	H173A180114	IDEA-2150-19	13,405	07/01/18	06/30/19	(13,405)	-	13,405	-	-	-	-	-	-	-
IDEA Preschool	84.173A	H173A190114	IDEA-2150-20	13,644	07/01/19	06/30/20	-	-	8,187	13,644	-	(5,457)	-	-	-	-
Total IDEA Special Education Cluster							(243,924)	-	560,291	449,137	-	(132,770)	-	-	-	-
Total Special Revenue Fund							(701,301)	-	1,555,274	1,252,693	1	(398,719)	-	-	-	-

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2020				
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																
Child Nutrition Cluster																
National School Lunch Program																
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	\$ 35,725	10/01/18	09/30/19	\$ 344	\$ -	\$ -	\$ 344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program																
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	35,054	10/01/19	09/30/20	-	-	35,054	33,854	-	-	1,200	-	-	-
National School Lunch Program																
Cash Assistance	10.555	191NJ304N1099	N/A	241,198	10/01/18	09/30/19	(45,825)	-	45,825	-	-	-	-	-	-	-
National School Lunch Program																
Cash Assistance	10.555	201NJ304N1099	N/A	166,059	10/01/19	09/30/20	-	-	161,110	166,059	-	(4,949)	-	-	-	-
School Breakfast Program	10.553	191NJ304N1099	N/A	70,620	10/01/18	09/30/19	(13,993)	-	13,993	-	-	-	-	-	-	-
School Breakfast Program	10.553	201NJ304N1099	N/A	52,278	10/01/19	09/30/20	-	-	49,150	52,278	-	(3,128)	-	-	-	-
Total Enterprise Fund and Child Nutrition Cluster							<u>(59,474)</u>	<u>-</u>	<u>305,132</u>	<u>252,535</u>	<u>-</u>	<u>(8,077)</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Financial Assistance							<u>\$ (760,775)</u>	<u>\$ -</u>	<u>\$ 1,908,077</u>	<u>\$ 1,552,899</u>	<u>\$ 1</u>	<u>\$ (406,796)</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Special Education Categorical Aid	20-495-034-5120-089	\$ 901,509	07/01/19	06/30/20	\$ -	\$ -	\$ 815,946	\$ 901,509	\$ -	\$ -	\$ -	\$ -	\$ 85,563	\$ 901,509
Equalization Aid	20-495-034-5120-078	2,978,764	07/01/19	06/30/20	-	-	2,696,047	2,978,764	-	-	-	-	282,717	2,978,764
Security Aid	20-495-034-5120-084	47,872	07/01/19	06/30/20	-	-	43,328	47,872	-	-	-	-	4,544	47,872
Transportation Aid	20-495-034-5120-014	240,771	07/01/19	06/30/20	-	-	217,919	240,771	-	-	-	-	22,852	240,771
Extraordinary Aid	19-495-034-5120-044	287,221	07/01/18	06/30/19	(287,221)	-	287,221	-	-	-	-	-	-	287,221
Extraordinary Aid	20-495-034-5120-044	638,437	07/01/19	06/30/20	-	-	-	638,437	-	(638,437)	-	-	-	638,437
Non-Public Transportation Aid	19-495-034-5120-014	82,330	07/01/18	06/30/19	(82,330)	-	82,330	-	-	-	-	-	-	82,330
Non-Public Transportation Aid	20-495-034-5120-014	1,160	07/01/19	06/30/20	-	-	-	1,160	-	(1,160)	-	-	-	1,160
On-Behalf TPAF Pension Contribution - Post Retirement Medical	20-495-034-5094-001	1,034,679	07/01/19	06/30/20	-	-	1,034,679	1,034,679	-	-	-	-	-	1,034,679
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	49,110	07/01/19	06/30/20	-	-	49,110	49,110	-	-	-	-	-	49,110
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004	2,593	07/01/19	06/30/20	-	-	2,593	2,593	-	-	-	-	-	2,593
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	2,739,920	07/01/19	06/30/20	-	-	2,739,920	2,739,920	-	-	-	-	-	2,739,920
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	964,823	07/01/18	06/30/19	(47,419)	-	47,419	-	-	-	-	-	-	964,823
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	938,056	07/01/19	06/30/20	-	-	891,875	938,056	-	(46,181)	-	-	-	938,056
Total General Fund					(416,970)	-	8,908,387	9,572,871	-	(685,778)	-	-	395,676	10,907,245
Special Revenue Fund														
Preschool Education Aid	20-495-034-5120-086	251,189	07/01/19	06/30/20	-	-	226,069	251,189	-	-	-	-	25,120	251,189
Non-Public Technology Initiative Aid	19-100-034-5120-373	2,808	07/01/18	06/30/19	-	159	-	-	159	-	-	-	-	-
Non-Public Technology Initiative Aid	20-100-034-5120-373	2,592	07/01/19	06/30/20	-	-	2,592	2,387	-	-	205	-	-	2,387
Non-Public Textbook Aid	19-100-034-5120-064	4,165	07/01/18	06/30/19	-	1,888	-	-	1,888	-	-	-	-	-
Non-Public Textbook Aid	20-100-034-5120-064	3,795	07/01/19	06/30/20	-	-	3,795	3,628	-	-	167	-	-	3,628
Non-Public Nursing Services	19-100-034-5120-070	9,118	07/01/18	06/30/19	-	635	-	-	635	-	-	-	-	-
Non-Public Nursing Services	20-100-034-5120-070	9,021	07/01/19	06/30/20	-	-	9,021	7,481	-	-	1,540	-	-	7,481
Non-Public Security Aid	19-100-034-5120-509	14,100	07/01/18	06/30/19	-	154	-	-	154	-	-	-	-	-
Non-Public Security Aid	20-100-034-5120-509	13,950	07/01/19	06/30/20	-	-	13,950	13,861	-	-	89	-	-	13,861
Non-Public Auxiliary/Handicapped Transportation Aid	20-100-034-5120-068	464	07/01/19	06/30/20	-	-	405	464	-	(59)	-	-	-	464
Non-Public Auxiliary Services Aid														
Compensatory Education	20-100-034-5120-067	487	07/01/19	06/30/20	-	-	425	487	-	(62)	-	-	-	487
Non-Public Handicapped Aid														
Examination and Classification	20-100-034-5120-066	7,798	07/01/19	06/30/20	-	-	6,801	3,130	-	(997)	-	4,668	-	7,798
Examination and Classification	20-100-034-5120-066	2,978	07/01/19	06/30/20	-	-	2,598	1,148	-	(380)	-	1,830	-	2,978
Supplemental Instruction	19-100-034-5120-066	5,551	07/01/18	06/30/19	-	2,379	-	-	2,379	-	-	-	-	-
Supplemental Instruction	20-100-034-5120-066	2,186	07/01/19	06/30/20	-	-	1,907	2,186	-	(279)	-	-	-	2,186
Corrective Speech	20-100-034-5120-066	820	07/01/19	06/30/20	-	-	715	820	-	(105)	-	-	-	820
Total Special Revenue Fund					-	5,215	268,278	286,781	5,215	(1,882)	-	8,499	25,120	293,279

