

**SCHOOL DISTRICT OF HANOVER
PARK REGIONAL**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

**Hanover Park Regional
High School District**

East Hanover, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal.....	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION..... 8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information	11
Management's Discussion and Analysis (Unaudited)	12

Basic Financial Statements (Sections A. and B.)	23
---	----

A. District-Wide Financial Statements	24
A-1 Statement of Net Assets	25
A-2 Statement of Activities	26

B. Fund Financial Statements.....	28
B-1 Balance Sheet – Governmental Funds	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
B-4 Statement of Net Assets – Proprietary Funds.....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds	35
B-6 Statement of Cash Flows – Proprietary Funds.....	36
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds	37
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	38

Notes to the Basic Financial Statements.....	39
--	----

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited).....	60
C-1 Budgetary Comparison Schedule – General Fund.....	61
C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund	75
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	76

D. School Level Schedules (Not Applicable).....	78
---	----

E. Special Revenue Fund	79
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	80
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

FINANCIAL SECTION (Cont'd)

F.	Capital Projects Fund.....	83
F-1	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	84
F-1a	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Additions, Alterations and Renovations to Hanover Park High School	85
F-1b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Additions, Alterations and Renovations to Whippany Park High School	86
F-1c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Installation of Security Cameras at Hanover Park High School	87
F-1d	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Installation of Security Cameras at Whippany Park High School	88
F-1e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Paving Upgrades at Hanover Park High School – Phase II	89
F-1f	Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Partial Roof Replacement at Whippany Park High School.....	90
G.	Proprietary Funds.....	91
	Enterprise Fund:	
G-1	Statement of Net Assets	92
G-2	Statement of Revenue, Expenses and Changes in Fund Net Assets	93
G-3	Statement of Cash Flows.....	94
H.	Fiduciary Funds	95
H-1	Combining Statement of Fiduciary Net Assets	96
H-2	Combining Statement of Changes in Fiduciary Net Assets	97
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	98
H-4	Student Activity Agency Fund - Statement of Activity	99
H-5	Payroll Agency Fund - Schedule of Receipts and Disbursements	100
I.	Long-Term Debt	101
I-1	Schedule of Serial Bonds	102
I-2	Schedule of Obligations Under Capital Leases (Not Applicable).....	103
I-3	Budgetary Comparison Schedule - Debt Service Fund (Unaudited)	104
J.	STATISTICAL SECTION (UNAUDITED)	105
J-1	Net Assets by Component.....	107
J-2	Changes in Net Assets.....	108
J-3	Fund Balances – Governmental Funds	111
J-4	Changes in Fund Balances – Governmental Funds.....	112
J-5	General Fund – Other Local Revenue by Source.....	114
J-6	Assessed Value and Actual Value of Taxable Property.....	115
J-7	Direct and Overlapping Property Tax Rates	117
J-8	Principal Property Tax Payers.....	119
J-9	Property Tax Levies and Collections	122
J-10	Ratios of Outstanding Debt by Type.....	123
J-11	Ratios of Net General Bonded Debt Outstanding	124
J-12	Ratios of Overlapping Governmental Activities Debt.....	125
J-13	Legal Debt Margin Information.....	126

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

J. STATISTICAL SECTION (UNAUDITED)	
J-14 Demographic and Economic Statistics.....	127
J-15 Principal Employers.....	129
J-16 Full-Time Equivalent District Employees by Function/Program	130
J-17 Operating Statistics	131
J-18 School Building Information.....	132
J-19 Schedule of Required Maintenance for School Facilities	133
J-20 Insurance Schedule	134
K. SINGLE AUDIT SECTION.....	135
K-1 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 <i>Government Auditing Standards</i>	136
K-2 Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04	138
Schedule of Expenditures of Federal Awards.....	140
Schedule of Expenditures of State Awards.....	141
Notes to the Schedules of Expenditures of Federal and State Awards	142
Schedule of Findings and Questioned Costs.....	144
Summary Schedule of Prior Audit Findings.....	145

INTRODUCTORY SECTION
(UNAUDITED)

BOARD OF EDUCATION

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

Serving East Hanover Township, Florham Park Borough and Hanover Township

75 Mt. Pleasant Avenue, East Hanover, New Jersey 07936
Telephone (973) 887-0340 Fax (973) 887-9247William F. Albert, Jr
Business Administrator/Board Secretary
E-mail: William.albert@hanpk.morris.k12.nj.usHANOVER PARK HIGH SCHOOL
WHIPPANY PARK HIGH SCHOOL

November 16, 2012

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

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hanover Park Regional High School District (the "District") for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels 9 through 12 for the students residing in East Hanover Township, the Borough of Florham Park, and Hanover Township. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of 1,482 students, which is an increase of 53 students from the previous year's enrollment.

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 2
November 16, 2012

1. REPORTING ENTITY AND ITS SERVICES (Cont'd):

The following details the changes in the student enrollment of the District over the last five years:

Fiscal Year	Average Daily Enrollment	
	Enrollment	Change
2011-2012	1,482.10	3.71%
2010-2011	1,429.10	-1.62%
2009-2010	1,452.70	0.19%
2008-2009	1,449.90	-3.68%
2007-2008	1,505.30	-3.47%

2. ECONOMIC CONDITION AND OUTLOOK: Hanover Township is experiencing an increase in building due to multiple residential and commercial construction projects. Florham Park Borough is anticipating modest growth and development over the next couple of years. East Hanover Township is experiencing a difficult economic climate and is expecting little to no growth in 2013.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2011-2012, please refer to the Superintendent's Office.

Students in the Class of 2012 at both of the District's high schools were granted diplomas in June 2012.

	Regular Pupils	Special Education Pupils	Limited English	Total Pupils
Grade 12 Enrollment 6/30/12	283.0	35.0	5	323.0
No. Students Graduating	283.0	35.0	5	323.0
No. Students Passing HSPA*	280.0	20.0	4	304.0
No. Students Passing ASHA*	3.0	1.0	1	5.0
No. Students HSPT Exempt*	- 0 -	14.0	- 0 -	14.0
No. Graduates Passing HSPT in their Native Language	- 0 -	- 0 -	- 0 -	- 0 -
No. Students Denied a Diploma	- 0 -	- 0 -	- 0 -	- 0 -

* May be a duplicated count.

A majority of graduating students plan to continue their education. Advanced education plans are summarized below for the Class of 2012.

	4-Year College	2-Year College	Armed Forces	Other Education	Total
Hanover Park	148.0	36.0	1.0	2	187.0
Whippany Park	107.0	22.0	- 0 -	7	136.0

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 3
November 16, 2012

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

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

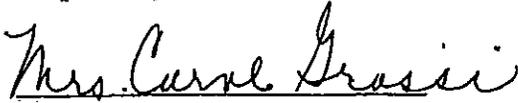
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts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

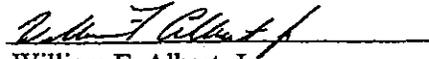
5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2012.
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. DEBT ADMINISTRATION: At June 30, 2012, the District's outstanding debt includes \$24,814,000 of School Bonds issued July 15, 2005.
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
Page 4
November 16, 2012

10. **OTHER INFORMATION: Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
11. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Hanover Park Regional District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,


Carol Grossi
Superintendent

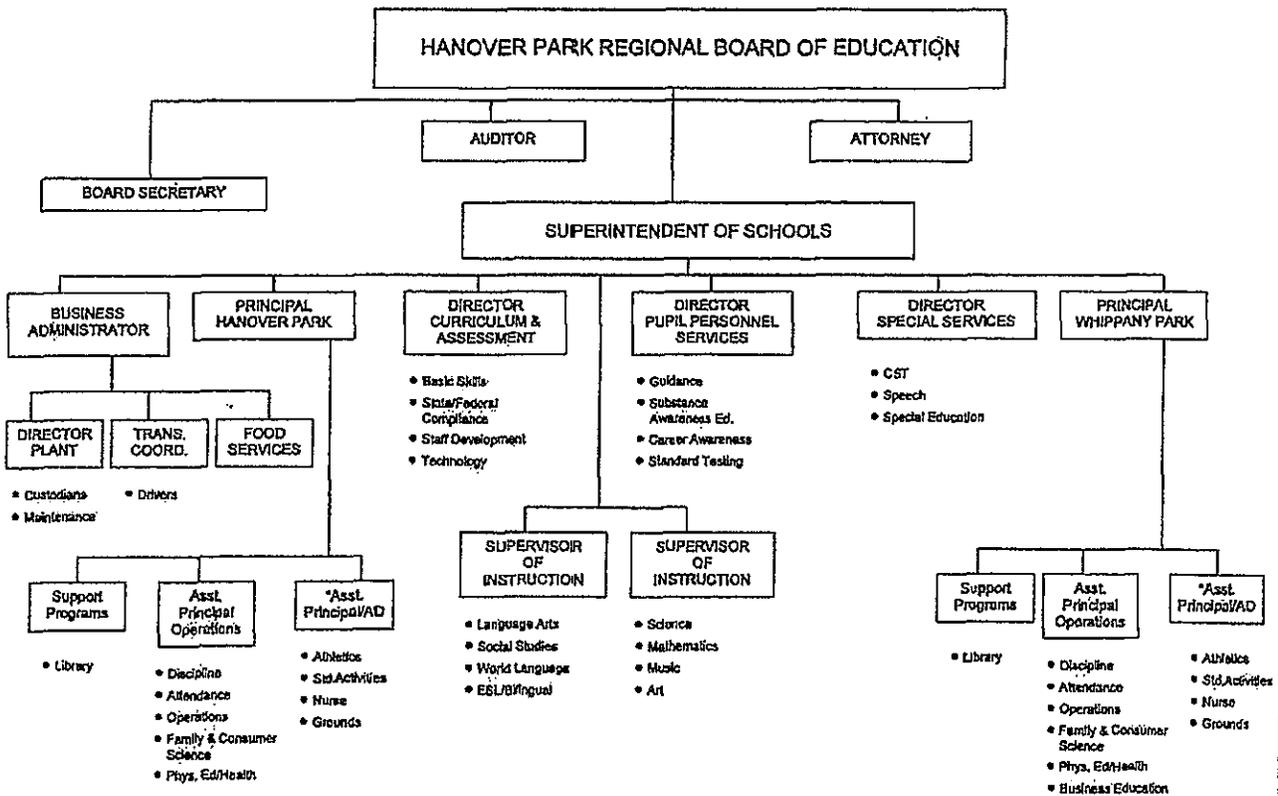

William F. Albert, Jr.
Business Administrator/Board Secretary

POLICY

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



* Assistant Principal/AD will be one District position
Revised: 7/21/10
Board Approved: 9/15/10



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joan Seery - President	2013
Gerard Freda - Vice President	2012
John Corona	2012
Deborah Davis	2013
Ernest Eveland	2012
Richard Ford	2013
James Herbert	2014
Glen Johnstone	2012
Michael Lomio	2014

<u>Other Officers</u>	<u>Title</u>
Carol Grossi	Superintendent of Schools
William F. Albert, Jr.	Board Secretary/Business Administrator
Patricia Mackenzie	Treasurer
Maria Carrell	Director of Curriculum, Instruction and Assessment

**HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors
Year Ended June 30, 2012**

Audit Firm

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

and

Lawrence Business Park
11 Lawrence Road
Newton, New Jersey 07860

Attorney

Anthony P. Sciarrillo, Esq.
Lindabury, McCormick & Estabrook, P.C.
53 Cardinal Drive
P.O. Box 2369
Westfield, New Jersey 07090

Architects

Parette-Somjen Architects
439 U.S. Route 46, Suite 4
Rockaway, New Jersey 07866

FKA Architects
306 Ramapo Valley Road
Oakland, New Jersey 07436

Official Depositories

TD Bank
East Hanover, New Jersey 07936

Valley National Bank
East Hanover, New Jersey 07936

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District in the County of Morris as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District in the County of Morris as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012, on our consideration of the Board of Education of the Hanover Park Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Hanover Park Regional High School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Nisivoccia, LLP

NISIVOCCLIA, LLP

November 16, 2012
Mount Arlington, New Jersey

Kathryn L. Mantell

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

This section of Hanover Park Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position increased \$476,079 over the course of the year.
- Overall revenue was \$32,503,108.
- Overall expenditures were \$32,027,029.
- The net assets from the District's business-type activity – food services – decreased \$21,575 primarily due to an increase in operating costs.

Overview of the Financial Statements

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

**Figure A-1
Organization of Hanover Park Regional School District's Financial Report**

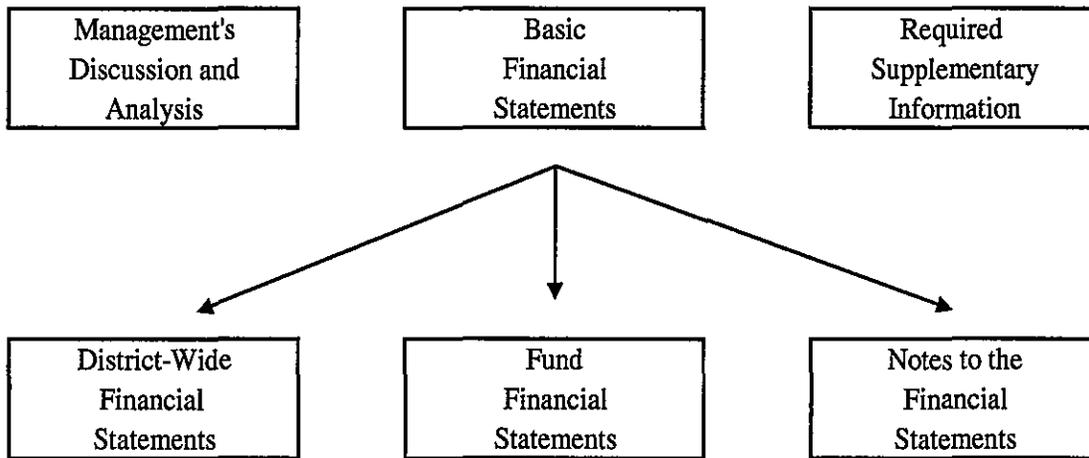


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Fund Financial Statements

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets were \$33,417,223 on June 30, 2012, \$476,079 or 1.45% higher than they were the year before (See Figure A-3). Net assets from governmental activities increased \$497,654 and net assets from business-type activities decreased by \$21,575 (See Figure A-4). Net assets invested in capital assets (net of related debt) increased \$801,922, restricted net assets decreased \$379,991 and unrestricted net assets increased \$54,148.

