

**HIGHLAND PARK BOROUGH
PUBLIC SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2021

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



**HIGHLAND PARK BOROUGH PUBLIC
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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March 31, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Highland Park School District (the School District) for the fiscal year ended June 30, 2021 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 Annual Comprehensive 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 2020-2021 Fiscal Year with an average enrollment of 1,533 students, which is 71 fewer students than the previous year’s enrollment. This is a direct impact of the pandemic and challenges related to remote learning. 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
2020-21	1,533	-4.4%
2019-20	1,604	0.3 %
2018-19	1,599	-0.4 %
2017-18	1,605	0.4 %
2016-17	1,598	-0.1 %

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.

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, as well as expanding the use of technology devices to students in all grades, in order to accommodate virtual learning, in response to the COVID-19 pandemic. This included the continued upgrading of the air filtration systems in all schools, in preparation for the reopening of schools for in-person instruction, which took place throughout the year, in phases.

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, 2021.

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.

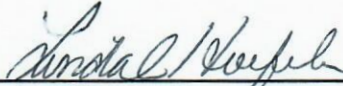
ACKNOWLEDGMENTS

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. Kristina Nicosia
Acting Superintendent of Schools



Linda A. Hoefele
Business Administrator/Board Secretary

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

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Mr. Mark Krieger	President	12/31/2022
Ms. Anne Gowen	Vice-President	12/31/2023
Ms. Marilyn Pruce		12/31/2021
Ms. Monique Coleman		12/31/2021
Mr. Robert Magaziner		12/31/2021
Mr. Christopher Woodward		12/31/2022
Ms. Darcie Cimarusti		12/31/2022
Ms. Michelle McFadden-DiNicola		12/31/2023
Mr. Robert Roslewicz		12/31/2023

<u>Other Officials</u>	<u>Title</u>
Dr. Scott Taylor	Superintendent of Schools (until 6/30/2021)
Dr. Kristina Nicosia	Acting Superintendent of Schools (effective 7/1/2021)
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, 2021**

Jonathan Busch, Esq.
Busch Law Group, LLC
450 Main Street
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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. The District also adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

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.

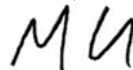
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 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

March 31, 2022
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, 2021
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, 2021. 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 2021 are as follows:

- General revenues accounted for \$50,602,072 in revenues, or 95.37% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,457,498, or 4.63% of total revenues of \$53,059,570.
- The School District had \$51,156,625 in expenses; only \$2,457,498 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 \$39,537,788 in revenues and \$37,732,106 in expenditures. After accounting for net other financing sources of \$164,782; the general fund's balance increased by \$1,970,464 from the previous year.

USING THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

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, 2021
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 2021?" 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, 2021
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 Funds

The enterprise funds use 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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Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position as of June 30, 2021, and a comparison with net position as of June 30, 2020. The comparison between the years shows an increase in total net position of \$1,902,945.

Table 1
Net Position

	06/30/21	06/30/20	Variance	
			Dollars	%
Current & other assets	\$ 17,606,067	\$ 5,189,039	\$ 12,417,028	239.29%
Capital assets	33,208,941	34,060,604	(851,663)	-2.50%
Total assets	<u>50,815,008</u>	<u>39,249,643</u>	<u>11,565,365</u>	<u>29.47%</u>
Deferred amount on refunding bond issue	725,850	566,467	159,383	28.14%
Deferred pension activity	2,169,603	2,384,701	(215,098)	-9.02%
Total deferred outflow of resources	<u>2,895,453</u>	<u>2,951,168</u>	<u>(55,715)</u>	<u>-1.89%</u>
Long-term liabilities	23,683,083	24,852,977	(1,169,894)	-4.71%
Other liabilities	12,198,681	1,600,007	10,598,674	662.41%
Total liabilities	<u>35,881,764</u>	<u>26,452,984</u>	<u>9,428,780</u>	<u>35.64%</u>
Deferred pension activity	2,766,861	2,588,936	177,925	6.87%
Total deferred inflow of resources	<u>2,766,861</u>	<u>2,588,936</u>	<u>177,925</u>	<u>6.87%</u>
Net position				
Net investment in capital assets	17,739,791	17,055,604	684,187	4.01%
Restricted	2,231,545	1,435,015	796,530	55.51%
Unrestricted	<u>(4,909,500)</u>	<u>(5,331,728)</u>	<u>422,228</u>	<u>-7.92%</u>
Total net position	<u>\$ 15,061,836</u>	<u>\$ 13,158,891</u>	<u>\$ 1,902,945</u>	<u>14.46%</u>

The unrestricted net position at June 30, 2021 of (\$4,909,500) 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 \$729,007 for compensated absences, a liability that will be partially offset by reduced salary outlays in future budget years. The increase in Current and other assets and other liabilities represents monies held for remaining payments of the 2012 series bonds and will be fully liquidated on March 1, 2022.

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Table 2 provides a summary of the School District's changes in net position in fiscal year ending June 30, 2021 with comparisons to fiscal year ending June 30, 2020.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/21	06/30/20	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 144,123	\$ 681,129	\$ (537,006)	-78.84%
Operating grants	2,313,375	1,692,798	620,577	36.66%
General revenues				
Property taxes	30,356,105	29,792,736	563,369	1.89%
Unrestricted grants	20,188,703	15,503,139	4,685,564	30.22%
Other	57,264	51,612	5,652	10.95%
Total revenues	<u>53,059,570</u>	<u>47,721,414</u>	<u>5,338,156</u>	11.19%
Program expenses				
Instruction				
Regular	18,043,621	16,004,769	2,038,852	12.74%
Special	9,371,889	7,787,243	1,584,646	20.35%
Other	1,169,014	1,195,927	(26,913)	-2.25%
Support services				
Tuition	3,071,281	3,340,324	(269,043)	-8.05%
Student & instructional staff	9,057,324	7,413,039	1,644,285	22.18%
General & business administration	2,113,509	1,755,234	358,275	20.41%
School administration	2,861,773	2,737,032	124,741	4.56%
Maintenance	2,857,362	2,925,188	(67,826)	-2.32%
Transportation	1,364,769	1,732,599	(367,830)	-21.23%
Charter schools	246,678	293,186	(46,508)	-15.86%
Interest on long-term debt	605,601	560,470	45,131	8.05%
Food service	253,445	488,437	(234,992)	-48.11%
Community service programs	140,359	343,817	(203,458)	-59.18%
Total expenses	<u>51,156,625</u>	<u>46,577,265</u>	<u>4,579,360</u>	9.83%
Increases (decreases) before				
Special items	<u>1,902,945</u>	<u>1,144,149</u>	<u>758,796</u>	66.32%
Special items				
Transfers	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>	-100.00%
Total special items	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>	-100.00%
Increase (decrease) in net position	<u>\$ 1,902,945</u>	<u>\$ 1,124,149</u>	<u>\$ 778,796</u>	69.28%

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Governmental Activities

Property taxes made up 57.49% of revenues for governmental funds for the Highland Park Borough Public School District for fiscal year 2021. The District's total revenues for governmental funds were \$52,800,918 for the fiscal year ended June 30, 2021. 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 \$18,667.
- Charges for services represent \$4,784 of revenue, or 2.04 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 \$225,937.

Before and After School Child Care Program

- The Before and After School Child Care Program had revenues of \$23,874 and operating expenses of \$140,359. The net loss for fiscal year 2021 was \$116,485.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2021 with comparisons to fiscal year ending June 30, 2020.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 28,584,524	\$ 24,987,939	\$ 27,716,370	\$ 24,262,184
Support services				
Tuition	3,071,281	3,340,324	2,716,149	2,952,506
Student & instructional staff	9,057,324	7,413,039	8,282,863	7,057,005
General & business administration	2,113,509	1,755,234	2,113,509	1,755,234
School administration	2,861,773	2,737,032	2,733,590	2,612,476
Plant operations & maintenance	2,857,362	2,925,188	2,782,047	2,888,307
Pupil transportation	1,364,769	1,732,599	1,363,022	1,732,599
Charter schools	246,678	293,186	246,678	293,186
Interest on long-term debt	605,601	560,470	605,601	560,470
Total expenses	<u>\$ 50,762,821</u>	<u>\$ 45,745,011</u>	<u>\$ 48,559,829</u>	<u>\$ 44,113,967</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 70.33%, continues to be from local sources including tax levy, outside tuition, and miscellaneous revenues. State aid and federal aid represents approximately 29.67% of the total revenues.

The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021:

Revenues	Amount	Percentage of Total	Increase/ (Decrease) From Prior Year	Percentage Increase (Decrease)
Local Sources				
Tax levy				
General	\$ 28,486,632	65.48%	\$ 558,562	2.00%
Debt service	1,869,473	4.30%	4,807	0.26%
Other revenues	239,969	0.55%	(46,856)	-16.34%
State Aid	11,200,975	25.75%	1,323,372	13.40%
Federal Aid	1,707,496	3.92%	563,434	49.25%
Total	<u>\$ 43,504,545</u>	100.00%	<u>\$ 2,403,319</u>	5.85%

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
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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, 2021:

<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	\$ 39,253,962	94.06%	\$ 1,582,357	4.20%
Capital outlay	340,122	0.81%	104,372	44.27%
Charter schools	246,678	0.59%	(46,508)	-15.86%
Debt service				
Principal	1,485,000	3.56%	100,000	7.22%
Interest	409,311	0.98%	(133,461)	-24.59%
Total	<u>\$ 41,735,073</u>	100.00%	<u>\$ 1,606,760</u>	4.40%

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 2021 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 required maintenance for school facilities
- Unplanned legal settlement costs and judgements against the District
- Reclassification of several expenditures

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
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CAPITAL ASSETS

Table 4 provides a summary of the School District's capital assets net of depreciation and amortization for fiscal years 2021 and 2020. At the end of fiscal year 2021, the District had \$33,208,941 invested in land, buildings, capital lease, machinery and equipment.

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

	06/30/21	06/30/20	Variance	
			Dollars	%
Land	\$ 415,000	\$ 415,000	\$ -	0.00%
Land improvements	276,345	307,590	(31,245)	-10.16%
Buildings & improvements	32,146,296	33,165,465	(1,019,169)	-3.07%
Capital lease	202,939	-	202,939	100.00%
Furniture & equipment	168,361	172,549	(4,188)	-2.43%
Total	<u>\$ 33,208,941</u>	<u>\$ 34,060,604</u>	<u>\$ (851,663)</u>	<u>-2.50%</u>

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, 2021, the amount of \$4,525,000 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 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 \$335,000 remains outstanding on the new refunding issue at June 30, 2021. In 2020, the School District issued a second refunding issue for the October 2012 issue in the amount of \$11,400,000. As of June 30, 2021 the amount of \$11,335,000 remains outstanding.

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, 2021 is \$55,756,354. General obligation authorized debt at June 30, 2021 is \$16,195,000, resulting in a legal debt margin of \$39,561,354.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Management’s Discussion and Analysis
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Table 5 provides a summary of the School District’s outstanding long-term debt at June 30, 2021 with comparisons to June 30, 2020.

Table 5
Outstanding Long-Term Liabilities at Year-End

	06/30/21	06/30/20	Variance	
			Dollars	%
2012 refunding bonds for 2005 issue	\$ 335,000	\$ 11,380,000	\$ (11,045,000)	-97.06%
2016 refunding bonds for 2006 issue	4,525,000	5,625,000	(1,100,000)	-19.56%
2020 refunding bonds for 2012 issue	11,335,000	-	11,335,000	100.00%
Unamortized Bond Premium	25,960	233,640	(207,680)	-88.89%
PERS net pension liability	6,552,726	6,927,195	(374,469)	-5.41%
Capital lease	180,390	-	180,390	100.00%
Compensated absences	729,007	687,142	41,865	6.09%
Total	<u>\$ 23,683,083</u>	<u>\$ 24,852,977</u>	<u>\$ (1,169,894)</u>	<u>-4.71%</u>

FOR THE FUTURE

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

CONTACTING THE SCHOOL DISTRICT

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

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,026,363	\$ 144,539	\$ 2,170,902
Internal balances	(13,368)	13,368	-
Receivables, net	2,330,170	74,985	2,405,155
Inventory	-	7,714	7,714
Restricted assets			
Capital reserve account - cash	1,310,760	-	1,310,760
Emergency reserve account - cash	150,667	-	150,667
Maintenance reserve account - cash	197,761	-	197,761
Scholarship - cash	75,044	-	75,044
Student activities - cash	140,216	-	140,216
Unemployment claims - cash	75,961	-	75,961
Capital projects - cash	11,071,887	-	11,071,887
Capital assets, net			
Land and construction in progress	415,000	-	415,000
Other capital assets, net of depreciation and amortization	32,729,513	64,428	32,793,941
Total assets	50,509,974	305,034	50,815,008
Deferred outflows of resources			
Deferred amount on pension activity	2,169,603	-	2,169,603
Deferred amount on refunding bond issue	725,850	-	725,850
Total deferred outflows of resources	2,895,453	-	2,895,453
Liabilities			
Accounts payable	484,067	17,789	501,856
Accrued interest	204,586	-	204,586
Payables to other governments	29,420	-	29,420
Payroll deductions and withholdings payable	189,551	-	189,551
Unearned revenue	78,441	16,121	94,562
Unemployment compensation	83,706	-	83,706
Other current liabilities	21,934	1,179	23,113
Due to fiscal agent	11,071,887	-	11,071,887
Long-term liabilities			
Due within one year	1,687,407	-	1,687,407
Due beyond one year	21,995,676	-	21,995,676
Total liabilities	35,846,675	35,089	35,881,764
Deferred inflows of resources			
Deferred amount on pension liability	2,766,861	-	2,766,861

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 17,675,363	\$ 64,428	\$ 17,739,791
Restricted for			
Capital reserve fund	1,310,760	-	1,310,760
Emergency reserve fund	150,667	-	150,667
Maintenance reserve fund	197,761	-	197,761
Scholarship	75,044	-	75,044
Student activities	140,301	-	140,301
Unemployment claims	17,917	-	17,917
Capital projects fund	292,397	-	292,397
Debt service	46,698	-	46,698
Unrestricted	<u>(5,115,017)</u>	<u>205,517</u>	<u>(4,909,500)</u>
Total net position	<u>\$ 14,791,891</u>	<u>\$ 269,945</u>	<u>\$ 15,061,836</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,979,665	\$ -	\$ -	\$ 46,698	\$ 2,026,363
Due from other funds	603,383	-	-	-	603,383
Receivables from other governments					
State	1,069,104	-	299,408	-	1,368,512
Federal	-	761,932	-	-	761,932
Local	165,352	-	-	-	165,352
Other accounts receivable	11,952	22,422	-	-	34,374
Restricted cash and equivalents	1,735,149	215,260	11,071,887	-	13,022,296
Total assets	\$ 5,564,605	\$ 999,614	\$ 11,371,295	\$ 46,698	\$ 17,982,212
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 379,005	\$ 105,062	\$ -	\$ -	\$ 484,067
Due to other funds	13,269	596,471	7,011	-	616,751
Payroll deductions and withholdings payable	189,551	-	-	-	189,551
Payable to other governments					
State	2,315	27,105	-	-	29,420
Other current liabilities	21,934	-	-	-	21,934
Unearned revenue	-	78,441	-	-	78,441
Due to fiscal agent	-	-	11,071,887	-	11,071,887
Unemployment compensation claims payable	83,706	-	-	-	83,706
Total liabilities	689,780	807,079	11,078,898	-	12,575,757