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Debt Service Fund														
Debt Service Aid - State Support	20-495-034-5120-017	\$ 9,083	07/01/19	06/30/20	\$ -	\$ -	\$ 9,083	\$ 9,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,083
NJ School Development Authority														
Capital Projects Fund														
Bartle School Window Replacement	2150-085-14-1001	494,340	Not applicable		(494,340)	-	-	-	-	(494,340)	-	-	-	494,340
Total Capital Projects Fund					(494,340)	-	-	-	-	(494,340)	-	-	-	494,340
State Department Of Agriculture														
Enterprise Fund														
State School Lunch Program	20-100-010-3350-023	5,945	07/01/19	06/30/20	-	-	4,327	5,945	-	(1,618)	-	-	-	5,945
State School Lunch Program	19-100-010-3350-023	6,650	07/01/18	06/30/19	(1,303)	-	1,303	-	-	-	-	-	-	6,650
Total Enterprise Fund					(1,303)	-	5,630	5,945	-	(1,618)	-	-	-	12,595
Total State Financial Assistance					\$ (912,613)	\$ 5,215	\$ 9,191,378	\$ 9,874,680	\$ 5,215	\$ (1,183,618)	\$ -	\$ 8,499	\$ 420,796	\$ 11,716,542
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002							2,739,920						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004							49,110						
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001							1,034,679						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004							2,593						
Total for State Financial Assistance - Major Program Determination								\$ 6,048,378						

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$3,271) for the general fund and (\$133,027) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

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

	Local	Federal	State	Total
General fund	\$ -	\$ 47,671	\$ 9,569,600	\$ 9,617,271
Special revenue fund	39,007	1,096,391	298,920	1,434,318
Debt service fund	-	-	9,083	9,083
Food service fund	-	252,535	5,945	258,480
Total awards and financial assistance	<u>\$ 39,007</u>	<u>\$ 1,396,597</u>	<u>\$ 9,883,548</u>	<u>\$ 11,319,152</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2020. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the fiscal year ended June 30, 2020.