Figure A-3

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Current and							
Other Assets	\$ 12,614,818	\$ 12,826,568	\$ 212,029	\$ 180,299	\$ 12,826,847	\$ 13,006,867	-1.38%
Capital Assets	46,350,562	46,840,578	49,125	57,187	46,399,687	46,897,765	-1.06%
Total Assets	58,965,380	59,667,146	261,154	237,486	59,226,534	59,904,632	-1.13%
Long-Term Debt							
Outstanding	25,424,388	26,700,455			25,424,388	26,700,455	-4.78%
Other Liabilities	289,575	212,928	95,348	50,105	384,923	263,033	46.34%
Total Liabilities	25,713,963	26,913,383	95,348	50,105	25,809,311	26,963,488	-4.28%
Net Assets:							
Invested in							
Capital Assets,							
Net of Related							
Debt	21,536,562	20,726,578	49,125	57,187	21,585,687	20,783,765	3.86%
Restricted	10,703,912	11,083,903			10,703,912	11,083,903	-3.43%
Unrestricted	1,010,943	943,282	116,681	130,194	1,127,624	1,073,476	5.04%
Total Net Assets	\$ 33,251,417	\$ 32,753,763	\$ 165,806	\$ 187,381	\$ 33,417,223	\$ 32,941,144	1.45%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net assets. The District's *combined* net assets increased by \$476,079 or 1.45%. Net assets invested in capital assets increased by \$801,922 due to a \$1,300,000 reduction in debt and \$741,879 in capital additions from governmental activities offset by \$1,239,957 in depreciation (\$1,231,895 from governmental and \$8,062 from business-type activities). Restricted net assets decreased by \$379,991 due to reductions of surplus designated for subsequent year's expenditures of \$977,402 and capital project expenditures of \$674,499 offset by SDA grant revenue realized of \$269,800 and increases in THE capital reserve of \$1,002,101 and the maintenance reserve of \$9. Unrestricted net assets increased \$54,148 primarily as a result of increased state aid and surplus used to support the 2012/13 budget offset by increased staffing. The net assets of the business-type activities decreased \$21,575 as a result of an increase in the cost of sales. (See Figure A-4).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Revenue:							
Program Revenue:							
Charges for Services			\$ 520,101	\$ 505,962	\$ 520,101	\$ 505,962	2.79%
Operating Grants & Contributions	\$ 2,948,411	\$ 2,322,194			2,948,411	2,322,194	26.97%
Capital Grants & Contributions	269,800	1,048,464			269,800	1,048,464	-74.27%
General Revenue:							
Property Taxes	28,163,631	27,727,252			28,163,631	27,727,252	1.57%
Federal & State Aid	447,761	337,033			447,761	337,033	32.85%
Other	153,222	343,591	182	345	153,404	343,936	-55.40%
Total Revenue	31,982,825	31,778,534	520,283	506,307	32,503,108	32,284,841	0.68%
Expenses:							
Instruction	15,793,065	14,976,292			15,793,065	14,976,292	5.45%
Pupil & Instruction Services	6,405,985	5,804,733			6,405,985	5,804,733	10.36%
Administration and Business	2,619,263	2,515,465			2,619,263	2,515,465	4.13%
Maintenance & Operations	2,850,399	2,807,016			2,850,399	2,807,016	1.55%
Transportation	1,753,153	1,647,907			1,753,153	1,647,907	6.39%
Other	2,063,306	1,713,661	541,858	537,044	2,605,164	2,250,705	15.75%
Total Expenses	31,485,171	29,465,074	541,858	537,044	32,027,029	30,002,118	6.75%
SDA Grants Cancelled		(64,718)				(64,718)	100.00%
Change in Net Assets	\$ 497,654	\$ 2,248,742	\$ (21,575)	\$ (30,737)	\$ 476,079	\$ 2,218,005	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2011-2012 fiscal school year was \$32,503,108. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$28,163,631, or 86.65% of total revenue. (See Figure A-5). Another 11.28% came from state and federal aid and the remaining 2.07% came from charges for services and miscellaneous sources. Hanover Park Regional High School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5
Sources of Revenue for Fiscal Year 2012 and 2011**

Sources of Income	2012	Percentage	2011	Percentage
State Formula Aid	\$ 560,010	1.72%	\$ 144,041	0.45%
Property Taxes	28,163,631	86.65%	27,727,252	85.88%
Federal and State Categorical Grants	3,105,962	9.56%	3,563,650	11.04%
Charges for Services	520,101	1.60%	505,962	1.57%
Other	153,404	0.47%	343,936	1.06%
	<u>\$ 32,503,108</u>	<u>100.00%</u>	<u>\$ 32,284,841</u>	<u>100.00%</u>

The total cost of all programs and services was \$32,027,029. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (74.79%). (See Figure A-6). The District's administration and business activities accounted for 8.18% of total expenses. Hanover Park High School has a very unique physical plant that, while greatly appreciated in the fall and spring, creates many difficulties in the winter and in inclement weather all year round. The age and the layout of Hanover Park High School contribute to higher maintenance costs (8.90%) than those of the standard high school plant. Hanover Park also boasts the only high school in New Jersey with seven bridges on its campus. It is important to note that other expenses for the year (8.13%) include \$1,239,957 of depreciation - \$1,231,895 from its governmental and \$8,062 from its business-type activities.

**Figure A-6
Expenses for Fiscal Year 2012 and 2011**

Expense Category	2012	Percentage	2011	Percentage
Instruction	\$ 15,793,065	49.32%	\$ 14,976,292	49.92%
Pupil & Instruction Services	6,405,985	20.00%	5,804,733	19.35%
Administration and Business	2,619,263	8.18%	2,515,465	8.38%
Maintenance & Operations	2,850,399	8.90%	2,807,016	9.36%
Transportation	1,753,153	5.47%	1,647,907	5.49%
Other	2,605,164	8.13%	2,250,705	7.50%
	<u>\$ 32,027,029</u>	<u>100.00%</u>	<u>\$ 30,002,118</u>	<u>100.00%</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Governmental Activities

The financial position of the District remains stable. Maintaining existing programs, developing new programs for regular education pupil enrollment and continued special programs and services disabled pupils places great demands on the District's resources. Limited veteran employee retirements and increased employee health benefit contributions have been surpassed by the increase in health benefits cost and the costs associated with training new teachers. These and the loss of State aid resulted in the three communities in the regional district being subject to a tax increase.

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

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

Due to the constraints placed upon the District by recent legislation, it is crucial that the District examine its expenditures carefully. Parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011/12	2010/11	2011/12	2010/11
Instruction	\$ 15,793,065	\$ 14,976,292	\$ 13,692,128	\$ 13,213,832
Pupil & Instruction Services	6,405,985	5,804,733	5,773,556	5,469,021
Administration and Business	2,619,263	2,515,465	2,417,001	2,369,509
Maintenance & Operations	2,850,399	2,807,016	2,580,599	1,758,552
Transportation	1,753,153	1,647,907	1,740,370	1,569,841
Other	2,063,306	1,713,661	2,063,306	1,713,661
Total	\$ 31,485,171	\$ 29,465,074	\$ 28,266,960	\$ 26,094,416

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$31,485,171.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,105,962).
- Most of the District's costs were financed by \$28,163,631 of District taxes.
- A portion of governmental activities was financed with \$560,010 in State Aid based on the CEIFA formula.
- The remaining \$153,222 of the District's funding came from \$151,070 in miscellaneous revenue and \$2,152 in investment earnings.

Business-Type Activities

- Net assets from the District's business-type activities (food service program) decreased \$21,575 primarily as a result of an increase in the cost of sales. (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position remains stable despite difficult economic times. The District received State Aid in the current fiscal year as compared to receiving none in the previous fiscal year. Accordingly, expenditures in the current year increased over the prior year where significant budget cuts were implemented to offset the loss of State Aid. The majority of the increase in expenditures in the current year were largely in the areas of Instruction, Out-of-District Tuition, and Employee Benefits.

Student enrollment increased by 51.5 students in 2011-12 as was followed by an anticipated increase of 100 students for the upcoming 2012-13 school year. This increase in enrollment led to increases in staffing in the current and subsequent fiscal years.

The District anticipates that the difficult economic times will continue to impact the District. The District has had a multi-year practice of utilizing funds from the unappropriated balance to reduce the tax levy. Ratables continued to decline in two of the three communities with the third community currently undergoing a revaluation. The decline in ratables will have an inverse impact on tax rates in those two communities, and any changes as a result of revaluation will impact the tax rates in the third community.

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

General Fund Budgetary Highlights

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Capital Asset and Debt Administration

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	0.00%
Construction in Progress	917,013	242,514			917,013	242,514	278.13%
Site Imps.	519,501	564,788			519,501	564,788	-8.02%
Buildings & Bldg. Imps.	42,093,100	43,081,554			42,093,100	43,081,554	-2.29%
Machinery, Furniture and Equipment	859,622	990,396	\$ 49,125	\$ 57,187	908,747	1,047,583	-13.25%
Total	\$46,350,562	\$46,840,578	\$ 49,125	\$ 57,187	\$46,399,687	\$46,897,765	-1.06%

The District expended \$741,879 for several capital construction projects. This increase was offset by \$1,239,957 in depreciation (\$1,231,895 from its governmental and \$8,062 from its business-type activities). Construction in progress includes construction of renovations, paving upgrades and installation of security cameras at Hanover Park and Whippany Park High Schools.

Long-Term Debt

At year-end, the District had \$24,814,000 in general obligation bonds outstanding – a decrease of \$1,300,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

**Figure A-9
Outstanding Long-Term Debt**

	Total School District		Percent Change
	2011/12	2010/11	
General Obligation Bonds (Financed with Property Taxes)	\$ 24,814,000	\$ 26,114,000	-4.98%
Other Long-Term Debt	610,388	586,455	4.08%
Total	\$ 25,424,388	\$ 26,700,455	-4.78%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Long-Term Debt

- The District retired \$1,300,000 of general obligation bonds.
- Compensated absences payable increased by \$23,933.

Factors Bearing on the District's Future

At the time these financial statement were prepared an audited, the District was aware of five existing circumstances that could significantly affect its financial health in the future:

- The Board of Education voted to move the school election to November thereby eliminating a public vote. The County Office and the Board of Education approved the District's 2012-2013 budget in March of 2012.
- On June 28, 2011, Chapter 78, P.L. 2011 became effective. This law increased the employee contribution to both the pension and health benefit systems.
- On July 13, 2010, the Governor signed into law a reduction of the tax cap levy CAP from a 4% to a 2% increase. This reduction in the District's primary revenue source will continue to affect the District's future spending plans.
- The labor agreement with the District's two bargaining units, the Hanover Park Regional Administrator's Association and the Hanover Park Regional Education Association expired on June 30, 2012, and the District is currently in negotiations.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,049,122	\$ 204,121	\$ 7,253,243
Cash with Fiscal Agents	1,837		1,837
Internal Balances	(45)	45	
Receivable from Federal Government	18,268		18,268
Receivable from State Government	3,579,331		3,579,331
Other Receivables	6,783		6,783
Inventories		7,863	7,863
Restricted Assets:			
Capital Reserve Account - Cash	1,909,513		1,909,513
Maintenance Reserve Account - Cash	50,009		50,009
Capital Assets:			
Site (Land) and Construction in Progress	2,878,339		2,878,339
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	43,472,223	49,125	43,521,348
Total Assets	58,965,380	261,154	59,226,534
LIABILITIES			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	165,099		165,099
Payable to State Government	5,696		5,696
Accounts Payable - Vendors	65,282	95,348	160,630
Deferred Revenue	1,661		1,661
Interfund Payable	50,000		50,000
Noncurrent Liabilities:			
Due Within One Year	1,300,000		1,300,000
Due Beyond One Year	24,124,388		24,124,388
Total Liabilities	25,713,963	95,348	25,809,311
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	21,536,562	49,125	21,585,687
Restricted for:			
Capital Projects	8,216,964		8,216,964
Other Purposes	2,486,948		2,486,948
Unrestricted	1,010,943	116,681	1,127,624
Total Net Assets	\$ 33,251,417	\$ 165,806	\$ 33,417,223

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,919,404		\$ 1,216,054		\$ (10,703,350)	\$ (10,703,350)	
Special Education	1,932,005		746,217		(1,185,788)	(1,185,788)	
Other Special Instruction	171,542		14,870		(156,672)	(156,672)	
Vocational	36,283		3,190		(33,093)	(33,093)	
Other Instruction	1,733,831		120,606		(1,613,225)	(1,613,225)	
Support Services:							
Tuition	2,581,816				(2,581,816)	(2,581,816)	
Student & Instruction Related Services	3,824,169		632,429		(3,191,740)	(3,191,740)	
General Administration Services	764,055		51,803		(712,252)	(712,252)	
School Administration Services	1,297,662		108,412		(1,189,250)	(1,189,250)	
Central Services	510,587		42,047		(468,540)	(468,540)	
Administration Information Technology	46,959				(46,959)	(46,959)	
Plant Operations and Maintenance	2,850,399			\$ 269,800	(2,580,599)	(2,580,599)	
Pupil Transportation	1,753,153		12,783		(1,740,370)	(1,740,370)	
Interest on Long-Term Debt	1,006,845				(1,006,845)	(1,006,845)	
Unallocated Depreciation	1,056,461				(1,056,461)	(1,056,461)	
Total Governmental Activities	31,485,171	\$ - 0 -	2,948,411	269,800	(28,266,960)	\$ - 0 -	(28,266,960)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities: Food Service	\$ 541,858	\$ 520,101				\$ (21,757)	\$ (21,757)
Total Primary Government	\$ 32,027,029	\$ 520,101	\$ 2,948,411	\$ 269,800	\$ (28,266,960)	(21,757)	(28,288,717)
 General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					25,848,661		25,848,661
Taxes Levied for Debt Service					2,314,970		2,314,970
Federal and State Aid not Restricted					447,761		447,761
Investment Earnings					2,152	182	2,334
Miscellaneous Income					151,070		151,070
Total General Revenue					28,764,614	182	28,764,796
Change in Net Assets					497,654	(21,575)	476,079
Net Assets - Beginning					32,753,763	187,381	32,941,144
Net Assets - Ending					\$ 33,251,417	\$ 165,806	\$ 33,417,223

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

FUND FINANCIAL STATEMENTS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 4,913,394		\$ 2,135,728		\$ 7,049,122
Cash with Fiscal Agents				\$ 1,837	1,837
Interfunds Receivable	11,784		253,549		265,333
Receivable from Federal Government		\$ 18,268			18,268
Receivable from State Government	411,157		3,168,174		3,579,331
Other Receivables		6,783			6,783
Restricted Cash and Cash Equivalents	1,959,522				1,959,522
Total Assets	\$ 7,295,857	\$ 25,051	\$ 5,557,451	\$ 1,837	\$ 12,880,196
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable - Vendors	\$ 59,372	\$ 5,910			65,282
Intergovernmental Payable - State		5,696			5,696
Interfunds Payable	303,594	11,784			315,378
Deferred Revenue		1,661			1,661
Total Liabilities	362,966	25,051		1,837	389,854
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,909,513				1,909,513
Maintenance Reserve Account	50,009				50,009
Excess Surplus	1,469,560				1,469,560
Excess Surplus - Designated for Subsequent Year's Expenditures	1,717,379				1,717,379
Capital Projects			\$ 5,407,140		5,407,140

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Committed:					
Capital Projects			\$ 150,311		\$ 150,311
Assigned:					
Year - End Encumbrances	\$ 568,802				568,802
Designated for Subsequent Year's Expenditures	293,273				293,273
Unassigned	924,355				924,355
Total Fund Balances	<u>6,932,891</u>		<u>5,557,451</u>		<u>12,490,342</u>
Total Liabilities and Fund Balances	<u>\$ 7,295,857</u>	<u>\$ 25,051</u>	<u>\$ 5,557,451</u>	<u>\$ 1,837</u>	<u>\$ 12,880,196</u>