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2021

	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	\$ 1,310,760	\$ -	\$ -	\$ -	\$ 1,310,760
Emergency reserve account	150,667	-	-	-	150,667
Maintenance reserve account	197,761	-	-	-	197,761
Scholarships	-	75,044	-	-	75,044
Student activities	-	140,301	-	-	140,301
Unemployment claims	17,917	-	-	-	17,917
Capital projects	-	-	292,397	-	292,397
Committed fund balance					
Year-end encumbrances	165,389	-	-	-	165,389
Assigned fund balance					
Designated for subsequent year's expenditures	1,728,054	-	-	39,030	1,767,084
Unassigned fund balance	1,304,277	(22,810)	-	7,668	1,289,135
Total fund balances	<u>4,874,825</u>	<u>192,535</u>	<u>292,397</u>	<u>46,698</u>	<u>5,406,455</u>
Total liabilities and fund balances	<u>\$ 5,564,605</u>	<u>\$ 999,614</u>	<u>\$ 11,371,295</u>	<u>\$ 46,698</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 \$54,006,724 and the accumulated depreciation is \$20,862,211.	33,144,513
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(597,258)
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.	(23,683,083)
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 \$1,919,225 and the accumulated amortization is \$1,193,375.	725,850
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(204,586)</u>
Total net position of governmental activities	<u>\$ 14,791,891</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 28,486,632	\$ -	\$ -	\$ 1,869,473	\$ 30,356,105
Tuition - individuals	40,239	-	-	-	40,239
Interest on investments	2,524	-	-	-	2,524
Rents and royalties	600	-	-	-	600
Local contributions	-	146,012	-	-	146,012
Miscellaneous	50,594	-	-	-	50,594
Total	28,580,589	146,012	-	1,869,473	30,596,074
State sources	10,893,385	297,744	-	9,846	11,200,975
Federal sources	63,814	1,643,682	-	-	1,707,496
Total revenues	39,537,788	2,087,438	-	1,879,319	43,504,545
Expenditures					
Current					
Instructional					
Regular instruction	7,831,094	568,455	-	-	8,399,549
Special education instruction	3,831,453	14,410	-	-	3,845,863
Other special instruction	344,576	217,358	-	-	561,934
Other instruction	781,789	-	-	-	781,789
Support service and undistributed costs					
Tuition	2,716,149	355,132	-	-	3,071,281
Student and instruction related services	4,114,003	732,681	-	-	4,846,684
General and business administrative services	1,164,006	-	152,201	-	1,316,207
School administrative services	1,434,677	128,183	-	-	1,562,860
Plant operations and maintenance	2,539,825	-	-	-	2,539,825
Pupil transportation	1,351,041	1,747	-	-	1,352,788
Unallocated benefits	11,031,186	96,197	-	-	11,127,383

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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 291,606	\$ 48,516	\$ -	\$ -	\$ 340,122
Charter school	246,678	-	-	-	246,678
Debt service					
Principal	-	-	-	1,485,000	1,485,000
Interest and other charges	54,023	-	-	355,288	409,311
Total expenditures	<u>37,732,106</u>	<u>2,162,679</u>	<u>152,201</u>	<u>1,840,288</u>	<u>41,887,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,805,682</u>	<u>(75,241)</u>	<u>(152,201)</u>	<u>39,031</u>	<u>1,617,271</u>
Other financing sources (uses)					
Transfers in	-	60,706	-	7,667	68,373
Transfers out	(60,706)	-	(7,667)	-	(68,373)
Capital lease proceeds	225,488	-	-	-	225,488
Proceeds from bond issues	-	-	11,400,000	-	11,400,000
Payment to refunding bond agent	-	-	(11,240,132)	-	(11,240,132)
Total other financing sources (uses)	<u>164,782</u>	<u>60,706</u>	<u>152,201</u>	<u>7,667</u>	<u>385,356</u>
Net change in fund balance	1,970,464	(14,535)	-	46,698	2,002,627
Fund balances, July 1 (as restated)	<u>2,904,361</u>	<u>207,070</u>	<u>292,397</u>	<u>-</u>	<u>3,403,828</u>
Fund balances, June 30	<u>\$ 4,874,825</u>	<u>\$ 192,535</u>	<u>\$ 292,397</u>	<u>\$ 46,698</u>	<u>\$ 5,406,455</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, 2021

Total net changes in fund balances - Governmental fund (from B-2) \$ 2,002,627

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	\$ 295,024	
Depreciation and amortization expense	<u>(1,147,587)</u>	(852,563)

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

Proceeds from refunding bond issue	(11,400,000)
------------------------------------	--------------

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

Bond principal payments	1,485,000	
Lease principal payments	45,098	
Payment to refunding bond agent	<u>11,240,132</u>	12,770,230

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
------------------------------	--------

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.

(18,554)

See accompanying notes to financial statements.

**HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2021**

<p>In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.</p>	<p>\$ (174,029)</p>
<p>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.</p>	<p>(48,221)</p>
<p>Governmental funds report capital lease proceeds as financing sources whereas issuing debt increased long-term liabilities in the government-wide statements.</p>	<p>(225,488)</p>
<p>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.</p>	<p><u>(41,865)</u></p>
<p>Change in net position of governmental activities</p>	<p><u>\$ 2,038,097</u></p>

See accompanying notes to financial statements.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Fund Net Position
June 30, 2021

	Food Service Fund	Before and After School Child Care Fund	Total
Asset			
Current assets			
Cash and cash equivalents	\$ 75,507	\$ 69,032	\$ 144,539
Due from other funds	15,967	-	15,967
Receivables from other governments			
State	1,792	-	1,792
Federal	45,431	-	45,431
Other receivables	27,762	-	27,762
Inventory	7,714	-	7,714
Total current assets	174,173	69,032	243,205
Noncurrent assets			
Capital assets	190,484	-	190,484
Less: accumulated depreciation	126,056	-	126,056
Total noncurrent assets	64,428	-	64,428
Total assets	238,601	69,032	307,633
Liabilities			
Current liabilities			
Due to other funds	-	2,599	2,599
Accounts payable	16,830	959	17,789
Unearned revenues			
Commodities	997	-	997
Prepaid sales	15,099	25	15,124
Other current liabilities	-	1,179	1,179
Total liabilities	32,926	4,762	37,688
Net position			
Net investment in capital assets	64,428	-	64,428
Unrestricted	141,247	64,270	205,517
Total net position	\$ 205,675	\$ 64,270	\$ 269,945

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, 2021

	Food Service Fund	Before and After School Child Care Fund	Total
Operating revenues			
Charges for services			
Daily sales - non-reimbursable programs	\$ 102	\$ -	\$ 102
Special function sales	4,682	-	4,682
Before and after school child care service fees	-	23,785	23,785
Total operating revenues	<u>4,784</u>	<u>23,785</u>	<u>28,569</u>
Operating expenses			
Cost of sales - reimbursable programs	73,530	-	73,530
Commodity costs	30,809	-	30,809
Salaries	73,981	113,743	187,724
Employee benefits	33,110	8,701	41,811
Purchased professional and technical services	4,962	-	4,962
Purchased property services	1,528	-	1,528
Other purchased services			
Management fee	9,140	-	9,140
Insurance	2,020	-	2,020
Other purchased services	3,084	11,538	14,622
General supplies	9,719	6,377	16,096
Miscellaneous	3,565	-	3,565
Depreciation	7,997	-	7,997
Total operating expenses	<u>253,445</u>	<u>140,359</u>	<u>393,804</u>
Operating income (loss)	<u>(248,661)</u>	<u>(116,574)</u>	<u>(365,235)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	6,851	-	6,851
Federal sources			
National school breakfast program	64,148	-	64,148
National school lunch program			
Cash assistance	124,129	-	124,129
Non cash assistance (commodities)	30,809	-	30,809
Miscellaneous	4,057	89	4,146
Total non-operating revenues (expenses)	<u>229,994</u>	<u>89</u>	<u>230,083</u>
Change in net position	(18,667)	(116,485)	(135,152)
Net position, beginning	<u>224,342</u>	<u>180,755</u>	<u>405,097</u>
Net position, ending	<u>\$ 205,675</u>	<u>\$ 64,270</u>	<u>\$ 269,945</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, 2021

	Food Service Fund	Before and After School Child Care Fund	Total
Cash flows from operating activities			
Receipts from services provided (net)	\$ 10,007	\$ 23,785	\$ 33,792
Payments to employees	-	(118,256)	(118,256)
Payments for employee benefits	-	(8,701)	(8,701)
Payments to Food Service Management Co. (net)	(193,930)	-	(193,930)
Payments to vendors and customers (net)	(6,981)	(17,186)	(24,167)
Net cash provided by (used for) operating activities	<u>(190,904)</u>	<u>(120,358)</u>	<u>(311,262)</u>
Cash flows from non-capital financing activities			
State sources	6,677	-	6,677
Federal sources	150,923	-	150,923
Interfund activity	47,282	-	47,282
Miscellaneous	4,057	89	4,146
Net cash provided by (used for) non-capital financing activities	<u>208,939</u>	<u>89</u>	<u>209,028</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	<u>(8,897)</u>	<u>-</u>	<u>(8,897)</u>
Net cash provided by (used for) capital and related financing activities	<u>(8,897)</u>	<u>-</u>	<u>(8,897)</u>
Net increase (decrease) in cash and cash equivalents	9,138	(120,269)	(111,131)
Cash and cash equivalents, beginning	<u>66,369</u>	<u>189,301</u>	<u>255,670</u>
Cash and cash equivalents, ending	<u>\$ 75,507</u>	<u>\$ 69,032</u>	<u>\$ 144,539</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, 2021

	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)	\$ (248,661)	\$ (116,574)	\$ (365,235)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	7,997	-	7,997
Federal food donation program	30,809	-	30,809
(Increase) decrease in due from other funds	5,225	-	5,225
(Increase) decrease in accounts receivable	4,123	-	4,123
(Increase) decrease in inventory	598	-	598
Increase (decrease) in accounts payable	9,890	648	10,538
Increase (decrease) in due to other funds	-	(4,513)	(4,513)
Increase (decrease) in unearned revenues	(763)	-	(763)
Increase (decrease) in other current liabilities	(122)	81	(41)
	<u>\$ (190,904)</u>	<u>\$ (120,358)</u>	<u>\$ (311,262)</u>
Net cash provided by (used for) operating activities	<u>\$ (190,904)</u>	<u>\$ (120,358)</u>	<u>\$ (311,262)</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Middlesex, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K to 12. The District had an approximate enrollment at June 30, 2021 of 1,552 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.

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are 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.

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. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

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:

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)

Proprietary Fund types

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.

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

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

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, 2021 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 2020-2021 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, 2021.

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 GASB Statement No. 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, 2021, 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, 2021, the District's bank balances of \$16,547,348 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	16,297,348
Total bank balances	\$ 16,547,348

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash and cash equivalents	\$ 15,193,198
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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	\$ 2,026,363
Enterprise funds, Statement of Net Position	B-4	144,539
Restricted cash		
Governmental funds, Balance Sheet	B-1	<u>13,022,296</u>
Total cash		<u>\$ 15,193,198</u>

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 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
Capital assets, being depreciated				
Land improvements	1,171,471	-	-	1,171,471
Building and improvements	51,131,878	43,386	-	51,175,264
Leased assets	-	225,488	-	225,488
Vehicles	15,640	-	-	15,640
Furniture and equipment	<u>977,711</u>	<u>26,150</u>	-	<u>1,003,861</u>
Total	<u>53,296,700</u>	<u>295,024</u>	<u>-</u>	<u>53,591,724</u>
Accumulated depreciation and amortization				
Land improvements	863,881	31,245	-	895,126
Building and improvements	17,966,413	1,062,555	-	19,028,968
Leased assets	-	22,549	-	22,549
Vehicles	15,640	-	-	15,640
Furniture and equipment	<u>868,690</u>	<u>31,238</u>	-	<u>899,928</u>
Total	<u>19,714,624</u>	<u>1,147,587</u>	<u>-</u>	<u>20,862,211</u>
Total capital assets, being depreciated, net	<u>33,582,076</u>	<u>(852,563)</u>	<u>-</u>	<u>32,729,513</u>
Governmental activities capital assets, net	<u>\$ 33,997,076</u>	<u>\$ (852,563)</u>	<u>\$ -</u>	<u>\$ 33,144,513</u>

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	\$ 181,587	\$ 8,897	\$ -	\$ 190,484
Less: accumulated depreciation	(118,059)	(7,997)	-	(126,056)
Business type activities capital assets, net	<u>\$ 63,528</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 64,428</u>

Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 427,721
Special education	197,486
Other special instruction	28,253
Co-curricular activities	62,096
Support services	
Student and instruction	252,249
General and business administration	89,545
School administration	82,341
Plant and maintenance	7,896
Total depreciation and amortization expense, governmental activities	<u>\$ 1,147,587</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 17,005,000	\$ 11,400,000	\$12,210,000	\$ 16,195,000	\$ 1,570,000
Unamortized bond premium	233,640	-	207,680	25,960	25,960
PERS net pension liability	6,927,195	-	374,469	6,552,726	-
Capital leases payable	-	225,488	45,098	180,390	45,098
Compensated absences payable	687,142	126,261	84,396	729,007	46,349
Total governmental activities long-term liabilities	<u>\$ 24,852,977</u>	<u>\$ 11,751,749</u>	<u>\$12,921,643</u>	<u>\$ 23,683,083</u>	<u>\$ 1,687,407</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, 2021 including interest payments are listed as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,570,000	\$ 250,964	\$ 1,820,964
2023	1,610,000	221,285	1,831,285
2024	1,625,000	201,818	1,826,818
2025	1,640,000	181,607	1,821,607
2026	1,885,000	160,579	2,045,579
2027 - 2030	7,865,000	355,577	8,220,577
Total	<u>\$ 16,195,000</u>	<u>\$ 1,371,830</u>	<u>\$ 17,566,830</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2021, 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%.	\$ 335,000
\$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%.	4,525,000
\$11,400,000 - 2020 general obligation refunding bonds, due in annual installments of \$65,000 to \$2,020,000 beginning March 1, 2020 through March 1, 2030, interest at 0.63% to 1.90%.	<u>11,335,000</u>
Totals	<u>\$ 16,195,000</u>

The general obligation bonded debt of the District is limited by State Law to 4% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$55,756,354. General obligation debt at June 30, 2021 is \$16,195,000, resulting in a legal debt margin of \$39,561,354.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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 \$11,240,132 (issue amount of \$11,400,000, less \$159,868 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. The amount of \$11,071,887 reflects monies held in an irrevocable trust for remaining payments of the 2012 series bonds and will be fully liquidated on March 1, 2022.