Note 6 - Adjustments on the Schedule of Federal Awards

On Schedule A; the adjustment for the ESSA Title II A program for the fiscal year 2019 for \$1 represents adjustments to activity to correspond to board financial reports.

Note 7 - Indirect costs

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

Internal Control Over Major Programs:

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

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

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes X No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
		<i>IDEA Special Education Cluster</i>
<i>84.027</i>	<i>H027A180100</i>	<i>IDEA Basic</i>
<i>84.173</i>	<i>H173S180114</i>	<i>IDEA Preschool</i>
<i>84.010A</i>	<i>S010A190030</i>	<i>ESSA Title I A</i>

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2020

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<u>20-495-034-5120-089</u>	<u>State Aid Public Cluster:</u>
<u>20-495-034-5120-078</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Equalization Aid</u>
	<u>Security Aid</u>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

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

Finding 2020-001

Type: Internal control over financial reporting.

Criteria: Staffing of the business office should be adequate to ensure effective and efficient business office operations.

Condition: The business office is not currently staffed to ensure timely and accurate financial reporting.

Cause: Unknown

Effect: The business office is not currently staffed to ensure timely and accurate financial reporting.

Recommendation: The District should perform a review of the staffing of the business office to determine if it is adequate for the effective completion of the duties required of the office.

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2020-002

Type: Internal control over financial reporting.

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

Condition: The District has not received NJ SDA funding from one of the three completed facility projects.

Cause: Unknown

Effect: By not collecting the SDA award funding, the District had to take an interfund loan from the general fund to complete the projects. Also, as more time elapses, there is an increased risk that the District will be unable to collect the funds.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings (continued)

Finding 2020-002 (continued)

Recommendation: The District should make a continuing effort to collect the NJ Schools Development Authority award funds receivable for one completed facility project in the capital projects fund.

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan which includes utilizing the assistance of a contracted specialist.

This was a finding in the prior year.

Finding 2020-003

Type: Internal control over financial reporting.

Criteria: The District should maintain financial records for all accounts on a timely basis.

Condition: Bank reconciliations for the athletic bank account were not prepared on a timely basis.

Cause: Difficulties encountered for maintaining this account were compounded because of turnover of employees in the business office.

Effect: Bank reconciliations for the athletic bank account were not prepared on a timely basis.

Recommendation: The District should ensure that procedures are in place guaranteeing that bank reconciliations for the athletic bank account are prepared on a timely basis.

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2020-004

Type: Internal control over financial reporting.

Criteria: Bank account reconciliations should agree with board secretary records and not include aged reconciling items.

Condition: Bank account reconciliations included reconciling items in excess of one year old. These items were excluded, in some instances, from the board secretary records.

Cause: Unknown

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings (continued)

Finding 2020-004 (continued)

Effect: Bank reconciliations prepared by the treasurer include aged reconciling items in excess of one year old and outstanding checks not reflected in the board secretary records.

Recommendation: Investigate and adjust outstanding checks and reconciling items not in agreement with the board secretary records and liquidate amounts due within District bank accounts in a timely manner.

Finding 2020-005

Criteria: The reserve for encumbrances included several items requiring adjustment or cancellation.

Condition: Reserve for encumbrances listings were not reconciled to amounts that were actually outstanding.

Cause: Unknown

Effect: The District had encumbrances that should have been canceled or reclassified.

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

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan which includes periodic review of open purchase orders and communication with staff as to proper disposition.

Finding 2020-006

Criteria: Outstanding balances due to the District from individuals participating in the school breakfast and lunch programs should be reviewed for accuracy.

Condition: Outstanding balances due to the District included amounts that were improperly entered into the point-of-sale system as paid amounts.

Cause: Unknown

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings (continued)

Finding 2020-006 (continued)

Effect: Outstanding balances due to the District required adjustment for amounts that were improperly entered into the point-of-sale system and determined to be uncollectable.

Recommendation: Procedures should be implemented to investigate and adjust outstanding balances due to the District in a timely manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan which includes working together more closely with the food service manager and continuously scrutinizing outstanding balances.

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

There were no findings or questioned costs for the year ended June 30, 2020 for federal awards.