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

Total Fund Balances (Above)	\$ 12,490,342
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$61,777,008 and the accumulated depreciation is \$15,426,446.	46,350,562
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(165,099)
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.	<u>(25,424,388)</u>
Net Assets of Governmental Activities (Exhibit A-1)	<u>\$ 33,251,417</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 25,848,661			\$ 2,314,970	\$ 28,163,631
Interest Earned on Capital Reserve Funds	2,101				2,101
Miscellaneous	151,070	\$ 7,996	\$ 51		159,117
Total - Local Sources	26,001,832	7,996	51	2,314,970	28,324,849
State Sources	2,992,453	5,506	269,800		3,267,759
Federal Sources	49,387	340,830			390,217
Total Revenue	29,043,672	354,332	269,851	2,314,970	31,982,825
EXPENDITURES:					
Current:					
Regular Instruction	8,522,254	8,063			8,530,317
Special Education Instruction	1,386,684	18,735			1,405,419
Other Special Instruction	124,793				124,793
Vocational Programs - Instruction	26,254				26,254
Other Instruction	1,356,648				1,356,648
Support Services and Undistributed Costs:					
Tuition	2,305,068	276,748			2,581,816
Student & Instruction Related Services	2,798,742	50,786			2,849,528
General Administration Services	596,897				596,897
School Administration Services	937,681				937,681
Central Services	377,421				377,421
Administrative Information Technology	46,921				46,921

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs:					
Plant Operations and Maintenance	\$ 2,387,932				\$ 2,387,932
Pupil Transportation	1,289,632				1,289,632
Unallocated Benefits	6,390,950				6,390,950
Capital Outlay	387,669		\$ 674,499		1,062,168
Debt Service:					
Interest and Other Charges				\$ 1,014,970	1,014,970
Principal				1,300,000	1,300,000
Total Expenditures	28,935,546	\$ 354,332	674,499	2,314,970	32,279,347
Excess/(Deficiency) of Revenue over Expenditures	108,126		(404,648)		(296,522)
OTHER FINANCING SOURCES/(USES):					
Transfers In	51				51
Transfers Out			(51)		(51)
Total Other Financing Sources/(Uses)	51		(51)		- 0 -
Net Change in Fund Balances	108,177		(404,699)		(296,522)
Fund Balance - July 1	6,824,714		5,962,150		12,786,864
Fund Balance - June 30	<u>\$ 6,932,891</u>	<u>\$ - 0 -</u>	<u>\$ 5,557,451</u>	<u>\$ - 0 -</u>	<u>\$ 12,490,342</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (296,522)

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

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

	Depreciation Expense	\$ (1,231,895)	
	Capital Outlays	<u>741,879</u>	(490,016)

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (23,933)

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. 8,125

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 1,300,000

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 497,654

Exhibit B-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 204,121
Interfund Receivable - General Fund	45
Inventories	7,863
	212,029
Total Current Assets	212,029
Non-Current Assets:	
Capital Assets:	
Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	(352,607)
	49,125
Total Non-Current Assets	49,125
Total Assets	261,154
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	95,348
	95,348
Total Liabilities	95,348
<u>NET ASSETS:</u>	
Investment in Capital Assets, Net of Related Debt	49,125
Unrestricted	116,681
	165,806
Total Net Assets	\$ 165,806

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

Exhibit B-5

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 502,975
Special Events	1,474
Free and Reduced Lunches Subsidized by District	15,652
Total Operating Revenue	520,101
Operating Expenses:	
Cost of Sales	240,403
Salaries, Benefits & Payroll Taxes	206,725
Supplies, Insurance & Other Costs	17,693
Management Fee	36,411
Miscellaneous Expense	10,609
Insurance, Office Supplies & Administrative Costs	21,955
Depreciation Expense	8,062
Total Operating Expenses	541,858
Operating (Loss)	(21,757)
Non-Operating Income:	
Interest Income	182
Total Non-Operating Income	182
Change in Net Assets	(21,575)
Net Assets - Beginning of Year	187,381
Net Assets - End of Year	\$ 165,806

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

Exhibit B-6

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds
	Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 504,449
Receipts from District	15,652
Payments by District for the Free Lunches	(15,652)
Payments to Food Service Vendor	(470,508)
	33,941
Net Cash Provided by Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	182
	182
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	34,123
Cash and Cash Equivalents, July 1	169,998
	204,121
Cash and Cash Equivalents, June 30	
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (21,757)
Adjustment to Reconcile Operating Loss to Cash	
Provided by Operating Activities:	
Depreciation	8,062
Changes in Assets and Liabilities:	
Decrease in Inventory	2,393
Increase in Accounts Payable	45,243
	33,941
Net Cash Provided by Operating Activities	\$ 33,941

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

Exhibit B-7

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 142,587	\$ 93,339	\$ 25,016
Investments	22,994		
Interfund Receivable		50,000	
Total Assets	<u>165,581</u>	<u>143,339</u>	<u>25,016</u>
<u>LIABILITIES:</u>			
Due to Student Groups	<u>165,581</u>		
Total Liabilities	<u>165,581</u>		
<u>NET ASSETS:</u>			
Held in Trust for:			
Unemployment Claims		143,339	
Scholarships			25,016
Total Net Assets	<u>\$ - 0 -</u>	<u>\$ 143,339</u>	<u>\$ 25,016</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 45,783	
District	50,000	
Donations		\$ 10,553
Total Contributions	<u>95,783</u>	<u>10,553</u>
Investment Earnings:		
Interest	259	
Net Investment Earnings	<u>259</u>	
Total Additions	<u>96,042</u>	<u>10,553</u>
DEDUCTIONS:		
Unemployment Compensation Claims	102,046	
Scholarship Payments		11,541
Total Deductions	<u>102,046</u>	<u>11,541</u>
Change in Net Assets	(6,004)	(988)
Net Assets - Beginning of the Year	<u>149,343</u>	<u>26,004</u>
Net Assets - End of the Year	<u>\$ 143,339</u>	<u>\$ 25,016</u>

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two senior high schools serving East Hanover Township, Florham Park Borough and Hanover Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service 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.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

Reports for the District's Enterprise Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 29,068,759	\$ 337,014
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		17,318
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	(25,087)	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 29,043,672</u>	<u>\$ 354,332</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 28,935,546	\$ 337,014
Differences - Budget to GAAP:		
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.		17,318
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	\$ 28,935,546	\$ 354,332
		Capital Projects Fund
		Fund
	Revenue	Balance
Total Revenue/Fund Balance - Budgetary Basis	\$ -0-	\$ 5,657,657
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable Recognized/(Not Recognized) on the GAAP Basis	269,800	(100,206)
Revenue/Fund Balance per Governmental Funds (GAAP Basis)	\$ 269,800	\$ 5,557,451

E. Cash and Cash Equivalents, and Investments:

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,932,891 General Fund balance at June 30, 2012, \$862,075 is assigned fund balance of which \$568,802 is for year-end encumbrances and \$293,273 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; \$1,909,513 is restricted in the capital reserve account; \$50,009 is restricted in the maintenance reserve account; \$1,717,379 is restricted for prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 (S1701) and has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$1,469,560 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2014; and \$924,355 in unassigned fund balance.

Capital Projects Fund: Of the \$5,557,451 Capital Projects Fund balance at June 30, 2012, \$150,311 is committed on the GAAP basis (which is \$100,206 less than the budgetary basis due to SDA grants receivable which are not recognized until expended) and \$5,407,140 is restricted.

Debt Service Fund: The District has no Debt Service Fund balance at June 30, 2012.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$25,087 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$150,311 in committed resources attributable to SDA projects in the Capital Projects Fund at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources of \$568,802 for year-end encumbrances and \$293,273 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

S. Revenue - Exchange and Nonexchange Transactions:

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

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

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

T. Operating Revenue and Expenses:

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

U. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Cash With Fiscal Agents	Restricted Capital Reserve	Maintenance Reserve	Total
Checking Accounts	\$ 6,926,670		\$ 1,837			\$ 6,928,507
Savings Accounts	186,354			\$ 1,909,513	\$ 50,009	2,145,876
Cutwater Asset Mgmt.	401,161					401,161
Certificates of Deposit		\$ 22,994				22,994
	<u>\$ 7,514,185</u>	<u>\$ 22,994</u>	<u>\$ 1,837</u>	<u>\$ 1,909,513</u>	<u>\$ 50,009</u>	<u>\$ 9,498,538</u>

During the period ended June 30, 2012, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$9,498,538 and the bank balance was \$9,907,682. The \$401,161 balance on deposit with Cutwater Asset Management is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance at July 1, 2011	\$	1,657,412
Interest Earnings		2,101
Increase by Board Resolution - June 20, 2012		250,000
Ending Balance at June 30, 2012	\$	1,909,513

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

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance at July 1, 2011	\$	50,000
Interest Earnings		9
Ending Balance at June 30, 2012	\$	50,009

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	242,514	\$ 674,499		917,013
Total Capital Assets not being Depreciated	2,203,840	674,499		2,878,339
Capital Assets being Depreciated:				
Site Improvements	2,194,823			2,194,823
Buildings and Building Improvements	52,600,124			52,600,124
Machinery and Equipment	4,036,342	67,380		4,103,722
Total Capital Assets being Depreciated	58,831,289	67,380		58,898,669
Governmental Activities Capital Assets	61,035,129	741,879		61,777,008
Less Accumulated Depreciation for:				
Site Improvements	(1,630,035)	(45,287)		(1,675,322)
Buildings and Building Improvements	(9,518,570)	(988,454)		(10,507,024)
Machinery and Equipment	(3,045,946)	(198,154)		(3,244,100)
Total Accumulated Depreciation	(14,194,551)	(1,231,895)		(15,426,446)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 46,840,578	\$ (490,016)	\$ - 0 -	\$ 46,350,562
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 401,732			\$ 401,732
Less Accumulated Depreciation	(344,545)	\$ (8,062)		(352,607)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 57,187	\$ (8,062)	\$ - 0 -	\$ 49,125
Total Governmental and Business-Type Activities	\$ 46,897,765	\$ (498,078)	\$ - 0 -	\$ 46,399,687

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

During the year ended June 30, 2012, the District had active construction projects for additions, alterations and renovations, paving upgrades, auditorium renovations and installation of security cameras to Hanover Park and Whippany Park High Schools totaling \$47,377,882 of which the District expended \$674,499 during the year and has \$65,214 in construction encumbrances at June 30, 2012.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 12,107
School Administrative Services	6,694
Plant Operations and Maintenance	19,999
Pupil Transportation	136,634
Unallocated	<u>1,056,461</u>
Total Depreciation	<u><u>\$ 1,231,895</u></u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$12,377 to the capital outlay equipment accounts which did not require County Superintendent approval.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2012, to lease copying equipment valued at \$458,999 under operating leases which expire in 2017. Total operating lease payments made during the year ended June 30, 2012 were \$98,345. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 98,345
2014	98,345
2015	98,345
2016	12,601
2017	<u>5,886</u>
	<u><u>\$ 313,522</u></u>

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Issued/</u> <u>Accrued</u>	<u>Matured/</u> <u>Retired</u>	<u>Balance</u> <u>6/30/2012</u>
Serial Bonds Payable	\$ 26,114,000		\$ 1,300,000	\$ 24,814,000
Compensated Absences Payable	<u>586,455</u>	<u>\$ 68,303</u>	<u>44,370</u>	<u>610,388</u>
	<u><u>\$ 26,700,455</u></u>	<u><u>\$ 68,303</u></u>	<u><u>\$ 1,344,370</u></u>	<u><u>\$ 25,424,388</u></u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. GENERAL LONG-TERM DEBT (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund. The current portion of bonds payable is \$1,300,000 and the long-term portion is \$23,514,000.

The District had bonds outstanding as of June 30, 2012 as follows:

Maturity Date	Serial Bonds Interest Rate	Amount
10/1/2025	3.75% - 4.25%	\$ 24,814,000

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2013	\$ 1,300,000	\$ 966,220	\$ 2,266,220
2014	1,400,000	915,595	2,315,595
2015	1,500,000	859,345	2,359,345
2016	1,600,000	797,345	2,397,345
2017	1,700,000	731,345	2,431,345
2018 - 2022	9,400,000	2,578,725	11,978,725
2023 - 2026	7,914,000	644,708	8,558,708
	\$ 24,814,000	\$ 7,493,283	\$ 32,307,283

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2012, the District had no capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is \$-0- and the long-term portion is \$610,388.

The District had no liability at June 30, 2012 for compensated absences associated with its Food Service Enterprise Fund.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$397,220, \$363,998 and \$266,731 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$380,338, \$-0- and \$-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

The employer and employee contributions to DCRP for the fiscal years ended June 30, 2012, 2011 and 2010 were \$2,875, \$115 and \$-0-, respectively.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2012, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$764,578, \$811,463 and \$780,375 for 2012, 2011, and 2010, respectively.

NOTE 12. DEFERRED COMPENSATION

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

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

NOTE 13. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

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

The audit for the SAIF for the fiscal year ended June 30, 2012 was not available as of the date of this report.

Selected financial information for the SAIF as of June 30, 2011 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 36,448,099
Net Assets	\$ 12,502,179
Total Revenue	\$ 29,577,140
Total Expenses	\$ 28,589,235
Change in Net Assets	\$ 987,905
Net Assets Distribution to Participating Members	\$ 1,223,485

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

Public Entity Group Administrative Services
51 Everett Drive Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 50,000	\$ 46,042	\$ 102,046	\$ 143,339
2010-2011	- 0 -	40,231	110,778	149,343
2009-2010	- 0 -	45,233	50,991	219,890

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. ECONOMIC DEPENDENCY

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

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2012.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,784	\$ 303,594
Special Revenue Fund		11,784
Capital Projects Fund	253,549	
Food Service Enterprise Fund	45	
Fiduciary Fund	50,000	
	<u>\$ 315,378</u>	<u>\$ 315,378</u>

The Capital Projects Fund interfund balance at June 30, 2012 represents the General Fund prior year budget appropriation for the local share of capital projects due to the Capital Projects Fund offset by interest earnings and prior year unexpended capital projects proceeds which have not been remitted to the General Fund as of June 30, 2012. The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable. The interfund receivable in the Fiduciary Fund and the interfund payable in the General Fund represents a current year budget appropriation for the District's contribution to the Unemployment Compensation Trust Fund.

NOTE 16. TAX CALENDAR

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 568,802	\$ 3,988	\$ 65,214	\$ 638,004

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund and Capital Projects Funds. The \$3,988 of encumbrances in the Special Revenue Fund are not recognized on the GAAP basis and are reflected as a reduction in grants receivables or an increase in deferred revenue. The \$65,214 of encumbrances in the Capital Projects Fund are not recognized on the GAAP basis and are reflected as fund balance restricted for capital projects.