Capital leases payable

The District entered into a \$225,488 capital lease financing contract with Hunter Technologies, for capital assets involving communication equipment and support. The annual requirements to amortize all capital leases outstanding as of June 30, 2021, including interest payments are listed as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>
2022	\$ 45,098
2023	45,098
2024	45,097
2025	45,097
Total	\$ 180,390

Operating leases

At June 30, 2021, the District had operating lease agreements in effect for 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>	
2022	\$ 96,591
2023	96,591
Total minimum lease payments	\$ 193,182

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 the Division's annual financial statement which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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

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

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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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, 2020 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, 2020 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, 2019 through June 30, 2020. 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.

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 2020, 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)

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

Contributions (continued)

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, 2021 was 19.79% of the District'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, 2020:

Total pension liability	\$	6,552,726
Proportionate Share		0.0401825655%
Plan fiduciary net position as a percentage of the total pension liability		58.32%

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020 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, 2020 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%	3.40%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents the collective net pension liability of as of June 30, 2020 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 (7.00%)	\$ 6,552,726
At a 1% lower rate (6.00%)	8,313,652
At a 1% higher rate (8.00%)	5,153,780

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 119,314	\$ 23,173
Changes of assumptions	212,578	2,743,688
Net difference between projected and actual earnings on pension plan investments	223,977	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,174,157	-
District contributions subsequent to the measurement date	439,577	-
Total	<u>\$ 2,169,603</u>	<u>\$ 2,766,861</u>

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, 2021, the plan measurement date is June 30, 2020) of \$439,577 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

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, 2020 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	\$ 124,334	\$ (5,020)	\$ 119,314
Changes of assumptions	691,706	(479,128)	212,578
Deferred inflows of resources		223,977	223,977
Differences between expected and actual experience	(30,601)	7,428	(23,173)
Changes of assumptions	(2,404,407)	(339,281)	(2,743,688)
Difference between projected and actual earnings on pension plan investments	(109,348)	109,348	-
Net of deferred outflows	<u>\$ (1,728,316)</u>	<u>\$ (482,676)</u>	<u>\$ (2,210,992)</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

2021	\$ (822,247)
2022	(749,640)
2023	(428,400)
2024	(173,238)
2025	(37,467)
Total	<u>\$ (2,210,992)</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, 2021, the District recognized net pension expense of \$458,129, which represents the District's proportionate share of allocable plan pension expense of \$156,572, plus the net amortization of deferred amounts from changes in proportion of \$367,178 less other adjustments to the net pension liability of \$65,621. 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, 2020 measurement date are as follows:

Service cost	\$	309,556
Interest on total pension liability		1,008,628
Benefit Changes		(6,914)
Member contributions		(220,032)
Administrative expense		5,264
Expected investment return net of investment expense		(593,763)
Pension expense related to specific liabilities of individual employers		(2,756)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		71,113
Changes of assumptions		(523,836)
Difference between projected and actual investment earnings on pension plan investments		109,312
Pension expense	\$	156,572

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 Annual Comprehensive Financial Report (ACFR) 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

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

The following represents the membership Tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 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 2020, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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

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

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$2,830,667 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, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 109,091,461
Less: State proportionate share of net pension liability	26,834,756
Net pension liability	\$ 82,256,705

Proportionate share	0.1249175528%
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Plan fiduciary net position as a percentage of the total pension liability	24.60%
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Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2020 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, 2020 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%	3.40%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment grade credit	8.00%	2.67%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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, 2020 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 (5.40%)	\$	82,256,705
At a 1% lower rate (4.40%)		96,620,134
At a 1% higher rate (6.40%)		70,330,289

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, 2020 measurement date are as follows:

Service cost	\$	2,049,020
Interest on total pension liability		5,834,497
Benefit Changes		(20,863)
Member contributions		(1,080,707)
Administrative expense		16,841
Expected investment return net of investment expense		(1,901,278)
Pension expense related to specific liabilities of individual employers		5,920
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		220,809
Changes of assumptions		(492,077)
Difference between projected and actual investment earnings on pension plan investments		482,910
Pension expense	\$	<u>5,115,072</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 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension 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 2021 was \$5,213.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$1,119,713 to the TPAF for postretirement medical benefits, \$66,711 for noncontributory insurance premiums, \$2,250 for long-term disability insurance and \$3,506,259 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 \$977,065 during the fiscal year ended June 30, 2021 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 post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 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 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

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 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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 ACFR at <https://www.nj.gov/treasury/omb/fr.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, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	77,114,247
Employer OPEB expense and related revenue	4,106,586
Allocable proportionate percentage	0.1137211171%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2019	\$ 48,553,308
Service cost	2,271,720
Interest cost	1,756,291
Change of benefit terms	-
Differences between expected and actual experiences	11,748,609
Changes of assumptions	14,086,123
Member contributions	40,691
Gross benefit payments	(1,342,495)
Total OPEB liability at June 30, 2020	<u>\$ 77,114,247</u>

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	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-2020. 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-2020. 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-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2020 was 2.21%. 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

The following presents the total non-employer OPEB liability as of June 30, 2020 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 (2.21%)	\$	77,114,247
At a 1% lower rate (1.21%)		92,965,205
At a 1% higher rate (3.21%)		64,720,324

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	\$	77,114,247
At a 1% lower rate (1% decrease)		62,249,221
At a 1% higher rate (1% increase)		94,815,189

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense (revenue) of \$4,106,586 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 Statement 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

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:

Met Life Insurance
 Equitable
 TIAA-CREF
 Lincoln Investment Planning, Inc.

Note 9 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 603,383	\$ 13,269
Special revenue fund	-	596,471
Capital projects fund	-	7,011
Food service fund	15,967	-
Before and after school childcare fund	-	2,599
Total	\$ 619,350	\$ 619,350

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 \$596,372 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 \$13,269 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 \$99 represents transactions occurring in the special revenue fund affecting the food service fund. The balance due to the food service fund from the before and after school care enterprise fund of \$2,599 represents transactions occurring in the before and after school care enterprise fund affecting the food service fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2021 consisted of the following:

Food	\$ 4,394
Supplies	3,320
Total	\$ 7,714

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities
Litigation

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

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 Annual Comprehensive 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 available for claims of the District's unemployment compensation insurance fund:

Fiscal Year	Board Transfer	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance Available for Claims
2020 - 2021	\$ 20,000	\$ -	\$ 29,233	\$ (83,705)	\$ 17,918
2019 - 2020	20,000	-	29,846	(90,224)	52,390
2018 - 2019	20,000	-	28,663	(77,184)	92,768

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

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 \$600,000 to their capital reserve account, \$150,000 to their emergency reserve and \$100,000 to their maintenance reserve account by Board Resolution in June 2021.

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	\$ 710,760	\$ 600,000	\$ 467,000	\$ 467,000	\$ 1,310,760
Emergency	667	150,000	-	-	150,667
Maintenance	146,611	100,000	-	48,850	197,761
Total	<u>\$ 858,038</u>	<u>\$ 850,000</u>	<u>\$ 467,000</u>	<u>\$ 515,850</u>	<u>\$ 1,659,188</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in capital reserve.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 1,310,760
Emergency reserve account - Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education.	150,667
Maintenance reserve account - Represents funds restricted for required maintenance of school facilities.	197,761
Unemployment - Represents funds accumulated for future unemployment claims	17,917

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.	165,389
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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.	1,703,160
Total fund balance - Budgetary basis (C-1)	5,273,708
Last state aid payments not recognized on GAAP basis	(398,883)
Total fund balance - GAAP basis (exhibit B-1)	\$ 4,874,825

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, 2021 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, 2021 of (\$5,115,017) 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.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$22,810) in the special revenue fund as of June 30, 2021 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

Note 18 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 12,469,214
Additions	
Reserved fund balance - unemployment fund	52,390
Reserved fund balance - scholarship fund	75,385
Reserved fund balance - student activity fund	156,805
Net position, June 30, 2020, as restated	\$ 12,753,794

Note 19 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 2,851,971	\$ (25,120)
Additions		
Reserved fund balance - unemployment fund	52,390	-
Reserved fund balance - scholarship fund	-	75,385
Reserved fund balance - student activity fund	-	156,805
Fund balance, June 30, 2020 as restated	\$ 2,904,361	\$ 207,070

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements

Note 20 - 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 May 2020, 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 21 - 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 22 - Subsequent events

The District has evaluated subsequent events through March 31, 2022, 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, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 28,486,631	\$ -	\$ 28,486,631	\$ 28,486,632	\$ 1
Tuition from individuals	70,000	-	70,000	40,239	(29,761)
Tuition from other LEAs within the state	100,000	-	100,000	-	(100,000)
Rents and royalties	5,000	-	5,000	600	(4,400)
Unrestricted miscellaneous revenues	84,000	-	84,000	53,118	(30,882)
Interest earned on current expense emergency reserve	400	-	400	-	(400)
Interest earned on maintenance reserve	100	-	100	-	(100)
Interest earned on capital reserve funds	500	-	500	-	(500)
Total	<u>28,746,631</u>	<u>-</u>	<u>28,746,631</u>	<u>28,580,589</u>	<u>(166,042)</u>
State sources					
Categorical transportation aid	240,771	-	240,771	240,771	-
Extraordinary aid	300,000	-	300,000	952,329	652,329
Categorical special education aid	1,011,359	(74,941)	936,418	936,418	-
Equalization aid	2,978,764	-	2,978,764	2,978,764	-
Categorical security aid	47,872	-	47,872	47,872	-
Other state aid	-	-	-	68,440	68,440
TPAF Pension (on-behalf)	-	-	-	3,572,970	3,572,970
TPAF Social Security (reimbursed)	-	-	-	977,065	977,065
TPAF Postretirement benefits	-	-	-	1,119,713	1,119,713
TPAF Long-term disability insurance	-	-	-	2,250	2,250
Total	<u>4,578,766</u>	<u>(74,941)</u>	<u>4,503,825</u>	<u>10,896,592</u>	<u>6,392,767</u>
Federal sources					
Medicaid reimbursement	42,000	-	42,000	59,122	17,122
ARRA/SEMI revenue	-	-	-	4,692	4,692
Total	<u>42,000</u>	<u>-</u>	<u>42,000</u>	<u>63,814</u>	<u>21,814</u>
Total revenues	<u>\$ 33,367,397</u>	<u>\$ (74,941)</u>	<u>\$ 33,292,456</u>	<u>\$ 39,540,995</u>	<u>\$ 6,248,539</u>
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 472,596	\$ 3,739	\$ 476,335	\$ 476,335	\$ -
Grades 1-5	2,563,331	(34,786)	2,528,545	2,528,545	-
Grades 6-8	1,638,177	(70,147)	1,568,030	1,568,030	-
Grades 9-12	2,538,930	(28,769)	2,510,161	2,510,161	-
Home instruction					
Salaries of teacher	15,450	11,850	27,300	27,300	-
Purchased professional - educational services	49,229	(1,027)	48,202	27,335	20,867
Regular programs - undistributed instruction					
Other salaries for instruction	169,680	5,837	175,517	175,517	-
Purchased professional - educational services	377,500	(1,195)	376,305	190,465	185,840
Other purchased services	73,030	3,277	76,307	60,474	15,833
General supplies	277,375	(3,072)	274,303	238,413	35,890
Textbooks	25,630	12,952	38,582	28,390	10,192
Other objects	1,782	-	1,782	129	1,653
Total	<u>8,202,710</u>	<u>(101,341)</u>	<u>8,101,369</u>	<u>7,831,094</u>	<u>270,275</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	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	\$ 387,988	\$ (43,273)	\$ 344,715	\$ 344,715	\$ -
Other salaries for instruction	153,075	-	153,075	149,386	3,689
Other purchased services	1,804	-	1,804	1,629	175
General supplies	8,371	-	8,371	1,039	7,332
Total	<u>551,238</u>	<u>(43,273)</u>	<u>507,965</u>	<u>496,769</u>	<u>11,196</u>
Behavioral disabilities					
Salaries of teachers	61,800	-	61,800	60,133	1,667
Other salaries for instruction	42,962	(20,453)	22,509	19,097	3,412
Purchased professional-educational services	342,383	-	342,383	329,401	12,982
General supplies	1,200	-	1,200	204	996
Total	<u>448,345</u>	<u>(20,453)</u>	<u>427,892</u>	<u>408,835</u>	<u>19,057</u>
Resource room/resource center					
Salaries of teachers	1,823,380	190,156	2,013,536	2,013,536	-
Other salaries for instruction	399,326	90,449	489,775	489,775	-
Purchased professional - educational services	-	28,080	28,080	7,610	20,470
Other purchased services	1,854	57	1,911	1,911	-
General supplies	15,512	(58)	15,454	2,081	13,373
Total	<u>2,240,072</u>	<u>308,684</u>	<u>2,548,756</u>	<u>2,514,913</u>	<u>33,843</u>
Autism					
Salaries of teachers	291,568	(18,990)	272,578	220,760	51,818
Other salaries for instruction	118,720	-	118,720	70,078	48,642
General supplies	10,994	-	10,994	5,754	5,240
Total	<u>421,282</u>	<u>(18,990)</u>	<u>402,292</u>	<u>296,592</u>	<u>105,700</u>
Preschool disabilities - part-time					
Salaries of teachers	68,243	18,990	87,233	87,233	-
Other salaries for instruction	36,726	1	36,727	26,966	9,761
General supplies	2,025	(309)	1,716	91	1,625
Total	<u>106,994</u>	<u>18,682</u>	<u>125,676</u>	<u>114,290</u>	<u>11,386</u>
Preschool disabilities - full-time					
General supplies	54	-	54	54	-
Total	<u>54</u>	<u>-</u>	<u>54</u>	<u>54</u>	<u>-</u>
Total special education	<u>3,767,985</u>	<u>244,650</u>	<u>4,012,635</u>	<u>3,831,453</u>	<u>181,182</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Bilingual education - instruction					
Salaries of teachers	\$ 362,607	\$ -	\$ 362,607	\$ 343,769	\$ 18,838
General supplies	2,479	-	2,479	807	1,672
Total	365,086	-	365,086	344,576	20,510
School-sponsored co/extra curricular activities - instruction					
Salaries	210,062	9,662	219,724	219,724	-
Purchased services	25,500	(8,552)	16,948	2,567	14,381
Supplies and materials	11,175	(1,733)	9,442	2,262	7,180
Other objects	8,179	(5,200)	2,979	1,670	1,309
Total	254,916	(5,823)	249,093	226,223	22,870
School-sponsored athletics - instruction					
Salaries	292,933	(496)	292,437	251,388	41,049
Purchased services	62,941	(9,776)	53,165	28,007	25,158
Supplies and materials	16,741	-	16,741	7,074	9,667
Other objects	13,925	-	13,925	7,807	6,118
Total	386,540	(10,272)	376,268	294,276	81,992
Other supplemental/at-risk programs - instruction					
Salaries of reading specialists	290,374	-	290,374	261,290	29,084
Total	290,374	-	290,374	261,290	29,084
Total instruction regular	\$ 13,267,611	\$ 127,214	\$ 13,394,825	\$ 12,788,912	\$ 605,913
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 35,629	\$ -	\$ 35,629	\$ 24,915	\$ 10,714
Tuition to other LEAs within the state - special	967,734	93,442	1,061,176	949,876	111,300
Tuition to cssd. & regional day schools	97,878	-	97,878	505	97,373
Tuition to priv. school for the disabled w/i state	1,786,801	21,092	1,807,893	1,208,223	599,670
Tuition - state facilities	4,500	-	4,500	-	4,500
Tuition - other	629,581	-	629,581	532,630	96,951
Total	3,522,123	114,534	3,636,657	2,716,149	920,508
Undistributed expenditures - attendance & social work					
Salaries	176,330	(7,993)	168,337	168,337	-
Purchased professional and technical services	-	16,732	16,732	16,732	-
Other purchased services	33,500	225	33,725	33,725	-
Total	209,830	8,964	218,794	218,794	-
Undistributed expenditures - health services					
Salaries	284,190	-	284,190	283,437	753
Purchased professional and technical services	36,500	(6,917)	29,583	7,829	21,754
Other purchased services	3,402	-	3,402	1,542	1,860
Supplies and materials	5,923	310	6,233	4,466	1,767
Other objects	270	-	270	255	15
Total	330,285	(6,607)	323,678	297,529	26,149