There was one finding for the year ended June 30, 2020 for state financial assistance that is listed in Section II as finding number 2020-004.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2020

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings except for the following. The District has taken corrective action for recommendation 2019-01 and a continuing effort to collect funds due from the District for NJ School Development Authority has been included as recommendation number 2020-02.

SUPPLEMENTAL SCHEDULES - SINGLE AUDIT

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Supplemental Schedules – Single Audit
June 30, 2020

The State of New Jersey Department of Education completed a review of funds received and disbursed from federal programs which resulted in findings and recommendations. Our review of findings, recommendations and corrective actions are summarized as follows.

ESSA Title I

Finding 1: The district does not have clear and distinguishable identification criteria for its Title I students.

Corrective action: Entrance and exit criteria were created along with benchmarks and spreadsheets to maintain accurate and clear classification of Title I students.

Auditor comment: Corrective action was effectively taken.

Finding 2: The district was unable to provide documentation of a distinct Title I program at the high school.

Corrective action: The high school created a portfolio enrichment process, as well as entrance and exit criteria along with benchmark assessments to provide accurate documentation of Title I program.

Auditor comment: Corrective action was taken but was delayed due to the COVID-19 pandemic.

Finding 3: Notification letters sent to parents/guardians of identified Title I students did not include clearly defined entrance and exit criteria.

Corrective action: Revised letters were created to include both entrance and exit criteria and are individualized for each student.

Auditor comment: Corrective action was effectively taken.

Finding 4: The district did not provide both district level and school-level Title I parent and family engagement policies for all four Title I schools.

Corrective action: Policies were created for parent involvement.

Auditor comment: Corrective action was effectively taken.

Finding 5: The district provided limited evidence of convening an annual Title I parent meeting.

Corrective action: Annual meetings will be held for parents/guardians of Title I students, either virtually or in-person.

Auditor comment: Corrective action was effectively taken.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Supplemental Schedules – Single Audit (continued)
June 30, 2020

ESSA Title I (continued)

Finding 6: There is no evidence that the school district provides any outreach to engage parents and families of students receiving Title I services.

Corrective action: Annual meetings will be held for parents/guardians of Title I students, either virtually or in-person. Meeting schedules and policies will also be posted on the school's website.

Auditor comment: Corrective action was effectively taken.

Finding 7: The district did not provide information regarding the ELL parent notification letter to parents in multiple languages.

Corrective action: The district hired Spanish and Chinese translators and utilized Google translate for other languages of students and families. The documentation was made available in multiple languages and both sent to parents and posted on the school's website.

Auditor comment: Corrective action was effectively taken.

Finding 8: The district's use of Title I funds for a bus to transport two students to freshman orientation at the high school is an unallowable cost.

Corrective action: The costs were reversed and charged to an appropriate expense.

Auditor comment: Corrective action was effectively taken.

Finding 9: The district's policy on Educational Stability of Children in Foster Care includes incorrect information regarding the LEA Point of Contact (POC).

Corrective action: Policies were revised and the duties of the educational stability POC and the homeless liaison POC were divided between two different employees.

Auditor comment: Corrective action is ongoing and will be implemented as of March 2021.

Finding 10: The district did not provide evidence of meaningful and ongoing consultation with non-public school officials. The district was also unable to articulate how programs/services will be provided to identified nonpublic students.

Corrective action: Meetings with non-public school officials are to be held three times per year. Phone calls and emails with the non-public school officials were made during the school year due to COVID-19. The district also implemented documentation regarding the methods of enrichment program process for non-public students.

Auditor comment: Corrective action was effectively taken.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Supplemental Schedules – Single Audit (continued)
June 30, 2020

IDEA

Finding 1: The district did not consistently document in the IEPs of students removed from the general education setting for more than twenty percent of the school day.

Corrective action: Procedures are to be established, training for the child study team members regarding placement of students, and quarterly and annual review meetings to be held.

Auditor comment: Corrective action is still ongoing as of the date of this report.

Finding 2: The district did not consistently conduct reevaluations within three years of the previous classification date for students eligible for speech-language services.

Corrective action: Compliance reports are to be reviewed monthly during the school year and reevaluation procedures are to be established. As well as training for speech-language specialists and compliance meetings.

Auditor comment: Corrective action is still ongoing as of the date of this report.

Finding 3: The district did not consistently ensure that required participants, specifically general education teachers, were in attendance at meetings for eligible for speech services.

Corrective action: Meeting attendance sheets to be reviewed, meeting procedures to be established and training to be put into place to ensure speech-language specialists are in compliance with all requirements.

Auditor comment: Corrective action was effectively taken.