**BUDGETARY COMPARISON SCHEDULES
(UNAUDITED)**

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 25,848,661		\$ 25,848,661	\$ 25,848,661	
Interest Earned on Capital Reserve Funds	10,000		10,000	2,101	\$ (7,899)
Miscellaneous	200,000		200,000	151,070	(48,930)
Total - Local Sources	26,058,661		26,058,661	26,001,832	(56,829)
State Sources:					
Special Education Aid	292,549		292,549	585,097	292,548
Extraordinary Aid				398,374	398,374
Non-Public Transportation Aid				12,783	12,783
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				380,338	380,338
TPAF Post Retirement Medical Benefits (On-Behalf - Non-Budgeted)				764,578	764,578
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				876,370	876,370
Total - State Sources	292,549		292,549	3,017,540	2,724,991
Federal Sources:					
Education Jobs Fund	47,887		47,887	49,387	1,500
Total - Federal Sources	47,887		47,887	49,387	1,500
TOTAL REVENUES	26,399,097		26,399,097	29,068,759	2,669,662

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 8,123,741	\$ (23,096)	\$ 8,100,645	\$ 7,891,916	\$ 208,729
Regular Programs - Home Instruction:					
Salaries of Teachers	21,806	12,411	34,217	30,884	3,333
Purchased Professional-Educational Services	6,868	9,935	16,803	16,602	201
Other Purchased Services (400-500 series)	674	750	1,424	1,254	170
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	3,600		3,600	1,325	2,275
Purchased Technical Services	16,100		16,100	2,511	13,589
Other Purchased Services (400-500 series)	234,885	(13,371)	221,514	131,606	89,908
General Supplies	388,258	26,434	414,692	336,321	78,371
Textbooks	145,030	(20,942)	124,088	109,478	14,610
Other Objects	6,305	(1,030)	5,275	357	4,918
Total Regular Programs - Instruction	8,947,267	(8,909)	8,938,358	8,522,254	416,104
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	100,202	(20,944)	79,258	64,472	14,786
Other Salaries for Instruction	76,484	(3,779)	72,705	1,023	71,682
Other Purchased Services (400-500 series)	156		156		156
General Supplies	1,130	3,700	4,830	4,541	289
Other Objects	208		208	100	108
Total Cognitive - Mild	178,180	(21,023)	157,157	70,136	87,021

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 66,093		\$ 66,093	\$ 66,093	
General Supplies	765		765	287	\$ 478
Textbooks	510		510		510
Other Objects	102		102		102
Total Behavioral Disabilities	67,470		67,470	66,380	1,090
Resource Room/Resource Center:					
Salaries of Teachers	835,797	\$ 44,277	880,074	877,439	2,635
Other Salaries for Instruction	380,867	(3,001)	377,866	369,267	8,599
Other Purchased Services (400-500 series)	156	2,265	2,421	181	2,240
General Supplies	7,039	(301)	6,738	3,281	3,457
Textbooks	1,510	(1,510)			
Total Resource Room/Resource Center	1,225,369	41,730	1,267,099	1,250,168	16,931
Total Special Education - Instruction	1,471,019	20,707	1,491,726	1,386,684	105,042
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	100,479		100,479	100,479	
Other Purchased Services (400-500 series)	1,110		1,110	235	875
General Supplies	500	(494)	6		6
Total Basic Skills/Remedial - Instruction	102,089	(494)	101,595	100,714	881

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 28,474	\$ (3,000)	\$ 25,474	\$ 21,905	\$ 3,569
General Supplies	1,985	195	2,180	2,174	6
Total Bilingual Education - Instruction	30,459	(2,805)	27,654	24,079	3,575
Vocational Programs - Local - Instruction					
Salaries of Teachers	32,949	(3,000)	29,949	26,254	3,695
General Supplies	500		500		500
Total Vocational Programs - Local - Instruction	33,449	(3,000)	30,449	26,254	4,195
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	238,087		238,087	234,610	3,477
Purchased Services (300-500 series)	18,378	(1,652)	16,726	13,638	3,088
Supplies and Materials	12,564	(809)	11,755	6,940	4,815
Other Objects	18,169	281	18,450	11,514	6,936
Total School-Sponsored Cocurricular Activities - Instruction	287,198	(2,180)	285,018	266,702	18,316

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 755,288	\$ 2,848	\$ 758,136	\$ 757,973	\$ 163
Purchased Services (300-500 series)	220,255	(12,424)	207,831	183,631	24,200
Supplies and Materials	104,211	3,295	107,506	97,860	9,646
Other Objects	47,143	9,715	56,858	50,482	6,376
Total School-Sponsored Cocurricular Athletics - Instruction	<u>1,126,897</u>	<u>3,434</u>	<u>1,130,331</u>	<u>1,089,946</u>	<u>40,385</u>
Total Instruction	<u>11,998,378</u>	<u>6,753</u>	<u>12,005,131</u>	<u>11,416,633</u>	<u>588,498</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	361,589	(9,717)	351,872	333,313	18,559
Tuition to County Vocational School District - Regular	271,637	15,536	287,173	269,396	17,777
Tuition to County Vocational School District - Special	74,497	(15,536)	58,961	24,580	34,381
Tuition to CSSD & Regular Day Schools		175,414	175,414	175,414	
Tuition to Private Schools for the Handicapped - Within State	1,426,022	154,829	1,580,851	1,372,739	208,112
Tuition to Private Schools for the Handicapped - Outside State	200,221	(120,309)	79,912	65,394	14,518
Tuition - State Facilities	64,232		64,232	64,232	
Tuition - Other	200,217	(200,217)			
Total Undistributed Expenditures - Instruction	<u>2,598,415</u>		<u>2,598,415</u>	<u>2,305,068</u>	<u>293,347</u>
Attendance & Social Work:					
Salaries	132,656	1	132,657	132,657	
Supplies and Materials	607	60	667	656	11
Total Attendance & Social Work	<u>133,263</u>	<u>61</u>	<u>133,324</u>	<u>133,313</u>	<u>11</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 172,629		\$ 172,629	\$ 170,726	\$ 1,903
Purchased Professional and Technical Services	62,928	\$ (4,980)	57,948	52,916	5,032
Other Purchased Services (400-500 series)	572	360	932	883	49
Supplies and Materials	5,181	(360)	4,821	4,477	344
Other Objects	345		345	287	58
Total Health Services	241,655	(4,980)	236,675	229,289	7,386
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	98,509		98,509	97,590	919
Purchased Professional - Educational Services	53,615		53,615	48,714	4,901
Supplies and Materials	914	(298)	616	613	3
Other Objects	201	298	499	486	13
Total Speech, OT, PT and Related Services	153,239		153,239	147,403	5,836
Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	58,347	(2,165)	56,182	34,190	21,992
Total Other Support Services - Students - Extra Services	58,347	(2,165)	56,182	34,190	21,992

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Guidance:					
Salaries of Other Professional Staff	\$ 867,363	\$ (6,509)	\$ 860,854	\$ 857,797	\$ 3,057
Salaries of Secretarial and Clerical Assistants	129,253		129,253	129,253	
Other Purchased Professional and Technical Services	3,260	5,353	8,613	8,127	486
Other Purchased Services (400-500 series)	30,339	4,427	34,766	31,999	2,767
Supplies and Materials	5,379	8,633	14,012	5,678	8,334
Other Objects	1,975	(527)	1,448	1,109	339
Total Guidance	1,037,569	11,377	1,048,946	1,033,963	14,983
Child Study Teams:					
Salaries of Other Professional Staff	473,098	(10,300)	462,798	448,452	14,346
Salaries of Secretarial and Clerical Assistants	79,715	11,166	90,881	90,623	258
Purchased Professional - Educational Services	2,850	1,312	4,162	1,670	2,492
Miscellaneous Purchased Services (400-500 series)	10,920	3,620	14,540	11,628	2,912
Supplies and Materials	5,422	110	5,532	5,258	274
Other Objects	520	(520)			
Total Child Study Teams	572,525	5,388	577,913	557,631	20,282
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	175,739		175,739	175,739	
Salaries of Secretarial and Clerical Assistants	62,212	(10,264)	51,948	51,947	1
Other Purchased Services	898	48	946	608	338
Supplies and Materials	500	3,782	4,282	2,300	1,982
Total Improvement of Instructional Services	239,349	(6,434)	232,915	230,594	2,321

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 207,268		\$ 207,268	\$ 203,252	\$ 4,016
Salaries of Technology Coordinators	39,121		39,121	38,892	229
Other Purchased Services (400-500 series)	14,987	\$ (16)	14,971	10,412	4,559
Supplies and Materials	72,007	(2,009)	69,998	64,532	5,466
Other Objects	150		150	135	15
Total Educational Media Services/School Library	333,533	(2,025)	331,508	317,223	14,285
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	86,558		86,558	86,557	1
Salaries of Secretarial and Clerical Assistants	30,865	(5,063)	25,802	25,801	1
Purchased Professional - Educational Services		100	100	100	
Other Purchased Services (400-500 series)	5,699	(1,600)	4,099	2,636	1,463
Supplies and Materials	1,372	(1,330)	42	42	
Other Objects	1,000	(900)	100		100
Total Instructional Staff Training Services	125,494	(8,793)	116,701	115,136	1,565
Support Services - General Administration:					
Salaries	426,132	204	426,336	426,335	1
Legal Services	- 79,596	(42,468)	37,128	32,936	4,192
Audit Fees	57,325		57,325	57,325	
Architectural/Engineering Services	13,000	44,600	57,600		57,600
Other Purchased Professional Services	3,000	(605)	2,395	2,395	
Purchased Professional and Technical Services	1,500	(1,500)			
Communications/Telephone	12,090	(278)	11,812	11,525	287

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - General Administration (Cont'd):					
BOE Other Purchased Services	\$ 3,000	\$ (1,100)	\$ 1,900	\$ 1,702	\$ 198
Other Purchased Services (400-500 series)	42,645	(4,392)	38,253	37,628	625
General Supplies	9,461	(3,877)	5,584	5,563	21
BOE In-House Training/Meeting Supplies	500	(400)	100	100	
Judgements		4,920	4,920		4,920
Miscellaneous Expenditures	8,850	(408)	8,442	8,159	283
BOE Membership Dues and Fees	14,000	(771)	13,229	13,229	
Total Support Services - General Administration	671,099	(6,075)	665,024	596,897	68,127
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	665,744	39,237	704,981	683,285	21,696
Salaries of Secretarial and Clerical Assistants	206,844	2,102	208,946	208,944	2
Other Purchased Services (400-500 series)	28,292	(7,213)	21,079	20,129	950
Supplies and Materials	13,729	3,090	16,819	10,037	6,782
Other Objects	25,315	(2,370)	22,945	15,286	7,659
Total Support Services - School Administration	939,924	34,846	974,770	937,681	37,089
Central Services:					
Salaries	308,392	1,482	309,874	307,156	2,718
Purchased Technical Services	25,350	(991)	24,359	21,888	2,471
Miscellaneous Purchased Services (400-500 series)	54,668	(11,597)	43,071	37,098	5,973
Supplies and Materials	13,165	(1,804)	11,361	9,587	1,774
Other Objects	3,490	(698)	2,792	1,692	1,100
Total Central Services	405,065	(13,608)	391,457	377,421	14,036

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Administration Information Technology:					
Salaries	\$ 66,661	\$ (5,318)	\$ 61,343	\$ 38,891	\$ 22,452
Other Purchased Services (400-500 series)	13,133	(5,103)	8,030	8,030	
Total Administration Information Technology	79,794	(10,421)	69,373	46,921	22,452
Required Maintenance of School Facilities:					
Salaries	256,251		256,251	252,560	3,691
Cleaning, Repair and Maintenance Services	285,222	16,132	301,354	256,489	44,865
General Supplies	94,915	21,452	116,367	98,966	17,401
Total Required Maintenance of School Facilities	636,388	37,584	673,972	608,015	65,957
Custodial Services:					
Salaries	686,653		686,653	671,945	14,708
Purchased Professional and Technical Services	10,000	13,748	23,748	4,023	19,725
Cleaning, Repair and Maintenance Services	52,983	(2,500)	50,483	43,154	7,329
Other Purchased Property Services	74,072	(10,896)	63,176	43,001	20,175
Insurance	132,000	(4,825)	127,175	126,386	789
Miscellaneous Purchased Services	11,354	(6,104)	5,250		5,250
General Supplies	76,931		76,931	70,723	6,208
Energy (Natural Gas)	390,541	(26,730)	363,811	121,154	242,657
Energy (Electricity)	487,479	(10,000)	477,479	349,476	128,003
Total Custodial Services	1,922,013	(47,307)	1,874,706	1,429,862	444,844

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Care & Upkeep of Grounds:					
Salaries	\$ 235,583	\$ 4,542	\$ 240,125	\$ 235,074	\$ 5,051
Purchased Professional and Technical Services	6,000	(820)	5,180		5,180
Cleaning, Repair and Maintenance Services	56,172	(24,103)	32,069	21,515	10,554
General Supplies	88,407	15,999	104,406	93,466	10,940
Total Care & Upkeep of Grounds	386,162	(4,382)	381,780	350,055	31,725
Security:					
Cleaning, Repair and Maintenance Services	1,000		1,000		1,000
General Supplies	2,000		2,000		2,000
Total Security	3,000		3,000		3,000
Total Undist. Expend. - Operations & Maintenance of Plant	2,947,563	(14,105)	2,933,458	2,387,932	545,526
Student Transportation Services:					
Salaries of Non-Instructional Aides	26,750	12,500	39,250	36,100	3,150
Salaries for Pupil Transportation:					
Between Home and School - Regular	525,611	18,009	543,620	511,603	32,017
Between Home and School - Special Education	195,000	(23,800)	171,200	143,035	28,165
Other than Between Home and School - Regular	144,687	(2,239)	142,448	141,563	885
Between Home and School - Nonpublic	69,000	(23,960)	45,040	27,078	17,962
Management Fee - ESC & CTSA Transportation Program	3,478	(2,700)	778	767	11
Other Purchased Professional & Technical Services	2,700		2,700	2,625	75