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - speech, ot, pt & related services					
Salaries	\$ 520,563	\$ (120,894)	\$ 399,669	\$ 399,669	\$ -
Purchased professional - educational services	275,139	186,496	461,635	399,344	62,291
Supplies and materials	8,095	-	8,095	6,064	2,031
Total	803,797	65,602	869,399	805,077	64,322
Undistributed expend - other supp. service stds. - extra service					
Salaries	466,379	20,453	486,832	477,167	9,665
Purchased professional - educational services	319,930	(129,189)	190,741	66,257	124,484
Supplies and materials	13,191	1	13,192	1,911	11,281
Total	799,500	(108,735)	690,765	545,335	145,430
Undistributed expenditures - guidance					
Salaries of other professional staff	560,052	24,331	584,383	584,383	-
Salaries of secretarial and clerical assistants	60,415	5,912	66,327	66,327	-
Other salaries	-	199	199	199	-
Purchased professional - educational services	850	-	850	600	250
Other purchased professional and technical services	1,000	-	1,000	-	1,000
Other purchased services	13,466	(1,309)	12,157	8,265	3,892
Supplies and materials	2,363	-	2,363	1,452	911
Other objects	585	845	1,430	845	585
Total	638,731	29,978	668,709	662,071	6,638
Undistributed expenditures - child study teams					
Salaries of other professional staff	606,001	(64,235)	541,766	541,766	-
Salaries of secretarial and clerical assistants	136,387	9,307	145,694	145,694	-
Other salaries	2,060	11,695	13,755	13,755	-
Purchased professional - educational services	38,300	-	38,300	24,913	13,387
Other purchased professional and technical services	31,415	36,315	67,730	46,583	21,147
Other purchased services	35,180	-	35,180	18,830	16,350
Supplies and materials	13,824	-	13,824	9,054	4,770
Other objects	3,031	-	3,031	2,311	720
Total	866,198	(6,918)	859,280	802,906	56,374
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	208,195	8,674	216,869	216,869	-
Salaries of other professional staff	17,723	216	17,939	17,939	-
Salaries of secretarial and clerical assist	4,153	-	4,153	4,032	121
Other salaries	6,184	-	6,184	-	6,184
Other purchased services	1,299	-	1,299	349	950
Supplies and materials	1,725	1,156	2,881	1,477	1,404
Other objects	1,575	(21)	1,554	920	634
Total	240,854	10,025	250,879	241,586	9,293

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 185,414	\$ 5,683	\$ 191,097	\$ 191,097	\$ -
Salaries of technology coordinators	156,010	27,170	183,180	183,180	-
Other purchased services	12,401	(401)	12,000	11,173	827
Supplies and materials	10,572	1,487	12,059	11,764	295
Total	364,397	33,939	398,336	397,214	1,122
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	94,895	(16,913)	77,982	77,982	-
Other salaries	3,518	19,024	22,542	22,542	-
Purchased professional - educational services	44,554	(11,875)	32,679	28,743	3,936
Other purchased services	32,348	(20,628)	11,720	8,946	2,774
Supplies and materials	4,350	844	5,194	2,434	2,760
Other objects	3,555	20	3,575	2,844	731
Total	183,220	(29,528)	153,692	143,491	10,201
Undistributed expend. - support service - general admin.					
Salaries	267,055	27,218	294,273	269,364	24,909
Legal services	90,000	13,184	103,184	103,184	-
Audit fees	38,000	-	38,000	36,850	1,150
Architectural/engineering services	3,000	-	3,000	-	3,000
Other purchased professional services	22,285	(6,626)	15,659	12,827	2,832
Communications/telephone	102,643	(28,348)	74,295	72,585	1,710
BOE other purchased services	4,229	-	4,229	2,844	1,385
Misc. purch services	139,730	14,652	154,382	146,140	8,242
General supplies	10,140	-	10,140	6,997	3,143
BOE in-house training/meeting supplies	2,200	-	2,200	-	2,200
Judgments against the school district	-	12,400	12,400	12,400	-
Miscellaneous expenditures	3,725	-	3,725	3,089	636
BOE membership dues and fees	15,000	-	15,000	11,610	3,390
Total	698,007	32,480	730,487	677,890	52,597
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	776,957	1	776,958	772,958	4,000
Salaries of secretarial and clerical assistants	505,768	(10)	505,758	499,599	6,159
Other salaries	-	2,662	2,662	2,662	-
Purchased professional and technical services	3,685	-	3,685	95	3,590
Other purchased services	37,560	(6,760)	30,800	23,497	7,303
Supplies and materials	34,281	7,533	41,814	29,932	11,882
Other objects	7,850	45	7,895	7,536	359
Total	1,366,101	3,471	1,369,572	1,336,279	33,293

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - central services					
Salaries	\$ 403,748	\$ 28,649	\$ 432,397	\$ 429,976	\$ 2,421
Purchased professional services	6,570	2,472	9,042	8,808	234
Purchased technical services	18,383	3,497	21,880	21,671	209
Miscellaneous purchased services	31,182	(10,259)	20,923	17,333	3,590
Supplies and materials	7,000	10,565	17,565	6,786	10,779
Other objects	1,600	-	1,600	1,542	58
Total	<u>468,483</u>	<u>34,924</u>	<u>503,407</u>	<u>486,116</u>	<u>17,291</u>
Undistributed expenditures - admin. info. technology					
Salaries	52,279	15,851	68,130	61,267	6,863
Other purchased services	18,850	500	19,350	15,387	3,963
Supplies and materials	17,074	5,000	22,074	21,744	330
Total	<u>88,203</u>	<u>21,351</u>	<u>109,554</u>	<u>98,398</u>	<u>11,156</u>
Undistributed expenditures - req. maint. for school facilities					
Salaries	277,884	6,368	284,252	280,517	3,735
Cleaning, repair, and maintenance services	160,439	(1,389)	159,050	150,748	8,302
General supplies	55,755	2,026	57,781	56,496	1,285
Other objects	-	1,075	1,075	1,075	-
Total	<u>494,078</u>	<u>8,080</u>	<u>502,158</u>	<u>488,836</u>	<u>13,322</u>
Undistributed expenditures - custodial services					
Salaries of non-instructional aides	72,172	(30,408)	41,764	41,764	-
Purchased professional and technical services	19,500	(3,880)	15,620	11,550	4,070
Cleaning, repair, and maintenance service	1,300,942	12,049	1,312,991	1,237,144	75,847
Other purchased property services	27,775	-	27,775	17,991	9,784
Insurance	52,824	-	52,824	51,567	1,257
General supplies	74,667	500	75,167	68,640	6,527
Energy (natural gas)	150,230	(9,320)	140,910	102,215	38,695
Energy (electricity)	333,587	(1)	333,586	331,021	2,565
Other objects	1,700	1,507	3,207	3,207	-
Total	<u>2,033,397</u>	<u>(29,553)</u>	<u>2,003,844</u>	<u>1,865,099</u>	<u>138,745</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	94,831	-	94,831	85,751	9,080
General supplies	11,500	-	11,500	6,211	5,289
Total	<u>106,331</u>	<u>-</u>	<u>106,331</u>	<u>91,962</u>	<u>14,369</u>
Undistributed expenditures - security					
Salaries	84,846	766	85,612	85,612	-
Purchased professional and technical services	1,800	-	1,800	313	1,487
Cleaning, repair, and maintenance service	5,700	-	5,700	4,615	1,085
General supplies	4,024	-	4,024	3,388	636
Total	<u>96,370</u>	<u>766</u>	<u>97,136</u>	<u>93,928</u>	<u>3,208</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	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.	\$ 6,725	\$ -	\$ 6,725	\$ 6,724	\$ 1
Salaries for pupil trans. (betw. home & school) - sp.	6,725	-	6,725	6,724	1
Management fee - esc. & ctsa. trans. program	61,147	-	61,147	34,446	26,701
Contract service-aid in lieu pymts. - non-public schl.	232,336	(298)	232,038	193,577	38,461
Contract service-aid in lieu pymts.-charter schl. stud.	25,000	-	25,000	3,825	21,175
Contract service (oth. than betw. home & schl)-vend.	143,051	(3,599)	139,452	54,946	84,506
Contract service (betw. home & school) - joint agree.	12,180	-	12,180	2,001	10,179
Contract service (sp. ed. stds.) - vendors	91,198	-	91,198	-	91,198
Contract service (reg. students) - escs. & ctsas.	386,913	-	386,913	305,044	81,869
Contract service (spl. ed. students) - escs. & ctsas.	1,222,050	1,160	1,223,210	743,521	479,689
General supplies	-	298	298	233	65
Total	2,187,325	(2,439)	2,184,886	1,351,041	833,845
Unallocated benefits - employee benefits					
Social Security contributions	300,000	73,489	373,489	349,257	24,232
Other retirement contributions - PERS	396,037	43,541	439,578	439,578	-
Other retirement contributions - regular	5,500	-	5,500	5,213	287
Unemployment compensation	-	54,473	54,473	54,473	-
Workmen's compensation	159,529	(17,322)	142,207	123,621	18,586
Health benefits	5,159,964	(224,148)	4,935,816	4,332,863	602,953
Tuition reimbursement	20,000	18,430	38,430	38,430	-
Other employee benefits	600	45,180	45,780	933	44,847
Unused sick payment to terminated/retired staff	60,000	(45,180)	14,820	14,820	-
Total	6,101,630	(51,537)	6,050,093	5,359,188	690,905
On-behalf TPAF Pension contribution	-	-	-	3,572,970	(3,572,970)
On-behalf TPAF Postretirement medical benefits	-	-	-	1,119,713	(1,119,713)
On-behalf TPAF Long-term disability insurance	-	-	-	2,250	(2,250)
Reimbursed TPAF Social Security contribution	-	-	-	977,065	(977,065)
Total	-	-	-	5,671,998	(5,671,998)
Total undistributed expenditures	\$ 21,598,860	\$ 128,797	\$ 21,727,657	\$ 24,350,887	\$ (2,623,230)
Total current	\$ 34,866,471	\$ 256,011	\$ 35,122,482	\$ 37,139,799	\$ (2,017,317)
Capital outlay					
Equipment					
School-sponsored and other instructional programs	\$ 2,000	\$ 9,776	\$ 11,776	\$ 11,776	\$ -
Undistributed					
Undistributed expend. - support service - students - spl.	-	2,489	2,489	2,489	-
Undistributed expend. - req. maint. for school facilities	-	6,755	6,755	6,755	-
Total equipment	2,000	19,020	21,020	21,020	-

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Original Budget	Unaudited Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (cont'd)					
Facilities acquisition and construction service					
Construction services	\$ 467,000	\$ -	\$ 467,000	\$ -	\$ 467,000
Lease purchase agreements – principal	-	45,098	45,098	45,098	-
Assessment for debt service on SDA funding	54,023	-	54,023	54,023	-
Total facilities acquisition and construction service	<u>521,023</u>	<u>45,098</u>	<u>566,121</u>	<u>99,121</u>	<u>467,000</u>
Assets acquired under capital leases (non-budgeted)					
Undistributed					
Undistributed expenditures - general admin.	-	-	-	225,488	(225,488)
Total assets acquired under capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,488</u>	<u>(225,488)</u>
Total capital outlay	<u>\$ 523,023</u>	<u>\$ 64,118</u>	<u>\$ 587,141</u>	<u>\$ 345,629</u>	<u>\$ 241,512</u>
Transfer of funds to charter schools	<u>\$ 319,540</u>	<u>\$ -</u>	<u>\$ 319,540</u>	<u>\$ 246,678</u>	<u>\$ 72,862</u>
Total expenditures	<u>\$ 35,709,034</u>	<u>\$ 320,129</u>	<u>\$ 36,029,163</u>	<u>\$ 37,732,106</u>	<u>\$ (1,702,943)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,341,637)</u>	<u>\$ (395,070)</u>	<u>\$ (2,736,707)</u>	<u>\$ 1,808,889</u>	<u>\$ 4,545,596</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to special revenue fund - preschool programs	(60,706)	-	(60,706)	(60,706)	-
Capital leases (non-budgeted)	-	-	-	225,488	225,488
Total other financing sources (uses)	<u>(60,706)</u>	<u>-</u>	<u>(60,706)</u>	<u>164,782</u>	<u>225,488</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,402,343)	(395,070)	(2,797,413)	1,973,671	4,771,084
Fund balances, July 1 (as restated)	3,300,037	-	3,300,037	3,300,037	-
Fund balances, June 30	<u>\$ 897,694</u>	<u>\$ (395,070)</u>	<u>\$ 502,624</u>	<u>\$ 5,273,708</u>	<u>\$ 4,771,084</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	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	\$ (179,439)	\$ -	\$ (179,439)	\$ (179,439)	\$ -
Increase in capital reserve	-	600,000	600,000	600,000	-
Interest deposit to capital reserve	500	-	500	-	(500)
Withdrawal from capital reserve	(467,000)	-	(467,000)	-	467,000
Increase in emergency reserve	-	150,000	150,000	150,000	-
Interest earned on emergency reserve	400	-	400	-	(400)
Increase in maintenance reserve	-	100,000	100,000	100,000	-
Interest earned on maintenance reserve	100	-	100	-	(100)
Withdrawal from maintenance reserve	(48,850)	-	(48,850)	(48,850)	-
Increase in unemployment compensation	20,000	-	20,000	20,000	-
Withdrawal from unemployment compensation	-	(54,473)	(54,473)	(54,473)	-
Budgeted fund balance	(1,728,054)	(1,190,597)	(2,918,651)	1,386,433	4,305,084
Total	<u>\$ (2,402,343)</u>	<u>\$ (395,070)</u>	<u>\$ (2,797,413)</u>	<u>\$ 1,973,671</u>	<u>\$ 4,771,084</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 1,310,760	
Emergency reserve				150,667	
Maintenance reserve				197,761	
Unemployment compensation				17,917	
Committed fund balance					
Year-end encumbrances				165,389	
Assigned fund balance					
Designated for subsequent year's expenditures				1,728,054	
Unassigned fund balance				<u>1,703,160</u>	
Fund balance per budgetary basis				5,273,708	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(398,883)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,874,825</u>	