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):					
Cleaning, Repair and Maintenance Services	\$ 9,129	\$ 5,294	\$ 14,423	\$ 6,304	\$ 8,119
Contract Service (Reg. Students) - ESCs and CTSA's	27,603	(2,000)	25,603	23,026	2,577
Contract Service (Spl. Ed. Students) - ESCs and CTSA's	54,441	32,167	86,608	66,601	20,007
Aid in Lieu of Payments - Nonpublic	64,584	(12,870)	51,714	50,388	1,326
Miscellaneous Purchased Services - Transportation	32,748	(1,640)	31,108	25,808	5,300
General Supplies	231,209	68,852	300,061	249,753	50,308
Transportation Supplies	599	189	788	787	1
Misc. Expenditures	3,630	565	4,195	4,194	1
Total Student Transportation Services	1,391,169	68,367	1,459,536	1,289,632	169,904
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	425,000	42,259	467,259	408,402	58,857
Other Retirement Contributions - PERS	417,906	(20,000)	397,906	397,220	686
Unemployment Compensation		50,000	50,000	50,000	
Workmen's Compensation	220,000	(19,974)	200,026	197,298	2,728
Health Benefits	3,490,000	(112,848)	3,377,152	3,280,253	96,899
Tuition Reimbursement	40,000	(10,000)	30,000	24,624	5,376
Other Employee Benefits	26,324		26,324	11,867	14,457
Total Unallocated Benefits	4,619,230	(70,563)	4,548,667	4,369,664	179,003
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				380,338	(380,338)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				764,578	(764,578)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				876,370	(876,370)
Total On-Behalf Contributions				2,021,286	(2,021,286)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Total Personal Services - Employee Benefits	\$ 4,619,230	\$ (70,563)	\$ 4,548,667	\$ 6,390,950	\$ (1,842,283)
Total Undistributed Expenditures	16,547,233	(19,130)	16,528,103	17,131,244	(603,141)
TOTAL CURRENT EXPENSE	28,545,611	(12,377)	28,533,234	28,547,877	(14,643)
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	7,300	(4,180)	3,120	3,120	
Special Education - Instruction:					
Cognitive - Mild		2,260	2,260		2,260
School-Sponsored and Other Instructional Programs	11,745	3,268	15,013	15,013	
Support Services - Related and Extraordinary		2,080	2,080		2,080
Support Services - Child Study Teams	2,080	(2,080)			
Custodial Services		4,099	4,099		4,099
Care and Upkeep of Grounds	39,318	6,930	46,248	46,247	1
School Buses - Regular	245,874		245,874	245,874	
Total Equipment	306,317	12,377	318,694	310,254	8,440
Facilities Acquisition and Construction Services					
Debt Service Assessment	77,415		77,415	77,415	
Total Facilities Acquisition and Construction Services	77,415		77,415	77,415	
TOTAL CAPITAL OUTLAY	383,732	12,377	396,109	387,669	8,440
TOTAL EXPENDITURES	28,929,343		28,929,343	28,935,546	(6,203)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,530,246)		\$ (2,530,246)	\$ 133,213	\$ 2,663,459
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund - Interest Earnings				51	51
Transfer to Food Service Fund	(1,474)		(1,474)		1,474
Total Other Financing Sources/(Uses)	(1,474)		(1,474)	51	1,525
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,531,720)		(2,531,720)	133,264	2,664,984
Fund Balance, July 1	6,824,714		6,824,714	6,824,714	
Fund Balance, June 30	<u>\$ 4,292,994</u>	<u>\$ - 0 -</u>	<u>\$ 4,292,994</u>	<u>\$ 6,957,978</u>	<u>\$ 2,664,984</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 1,909,513	
Maintenance Reserve				50,009	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,717,379	
Excess Surplus				1,469,560	
Assigned:					
Year-End Encumbrances				568,802	
Designated for Subsequent Year's Expenditures				293,273	
Unassigned				949,442	
				<u>6,957,978</u>	
Reconciliation to Governmental Fund Statements (GAAP):					
June State Aid Payments not recognized on GAAP basis				(25,087)	
Fund Balance per Governmental Funds - GAAP Basis				<u>\$ 6,932,891</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources		\$ 6,540	\$ 6,540	\$ 6,001	\$ (539)
State Sources		11,124	11,124	5,506	(5,618)
Federal Sources	\$ 295,113	31,203	326,316	325,507	(809)
Total Revenue	295,113	48,867	343,980	337,014	(6,966)
EXPENDITURES:					
Instruction:					
Salaries		700	700	700	
Purchased Professional and Technical Services		7,681	7,681	2,603	5,078
Other Purchased Services	257,145	19,690	276,835	276,835	
General Supplies	23,355	(1,353)	22,002	21,464	538
Textbooks		2,228	2,228	878	1,350
Total Instruction	280,500	28,946	309,446	302,480	6,966
Support Services:					
Personal Services - Employee Benefits		54	54	54	
Purchased Professional and Technical Services	6,447	(4,447)	2,000	2,000	
Purchased Professional/Educational Services	4,000	2,425	6,425	6,425	
Purchased Property Services		237	237	237	
Other Purchased Services		10,552	10,552	10,552	
Supplies and Materials	4,166	11,100	15,266	15,266	
Total Support Services	14,613	19,921	34,534	34,534	
Total Expenditures	295,113	48,867	343,980	337,014	6,966
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 29,068,759	\$ 337,014
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		17,318
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(25,087)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 29,043,672</u>	<u>\$ 354,332</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 28,935,546	\$ 337,014
Differences - Budget to GAAP:		
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.		<u>17,318</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 28,935,546</u>	<u>\$ 354,332</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>No Child Left Behind</u>		<u>IDEA Part B Basic</u>	<u>ARRA - IDEA Part B Basic</u>
	<u>Title I</u>	<u>Title IIA</u>		
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 29,093	\$ 14,552	\$ 276,748	\$ 324
Total Revenue	<u>29,093</u>	<u>14,552</u>	<u>276,748</u>	<u>324</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services				
Other Purchased Services			276,748	87
General Supplies	12,000			
Textbooks				
Total Instruction	<u>12,000</u>		<u>276,748</u>	<u>87</u>
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services	2,000			
Purchased Professional - Educational Services		4,000		
Purchased Property Services				237
Other Purchased Services		10,552		
Supplies and Materials	15,093			
Total Support Services	<u>17,093</u>	<u>14,552</u>		<u>237</u>
Total Expenditures	<u>\$ 29,093</u>	<u>\$ 14,552</u>	<u>\$ 276,748</u>	<u>\$ 324</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Learn & Serve</u>	<u>Nonpublic Auxiliary Services Compensatory Education</u>
REVENUE:				
Local Sources				
State Sources	\$ 2,025	\$ 878		\$ 846
Federal Sources			\$ 4,790	
Total Revenue	<u>2,025</u>	<u>878</u>	<u>4,790</u>	<u>846</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			700	
Purchased Professional and Technical Services				846
Other Purchased Services				
General Supplies			3,463	
Textbooks		878		
Other Objects				
Total Instruction		<u>878</u>	<u>4,163</u>	<u>846</u>
Support Services:				
Personal Services - Employee Benefits			54	
Purchased Professional & Technical Services				
Purchased Professional - Educational Services	2,025		400	
Purchased Property Services				
Other Purchased Services				
Supplies and Materials			173	
Total Support Services	<u>2,025</u>		<u>627</u>	
Total Expenditures	<u>\$ 2,025</u>	<u>\$ 878</u>	<u>\$ 4,790</u>	<u>\$ 846</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Nonpublic Handicapped Services</u>		<u>Local Grants</u>	<u>Totals</u>
	<u>Supplemental Instruction</u>	<u>Examination & Classification</u>		
REVENUE:				
Local Sources			\$ 6,001	\$ 6,001
State Sources	\$ 631	\$ 1,126		5,506
Federal Sources				325,507
				<hr/>
Total Revenue	631	1,126	6,001	337,014
				<hr/>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				700
Purchased Professional and Technical Services	631	1,126		2,603
Other Purchased Services				276,835
General Supplies			6,001	21,464
Textbooks				878
				<hr/>
Total Instruction	631	1,126	6,001	302,480
				<hr/>
Support Services:				
Personal Services - Employee Benefits				54
Purchased Professional & Technical Services				2,000
Purchased Professional - Educational Services				6,425
Purchased Property Services				237
Other Purchased Services				10,552
Supplies and Materials				15,266
				<hr/>
Total Support Services				34,534
				<hr/>
Total Expenditures	\$ 631	\$ 1,126	\$ 6,001	\$ 337,014

CAPITAL PROJECTS FUND

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue:		
Interest Income	\$	51
		<hr/>
Total Revenue		51
		<hr/>
Expenditures and Other Financing Uses:		
Other Purchased Professional Technical Services		6,505
Construction Services		667,994
Operating Transfer Out - General Fund - Interest Earnings		51
		<hr/>
Total Expenditures and Other Financing Uses		674,550
		<hr/>
Excess/(Deficiency) of Revenue		
Over/(Under) Expenditures and Other Financing Uses		(674,499)
		<hr/>
Fund Balance - Beginning Balance		6,332,156
		<hr/>
Fund Balance - Ending Balance	\$	5,657,657
		<hr/> <hr/>
<u>Recapitulation of Fund Balance:</u>		
Restricted	\$	5,407,140
Committed		250,517
		<hr/>
Fund Balance per Budgetary Basis		5,657,657
		<hr/>
Reconciliation to Governmental Funds Statements (GAAP Basis):		
SDA Grant Receivable not Recognized on GAAP Basis		(100,206)
		<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$	5,557,451
		<hr/> <hr/>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Additional Project Information:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
ADDITIONS, ALTERATIONS AND RENOVATIONS TO WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Additional Project Information:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF SECURITY CAMERAS AT HANOVER PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 127,020		\$ 127,020	\$ 127,020
SDA Grant	84,680		84,680	84,680
Total Revenues and Other Financing Sources	211,700		211,700	211,700
Expenditures:				
Other Purchased Professional Technical Services	13,092		13,092	19,200
Construction Services	113,472	\$ 2,500	115,972	192,443
Other Objects				57
Total Expenditures	126,564	2,500	129,064	211,700
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 85,136	\$ (2,500)	\$ 82,636	\$ - 0 -
Additional Project Information:				
Project Number	1990-050-09-1004			
Grant Date	8/28/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 211,700			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 211,700			
% Increase over Original Authorized Cost	0%			
% Completion	100%			
Original Target Completion Date	September 2010			
Revised Target Completion Date	June 2012			

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
INSTALLATION OF SECURITY CAMERAS AT WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 40,350		\$ 40,350	\$ 40,350
SDA Grant	26,900		26,900	26,900
Total Revenues and Other Financing Sources	67,250		67,250	67,250
Expenditures:				
Other Purchased Professional Technical Services	3,650		3,650	8,814
Construction Services	48,435	\$ 2,500	50,935	58,436
Total Expenditures	52,085	2,500	54,585	67,250
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 15,165	\$ (2,500)	\$ 12,665	\$ - 0 -
Additional Project Information:				
Project Number	1990-070-09-1006			
Grant Date	8/28/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 67,250			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 67,250			
% Increase over Original Authorized Cost	0%			
% Completion	100%			
Original Target Completion Date	September 2010			
Revised Target Completion Date	June 2012			

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
PAVING UPGRADES AT HANOVER PARK HIGH SCHOOL - PHASE II
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 381,048		\$ 381,048	\$ 380,880
SDA Grant	254,032		254,032	254,200
Total Revenues and Other Financing Sources	<u>635,080</u>		<u>635,080</u>	<u>635,080</u>
Expenditures:				
Other Purchased Professional Technical Services	46,264	\$ 3,890	50,154	54,500
Construction Services		457,294	457,294	579,480
Other Objects	1,100		1,100	1,100
Total Expenditures	<u>47,364</u>	<u>461,184</u>	<u>508,548</u>	<u>635,080</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ (461,184)</u>	<u>\$ 126,532</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1990-050-10-1001
Grant Date	11/30/2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 635,080
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 635,080
% Increase over Original Authorized Cost	0%
% Completion	80%
Original Target Completion Date	June 2012
Revised Target Completion Date	June 2012

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
PARTIAL ROOF REPLACEMENT AT WHIPPANY PARK HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 152,100		\$ 152,100	\$ 152,100
SDA Grant	101,400		101,400	101,400
Total Revenues and Other Financing Sources	<u>253,500</u>		<u>253,500</u>	<u>253,500</u>
Expenditures:				
Other Purchased Professional Technical Services	16,501	\$ 2,615	19,116	22,500
Construction Services		205,700	205,700	231,000
Total Expenditures	<u>16,501</u>	<u>208,315</u>	<u>224,816</u>	<u>253,500</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 236,999</u>	<u>\$ (208,315)</u>	<u>\$ 28,684</u>	<u>\$ - 0 -</u>
Additional Project Information:				
Project Number	1990-070-10-1002			
Grant Date	11/30/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 253,500			
Additional Authorized Cost	\$ - 0 -			
Revised Authorized Cost	\$ 253,500			
% Increase over Original Authorized Cost	0%			
% Completion	100%			
Original Target Completion Date	June 2012			
Revised Target Completion Date	June 2012			

PROPRIETARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 204,121
Interfund Receivable - General Fund	45
Inventories	7,863
	<hr/>

Total Current Assets	<hr/> 212,029 <hr/>
----------------------	---------------------

Non-Current Assets:

Capital Assets:

Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	(352,607)
	<hr/>

Total Non-Current Assets	<hr/> 49,125 <hr/>
--------------------------	--------------------

Total Assets	<hr/> 261,154 <hr/>
--------------	---------------------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	95,348
	<hr/>

Total Liabilities	<hr/> 95,348 <hr/>
-------------------	--------------------

NET ASSETS:

Investment in Capital Assets, Net of Related Debt	49,125
Unrestricted	116,681
	<hr/>

Total Net Assets	<hr/> \$ 165,806 <hr/>
------------------	------------------------

Exhibit G-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 502,975
Special Events	1,474
Free and Reduced Lunches Subsidized by District	15,652
	<hr/>
Total Operating Revenue	520,101
	<hr/>
Operating Expenses:	
Cost of Sales	240,403
Salaries, Benefits & Payroll Taxes	206,725
Supplies and Materials	17,693
Management Fee	36,411
Miscellaneous Expense	10,609
Insurance, Office Supplies & Administrative Costs	21,955
Depreciation Expense	8,062
	<hr/>
Total Operating Expenses	541,858
	<hr/>
Operating Loss	(21,757)
Non-Operating Income:	
Interest Income	182
	<hr/>
Total Non-Operating Income	182
	<hr/>
Change in Net Assets	(21,575)
Net Assets - Beginning of Year	187,381
	<hr/>
Net Assets - End of Year	\$ 165,806
	<hr/> <hr/>

Exhibit G-3

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 504,449
Receipts from District	15,652
Payments by District for Free Lunches	(15,652)
Payments to Food Service Vendor	(470,508)
	<hr/>
Net Cash Provided by Operating Activities	33,941
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	182
	<hr/>
Net Cash Provided by Investing Activities	182
	<hr/>
Net Increase in Cash and Cash Equivalents	34,123
Cash and Cash Equivalents, July 1	169,998
	<hr/>
Cash and Cash Equivalents, June 30	\$ 204,121
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (21,757)
Adjustment to Reconcile Operating Loss to Cash	
Provided by Operating Activities:	
Depreciation	8,062
Changes in Assets and Liabilities:	
Decrease in Inventory	2,393
Increase in Accounts Payable	45,243
	<hr/>
Net Cash Provided by Operating Activities	\$ 33,941
	<hr/> <hr/>

FIDUCIARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Student Activities	Payroll	Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 142,587	\$ -0-	\$ 142,587	\$ 93,339	\$ 25,016
Investments	22,994		22,994		
Interfund Receivable				50,000	
Total Assets	165,581	- 0 -	165,581	143,339	25,016
<u>LIABILITIES:</u>					
Due to Student Groups	165,581		165,581		
Total Liabilities	165,581	- 0 -	165,581		
<u>NET ASSETS:</u>					
Held in Trust for:					
Unemployment Claims				143,339	
Scholarships					25,016
Total Net Assets	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 143,339	\$ 25,016

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 45,783	
District	50,000	
Donations		\$ 10,553
Total Contributions	<u>95,783</u>	<u>10,553</u>
Investment Earnings:		
Interest	259	
Net Investment Earnings	<u>259</u>	
Total Additions	<u>96,042</u>	<u>10,553</u>
DEDUCTIONS:		
Unemployment Compensation Claims	102,046	
Scholarship Payments		11,541
Total Deductions	<u>102,046</u>	<u>11,541</u>
Change in Net Assets	(6,004)	(988)
Net Assets - Beginning of the Year	<u>149,343</u>	<u>26,004</u>
Net Assets - End of the Year	<u>\$ 143,339</u>	<u>\$ 25,016</u>

Exhibit H-3

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 126,611	\$ 664,966	\$ 648,990	\$ 142,587
Investments	22,994			22,994
Total Assets	<u>\$ 149,605</u>	<u>\$ 664,966</u>	<u>\$ 648,990</u>	<u>\$ 165,581</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	149,605	664,966	648,990	\$ 165,581
Total Liabilities	<u>\$ 149,605</u>	<u>\$ 664,966</u>	<u>\$ 648,990</u>	<u>\$ 165,581</u>

Exhibit H-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Senior High Schools:				
Hanover Park	\$ 110,570	\$ 343,631	\$ 340,400	\$ 113,801
Whippany Park	39,035	321,335	308,590	51,780
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 149,605</u>	<u>\$ 664,966</u>	<u>\$ 648,990</u>	<u>\$ 165,581</u>

Exhibit H-5

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 27,041	\$ 24,682,634	\$ 24,709,675	\$ - 0 -
Total Assets	<u>\$ 27,041</u>	<u>\$ 24,682,634</u>	<u>\$ 24,709,675</u>	<u>\$ - 0 -</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 27,041	\$ 24,682,634	\$ 24,709,675	\$ - 0 -
Total Liabilities	<u>\$ 27,041</u>	<u>\$ 24,682,634</u>	<u>\$ 24,709,675</u>	<u>\$ - 0 -</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance June 30, 2011	Matured	Balance June 30, 2012
			Date	Amount				
Additions, Alterations and Renovations to Hanover Park High School and Whippany Park High School	7/15/05	\$ 31,714,000	10/1/12	\$ 1,300,000	3.75%			
			10/1/13	1,400,000	3.75%			
			10/1/14	1,500,000	4.00%			
			10/1/15	1,600,000	4.00%			
			10/1/16	1,700,000	4.00%			
			10/1/17	1,700,000	4.00%			
			10/1/18	1,800,000	4.00%			
			10/1/19	1,900,000	4.00%			
			10/1/20	2,000,000	4.00%			
			10/1/21	2,000,000	4.00%			
			10/1/22	2,000,000	4.00%			
			10/1/23	2,000,000	4.00%			
			10/1/24	2,000,000	4.00%			
			10/1/25	1,914,000	4.25%			
					<u>\$ 26,114,000</u>	<u>\$ 1,300,000</u>	<u>\$ 24,814,000</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,314,970		\$ 2,314,970	\$ 2,314,970	
Total Revenues	<u>2,314,970</u>		<u>2,314,970</u>	<u>2,314,970</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,014,970		1,014,970	1,014,970	
Redemption of Principal	1,300,000		1,300,000	1,300,000	
Total Regular Debt Service	<u>2,314,970</u>		<u>2,314,970</u>	<u>2,314,970</u>	
Total Expenditures	<u>2,314,970</u>		<u>2,314,970</u>	<u>2,314,970</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	- 0 -	\$ - 0 -	- 0 -	- 0 -	\$ - 0 -
Fund Balance, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 5,413,577	\$ 7,013,149	\$ 7,880,961	\$ 23,023,578	\$ 18,718,071	\$ 20,128,304	\$ 20,726,578	\$ 21,536,562
Restricted	4,532,218	5,909,053	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912
Unrestricted (Deficit)	(92,424)	(307,724)	(285,034)	(285,000)	(227,346)	(181,514)	943,282	1,010,943
Total Governmental Activities Net Assets	\$ 9,853,371	\$ 12,614,478	\$ 15,154,647	\$ 23,726,704	\$ 28,547,658	\$ 30,505,021	\$ 32,753,763	\$ 33,251,417
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 45,182	\$ 95,088	\$ 85,012	\$ 77,743	\$ 67,620	\$ 65,249	\$ 57,187	\$ 49,125
Unrestricted	55,639	88,290	122,816	138,934	144,038	152,869	130,194	116,681
Total Business-Type Activities Net Assets	\$ 100,821	\$ 183,378	\$ 207,828	\$ 216,677	\$ 211,658	\$ 218,118	\$ 187,381	\$ 165,806
District-Wide:								
Invested in Capital Assets, Net of Related Debt	\$ 5,458,759	\$ 7,108,237	\$ 7,965,973	\$ 23,101,321	\$ 18,785,691	\$ 20,193,553	\$ 20,783,765	\$ 21,585,687
Restricted	4,532,218	5,909,053	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912
Unrestricted (Deficit)	(36,785)	(219,434)	(162,218)	(146,066)	(83,308)	(28,645)	1,073,476	1,127,624
Total District-Wide Net Assets	\$ 9,954,192	\$ 12,797,856	\$ 15,362,475	\$ 23,943,381	\$ 28,759,316	\$ 30,723,139	\$ 32,941,144	\$ 33,417,223

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:								
Instruction:								
Regular	\$ 10,370,635	\$ 10,360,478	\$ 11,146,754	\$ 11,842,624	\$ 11,772,001	\$ 11,668,199	\$ 11,400,691	\$ 11,919,404
Special Education	1,338,921	1,717,818	1,902,828	1,819,998	1,986,729	1,844,042	1,688,779	1,932,005
Other Special Instruction	235,836	232,510	248,867	208,165	165,195	169,922	170,088	171,542
Vocational	25,125	26,797	38,400	22,986	42,372	43,701	44,193	36,283
Other Instruction	1,488,928	1,747,613	1,702,777	1,810,509	1,820,603	1,813,480	1,672,541	1,733,831
Support Services:								
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816
Student & Instruction Related Services	2,863,192	2,965,079	3,204,003	3,385,509	3,391,036	3,952,123	3,698,588	3,824,169
General Administration Services	662,611	773,971	731,662	816,146	771,458	936,526	789,613	764,055
School Administration Services	1,211,683	1,168,665	1,310,301	1,447,765	1,349,924	1,314,592	1,194,218	1,297,662
Central Services	377,606	394,169	427,165	475,268	721,842	934,560	488,275	510,587
Administration Information Technology						58,188	43,359	46,959
Plant Operations And Maintenance	2,619,899	2,932,726	2,932,566	2,922,787	3,171,200	3,145,117	2,807,016	2,850,399
Pupil Transportation	1,367,187	1,731,272	1,433,609	1,846,415	1,705,133	1,392,272	1,647,907	1,753,153
Interest On Long-Term Debt	14,674	1,095,639	1,218,012	1,180,677	1,142,178	1,099,345	1,054,345	1,006,845
Capital Outlay					1,848	354		
Unallocated Depreciation	151,939	288,114	264,794	265,867	259,886	264,540	659,316	1,056,461
Total Governmental Activities Expenses	23,405,850	25,907,122	27,375,943	29,126,176	29,441,303	30,344,822	29,465,074	31,485,171
Business-Type activities:								
Food Service	560,379	593,769	577,842	548,383	540,464	517,943	537,044	541,858
Total Business-Type Activities Expense	560,379	593,769	577,842	548,383	540,464	517,943	537,044	541,858
Total District-Wide Expenses	23,966,229	26,500,891	27,953,785	29,674,559	29,981,767	30,862,765	30,002,118	32,027,029

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues:								
Governmental Activities:								
Operating Grants and Contributions	\$ 3,036,271	\$ 3,270,161	\$ 4,088,667	\$ 4,118,634	\$ 3,227,951	\$ 3,062,590	\$ 2,322,194	\$ 2,948,411
Capital Grants and Contributions	72,481	79,572		7,558,938	4,372,026	2,063,974	1,048,464	269,800
Total Governmental Activities	3,108,752	3,349,733	4,088,667	11,677,572	7,599,977	5,126,564	3,370,658	3,218,211
Business-Type Activities:								
Charges for Services:								
Food Service	589,478	599,940	594,188	539,974	534,013	522,111	505,962	520,101
Total Business Type Activities	589,478	599,940	594,188	539,974	534,013	522,111	505,962	520,101
Total District-Wide Program Revenues	3,698,230	3,949,673	4,682,855	12,217,546	8,133,990	5,648,675	3,876,620	3,738,312
Net (Expense)/Revenue:								
Governmental Activities	(20,297,098)	(22,557,389)	(23,287,276)	(17,448,604)	(21,841,326)	(25,218,258)	(26,094,416)	(28,266,960)
Business-Type Activities	29,099	6,171	16,346	(8,409)	(6,451)	4,168	(31,082)	(21,757)
Total District-Wide Net (Expense)/Revenue	(20,267,999)	(22,551,218)	(23,270,930)	(17,457,013)	(21,847,777)	(25,214,090)	(26,125,498)	(28,288,717)
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	20,359,342	22,186,318	21,772,560	22,643,462	23,549,200	24,341,168	25,465,407	25,848,661
Taxes Levied for Debt Service	215,639	899,077	2,220,783	2,287,093	2,248,595	2,306,845	2,261,845	2,314,970
Unrestricted Grants and Contributions	201,619	174,214	264,016	328,802	318,473	288,635	337,033	447,761
Investment Earnings	119,850	966,380	1,463,463	474,429	245,239	13,332	29,035	2,152
Miscellaneous Income	108,121	76,824	125,679	295,367	300,773	227,401	314,556	151,070
Transfers	(7,569)	(9,894)	(19,056)	(8,493)		(1,760)		

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Special Item - Revaluation of Capital Assets		\$ 1,025,577						
Special Item - SDA Grants Cancelled							\$ (64,718)	
Total Governmental Activities	\$ 20,997,002	25,318,496	\$ 25,827,445	\$ 26,020,660	\$ 26,662,280	\$ 27,175,621	28,343,158	\$ 28,764,614
Business-Type Activities:								
Investment Earnings	2,201	5,121	8,104	5,910	1,432	532	345	182
Transfers	7,569	9,894		8,493		1,760		
Capital Contributions				2,855				
Special Item - Revaluation of Capital Assets		61,371						
Total Business-Type Activities	9,770	76,386	8,104	17,258	1,432	2,292	345	182
Total District-Wide General Revenues and Other Changes in Net Assets	21,006,772	25,394,882	25,835,549	26,037,918	26,663,712	27,177,913	28,343,503	28,764,796
Change in Net Assets:								
Governmental Activities	699,904	2,761,107	2,540,169	8,572,056	4,820,954	1,957,363	2,248,742	497,654
Business-Type Activities	38,869	82,557	24,450	8,849	(5,019)	6,460	(30,737)	(21,575)
Total District-Wide Change in Net Assets	\$ 738,773	\$ 2,843,664	\$ 2,564,619	\$ 8,580,905	\$ 4,815,935	\$ 1,963,823	\$ 2,218,005	\$ 476,079

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:								
Reserved	\$ 4,382,715	\$ 5,905,990	\$ 7,558,719	\$ 7,182,210	\$ 6,854,679	\$ 5,650,730		
Unreserved	804,288	463,605	460,137	571,529	653,202	702,133		
Restricted							\$ 5,121,753	\$ 5,146,461
Assigned							844,758	862,075
Unassigned							858,203	924,355
Total General Fund	\$ 5,187,003	\$ 6,369,595	\$ 8,018,856	\$ 7,753,739	\$ 7,507,881	\$ 6,352,863	\$ 6,824,714	\$ 6,932,891
Other Governmental Funds:								
Reserved		\$ 1,753,548	\$ 19,795,073	\$ 4,700,881	\$ 1,046,170	\$ 189,483	\$ 5,407,140	\$ 5,407,140
Unreserved (Deficit)	(205,629)	26,795,248	(7,861,117)	(1,709,349)	2,277,015	4,595,646		
Committed							555,010	150,311
Total Other Governmental Funds	\$ (205,629)	\$ 28,548,796	\$ 11,933,956	\$ 2,991,532	\$ 3,323,185	\$ 4,785,129	\$ 5,962,150	\$ 5,557,451
Total All Governmental Funds	\$ 4,981,374	\$ 34,918,391	\$ 19,952,812	\$ 10,745,271	\$ 10,831,066	\$ 11,137,992	\$ 12,786,864	\$ 12,490,342

This schedule does not contain ten years of information as GASB #44 was implemented during during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
Tax Levy	\$ 20,574,981	\$ 23,085,395	\$ 23,993,343	\$ 24,930,555	\$ 25,797,795	\$ 26,648,013	\$ 27,727,252	\$ 28,163,631
Interest Earnings	119,850	966,380	10,566	9,944	5,396	2,198	2,469	2,101
Miscellaneous	108,121	76,824	1,568,658	759,852	540,616	238,535	344,110	159,117
State Sources	3,064,492	3,264,247	4,118,055	11,718,790	7,625,410	4,936,442	3,279,641	3,267,759
Federal Sources	245,879	259,700	244,546	287,584	293,040	478,757	425,062	390,217
Total Revenue	24,113,323	27,652,546	29,935,168	37,706,725	34,262,257	32,303,945	31,778,534	31,982,825
Expenditures:								
Instruction:								
Regular	7,715,539	8,071,203	8,089,235	8,705,187	8,849,454	8,759,281	8,505,773	8,530,317
Special Education	1,000,798	1,359,993	1,430,055	1,453,147	1,544,195	1,374,221	1,264,493	1,405,419
Other Special Instruction	167,219	173,357	178,230	150,311	122,337	122,600	125,049	124,793
Vocational	25,125	26,797	27,562	16,669	31,410	32,250	32,504	26,254
Other Instruction	1,300,767	1,335,318	1,319,442	1,412,849	1,439,508	1,413,012	1,322,853	1,356,648
Support Services:								
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816
Student & Instruction Related Services	2,206,591	2,322,572	2,362,354	2,510,673	2,759,258	3,085,421	2,796,406	2,849,528
General Administration Services	592,289	626,232	584,206	632,039	679,439	751,069	639,435	596,897
School Administration Services	935,449	894,249	953,504	1,045,483	1,040,877	996,213	892,738	937,681
Central Services	319,335	316,823	321,123	360,021	661,073	865,190	366,634	377,421
Administrative Information Technology		4,473				47,137	43,322	46,921
Plant Operations And Maintenance	2,389,996	2,421,971	2,335,720	2,458,773	2,801,400	2,675,558	2,368,870	2,387,932
Pupil Transportation	1,066,096	1,220,997	1,115,187	1,300,536	1,233,759	1,196,527	1,216,651	1,289,632
Unallocated Benefits	4,623,059	5,085,307	6,179,218	6,281,238	5,298,392	5,765,708	5,896,454	6,390,950

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

Expenditures: (Cont'd)	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Capital Outlay	\$ 561,321	\$ 4,075,325	\$ 16,947,805	\$ 17,210,293	\$ 4,326,867	\$ 896,366	\$ 225,772	\$ 1,062,168
Debt Service:								
Principal	197,905	124,000	1,000,000	1,100,000	1,100,000	1,200,000	1,200,000	1,014,970
Interest and Other Charges	14,674	888,748	1,223,845	1,187,094	1,148,595	1,106,845	1,061,845	1,300,000
Total Expenditures	23,793,777	29,419,636	44,881,691	46,905,773	34,176,462	31,995,259	30,064,944	32,279,347
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	319,546	(1,767,090)	(14,946,523)	(9,199,048)	85,795	308,686	1,713,590	(296,522)
Other Financing Sources/(Uses):								
Bond Proceeds		31,714,000						
SDA Grants Cancelled							(64,718)	
Transfers In	106,045	1,706,071	1,244,320	1,014,486	41,035	1,031,508	647,590	51
Transfers Out	(113,614)	(1,715,965)	(1,263,376)	(1,022,979)	(41,035)	(1,033,268)	(647,590)	(51)
Total Other Financing Sources/(Uses)	(7,569)	31,704,106	(19,056)	(8,493)		(1,760)	(64,718)	
Net Change In Fund Balances	\$ 311,977	\$ 29,937,016	\$(14,965,579)	\$ (9,207,541)	\$ 85,795	\$ 306,926	\$ 1,648,872	\$ (296,522)
Debt Service As A Percentage Of Noncapital Expenditures	0.92%	4.00%	7.96%	7.70%	7.53%	7.42%	7.58%	7.42%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Financial Reports.

Exhibit J-5

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Rentals- Use of Facilities	Athletic Fees	Other	Total
2003	\$ 89,704	\$ 13,678		\$ 26,495	\$ 129,877
2004	105,287	13,199		65,885	184,371
2005	119,850	13,944		94,177	227,971
2006	116,309	7,991		68,833	193,133
2007	219,143	3,143		112,618	334,904
2008	158,248	1,568		145,495	305,311
2009	273,182	3,390		228,405	504,977
2010	12,200	1,913		225,487	239,601
2011	29,035	7,892	\$ 16,284	290,039	343,250
2012	2,152	4,710		130,064	153,171

Source: Hanover Park Regional High School District Financial Reports.