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Revenues					
Local sources	\$ 125,621	\$ 118,271	\$ 243,892	\$ 146,347	\$ (97,545)
State sources	294,380	-	294,380	267,275	(27,105)
Federal sources	2,866,265	-	2,866,265	1,477,624	(1,388,641)
Total revenues	3,286,266	118,271	3,404,537	1,891,246	(1,513,291)
Other financing sources					
Transfer in from general fund	60,706	-	60,706	60,706	-
Total revenues and other financing sources	<u>\$ 3,346,972</u>	<u>\$ 118,271</u>	<u>\$ 3,465,243</u>	<u>\$ 1,951,952</u>	<u>\$ (1,513,291)</u>
Expenditures					
Instruction					
Salaries of teachers	\$ 574,768	\$ (107,650)	\$ 467,118	\$ 251,672	\$ 215,446
Salaries of other instructional staff	73,813	83,595	157,408	118,606	38,802
Purchased professional and technical services	62,332	4,273	66,605	28,626	37,979
Other purchased services	114,394	(49,001)	65,393	2,816	62,577
General supplies	739,480	(107,489)	631,991	265,913	366,078
Textbooks	9,065	-	9,065	4,035	5,030
Other objects	243	-	243	-	243
Total	<u>1,574,095</u>	<u>(176,272)</u>	<u>1,397,823</u>	<u>671,668</u>	<u>726,155</u>
Support services					
Tuition	555,517	4,608	560,125	355,132	204,993
Salaries of other professional staff	102,744	-	102,744	102,743	1
Other salaries	315,011	71,405	386,416	262,491	123,925
Employee benefits	164,329	14,989	179,318	96,197	83,121
Purchased professional and technical services	115,210	(23,069)	92,141	62,987	29,154
Contracted services - transportation	1,747	-	1,747	1,747	-
Other purchased services	88,459	31,940	120,399	32,104	88,295
Supplies and materials	249,052	7,559	256,611	193,396	63,215
Other objects	14,485	(3,393)	11,092	6,700	4,392
Student activities	-	125,491	125,491	125,491	-
Scholarships awarded	-	9,625	9,625	9,625	-
Total	<u>1,606,554</u>	<u>239,155</u>	<u>1,845,709</u>	<u>1,248,613</u>	<u>597,096</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (continued)					
Capital outlay					
Construction services	\$ 118,921	\$ (3,381)	\$ 115,540	\$ 8,500	\$ 107,040
Instructional equipment	5,130	83,000	88,130	5,130	83,000
Non-instructional equipment	42,272	(7,386)	34,886	34,886	-
Total	<u>166,323</u>	<u>72,233</u>	<u>238,556</u>	<u>48,516</u>	<u>190,040</u>
Total expenditures	<u>\$ 3,346,972</u>	<u>\$ 135,116</u>	<u>\$ 3,482,088</u>	<u>\$ 1,968,797</u>	<u>\$ 1,513,291</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (16,845)	\$ (16,845)	\$ (16,845)	\$ -
Fund balances, July 1 (as restated)	<u>\$ 232,190</u>	<u>\$ -</u>	<u>\$ 232,190</u>	<u>\$ 232,190</u>	<u>\$ -</u>
Fund balances, June 30	<u>\$ 232,190</u>	<u>\$ (16,845)</u>	<u>\$ 215,345</u>	<u>\$ 215,345</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Scholarships				\$ 75,044	
Student activities				140,301	
Fund balance per budgetary basis				<u>\$ 215,345</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, 2021

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 39,540,995	\$ 1,891,246
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	214,933
Outstanding encumbrances - current year	-	(21,051)
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	395,676	25,120
State aid receivable current year	<u>(398,883)</u>	<u>(22,810)</u>
Total revenues (GAAP basis)	<u>\$ 39,537,788</u>	<u>\$ 2,087,438</u>

See independent auditors' report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information -Part II
Budget-to-GAAP Reconciliation (continued)
For the Fiscal Year Ended June 30, 2021

<u>Uses/Outflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 37,732,106	\$ 1,968,797
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	-	214,933
Outstanding encumbrances - current year	-	<u>(21,051)</u>
Total expenditures (GAAP basis)	<u>\$ 37,732,106</u>	<u>\$ 2,162,679</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.04018256550%	0.0384449378%	0.0360083800%	0.0315452445%	0.030766028%	0.0306383920%	0.0324782489%	0.0312791491%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 6,552,726	\$ 6,927,195	\$ 7,089,870	\$ 7,343,229	\$ 9,112,015	\$ 6,877,705	\$ 6,080,816	\$ 5,978,067	N/A
District's covered employee payroll	3,132,125	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
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	221.68%	251.05%	273.97%	302.43%	419.54%	314.64%	283.78%	268.45%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 439,577	\$ 373,956	\$ 358,167	\$ 292,223	\$ 273,321	\$ 263,408	\$ 267,746	\$ 235,682	\$ 235,776	\$ 245,853
Contributions in relation to the contractually required contribution	(439,577)	(373,956)	(358,167)	(292,223)	(273,321)	(263,408)	(267,746)	(235,682)	(235,776)	(245,853)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,132,125	\$ 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
Contributions as a percentage of covered employee payroll	14.03%	12.65%	12.98%	11.29%	11.26%	12.13%	12.25%	11.00%	10.59%	11.42%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	82,256,705	73,402,958	75,674,523	76,788,511	86,727,556	72,412,273	60,066,913	54,310,582	N/A
Total	\$ -	\$ 82,256,705	\$ 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	\$ 13,441,015	\$ 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%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributor	\$ 3,572,970	\$ 2,789,030	\$ 2,401,589	\$ 1,794,249	\$ 1,276,366	\$ 882,683	\$ 619,400	\$ 475,442	\$ 694,372	\$ 351,466
Contributions in relation to the contractually required contributor	(3,572,970)	(2,789,030)	(2,401,589)	(1,794,249)	(1,276,366)	(882,683)	(619,400)	(475,442)	(694,372)	(351,466)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,441,015	\$ 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
Contributions as a percentage of covered employee payroll	26.58%	21.87%	17.94%	13.46%	10.14%	7.50%	5.41%	4.21%	6.09%	3.37%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	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	77,114,247	48,553,308	52,824,578	60,279,079	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 77,114,247	\$ 48,553,308	\$ 52,824,578	\$ 60,279,079	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 15,706,715	\$ 16,145,337	\$ 15,921,822	\$ 15,019,728	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%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	0.00%	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, 2021

- 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 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven 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, 2019 to June 30, 2020.

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, 2021

	Total Brought Forward	ESSA Title IA	ESSA Title IIA	IDEA Basic	IDEA Preschool	Student Activities	Scholarships	Total
Revenues								
Local sources	\$ 28,076	\$ -	\$ -	\$ -	\$ -	\$ 108,987	\$ 9,284	\$ 146,347
State sources	267,275	-	-	-	-	-	-	267,275
Federal sources	827,178	242,846	17,550	376,503	13,547	-	-	1,477,624
Total revenues	<u>1,122,529</u>	<u>242,846</u>	<u>17,550</u>	<u>376,503</u>	<u>13,547</u>	<u>108,987</u>	<u>9,284</u>	<u>1,891,246</u>
Other financing sources								
Transfer from general fund	60,706	-	-	-	-	-	-	60,706
Total revenues and other financing sources	<u>\$1,183,235</u>	<u>\$ 242,846</u>	<u>\$ 17,550</u>	<u>\$ 376,503</u>	<u>\$ 13,547</u>	<u>\$ 108,987</u>	<u>\$ 9,284</u>	<u>\$1,951,952</u>
Expenditures								
Instruction								
Salaries of teachers	\$ 178,274	\$ 60,814	\$ -	\$ -	\$ 12,584	\$ -	\$ -	\$ 251,672
Salaries of other instructional staff	59,424	59,182	-	-	-	-	-	118,606
Purchased professional and technical services	2,940	25,686	-	-	-	-	-	28,626
Other purchased services	2,816	-	-	-	-	-	-	2,816
General supplies	231,896	32,191	-	1,826	-	-	-	265,913
Textbooks	4,035	-	-	-	-	-	-	4,035
Total	<u>479,385</u>	<u>177,873</u>	<u>-</u>	<u>1,826</u>	<u>12,584</u>	<u>-</u>	<u>-</u>	<u>671,668</u>
Support services								
Tuition	-	-	-	355,132	-	-	-	355,132
Salaries of other professional staff	102,743	-	-	-	-	-	-	102,743
Other salaries	229,722	12,713	2,382	17,674	-	-	-	262,491
Employee benefits	63,513	30,187	182	1,352	963	-	-	96,197
Purchased professional and technical services	52,543	4,469	5,975	-	-	-	-	62,987
Contracted services - transportation	1,747	-	-	-	-	-	-	1,747
Other purchased services	17,711	7,650	6,743	-	-	-	-	32,104
Supplies and materials	185,155	5,454	2,268	519	-	-	-	193,396
Other objects	2,200	4,500	-	-	-	-	-	6,700
Student activities	-	-	-	-	-	125,491	-	125,491
Scholarships awarded	-	-	-	-	-	-	9,625	9,625
Total	<u>655,334</u>	<u>64,973</u>	<u>17,550</u>	<u>374,677</u>	<u>963</u>	<u>125,491</u>	<u>9,625</u>	<u>1,248,613</u>
Capital outlay								
Construction services	8,500	-	-	-	-	-	-	8,500
Instructional equipment	5,130	-	-	-	-	-	-	5,130
Non-instructional equipment	34,886	-	-	-	-	-	-	34,886
Total	<u>48,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,516</u>
Total expenditures	<u>\$1,183,235</u>	<u>\$ 242,846</u>	<u>\$ 17,550</u>	<u>\$ 376,503</u>	<u>\$ 13,547</u>	<u>\$ 125,491</u>	<u>\$ 9,625</u>	<u>\$1,968,797</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,504)	\$ (341)	\$ (16,845)
Fund balances, July 1 (as restated)	-	-	-	-	-	156,805	75,385	232,190
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,301</u>	<u>\$ 75,044</u>	<u>\$ 215,345</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, 2021

	Total Brought Forward	Local Grants	NJ Non-public Funds	NJ Preschool Education Aid	ESSA Title III	ESSA Title III Immigration	ESSA Title IV	Total Carried Forward
Revenues								
Local sources	\$ -	\$ 28,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,076
State sources	-	-	39,175	228,100	-	-	-	267,275
Federal sources	784,258	-	-	-	16,700	384	25,836	827,178
Total revenues	<u>784,258</u>	<u>28,076</u>	<u>39,175</u>	<u>228,100</u>	<u>16,700</u>	<u>384</u>	<u>25,836</u>	<u>1,122,529</u>
Other financing sources								
Transfer from general fund	-	-	-	60,706	-	-	-	60,706
Total revenues and other financing sources	<u>\$ 784,258</u>	<u>\$ 28,076</u>	<u>\$ 39,175</u>	<u>\$ 288,806</u>	<u>\$ 16,700</u>	<u>\$ 384</u>	<u>\$ 25,836</u>	<u>\$1,183,235</u>
Expenditures								
Instruction								
Salaries of teachers	\$ 26,899	\$ -	\$ -	\$ 151,375	\$ -	\$ -	\$ -	\$ 178,274
Salaries of other instructional staff	-	-	-	53,808	5,616	-	-	59,424
Purchased professional and technical services	-	150	2,790	-	-	-	-	2,940
Other purchased services	-	2,816	-	-	-	-	-	2,816
General supplies	185,678	14,588	-	-	9,594	-	22,036	231,896
Textbooks	-	-	4,035	-	-	-	-	4,035
Total	<u>212,577</u>	<u>17,554</u>	<u>6,825</u>	<u>205,183</u>	<u>15,210</u>	<u>-</u>	<u>22,036</u>	<u>479,385</u>
Support services								
Salaries of other professional staff	102,743	-	-	-	-	-	-	102,743
Other salaries	205,670	-	-	23,224	444	384	-	229,722
Employee benefits	3,114	-	-	60,399	-	-	-	63,513
Purchased professional and technical services	8,140	10,000	30,603	-	-	-	3,800	52,543
Contracted services - transportation	-	-	1,747	-	-	-	-	1,747
Other purchased services	16,143	522	-	-	1,046	-	-	17,711
Supplies and materials	185,155	-	-	-	-	-	-	185,155
Other objects	2,200	-	-	-	-	-	-	2,200
Total	<u>523,165</u>	<u>10,522</u>	<u>32,350</u>	<u>83,623</u>	<u>1,490</u>	<u>384</u>	<u>3,800</u>	<u>655,334</u>
Capital outlay								
Construction services	8,500	-	-	-	-	-	-	8,500
Instructional equipment	5,130	-	-	-	-	-	-	5,130
Non-instructional equipment	34,886	-	-	-	-	-	-	34,886
Total	<u>48,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,516</u>
Total expenditures	<u>\$ 784,258</u>	<u>\$ 28,076</u>	<u>\$ 39,175</u>	<u>\$ 288,806</u>	<u>\$ 16,700</u>	<u>\$ 384</u>	<u>\$ 25,836</u>	<u>\$1,183,235</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	-
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021

	FEMA CARES Act	Coronavirus Relief Fund	CARES Digital Divide	CRRSA Act ESSER II	CARES Act	School Based Youth Services Program	Total Carried Forward
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	21,535	105,935	154,727	106,962	117,512	277,587	784,258
Total revenues	\$ 21,535	\$ 105,935	\$ 154,727	\$ 106,962	\$ 117,512	\$ 277,587	\$ 784,258
Expenditures							
Instruction							
Salaries of teachers	\$ -	\$ -	\$ -	\$ 19,719	\$ 7,180	\$ -	\$ 26,899
General supplies	-	-	154,727	554	30,397	-	185,678
Total	-	-	154,727	20,273	37,577	-	212,577
Support services							
Salaries of other professional staff	-	-	-	-	-	102,743	102,743
Other salaries	-	-	-	-	33,523	172,147	205,670
Employee benefits	-	-	-	-	3,114	-	3,114
Purchased professional and technical services	-	-	-	-	8,140	-	8,140
Other purchased services	-	-	-	-	16,143	-	16,143
Supplies and materials	21,535	100,805	-	43,303	19,015	497	185,155
Other objects	-	-	-	-	-	2,200	2,200
Total	21,535	100,805	-	43,303	79,935	277,587	523,165
Capital outlay							
Construction services	-	-	-	8,500	-	-	8,500
Instructional equipment	-	5,130	-	-	-	-	5,130
Non-instructional equipment	-	-	-	34,886	-	-	34,886
Total	-	5,130	-	43,386	-	-	48,516
Total expenditures	\$ 21,535	\$ 105,935	\$ 154,727	\$ 106,962	\$ 117,512	\$ 277,587	\$ 784,258
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 151,375	\$ 151,375	\$ -
Salaries of other instructional staff	53,808	53,808	-
	<u>205,183</u>	<u>205,183</u>	<u>-</u>
Support services			
Other salaries	23,224	23,224	-
Employee benefits	60,399	60,399	-
	<u>83,623</u>	<u>83,623</u>	<u>-</u>
Total expenditures	<u>\$ 288,806</u>	<u>\$ 288,806</u>	<u>\$ -</u>

Calculation of Budget & Carryover

Total revised 2020 - 2021 Preschool education aid allocation	\$ 228,100
Add: actual ECPA/PEA carryover (June 30, 2020)	-
Add: budgeted transfer from general fund	60,706
Total preschool education aid funds available for 2020 - 2021 budget	<u>288,806</u>
Less: 2020 - 2021 budgeted preschool education aid	<u>288,806</u>
Available and unbudgeted preschool education aid funds as of June 30, 2021	-
Add: 2020 - 2021 unexpended preschool education aid	<u>-</u>
2020 - 2021 Actual carryover preschool education aid	<u>\$ -</u>
2020 - 2021 Preschool education aid carryover budgeted for preschool programs 2021 - 2022	<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, 2021

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/21
			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, 2021

Fund balance - beginning	\$	487,329
		487,329
Fund balance - ending	\$	487,329
 <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)		(494,340)
Fund balance - GAAP basis (Schedule B-1)	\$	292,397

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, 2021

	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.

(NOT APPLICABLE TO THIS 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, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Refunding School Bonds of 2012	10/25/12	\$ 13,640,000	03/01/22	\$ 335,000	4.00%	\$ 11,380,000	\$ -	\$ 11,045,000	\$ 335,000
Refunding School Bonds of 2016	11/22/16	8,555,000	02/15/22	1,110,000	1.39%	5,625,000	-	1,100,000	4,525,000
			02/15/23	1,155,000	1.39%	-	-	-	-
			02/15/24	1,140,000	1.39%	-	-	-	-
			02/15/25	1,120,000	1.39%	-	-	-	-
Refunding School Bonds of 2020	9/30/20	11,400,000	03/01/22	125,000	0.68%	-	11,400,000	65,000	11,335,000
			03/01/23	455,000	0.75%	-	-	-	-
			03/01/24	485,000	0.90%	-	-	-	-
			03/01/25	520,000	1.05%	-	-	-	-
			03/01/26	1,885,000	1.33%	-	-	-	-
			03/01/27	1,920,000	1.45%	-	-	-	-
			03/01/28	1,945,000	1.73%	-	-	-	-
			03/01/29	1,980,000	1.80%	-	-	-	-
03/01/30	2,020,000	1.90%	-	-	-	-			
						<u>\$ 17,005,000</u>	<u>\$ 11,400,000</u>	<u>\$ 12,210,000</u>	<u>\$ 16,195,000</u>

See independent auditor's report.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases - General Fund
For the Fiscal Year Ended June 30, 2021

Description	Date of Lease	Amount of Original Issue	Balance 07/01/20	Issued	Retired	Balance 06/30/21
Communication System	7/1/2020	\$ 225,488	\$ -	\$ 225,488	\$ 45,098	\$ 180,390
			<u>\$ -</u>	<u>\$ 225,488</u>	<u>\$ 45,098</u>	<u>\$ 180,390</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, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Debt service tax levy	\$ 1,869,473	\$ -	\$ 1,869,473	\$ 1,869,473	\$ -
State sources					
Debt service aid	9,846	-	9,846	9,846	-
Total revenues	<u>1,879,319</u>	<u>-</u>	<u>1,879,319</u>	<u>1,879,319</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of bond principal	1,485,000	-	1,485,000	1,485,000	-
Interest on bonds	355,288	-	355,288	355,288	-
Total expenditures	<u>1,840,288</u>	<u>-</u>	<u>1,840,288</u>	<u>1,840,288</u>	<u>-</u>
Excess (deficiency) of revenues					
Over (under) expenditures	39,031	-	39,031	39,031	-
Other financing sources (uses)					
Transfer in from Capital Projects Fund	-	-	-	7,667	7,667
Net change in fund balance	39,031	-	39,031	46,698	7,667
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ 39,031</u>	<u>\$ -</u>	<u>\$ 39,031</u>	<u>\$ 46,698</u>	<u>\$ 7,667</u>
Recapitulation of excess (deficiency) of revenue over (under) expenditures					
Budgeted fund balance	<u>\$ 39,031</u>	<u>\$ -</u>	<u>\$ 39,031</u>	<u>\$ 46,698</u>	<u>\$ 7,667</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 Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 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	\$ 17,675,363
Restricted	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914	1,296,983	1,083,512	1,435,015	2,231,545
Unrestricted	(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)	(5,115,017)
Total governmental activities	\$ 14,974,856	\$ 16,047,253	\$ 10,861,300	\$ 11,581,459	\$ 12,420,561	\$ 12,184,277	\$ 11,511,249	\$ 11,256,214	\$ 12,753,794	\$ 14,791,891
Business-type activities										
Net investment in capital assets	\$ 33,344	\$ 26,770	\$ 33,107	\$ 42,020	\$ 49,377	\$ 43,204	\$ 36,363	\$ 42,372	\$ 63,528	\$ 64,428
Unrestricted	233,111	234,305	263,567	300,611	374,784	426,375	440,833	451,576	341,569	205,517
Total business-type activities	\$ 266,455	\$ 261,075	\$ 296,674	\$ 342,631	\$ 424,161	\$ 469,579	\$ 477,196	\$ 493,948	\$ 405,097	\$ 269,945
District-wide										
Net investment in capital assets	\$ 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	\$ 17,739,791
Restricted	1,478,028	1,344,634	1,295,867	1,488,895	1,105,455	1,582,914	1,296,983	1,083,512	1,435,015	2,231,545
Unrestricted	(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)	(4,909,500)
Total district-wide	\$ 15,241,311	\$ 16,308,328	\$ 11,157,974	\$ 11,924,090	\$ 12,844,722	\$ 12,653,856	\$ 11,988,445	\$ 11,750,162	\$ 13,158,891	\$ 15,061,836

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

* as restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 18,043,621
Special education	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	8,247,901
Other special education	587,261	596,341	733,884	774,195	712,296	888,524	1,580,181	1,043,841	1,098,176	1,123,988
Other instruction	914,493	833,214	867,842	938,732	1,250,193	1,621,534	1,391,901	1,290,609	1,195,927	1,169,014
Support services										
Tuition	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	3,071,281
Student and instruction related services	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	9,057,324
General and business administrative services	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	2,113,509
School administration	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	2,861,773
Plant operations and maintenance	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	2,857,362
Pupil transportation	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	1,364,769
Transfer to charter schools	220,704	326,707	326,357	394,775	386,002	388,784	340,461	335,512	293,186	246,678
Interest on long term debt	1,214,753	1,111,490	1,121,718	1,082,075	1,034,427	698,742	623,716	584,341	560,470	605,601
Total governmental activities expenses	<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>	<u>50,762,821</u>
Business-type activities										
Food services	519,295	554,527	588,168	584,567	587,347	618,367	628,191	634,725	488,437	253,445
Other	288,115	302,036	274,970	300,133	303,049	370,663	374,038	382,942	343,817	140,359
Total business-type activities	<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>	<u>393,804</u>
Total district expenses	<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>	<u>\$ 51,156,625</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 46,095	\$ 61,062	\$ 57,441	\$ 48,734	\$ 50,339	\$ 46,902	\$ 70,668	\$ 151,501	\$ 159,845	\$ 40,239
Special education instruction	9,400	30,464	68,799	36,016	20,687	-	-	-	-	-
Student and instruction related services	-	280	-	-	-	1,408	485	-	-	-
General and business administrative services	10	137	168	4	-	-	-	-	-	-
Plant operations and maintenance	5,282	28,346	29,554	75,108	121,145	172,616	63,951	49,326	36,881	75,315
Operating grants and contributions	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	2,087,438
Capital grants and contributions	497,091	64,903	19,640	235,293	44,475	-	(32,939)	-	-	-
Total governmental activities program revenues	1,911,503	2,480,089	1,595,119	1,730,075	1,783,183	1,688,173	1,579,957	1,778,269	1,631,044	2,202,992
Business-type activities										
Charges for services										
Food service	294,182	289,781	306,373	298,563	293,412	299,870	289,002	306,704	212,932	4,784
Other	308,312	310,673	315,652	322,526	366,190	386,754	375,432	373,331	271,471	23,785
Operating grants and contributions	258,294	275,729	301,212	309,568	312,324	349,560	345,412	354,384	258,480	225,937
Total business-type activities program revenues	860,788	876,183	923,237	930,657	971,926	1,036,184	1,009,846	1,034,419	742,883	254,506
Total district - program revenues	\$ 2,772,291	\$ 3,356,272	\$ 2,518,356	\$ 2,660,732	\$ 2,755,109	\$ 2,724,357	\$ 2,589,803	\$ 2,812,688	\$ 2,373,927	\$ 2,457,498
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (48,559,829)
Business-type activities	53,378	19,620	60,099	45,957	81,530	47,154	7,617	16,752	(89,371)	(139,298)
Total district-wide net expenses	\$ (26,767,653)	\$ (28,599,527)	\$ (29,088,576)	\$ (34,226,835)	\$ (36,608,720)	\$ (41,282,356)	\$ (45,885,293)	\$ (45,187,295)	\$ (44,203,338)	\$ (48,699,127)

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 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	\$ 28,486,632
Taxes levied for debt service	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	1,869,473
Unrestricted grants and contributions	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	20,188,703
Investment earnings	4,391	2,197	1,827	6,058	7,739	11,170	21,744	28,592	20,870	2,524
Miscellaneous income	241,182	143,730	87,345	92,720	76,214	44,173	30,338	53,819	30,222	50,594
Special item - gain (loss) on disposal of capital assets	-	-	(1,864)	-	-	-	-	-	-	-
Special item - insurance proceeds for storm damage	-	35,761	-	-	-	-	-	-	-	-
Operating transfers in/(out)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-	(16,392)	(20,000)	-
Total governmental activities	<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>	<u>50,597,926</u>
Business-type activities										
Investment earnings	58	-	-	-	-	-	-	-	-	-
Miscellaneous income	3,518	-	500	-	-	-	-	-	520	4,146
Transfers in/(out)	-	(25,000)	(25,000)	-	-	-	-	-	-	-
Special item - prior year accounts receivable canceled	-	-	-	-	-	(1,736)	-	-	-	-
Total business-type activities	<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>	<u>4,146</u>
Total district-wide	<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>	<u>\$ 50,602,072</u>
Change in net position										
Governmental activities	\$ 1,721,375	\$ 1,072,397	\$ 556,432	\$ 720,159	\$ 839,102	\$ (236,284)	\$ (673,028)	\$ (255,035)	\$ 1,213,000	\$ 2,038,097
Business-type activities	56,954	(5,380)	35,599	45,957	81,530	45,418	7,617	16,752	(88,851)	(135,152)
Total district	<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>	<u>\$ 1,902,945</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 1,755,612	\$ 1,462,579	\$ 552,234	\$ 1,152,936	\$ 857,435	\$ 1,132,873	\$ 998,967	\$ 791,115	\$ 910,428	\$ 1,677,105
Committed	765,230	219,233	628,454	295,676	738,735	262,967	151,576	214,397	179,439	165,389
Assigned	505,489	680,000	400,000	400,000	700,000	800,000	999,990	1,000,000	1,728,054	1,728,054
Unassigned	320,852	359,524	388,364	509,412	529,052	521,488	100,153	(103,276)	86,440	1,304,277
Total general fund	<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>\$ 2,904,361</u>	<u>\$ 4,874,825</u>
									*	
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,190	\$ 215,345
Capital projects fund	168,921	120,353	717,541	364,602	297,888	297,888	292,397	292,397	292,397	292,397
Assigned, reported in										
Debt service fund	1	50,250	26,092	21,225	-	152,153	5,619	-	-	39,030
Unassigned, reported in										
Special revenue fund	(27,492)	(28,859)	(30,488)	(32,231)	(27,875)	(22,649)	(25,262)	(28,298)	(25,120)	(22,810)
Debt service fund	-	-	-	-	-	-	-	-	-	7,668
Total all other governmental funds	<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>\$ 499,467</u>	<u>\$ 531,630</u>
									*	

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 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	\$ 30,356,105
Tuition charges	55,495	90,521	126,209	84,750	71,026	46,310	70,668	151,501	159,845	40,239
Interest earnings	4,391	2,197	1,827	6,058	7,739	11,170	21,744	28,592	20,870	2,524
Miscellaneous	267,431	1,034,900	109,456	173,101	118,508	71,217	119,059	152,027	106,110	197,206
State sources	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	11,200,975
State sources - capital projects	497,091	64,903	19,640	235,293	44,475	51,108	(32,939)	-	-	-
Federal sources	885,699	778,930	805,729	732,653	876,023	929,356	1,227,511	1,260,494	1,144,062	1,707,496
Total revenues	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	43,504,545
Expenditures										
Instruction										
Regular instruction	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	7,831,094
Special education instruction	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	3,831,453
Other special instruction	254,013	264,405	273,745	222,516	271,245	300,803	367,728	338,675	385,556	344,576
Other instruction	639,463	580,783	597,520	621,901	751,555	886,365	917,096	889,692	821,559	781,789
Support services										
Tuition	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	2,716,149
Student and inst related services	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	4,114,003
General administration	681,821	657,647	629,571	870,571	754,044	734,919	686,492	651,577	612,400	677,889
School administration services	942,431	988,977	970,007	976,782	1,064,649	1,127,893	1,201,330	1,314,897	1,304,183	1,336,279
Central services	416,759	424,193	418,742	414,785	427,213	446,396	462,444	442,066	460,846	486,117
Administrative information technology	55,958	49,416	45,699	101,644	52,905	56,525	53,190	63,171	91,544	98,398
Plant operations and maintenance	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	2,539,825
Pupil transportation	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	1,351,041
Employee benefits	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	5,359,188
On-behalf TPAF Pension and Social Security contributions	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	5,671,998
Capital outlay	191,113	950,456	550,329	131,586	537,291	229,182	37,402	59,643	232,782	291,606
Transfers to charter schools	220,704	326,707	326,357	394,775	386,002	388,784	340,461	335,512	293,186	246,678
Special revenue funds	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	2,162,679
Capital projects fund	1,207,927	245,342	49,100	588,232	111,189	49,369	-	-	-	152,201
Debt service										
Principal	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	1,485,000
Interest and other charges	1,229,247	1,087,932	1,067,731	1,027,142	978,754	761,271	600,521	571,725	542,772	409,311
Total expenditures	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	41,887,274