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

EAST HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 33,857,800	\$ 1,365,638,900			\$ 907,849,900	\$ 166,259,500		\$ 2,473,606,100	\$ 3,057,155	\$ 2,476,663,255	\$ 109,940,700	\$.27	\$ 2,595,008,463
2005	30,941,400	1,373,868,900			891,080,700	161,390,200		2,457,281,200	2,498,689	2,459,779,889	112,024,800	.31	3,012,237,212
2006	27,842,000	1,392,164,500			860,768,600	158,651,300		2,439,426,400	2,204,322	2,441,630,722	113,425,400	.35	3,263,474,645
2007	28,357,400	1,398,387,900			858,164,200	159,026,300		2,443,935,800	2,450,212	2,446,386,012	114,438,200	.36	3,451,954,019
2008	25,273,000	1,412,610,900			903,419,300	158,521,600		2,499,824,800	2,382,719	2,502,207,519	116,712,200	.36	3,721,861,548
2009	23,661,400	1,413,759,500			832,574,597	200,519,200		2,470,514,697	2,650,113	2,473,164,810	116,803,900	.39	3,699,322,656
2010	22,852,400	1,417,254,300			820,763,797	200,142,200	\$ 224,300	2,461,236,997	2,595,764	2,463,832,761	117,931,800	.41	4,044,758,170
2011	22,432,600	1,418,273,800			820,963,397	200,566,400		2,462,236,197	2,037,625	2,464,273,822	117,931,800	.43	3,836,789,266

FLORHAM PARK BOROUGH

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 35,821,900	\$ 798,733,500	\$ 119,800		\$ 520,540,800	\$ 139,784,900	\$ 94,075,100	\$ 1,589,076,000	\$ 3,227,999	\$ 1,592,303,999	\$ 207,460,300	\$.36	\$ 2,633,854,740
2005	37,896,500	804,072,800	119,800		517,707,600	139,829,100	86,852,200	1,586,478,000	2,706,314	1,589,186,314	207,460,300	.39	2,843,114,880
2006 *	72,140,300	1,963,783,600	119,800		868,630,200	229,991,100	161,878,700	3,296,543,700	4,552,436	3,301,812,963	426,591,000	.20	2,976,989,614
2007	66,582,200	1,977,590,900	119,800	\$ 716,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	427,072,800	.19	3,158,254,479
2008	64,246,500	1,989,080,900	119,800	716,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	437,120,100	.19	3,334,433,794
2009	126,647,500	2,011,843,600	119,800	748,300	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	447,021,900	.20	3,357,907,547
2010	128,845,700	2,047,551,750	119,800	748,300	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	447,729,600	.21	3,332,562,174
2011	118,379,400	2,051,700,450	119,800	748,300	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	448,697,200	.17	3,356,840,595

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

* Revaluation of real property took effect in this year.

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

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Municipal Tax Assessors.

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

HANOVER TOWNSHIP

Year Ended Dec. 31,	Vacant Land	Residential	Farm (Regular)	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	\$ 58,565,900	\$ 1,103,935,122	\$ 9,100	\$ 3,800	\$ 585,563,111	\$ 246,987,800	\$ 28,868,800	\$ 2,023,933,633	\$ 18,615,177	\$ 2,042,548,810	\$ 263,721,500	\$.39	\$ 2,949,990,716
2005	71,739,900	1,107,353,322	9,100	3,800	542,556,011	260,008,400	28,868,800	2,010,539,333	16,296,284	2,026,835,617	264,102,300	.39	3,081,610,785
2006	79,203,300	1,121,055,622	9,100	3,800	547,450,911	237,416,200	28,868,800	2,014,007,733	13,066,727	2,014,007,733	264,560,900	.42	3,616,015,325
2007	75,065,500	1,123,936,422	9,100	3,800	546,826,011	244,676,100	28,868,800	2,019,385,733	12,068,528	2,031,454,261	269,329,200	.44	3,949,502,848
2008	74,908,200	1,139,038,922	9,100	3,800	573,242,511	212,569,800	28,868,800	2,028,641,133	11,274,582	2,039,915,715	269,514,700	.42	4,131,893,285
2009	72,641,900	1,148,171,700	7,600	7,600	538,942,500	213,530,700	28,868,800	2,002,170,800	11,255,992	2,013,787,492	271,431,000	.47	4,139,864,889
2010	65,676,800	1,153,279,300	7,600	368,300	524,527,300	214,138,200	28,868,800	1,986,866,300	11,175,509	1,998,041,809	271,947,500	.49	4,166,464,286
2011	47,974,300	1,176,198,450	7,600	368,300	489,126,600	221,082,600	28,868,800	1,963,626,650	10,542,510	1,974,169,160	271,672,800	.61	4,115,149,057

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

- * Revaluation of real property took effect in this year.
- ^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.
- ^b Tax rates are per \$100 of assessed value.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Municipal Tax Assessors.

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

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

EAST HANOVER TOWNSHIP

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			East	East	Morris County	
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Hanover School	Hanover Township		
2002	\$ 0.26	\$ 0.00	\$ 0.26	\$ 0.49	\$ 0.38	\$ 0.24	\$ 1.37
2003	0.25	0.00	0.25	0.54	0.38	0.29	1.46
2004	0.27	0.00	0.27	0.52	0.42	0.30	1.51
2005	0.30	0.01	0.31	0.57	0.47	0.32	1.67
2006	0.32	0.03	0.35	0.60	0.49	0.33	1.78
2007	0.33	0.03	0.36	0.64	0.51	0.33	1.84
2008	0.33	0.03	0.36	0.67	0.52	0.35	1.89
2009	0.36	0.03	0.39	0.69	0.54	0.34	1.96
2010	0.38	0.03	0.41	0.72	0.56	0.38	2.07
2011	0.39	0.04	0.43	0.72	0.56	0.37	2.08

FLORHAM PARK BOROUGH

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Florham	Florham	Morris County	
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Park School	Park Borough		
2002	\$ 0.33	\$ 0.00	\$ 0.33	\$ 0.63	\$ 0.47	\$ 0.40	\$ 1.83
2003	0.34	0.00	0.34	0.69	0.49	0.44	1.96
2004	0.36	0.00	0.36	0.76	0.52	0.46	2.10
2005	0.38	0.01	0.39	0.80	0.59	0.47	2.25
2006	* 0.18	* 0.02	* 0.20	* 0.41	* 0.32	* 0.23	* 1.15
2007	0.18	0.02	0.19	0.43	0.32	0.22	1.16
2008	0.17	0.02	0.19	0.44	0.33	0.21	1.17
2009	0.18	0.02	0.20	0.45	0.35	0.23	1.22
2010	0.19	0.02	0.21	0.46	0.35	0.23	1.25
2011	0.16	0.01	0.17	0.52	0.36	0.24	1.29

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES**LAST TEN YEARS****UNAUDITED***(Rate per \$100 of Assessed Value)***HANOVER TOWNSHIP**

Year Ended December 31,	Hanover Park Regional High School			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Hanover Township School	Hanover Township	Morris County	
2002	\$ 0.34	\$ 0.00	\$ 0.34	\$ 0.71	\$ 0.42	\$ 0.38	\$ 1.85
2003	0.37	0.00	0.37	0.75	0.44	0.40	1.96
2004	0.39	0.00	0.39	0.79	0.50	0.40	2.08
2005	0.38	0.01	0.39	0.84	0.54	0.41	2.18
2006	0.38	0.04	0.42	0.90	0.57	0.45	2.33
2007	0.40	0.04	0.44	0.94	0.60	0.46	2.44
2008	0.38	0.04	0.42	0.98	0.64	0.47	2.51
2009	0.43	0.04	0.47	1.02	0.67	0.47	2.63
2010	0.45	0.04	0.49	1.07	0.73	0.47	2.76
2011	0.56	0.05	0.61	1.02	0.76	0.49	2.88

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

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

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

* Revaluation of real property became effective in this year.

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

EAST HANOVER TOWNSHIP

2011			2002		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Novartis Pharmaceuticals	\$ 321,726,800	12.86%	Novartis	\$ 146,149,500	6.09%
Kraft Foods N America Inc	71,962,600	2.88%	Vornado Properties	45,615,700	1.90%
EH Route 10 Realty	33,218,700	1.33%	Nabisco	29,992,800	1.25%
New Hanover LLC	24,917,000	1.00%	Givaudan Corporation	15,416,700	0.64%
Castle Ridge Plaza, LLC	22,000,000	0.88%	Schindling Reheinberger	15,211,500	0.63%
Givaudan Fragrances Corporation	21,400,000	0.86%	Costco	13,263,700	0.55%
Paradigm East Hanover, LLC	21,303,497	0.85%	Castle Ridge Plaza	12,771,100	0.53%
Eagle Rock Executive C/O Well Main	20,000,000	0.80%	Reckson Operation Partnership	12,591,000	0.52%
Givaudan Flavors Corporation Tax Dept	19,872,200	0.79%	Heller Hanover Ltd	11,736,300	0.49%
Eric Richard DH Company LLC	15,500,000	0.62%	GI Partners	11,431,000	0.48%
Total	\$ 571,900,797	22.86%	Total	\$ 314,179,300	13.08%

Source: Municipal Tax Assessor.

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

FLORHAM PARK BOROUGH

2011			2002		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
300 Campus Drive LLC	\$ 108,017,200	3.58%	Park Avenue Realty	\$ 77,358,100	4.98%
100 Campus Drive LLC	73,000,900	2.42%	Exxon Research	69,800,000	4.49%
Avalonbay Communities Inc.	63,369,900	2.30%	Rock Florham LLC	51,368,000	3.31%
Wells Reit II	60,000,000	2.26%	100/200 Campus Drive	50,214,600	3.23%
Sun Valley Plaza, LLC	52,445,600	2.16%	Sun Valley at Florham Park Inc	36,992,900	2.38%
LH Florham	43,000,000	2.16%	Avalon Bay Communities	33,478,100	2.15%
100-200 Campus Drive LLC	37,283,200	1.53%	Rock Florham LLC	29,612,600	1.91%
BASF Corp	68,000,000	1.23%	Dolce/AEW Properties	28,944,400	1.86%
Advance Realty Management	34,865,300	1.18%	Campus Drive LLc	27,032,800	1.74%
LFT Real Est & Life Time Fitness	33,900,000	1.15%	Koll Bren	25,583,200	1.65%
Total	\$ 573,882,100	19.97%	Total	\$ 430,384,700	27.70%

Source: Municipal Tax Assessor.

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

HANOVER TOWNSHIP

2011			2002		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
67 Whippany Investors	\$ 64,962,500	3.25%	LTI NJ Finance NJ	\$ 140,435,600	6.90%
BREOF BNK3A Whippany	56,000,000	2.80%	Bear Stearn & Company	62,229,800	3.06%
Sterling Apartments LLC	55,101,100	2.76%	Hartz Mountain Industries	45,151,500	2.22%
Interstate Realty Company	50,290,300	2.52%	Patriot American Hospitality	43,300,000	2.13%
Kraft Foods Global Inc	43,400,000	2.17%	Marriot Corporation	41,028,400	2.02%
LSAC Morris County LP/CAE	42,954,600	2.15%	NJ Bell (Bell Atlantic)	28,505,614	1.40%
Ravine Development Company LLC	38,945,800	1.95%	River Park Business Center LLC	27,193,900	1.34%
Fan Pier Land Company	38,158,600	1.91%	Interstate Realty Company	24,600,300	1.21%
HEI Hanover, LLC	35,950,000	1.80%	Lynton Jet/Signature Flight	16,154,000	0.79%
River Park Business Center LLC	34,590,400	1.73%	BASF	14,104,300	0.69%
Total	\$ 460,353,300	23.04%		\$ 442,703,414	21.76%

Source: Municipal Tax Assessor.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 18,594,363	\$ 18,594,363	100.00%	- 0 -
2004	19,947,763	19,947,763	100.00%	- 0 -
2005	20,574,981	20,574,981	100.00%	- 0 -
2006	23,085,395	23,085,395	100.00%	- 0 -
2007	23,993,343	23,993,343	100.00%	- 0 -
2008	22,643,462	22,643,462	100.00%	- 0 -
2009	25,797,795	25,797,795	100.00%	- 0 -
2010	26,648,013	26,648,013	100.00%	- 0 -
2011	27,727,252	27,727,252	100.00%	- 0 -
2012	28,163,631	28,163,631	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of District Personal Income ^a	District Per Capita ^a
	General Obligation Bonds	Capital Leases	NJEDA Loans	Grant Anticipation Notes			
2003	\$ 474,000	\$103,471	\$ 51,930		\$ 577,471	0.03%	\$ 16
2004	299,000	63,944	22,905		362,944	0.02%	9.75
2005	124,000	21,962			145,962	0.01%	3.91
2006	31,714,000				31,714,000	1.26%	853.12
2007	30,714,000				30,714,000	1.16%	828.65
2008	29,614,000			\$10,000,000	39,614,000	1.44%	1,064.46
2009	28,514,000			8,500,000	37,014,000	1.47%	991.59
2010	27,314,000				27,314,000	1.07%	746.41
2011	26,114,000				26,114,000	1.02%	710.41
2012	24,814,000				24,814,000	0.97%	675.05

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

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

Source: Hanover Park Regional High School District Financial Reports.

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Taxable Value ^a of Property	District Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 474,000	\$ -0-	\$ 474,000	0.01%	\$ 12.79
2004	299,000	- 0 -	299,000	0.01%	8.03
2005	124,000	- 0 -	124,000	0.01%	3.32
2006	31,714,000	- 0 -	31,714,000	1.23%	853.12
2007	30,714,000	- 0 -	30,714,000	1.18%	828.65
2008	29,614,000	- 0 -	29,614,000	1.13%	795.75
2009	28,514,000	- 0 -	28,514,000	1.09%	763.88
2010	27,314,000	- 0 -	27,314,000	1.05%	746.41
2011	26,114,000	- 0 -	26,114,000	1.01%	710.41
2012	24,814,000	- 0 -	24,814,000	0.96%	675.05

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

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

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

Source: Hanover Park Regional High School District Financial Reports.

Exhibit J-12

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
East Hanover Township	\$ 19,237,585	100.00%	\$ 19,237,585
Florham Park Borough	18,353,894	100.00%	18,353,894
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	269,247,125	11.05%	<u>29,754,663</u>
Subtotal, Overlapping Debt			67,346,142
Hanover Park Regional School District Direct Debt			<u>24,814,000</u>
Total Direct and Overlapping Debt			<u>\$ 92,160,142</u>

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

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 267,326,393	\$ 220,894,461	\$ 243,005,252	\$ 266,669,279	\$ 289,902,495	\$ 311,274,977	\$ 321,552,302	\$ 336,152,819	\$ 338,737,158	\$ 335,794,028
Total Net Debt Applicable to Limit	525,930	321,905	124,000	31,714,000	30,714,000	39,614,000	37,014,000	27,314,000	26,114,000	24,814,000
Legal Debt Margin	\$ 266,800,463	\$ 220,572,556	\$ 242,881,252	\$ 234,955,279	\$ 259,188,495	\$ 271,660,977	\$ 284,538,302	\$ 308,838,819	\$ 312,623,158	\$ 310,980,028
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	0.20%	0.15%	0.05%	11.89%	10.59%	12.73%	11.51%	8.13%	7.71%	7.39%

Legal Debt Margin Calculation for Fiscal Year 2012

	East Hanover Township	Florham Park Borough	Hanover Township	Total
Equalized valuation basis				
2009	\$ 4,036,129,222	\$ 3,306,029,230	\$ 4,117,893,276	\$ 11,460,051,728
2010	3,811,144,312	3,360,587,791	4,084,840,255	11,256,572,358
2011	3,678,273,375	3,322,139,778	3,862,365,559	10,862,778,712
	<u>\$ 11,525,546,909</u>	<u>\$ 9,988,756,799</u>	<u>\$ 12,065,099,090</u>	<u>\$ 33,579,402,798</u>
Average Equalized Valuation of Taxable Property				<u>\$ 11,193,134,266</u>
Debt Limit (3% of average equalization value) ^a				\$ 335,794,028
Net Bonded School Debt - June 30, 2012				<u>24,814,000</u>
Legal Debt Margin				<u>\$ 310,980,028</u>

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

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

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

EAST HANOVER TOWNSHIP

<u>Year</u>	<u>Township Population ^a</u>	<u>Morris County Per Capita Personal Income ^b</u>	<u>Township Personal Income ^c</u>	<u>Township Unemployment Rate ^d</u>
2003	11,372	\$ 56,804	\$ 645,975,088	3.80%
2004	11,399	60,780	692,831,220	3.80%
2005	11,426	62,930	719,038,180	3.00%
2006	11,388	67,918	773,450,184	3.50%
2007	11,311	71,191	805,241,401	3.20%
2008	11,338	74,025	839,295,450	4.20%
2009	11,372	67,614	768,906,408	7.20%
2010	11,165	69,811	779,439,815	7.30%
2011	11,219	69,811 *	783,209,609	7.10%
2012	11,219 **	69,811 *	783,209,609	N/A

FLORHAM PARK BOROUGH

<u>Year</u>	<u>Borough Population ^a</u>	<u>Morris County Per Capita Personal Income ^b</u>	<u>Borough Personal Income ^c</u>	<u>Borough Unemployment Rate ^d</u>
2003	12,448	\$ 56,804	\$ 707,096,192	4.60%
2004	12,444	60,780	756,346,320	4.50%
2005	12,467	62,930	784,548,310	3.60%
2006	12,373	67,918	840,349,414	2.80%
2007	12,298	71,191	875,506,918	2.40%
2008	12,355	74,025	914,578,875	3.20%
2009	12,347	67,614	834,830,058	5.60%
2010	11,705	69,811	817,137,755	5.60%
2011	11,751	69,811 *	820,349,061	5.40%
2012	11,751 **	69,811 *	820,349,061	N/A

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

HANOVER TOWNSHIP

<u>Year</u>	<u>Township Population^a</u>	<u>Morris County Per Capita Personal Income^b</u>	<u>Township Personal Income^c</u>	<u>Township Unemployment Rate^d</u>
2003	13,235	\$ 56,804	\$ 751,800,940	3.80%
2004	13,372	60,780	812,750,160	3.80%
2005	13,466	62,930	847,415,380	3.00%
2006	13,413	67,918	910,984,134	1.80%
2007	13,456	71,191	957,946,096	1.70%
2008	13,522	74,025	1,000,966,050	2.20%
2009	13,609	67,614	920,158,926	3.90%
2010	13,724	69,811	958,086,164	3.90%
2011	13,789	69,811 *	962,623,879	3.80%
2012	13,789 **	69,811 *	962,623,879	N/A

* - Latest Morris County per capita personal income available (2010) was used for calculation purposes.

** - Latest population data available (2011) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

2011			2002		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Novartis	6,200	2.44%			
US Army Armament Research and Development	5,274	2.08%			
Atlantic Health System	5,013	1.98%			
United Parcel Service	2,332	0.92%			Information is Not Available
County of Morris	1,928	0.76%			
ADP	1,924	0.76%			
Saint Clare's	1,550	0.61%			
AT&T	1,440	0.57%			
Chilton Memorial	1,400	0.55%			
BASF Corporation	1,378	0.54%			
Total	28,439	11.21%			
Total County Employment	253,719				

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

Exhibit J-16

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:								
Regular	109.0	111.0	110.0	110.0	110.0	112.0	110.6	110.6
Special Education	19.0	22.0	24.0	25.0	25.0	24.0	26.3	26.3
Basic Skills/Bilingual							1.4	1.4
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	0.4	0.4
Co-Curricular Athletics							2.0	2.0
Support Services:								
Student & Instruction								
Related Services	30.1	30.1	33.1	33.1	33.1	36.1	32.2	32.0
School Administration	12.0	12.0	12.0	12.0	12.0	10.0	8.6	8.6
General/Business								
Administration	8.0	8.0	8.0	8.0	8.0	8.5	10.3	9.5
Plant Operations								
and Maintenance	27.0	27.0	27.0	27.0	27.0	27.0	25.6	25.0
Pupil Transportation	32.0	32.0	33.0	34.0	34.0	35.0	37.0	37.0
Total	<u>238.1</u>	<u>243.1</u>	<u>248.1</u>	<u>250.1</u>	<u>250.1</u>	<u>253.6</u>	<u>254.4</u>	<u>252.8</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Personnel Records.

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	1,493.3	\$ 23,019,877	\$ 15,415	-0.22%	157	1:10.7	1,493.3	1,420.4	4.33%	95.12%
2006	1,501.4	24,331,563	16,206	-0.22%	160	1:11.3	1,501.4	1,447.5	0.54%	96.41%
2007	1,559.0	25,710,041	16,491	1.76%	132	1:11.8	1,559.4	1,511.1	3.86%	96.90%
2008	1,507.0	27,408,386	18,187	10.28%	124	1:12.2	1,505.3	1,459.9	-3.47%	96.98%
2009	1,445.0	27,601,000	19,101	5.02%	124	1:11.8	1,449.9	1,385.7	-3.68%	95.57%
2010	1,458.0	28,792,048	19,748	3.39%	127	1:11.5	1,452.7	1,410.5	0.19%	97.10%
2011	1,431.0	27,577,327	19,271	-2.41%	123	1:11.6	1,429.1	1,360.1	-1.62%	95.17%
2012	1,508.0	28,902,209	19,166	-0.55%	122	1:12.4	1,482.1	1,413.5	3.71%	95.37%

Note: Enrollment based on annual October District count.

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District records.

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

<u>District Buildings</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Hanover Park High School:								
Square Feet	165,713	165,713	165,713	165,713	165,713	165,713	165,713	191,902
Capacity (Students)	1,097	1,097	1,097	1,097	1,097	1,204	1,204	1,204
Enrollment	856	869	919	892	847	838	805	823
Whippany Park High School:								
Square Feet	133,448	133,448	133,448	133,448	133,448	133,448	133,448	156,451
Capacity (Students)	884	884	884	884	884	908	908	908
Enrollment	637	632	640	615	608	620	626	652

Number of Schools at June 30, 2012:

High Schools = 2

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Hanover Park Regional High School District Facilities Office.

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

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

School Facilities*	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Hanover Park High School	\$ 306,461	\$ 300,363	\$ 279,678	\$ 222,108	\$ 187,782	\$ 212,294	\$ 303,139	\$ 303,114	\$ 271,125	\$ 337,521
Whippany Park High School	218,508	209,660	178,810	185,591	178,490	185,564	198,742	259,206	197,343	270,494
Total School Facilities	\$ 524,969	\$ 510,023	\$ 458,488	\$ 407,699	\$ 366,272	\$ 397,858	\$ 501,881	\$ 562,320	\$ 468,468	\$ 608,015

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

Source: Hanover Park Regional High School District records.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -		
School Alliance Insurance Fund:		
Property - Blanket Building and Contents	\$ 118,274,945	\$ 1,000
Comprehensive General Liability	5,000,000	1,000
Comprehensive Auto Liability	5,000,000	1,000
Comprehensive Crime Coverage	500,000	1,000
Flood	10,000,000	Subject to FEMA
Earthquake	25,000,000	
Boiler and Machinery	100,000,000	1,000
Umbrella Liability -		
School Alliance Insurance Fund	10,000,000/5,000,000	1,000
School Board Legal Liability -		
School Alliance Insurance Fund	5,000,000/10,000,000	25,000
Storage Tank System -		
Zurich Insurance, Inc.	1,000,000/2,000,000	5,000
Workers' Compensation Insurance -		
School Alliance Insurance Fund	100,000	
Public Employees' Faithful Performance Blanket Position Bond -		
Universal Bonding Insurance Company		
Board Secretary	250,000	
Treasurer	250,000	
Commercial Environmental Impairment Liability -		
American Safety Casualty Insurance Company		
Per Occurrence	1,000,000	10,000
Aggregate Per Named Insured	25,000,000	
SIR- Per Pollution Condition	10,000	

Source: Hanover Park Regional High School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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

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*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District, in the County of Morris (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Nisivoccia, LLP

November 16, 2012
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

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

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04

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

Compliance

We have audited the compliance of the Board of Education of the Hanover Park Regional High School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and the New Jersey State Aid/ Grant Compliance Supplement* that that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2012. The Board's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board'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. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2012.

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

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state and federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

November 16, 2012
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011		Cash Received	Budgetary Expenditures	Canceled	Balance June 30, 2012	
					Accounts Receivable	Deferred Revenue				Accounts Receivable	Deferred Revenue
J.S. Department of Education											
Passed-through State Department of Education:											
General Fund:											
Education Jobs Fund	84.410A	N/A	8/1/10-9/30/12	\$ 49,387			\$ 49,387	\$ (49,387)			
Total General Fund							49,387	(49,387)			
Special Revenue Fund:											
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA 199011	9/1/11-8/31/12	276,748			260,031	(276,748)		\$ (16,717)	
I.D.E.A. Part B, Basic	84.027	IDEA 199011	9/1/10-8/31/11	265,925	\$ (29,772)		29,772				
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA199011	8/1/09-8/31/11	294,855	(112,108)		112,432	(324)			
Total Special Education Cluster					(141,880)		402,235	(277,072)		(16,717)	
No Child Left Behind Consolidated Grant:											
Title I	84.010	NCLB199012	9/1/11-8/31/12	29,093			28,805	(29,093)		(288)	
Title I	84.010	NCLB199011	9/1/10-8/31/11	25,892	(2,693)		2,693				
Title IIA	84.367A	NCLB199012	9/1/11-8/31/12	14,552			13,645	(14,552)		(907)	
Title IIA	84.367A	NCLB199011	9/1/10-8/31/11	17,219	(247)		247				
Title IIA	84.367A	NCLB199010	9/1/09-8/31/10	18,288	(1,130)		1,130				
Title IIA	84.367A	NCLB199008	9/1/07-8/31/08	14,853		\$ 450			\$ (450)		
Title IV	84.186A	NCLB199010	9/1/09-8/31/10	989	(226)					(226)	
Title IV - Carryover	84.186A	NCLB199009	9/1/08-8/31/10	1,009	(702)		702				
Total No Child Left Behind Consolidated Grant					(4,998)	450	47,222	(43,645)	(450)	(1,421)	
Learn and Serve America	94.004	10-CJ14-D02	9/1/10-8/31/11	14,000		1,290		(4,790)		(3,500)	
Total Special Revenue Fund					(146,878)	1,740	449,457	(325,507)	(450)	(21,638)	
Total U.S. Department of Education					(146,878)	1,740	498,844	(374,894)	(450)	(21,638)	
Total Federal Awards					\$ (146,878)	\$ 1,740	\$ 498,844	\$ (374,894)	\$ (450)	\$ (21,638)	\$ -0-

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011		Cash Received	Budgetary Expenditures	Prior Year Adjustment	Repayment of Prior Years' Balances	Balance June 30, 2012		Memo	
				(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:													
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 585,097			\$ 560,010	\$ (585,097)					\$ (25,087)	\$ (585,097)
Extraordinary Aid	12-495-034-5120-473	7/1/11-6/30/12	398,374				(398,374)			\$ (398,374)		(398,374)	(398,374)
Extraordinary Aid	11-495-034-5120-473	7/1/10-6/30/11	325,852	\$ (325,852)		325,852				-			325,852
Non-Public Transportation	12-495-034-5120-014	7/1/11-6/30/12	12,783				(12,783)			(12,783)		(12,783)	(12,783)
Non-Public Transportation	11-495-034-5120-014	7/1/10-6/30/11	13,655	(13,655)		13,655							13,655
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	876,370			876,370	(876,370)						(876,370)
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	886,476	(43,538)		43,538							(886,476)
Total General Fund State Aid				(383,045)		1,819,425	(1,872,624)			(411,157)		(436,244)	(2,419,593)
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	12-100-034-5120-070	7/1/11-6/30/12	2,025			2,025	(2,025)						(2,025)
Textbook Aid (Chapter 194)	12-100-034-5120-064	7/1/11-6/30/12	1,418			1,418	(878)				\$ 540		(878)
Auxiliary Services:													
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	3,381			3,381	(846)					2,535	(846)
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	4,605					\$ 4,102	\$ (4,102)				(503)
Handicapped Services:													
Examination/Classification	12-100-034-5120-066	7/1/11-6/30/12	2,897			2,897	(1,126)					1,771	(1,126)
Examination/Classification	11-100-034-5120-066	7/1/10-6/30/11	3,347					1,911	(1,911)				(1,436)
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	1,403			1,403	(631)					772	(631)
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	4,517					3,405	(3,405)				(1,112)
Character Education Aid	06-100-034-5120-418	7/01/05-6/30/06	4,000		\$ 78							78	
Total Special Revenue Fund					78	11,124	(5,506)	9,418	(9,418)		5,696		(8,557)
Total NJ Department of Education				(383,045)	78	1,830,549	(1,878,130)	9,418	(9,418)	(411,157)	5,696	(436,244)	(2,428,150)
Schools Development Authority:													
Educational Facilities and Capital Financing Act	1990-050-04-1000	7/1/05-6/30/12	9,616,996	(1,875,314)						(1,875,314)		(1,875,314)	(9,616,996)
	1990-070-04-1000	7/1/05-6/30/12	4,879,272	(951,459)						(951,459)		(951,459)	(4,879,272)
	1990-050-09-1004	7/1/09-6/30/12	84,680	(84,680)			(1,000)			(51,625)		(84,680)	(51,625)
	1990-070-09-1006	7/1/09-6/30/12	26,900	(26,900)			(1,000)			(21,834)		(26,900)	(21,834)
	1990-050-10-1001	7/1/10-6/30/12	254,032	(254,032)		25,404	(184,474)			(178,016)		(228,628)	(203,420)
	1990-070-10-1002	7/1/10-6/30/12	101,400	(101,400)			(83,326)			(89,926)		(101,400)	(89,926)
Total Schools Development Authority				(3,293,785)		25,404	(269,800)			(3,168,174)		(3,268,381)	(14,863,073)
Total State Awards				\$(3,676,830)	\$ 78	\$ 1,855,953	\$(2,147,930)	\$ 9,418	\$(9,418)	\$(3,579,331)	\$ 5,696	\$(3,704,625)	\$(17,291,223)

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Hanover Park Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(25,087) for the general fund and \$17,318 for the special revenue fund (of which \$1,995 relates to local awards and does not affect the reconciliation of the schedules of awards to the GAAP financial statements). See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$380,338 and \$764,578, respectively.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 49,387	\$ 2,992,453	\$ 3,041,840
Special Revenue Fund	340,830	5,506	346,336
Capital Projects Fund		269,800	269,800
Total Awards	<u>\$ 390,217</u>	<u>\$ 3,267,759</u>	<u>\$ 3,657,976</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. NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$14,963,280 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. The District has realized the grants in full on the budgetary basis, has collected \$11,694,899; therefore, \$3,268,381 is receivable on the budgetary basis as of June 30, 2012. The District has expended or drawn down \$14,863,073 of the grants; therefore, \$3,168,174 is receivable on the GAAP basis as of June 30, 2012.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2012.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state program.
- An unqualified report was issued on the District's compliance for its major state program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2012 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.

The District's major state program for the current fiscal year consisted of the following:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 585,097	\$ 585,097

- The threshold for distinguishing State Type A and Type B state programs was \$300,000.
- The District qualified as a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular and NJOMB 04-04.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2011.