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ 672,650	\$ (867,865)	\$ (165,883)	\$ 69,423	\$ 383,615	\$ 40,116	\$ (621,280)	\$ (340,713)	\$ 972,913	\$ 1,617,271
Other financing sources (uses)										
Capital leases (non-budgeted)	-	49,116	-	-	-	-	-	-	-	225,488
Proceeds from refunding bond issue	-	13,640,000	-	-	-	8,555,000	-	-	-	11,400,000
Payment to refunding bond escrow agent	-	(13,949,447)	-	-	-	(8,505,631)	-	-	-	(11,240,132)
Premium on bond issue	-	441,318	-	-	-	-	-	-	-	-
Premium on note issue	850	584	-	-	-	-	-	-	-	-
Insurance claim proceeds for storm	-	35,761	-	-	-	-	-	-	-	-
Transfers in (out)	(110,000)	25,000	(15,000)	(40,000)	-	(40,000)	-	(16,392)	(20,000)	-
Total other financing sources (uses)	(109,150)	242,332	(15,000)	(40,000)	-	9,369	-	(16,392)	(20,000)	385,356
Net change in fund balances	<u>\$ 563,500</u>	<u>\$ (625,533)</u>	<u>\$ (180,883)</u>	<u>\$ 29,423</u>	<u>\$ 383,615</u>	<u>\$ 49,485</u>	<u>\$ (621,280)</u>	<u>\$ (357,105)</u>	<u>\$ 952,913</u>	<u>\$ 2,002,627</u>
Debt service as a percentage of non-capital expenditures	7.98%	7.01%	7.31%	6.88%	6.55%	5.71%	5.32%	5.08%	5.08%	4.79%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 4,391	\$ 2,197	\$ 1,827	\$ 6,058	\$ 7,739	\$ 11,170	\$ 21,744	\$ 28,592	\$ 20,870	\$ 2,524
Mortgage loan proceeds	47,960	49,158	-	-	-	-	-	-	-	-
Rentals	1,375	11,085	20,995	45,600	40,883	50,124	50,258	49,326	36,881	600
Prior year										
Account balance canceled	-	9,387	1,164	1,610	-	3,522	3,400	1,032	-	81
Refund	23,568	2,982	14,740	9,074	3,086	2,362	18,051	25,089	21,125	45,723
Outstanding checks voided	-	-	517	-	-	-	-	-	-	-
E-Rate rebates	-	7,791	165	-	-	-	-	-	-	-
Miscellaneous refunds	-	512	-	26	-	-	-	-	-	-
Restitution	410	-	-	-	-	-	-	-	-	-
Donations and local contributions	-	1,880	-	-	-	-	-	-	-	-
Tuition	55,495	90,521	126,209	84,750	71,026	46,310	70,668	151,501	159,845	40,239
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	3,178
Local contributions	-	-	-	-	2,386	-	-	-	-	-
Miscellaneous	1,365	707	261	313	77	929	967	12,578	245	1,612
Annual totals	\$ 260,564	\$ 179,695	\$ 174,975	\$ 156,174	\$ 133,973	\$ 123,078	\$ 173,008	\$ 283,238	\$ 247,818	\$ 93,957

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 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	\$ 9,316,600
Residential	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	448,316,500
Commercial	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	46,956,100
Industrial	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	1,764,200
Apartment	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	80,383,200
Total assessed value	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	586,736,600
Public utilities (a)	40	40	42	43	43	44	42	41	41	41
Net valuation taxable	\$ 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	\$ 586,736,641
Estimated actual county equalized value	\$ 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	\$ 1,416,896,018
Percentage of net valuation to estimated actual equalized value	39.55%	39.50%	42.13%	43.05%	42.80%	43.37%	41.58%	40.78%	41.35%	41.41%
Total direct school tax rate (b)	\$ 4.31	\$ 4.33	\$ 4.55	\$ 4.60	\$ 4.87	\$ 4.79	\$ 5.00	\$ 5.18	\$ 5.15	\$ 5.20

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) Total Direct School Tax Rate	Municipality	County	
2012	\$ 3.92	\$ 0.39	\$ 4.31	\$ 1.77	\$ 0.91	\$ 6.99
2013	3.95	0.38	4.33	1.86	0.98	7.17
2014	4.17	0.38	4.55	1.98	0.95	7.48
2015	4.23	0.37	4.60	2.07	0.93	7.60
2016	4.50	0.37	4.87	2.12	0.91	7.90
2017	4.43	0.36	4.79	2.16	0.91	7.86
2018	4.69	0.31	5.00	2.22	0.96	8.18
2019	4.85	0.33	5.18	2.29	0.95	8.42
2020	4.83	0.32	5.15	2.31	0.95	8.41
2021	4.88	0.32	5.20	2.35	0.96	8.51

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Merriwold Assoc., LLC	\$ 11,420,400	1	1.95%	\$ -	
Treetops at Highlands LLC	8,000,000	2	1.36%	-		-
Cedar Arms Associates LLC	5,220,000	3	0.89%	5,220,000	2	0.97%
Donaldson Park Apartments	5,019,800	4	0.86%	5,019,800	3	0.93%
CLA Management Company	4,994,800	5	0.85%	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	0.83%	4,871,600	6	0.91%
Orchard Gardens	4,600,300	8	0.78%	4,600,300	7	0.86%
Highland Montgomery LLC	3,704,000	9	0.63%	3,704,000	8	0.69%
American Properties at Highland Park	3,002,400	10	0.51%	-		-
Cedar Lane Treetops	-		-	8,000,000	1	1.49%
East Coast Harper & Highland House/Garden	-		-	3,544,600	9	0.66%
Highland Park Manor LLC	-		-	2,712,600	10	0.50%
	<u>\$ 55,755,400</u>		<u>9.50%</u>	<u>\$ 47,589,800</u>		<u>8.86%</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
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%
2021	30,356,105	30,356,105	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				
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	2.84%	1,564	
2017	21,080,000	-	-	-	-	21,080,000	2.66%	1,507	
2018	19,750,000	-	-	-	-	19,750,000	2.44%	1,422	
2019	18,390,000	-	-	-	-	18,390,000	2.18%	1,332	
2020	17,005,000	-	-	-	-	17,005,000	1.96%	1,241	
2021	16,195,000	-	180,390	-	-	16,375,390	N/A	1,205	

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		
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%	1,422
2019	18,390,000	-	18,390,000	3.21%	1,332
2020	17,005,000	-	17,005,000	2.92%	1,241
2021	16,195,000	-	16,195,000	2.76%	1,192

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, 2020

Governmental Unit	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Debt repaid with property taxes			
Municipality	\$ 17,064,638	100.00%	\$ 17,064,638
County general obligation debt	615,856,124	1.22%	<u>7,493,820</u>
Subtotal, overlapping debt			24,558,458
School district direct debt			<u>17,680,000</u>
Total direct and overlapping debt			<u><u>\$ 42,238,458</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis
	2020 \$ 1,407,826,853
	2019 1,384,949,698
	2018 1,388,949,975
	<u>\$ 4,181,726,526</u>
Average equalized valuation of taxable property	<u>\$ 1,393,908,842</u>
Debt limit (4.0% of average equalization value)	\$ 55,756,354
Total net debt applicable to limit	<u>16,195,000</u>
Legal debt margin	<u>\$ 39,561,354</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 50,540,439	\$ 51,671,859	\$ 53,143,871	\$ 57,868,370	\$ 55,756,354
Total net debt applicable	<u>21,080,000</u>	<u>19,750,000</u>	<u>18,390,000</u>	<u>17,005,000</u>	<u>16,195,000</u>
Legal debt margin	<u>\$ 29,460,439</u>	<u>\$ 31,921,859</u>	<u>\$ 34,753,871</u>	<u>\$ 40,863,370</u>	<u>\$ 39,561,354</u>
Total net debt applicable to the limit as a percentage of debt limit	41.71%	38.22%	34.60%	29.39%	29.05%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 57,107,005	\$ 55,296,999	\$ 53,323,946	\$ 52,100,526	\$ 51,013,507
Total net debt applicable	<u>28,008,323</u>	<u>28,030,227</u>	<u>24,160,000</u>	<u>23,110,000</u>	<u>22,015,000</u>
Legal debt margin	<u>\$ 29,098,682</u>	<u>\$ 27,266,772</u>	<u>\$ 29,163,946</u>	<u>\$ 28,990,526</u>	<u>\$ 28,998,507</u>
Total net debt applicable to the limit as a percentage of debt limit	49.05%	50.69%	45.31%	44.36%	43.16%

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)
2012	14,011	\$ 714,028,582	\$ 50,962	7.70%
2013	14,118	754,395,330	53,435	7.80%
2014	14,119	740,894,525	52,475	4.40%
2015	14,135	762,781,140	53,964	3.60%
2016	14,075	774,505,025	55,027	3.30%
2017	13,989	792,560,784	56,656	3.00%
2018	13,891	809,692,499	58,289	2.70%
2019	13,802	842,087,624	61,012	2.30%
2020	13,705	869,678,185	63,457	6.70%
2021	13,592	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2021

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

2012

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	105.4	117.1	116.5	119.4	119.1	119.7	118.4	116.1	110.1	110.9
Special education	49.1	56.8	60.8	49.6	52.3	53.9	54.9	66.7	67.1	72.2
Other instruction	8.0	7.1	6.1	5.3	9.1	9.6	9.1	10.1	9.8	8.6
Support services										
Student and instruction related services	46.3	46.0	34.8	42.4	48.1	53.6	51.1	55.0	59.3	61.3
General administration	3.2	2.2	3.2	3.0	3.0	3.0	3.0	2.0	2.0	2.0
School administration services	11.5	12.2	14.7	14.4	18.4	15.6	14.6	15.4	15.4	15.1
Central services	5.1	5.5	4.5	4.5	4.5	4.5	4.2	4.2	4.2	4.7
Administrative information technology	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.8	0.8	0.9
Plant operations and maintenance	2.2	2.3	1.6	3.2	5.5	5.7	7.0	9.9	8.5	8.3
Total	231.3	249.7	242.7	242.3	260.5	266.1	262.8	280.2	277.2	284.0

Source: District Personnel Records

See independent auditors' report.

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
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	7.28%	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	1,609	37,967,759	23,597	-0.86%	148	1 to 20.99	1,604.1	1,545.2	-0.39%	96.33%
2021	1,552	39,549,156	25,483	7.06%	144	1 to 16.65	1,533.3	1,461.2	-4.42%	95.30%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
<hr/>										
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	299	335	336	332	309	315	338	309	298	248
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	447	422	448	473	461	484	478	461	470	438
Middle School										
<hr/>										
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	322	355	349	339	344	361	362	360	372	364
High School										
<hr/>										
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	411	451	460	474	497	511	480	472	441	477
Other										
<hr/>										
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
Number of schools at June 30, 2021:										
<hr/>										
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
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
2021	142,848	100,457	245,531	488,836
Total school facilities	<u>\$ 1,094,528</u>	<u>\$ 752,603</u>	<u>\$ 2,580,449</u>	<u>\$ 4,427,580</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, 2021
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - Utica Mutual		
Property-Blanket Building & Contents	\$ 87,311,437	\$ 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	20,000,000	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	6,000,000	-
Worker's Compensation - NJ School Board Assoc		
Employer's Liability	3,000,000	-
NJ CAP Excess Liability - Fireman's Fund Insurance		
Excess Liability	25,000,000	-
Cyber Liability - BCS Insurance	1,000,000	10,000
Environmental Liability - Syndicate	1,000,000	25,000
Public Employees' Faithful Performance - Western Surety Company		
Treasurer of School Monies Bond	252,000	-
Business Administrator's Bond	100,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

Honorable President and
Members of the Board of Education
Highland Park Borough Public School District
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2022.

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.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-003, and 2021-004 that we consider to be significant deficiencies.

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

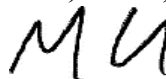
Highland Park Borough Public School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, 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

March 31, 2022
Flemington, New Jersey



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

Honorable President and
Members of the Board of Education
Highland Park Borough Public School District
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, 2021. 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, 2021.

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 2021-002 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

March 31, 2022
Flemington, New Jersey

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2021		
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Departments of Education and Health & Human Services														
General Fund														
Medical Assistance Program Cluster	93.778	2005NJ5MAP	N/A	\$ 63,814	07/01/20	06/30/21	\$ -	\$ -	\$ 63,814	\$ 63,814	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	63,814	63,814	-	-	-	-
U.S. Departments of Education and Health & Human Services														
Special Revenue Fund														
School Based Youth Services Program	93.558	N/A	21AEMP	277,587	07/01/20	06/30/21	-	-	277,587	277,587	-	-	-	-
U.S. Department of Education passed through State Department of Education														
Special Revenue Fund														
IDEA Special Education Cluster														
IDEA Basic	84.027A	H027A200100	IDEA-2150-21	432,929	07/01/20	06/30/21	-	-	-	158,690	-	(158,690)	-	-
IDEA Basic	84.027A	H027A190100	IDEA-2150-20	420,207	07/01/19	06/30/20	(127,313)	(198,092)	147,034	19,721	-	(198,092)	-	-
IDEA Basic Carryover	84.027A	H027A190100	IDEA-2150-20	420,207	07/01/19	06/30/20	-	198,092	-	198,092	-	-	-	-
IDEA Preschool	84.173A	H173A200114	IDEA-2150-21	13,547	07/01/20	06/30/21	-	-	-	13,547	-	(13,547)	-	-
IDEA Preschool	84.173A	H173A190114	IDEA-2150-20	13,644	07/01/19	06/30/20	(5,457)	-	5,457	-	-	-	-	-
Total IDEA Special Education Cluster							(132,770)	-	152,491	390,050	-	(370,329)	-	-
ESSA Title I A	84.010A	S010A190030	ESSA-2150-20	294,986	07/01/19	06/30/20	(88,645)	(27,540)	142,408	26,223	-	-	-	-
ESSA Title I A Carryover	84.010A	S010A190030	ESSA-2150-20	294,986	07/01/19	06/30/20	-	27,540	-	27,540	-	-	-	-
ESSA Title I A Additional	84.010A	S010A190030	ESSA-2150-20	12,288	07/01/19	06/30/20	(2,484)	-	2,484	-	-	-	-	-
ESSA Title I A	84.010A	S010A200030	ESSA-2150-21	296,420	07/01/20	06/30/21	-	-	30,714	175,048	-	(144,334)	-	-
ESSA Title I A Reallocated	84.010A	S010A190030	ESSA-2150-20	33,386	07/01/19	06/30/20	(687)	-	2,366	1,679	-	-	-	-
ESSA Title I A Reallocated	84.010A	S010A200030	ESSA-2150-21	9,733	07/01/20	06/30/21	-	-	-	2,325	-	(2,325)	-	-
ESSA Title I SIA A	84.010A	S010A190030	ESSA-2150-20	10,600	07/01/19	06/30/20	(3,660)	(1,968)	4,278	618	-	(1,968)	-	-
ESSA Title I SIA A Carryover	84.010A	S010A190030	ESSA-2150-20	10,600	07/01/19	06/30/20	-	1,968	-	1,968	-	-	-	-
ESSA Title I SIA A	84.010A	S010A200030	ESSA-2150-21	12,800	07/01/20	06/30/21	-	-	-	7,445	-	(7,445)	-	-
ESSA Title II A	84.367A	S367A190029	ESSA-2150-20	51,214	07/01/19	06/30/20	(13,916)	(14,770)	13,768	-	148	(14,770)	-	-
ESSA II A Carryover	84.367A	S367A190029	ESSA-2150-20	51,214	07/01/19	06/30/20	-	14,770	-	14,770	-	-	-	-
ESSA Title II A	84.367A	S367A200029	ESSA-2150-21	49,473	07/01/20	06/30/21	-	-	-	2,780	-	(2,780)	-	-
ESSA Title III	84.365A	S365A200030	ESSA-2150-21	24,968	07/01/20	06/30/21	-	-	-	10,176	-	(10,176)	-	-
ESSA Title III	84.365A	S365A190030	ESSA-2150-20	22,561	07/01/19	06/30/20	(3,137)	(6,147)	3,514	377	-	(6,147)	-	-
ESSA Title III Carryover	84.365A	S365A190030	ESSA-2150-20	22,561	07/01/19	06/30/20	-	6,147	-	6,147	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A190030	ESSA-2150-20	10,143	07/01/19	06/30/20	(1,340)	(228)	1,496	156	-	(228)	-	-
ESSA Title III Immigrant	84.365A	S365A180030	ESSA-2150-19	10,208	07/01/18	06/30/19	(154)	-	154	-	-	-	-	-
ESSA Title III Immigrant Carryover	84.365A	S365A190030	ESSA-2150-20	10,143	07/01/19	06/30/20	-	228	-	228	-	-	-	-
ESSA Title IV A	84.424A	S424A190031	ESSA-2150-20	18,385	07/01/19	06/30/20	(3,999)	(7,223)	1,780	-	-	(9,442)	-	-
ESSA Title IV A Carryover	84.424A	S424A190031	ESSA-2150-20	18,385	07/01/19	06/30/20	-	7,223	-	7,223	-	-	-	-
ESSA Title IV A	84.424A	S424A200031	ESSA-2150-21	21,783	07/01/20	06/30/21	-	-	-	18,613	-	(18,613)	-	-
FEMA	97.036	N/A	FEMA-2150-21	46,753	07/01/20	06/30/21	-	-	-	21,535	-	(21,535)	-	-
CARES Act	84.425	S425D200027	CARES-2150-21	265,617	03/13/20	09/30/22	(147,927)	-	218,988	117,512	-	(46,451)	-	-
Coronavirus Relief Fund	84.425	S425D200027	CARES-2150-21	105,935	07/01/20	06/30/21	-	-	105,935	105,935	-	-	-	-
Digital Divide Grant	84.425	S425D200027	CARES-2150-21	155,017	07/01/20	06/30/21	-	-	150,951	154,727	-	(3,776)	-	-
CRSSA - ESSER II	84.425	S425D200027	CRSSA-2150-23	971,654	03/13/20	09/30/23	-	-	-	106,962	-	(106,962)	-	-
Total Special Revenue Fund							(398,719)	-	1,108,914	1,477,624	148	(767,281)	-	-

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, 2021

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment/Repayment of Prior Year Balance	Balance June 30, 2021				
					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	201NJ304N1099	N/A	\$ 35,054	10/01/19	09/30/20	\$ 1,200	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
National School Lunch Program																
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	30,606	10/01/20	09/30/21	-	-	30,606	29,609	-	-	997	-	-	-
National School Lunch Program																
Cash Assistance	10.555	201NJ304N1099	N/A	166,059	10/01/19	09/30/20	(4,949)	-	4,949	-	-	-	-	-	-	-
National School Lunch Program																
Cash Assistance	10.555	211NJ304N1099	N/A	124,129	10/01/20	09/30/21	-	-	86,321	124,129	-	(37,808)	-	-	-	-
School Breakfast Program	10.553	201NJ304N1099	N/A	52,278	10/01/19	09/30/20	(3,128)	-	3,128	-	-	-	-	-	-	-
School Breakfast Program	10.553	211NJ304N1099	N/A	64,148	10/01/20	09/30/21	-	-	56,525	64,148	-	(7,623)	-	-	-	-
Total Enterprise Fund and Child Nutrition Cluster							(6,877)	-	181,529	219,086	-	(45,431)	997	-	-	-
Total Federal Financial Assistance							\$ (405,596)	\$ -	\$ 1,354,257	\$ 1,760,524	\$ 148	\$ (812,712)	\$ 997	\$ -	\$ -	\$ -

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, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2020		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances		Balance June 30, 2021			Memo	
					Deferred Rev. (Accts. Rec)	Due to Grantor			Year	Adjustment	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education															
General Fund															
Special Education Categorical Aid	21-495-034-5120-089	\$ 936,418	07/01/20	06/30/21	\$ -	\$ -	\$ 847,565	\$ 936,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,853	\$ 936,418
Equalization Aid	21-495-034-5120-078	2,978,764	07/01/20	06/30/21	-	-	2,696,122	2,978,764	-	-	-	-	-	282,642	2,978,764
Security Aid	21-495-034-5120-084	47,872	07/01/20	06/30/21	-	-	43,330	47,872	-	-	-	-	-	4,542	47,872
Transportation Aid	21-495-034-5120-014	240,771	07/01/20	06/30/21	-	-	217,925	240,771	-	-	-	-	-	22,846	240,771
Extraordinary Aid	20-495-034-5120-044	638,437	07/01/19	06/30/20	(638,437)	-	638,437	-	-	-	-	-	-	-	638,437
Extraordinary Aid	21-495-034-5120-044	952,329	07/01/20	06/30/21	-	-	-	952,329	-	-	(952,329)	-	-	-	952,329
Non-Public Transportation Aid	20-495-034-5120-014	1,160	07/01/19	06/30/20	(1,160)	-	1,160	-	-	-	-	-	-	-	1,160
Non-Public Transportation Aid	21-495-034-5120-014	68,440	07/01/20	06/30/21	-	-	-	68,440	-	-	(68,440)	-	-	-	68,440
On-Behalf TPAF Pension Contribution - Post Retirement Medical	21-495-034-5094-001	1,119,713	07/01/20	06/30/21	-	-	1,119,713	1,119,713	-	-	-	-	-	-	1,119,713
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	66,711	07/01/20	06/30/21	-	-	66,711	66,711	-	-	-	-	-	-	66,711
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	2,250	07/01/20	06/30/21	-	-	2,250	2,250	-	-	-	-	-	-	2,250
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Func	21-495-034-5094-002	3,506,259	07/01/20	06/30/21	-	-	3,506,259	3,506,259	-	-	-	-	-	-	3,506,259
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	938,056	07/01/19	06/30/20	(46,181)	-	46,181	-	-	-	-	-	-	-	938,056
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	977,065	07/01/20	06/30/21	-	-	931,045	977,065	-	-	(48,335)	-	2,315	-	977,065
Total General Fund					(685,778)	-	10,116,698	10,896,592	-	-	(1,069,104)	-	2,315	398,883	12,474,245
Special Revenue Fund															
Preschool Education Aid	21-495-034-5120-086	228,100	07/01/20	06/30/21	-	-	205,290	228,100	-	-	-	-	-	22,810	228,100
Non-Public Technology Initiative Aid	20-100-034-5120-373	2,592	07/01/19	06/30/20	-	205	-	-	205	-	-	-	-	-	2,387
Non-Public Textbook Aid	20-100-034-5120-064	3,795	07/01/19	06/30/20	-	167	-	-	167	-	-	-	-	-	3,628
Non-Public Textbook Aid	21-100-034-5120-064	5,437	07/01/20	06/30/21	-	-	5,437	4,035	-	-	-	-	1,402	-	4,035
Non-Public Nursing Services	20-100-034-5120-070	9,021	07/01/19	06/30/20	-	1,540	-	-	1,540	-	-	-	-	-	7,481
Non-Public Nursing Services	21-100-034-5120-070	11,526	07/01/20	06/30/21	-	-	11,526	10,837	-	-	-	-	689	-	10,837
Non-Public Security Aid	20-100-034-5120-509	13,950	07/01/19	06/30/20	-	89	-	-	89	-	-	-	-	-	13,861
Non-Public Security Aid	21-100-034-5120-509	19,775	07/01/20	06/30/21	-	-	19,775	19,766	-	-	-	-	9	-	19,766
Non-Public Auxiliary/Handicapped Transportation Aid	20-100-034-5120-068	464	07/01/19	06/30/20	(59)	-	59	-	-	-	-	-	-	-	464
Non-Public Auxiliary/Handicapped Transportation Aid	21-100-034-5120-068	1,747	07/01/20	06/30/21	-	-	1,747	1,747	-	-	-	-	-	-	1,747
Non-Public Auxiliary Services Aid															
Compensatory Education	20-100-034-5120-067	487	07/01/19	06/30/20	(62)	-	62	-	-	-	-	-	-	-	487
Compensatory Education	21-100-034-5120-067	15,676	07/01/20	06/30/21	-	-	15,676	2,790	-	-	-	-	12,886	-	15,676
Non-Public Handicapped Aid															
Examination and Classification	20-100-034-5120-066	7,798	07/01/19	06/30/20	(997)	4,668	997	-	4,668	-	-	-	-	-	3,130
Examination and Classification	20-100-034-5120-066	2,978	07/01/19	06/30/20	(380)	1,830	380	-	1,830	65	-	-	65	-	1,083
Examination and Classification	21-100-034-5120-066	2,599	07/01/20	06/30/21	-	-	2,599	-	-	-	-	-	2,599	-	-
Examination and Classification	21-100-034-5120-066	2,979	07/01/20	06/30/21	-	-	2,979	-	-	-	-	-	2,979	-	-
Supplemental Instruction	20-100-034-5120-066	2,186	07/01/19	06/30/20	(279)	-	279	-	-	-	-	-	-	-	2,186
Supplemental Instruction	21-100-034-5120-066	6,476	07/01/20	06/30/21	-	-	6,476	-	-	-	-	-	6,476	-	-
Corrective Speech	20-100-034-5120-066	820	07/01/19	06/30/20	(105)	-	105	-	-	-	-	-	-	-	820
Total Special Revenue Fund					(1,882)	8,499	273,387	267,275	8,499	65	-	-	27,105	22,810	315,688

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, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Repayment of Prior Year		Balance June 30, 2021			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor			Balances	Adjustment	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure	
Debt Service Fund																
Debt Service Aid - State Support	21-495-034-5120-017	\$ 9,846	07/01/20	06/30/21	\$ -	\$ -	\$ 9,846	\$ 9,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,846
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	21-100-010-3350-023	6,851	07/01/20	06/30/21	-	-	5,059	6,851	-	-	-	(1,792)	-	-	-	6,851
State School Lunch Program	20-100-010-3350-023	5,945	07/01/19	06/30/20	(1,618)	-	1,618	-	-	-	-	-	-	-	-	5,945
Total Enterprise Fund					(1,618)	-	6,677	6,851	-	-	-	(1,792)	-	-	-	12,796
Total State Financial Assistance					<u>\$ (1,183,618)</u>	<u>\$ 8,499</u>	<u>\$10,406,608</u>	<u>\$ 11,180,564</u>	<u>\$ 8,499</u>	<u>\$ 65</u>	<u>\$ (1,565,236)</u>	<u>\$ -</u>	<u>\$29,420</u>	<u>\$ 421,693</u>	<u>\$ 13,306,915</u>	
Less: On-Behalf TPAF Pension System Contributions																
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002							3,506,259								
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004							66,711								
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001							1,119,713								
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004							2,250								
Total for State Financial Assistance - Major Program Determination								<u>\$ 6,485,631</u>								

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, 2021

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 (\$3,207) for the general fund and \$196,192 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, 2021

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	\$ -	\$ 63,814	\$ 10,893,385	\$ 10,957,199
Special revenue fund	146,012	1,643,682	297,744	2,087,438
Debt service fund	-	-	9,846	9,846
Food service fund	-	219,086	6,851	225,937
Total awards and financial assistance	<u>\$ 146,012</u>	<u>\$ 1,926,582</u>	<u>\$ 11,207,826</u>	<u>\$ 13,280,420</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, 2021. 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, 2021.

Note 6 - Adjustments on the Schedule of Federal Awards

On Schedule A; the adjustment for the ESSA Title II A program for fiscal year 2020 for \$148 represents adjustments to activity to correspond to board financial reports.

Note 7 - Adjustments on the Schedule of State Financial Assistance

On Schedule B; the adjustment for the Non-Public Handicapped Aid - Exam and Classification program for fiscal year 2020 for \$65 represents adjustments to activity to correspond to board financial reports.

Note 8 - 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
For the Fiscal Year Ended June 30, 2021

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>H027A200100</i>	<i>IDEA Basic</i>
<i>84.173</i>	<i>H173A200114</i>	<i>IDEA Preschool</i>

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

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

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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>
<i>21-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>21-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>21-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>21-495-034-5120-003</i>	<i>Security Aid</i>
<i>21-495-034-5120-044</i>	<i>Reimbursed TPAF Social</i>
	<i>Security Contribution</i>
	<i>Extraordinary Aid</i>

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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 2021-001

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.

This was a finding in the prior year.

Finding 2021-003

Type: Internal control over financial reporting.

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 aged.

Cause: Unknown

Effect: Outstanding balances due to the District included aged amounts that were.

HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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Section II - Financial Statement Findings (continued)

Finding 2021-003 (continued)

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.

This was a finding in the prior year.

Finding 2021-004

Type: Internal control over financial reporting.

Criteria: The District should implement procedures to ensure limited access to the principal's handstamp.

Condition: As part of our audit procedures, it was noted that the secretary has access to the principal's handstamp, and it was used to approve vouchers for high school student activity account payments.

Cause: Unknown

Effect: The principal's handstamp was used on vouchers to approve payments for high school student activities.

Recommendation: The District should implement procedures to ensure that access to the handstamp is limited.

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.

**HIGHLAND PARK BOROUGH PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2021**

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

Finding 2021-002

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

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.

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.

This was a finding in the prior year.

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, 2021

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of 2020-001, 2020-004 and 2020-006 which are repeated as findings 2021-001, 2021-002 and 2021-003 respectively.