

**HANOVER PARK REGIONAL
HIGH SCHOOL DISTRICT**

**Hanover Park Regional High School District Board of Education
East Hanover, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual
Financial Report**

of the

**Hanover Park
Regional High School District**

East Hanover, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

BOARD OF EDUCATION

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

Serving East Hanover Township, Florham Park Borough and Hanover Township

75 Mt. Pleasant Avenue, East Hanover, New Jersey 07936

Telephone (973) 887-0340 Fax (973) 887-9247

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

HANOVER PARK HIGH SCHOOL
 WHIPPANY PARK HIGH SCHOOL

September 13, 2013

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, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, 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 Non-Profit 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 2012-2013 fiscal year with an enrollment of 1,531 students, which is an increase of 49 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
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2. ECONOMIC CONDITION AND OUTLOOK: Hanover Township is experiencing an increase in building due to several planned residential and commercial construction projects. Florham Park Borough sees strong real estate figures and potential ratable increases over the next couple of years. East Hanover Township has several commercial projects planned as well as a few residential projects.
3. MAJOR INITIATIVES: For a complete report on District objectives and major accomplishments during 2012-2013, please contact the Superintendent's Office.

Students in the Class of 2013 at both of the District's high schools were granted diplomas in June 2013.

	<u>Regular Pupils</u>	<u>Special Education Pupils</u>	<u>Limited English</u>	<u>Total Pupils</u>
Grade 12 Enrollment 6/30/13	341.0	45.0	2.0	388.0
No. Students Graduating	341.0	40.0	2.0	383.0
No. Students Passing HSPA*	336.0	22.0	1.0	359.0
No. Students Passing ASHA*	7.0	- 0 -	2.0	9.0
No. Students HSPT Exempt*	- 0 -	15.0	- 0 -	15.0
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 2013.

	<u>4-Year College</u>	<u>2-Year College</u>	<u>Armed Forces</u>	<u>Other Education</u>	<u>Total</u>
Hanover Park	164.0	41.0	2.0	5.0	212.0
Whippany Park	132.0	24.0	1.0	1.0	158.0

The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
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September 13, 2013

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.

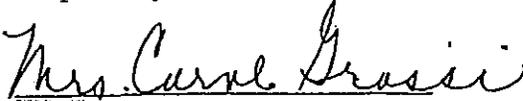
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts 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, 2013.
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. **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.
8. **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.

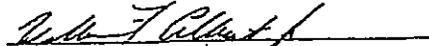
The Honorable President and Members
of the Board of Education
Hanover Park Regional High School District
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September 13, 2013

9. 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 Non-Profit 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 and *Government Auditing Standards* are included in the single audit section of this report.
10. 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



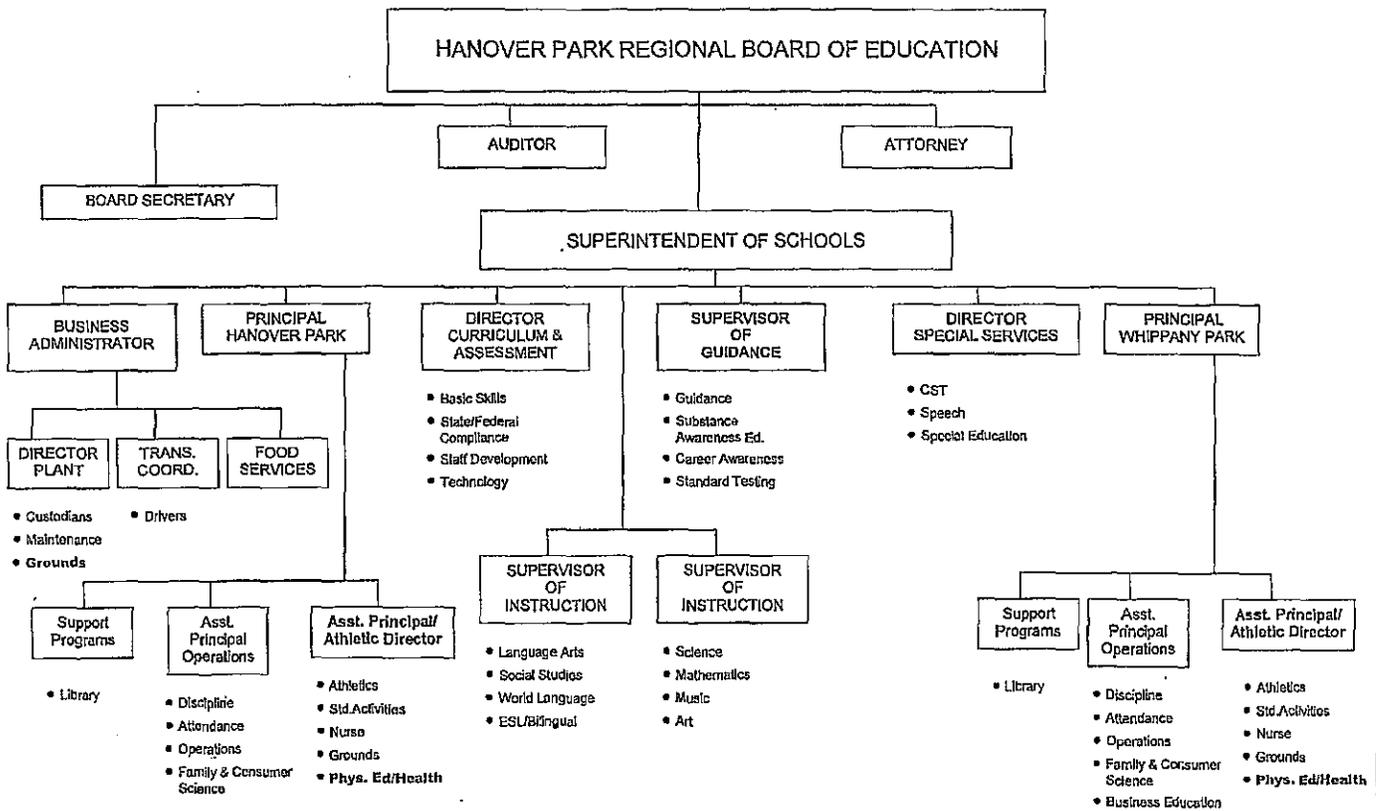
William F. Albert, Jr.
Business Administrator/Board Secretary

POLICY

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Revised: 6/22/13
Board Approved:



HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gerard Freda - President	2015
Glen Johnstone - Vice President	2015
Deborah Davis	2013
Ernest Eveland	2015
Richard Ford	2013
James Herbert	2014
Michael Lomio	2014
Charlene Peterson	2015
Joan Seery	2013

<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, 2013**

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District, in the County of Morris, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, 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*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

Nisivoccia, LLP

September 13, 2013
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013. 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 refinanced \$19,014,000 of its 2005 School Bonds, resulting in a savings of more than \$925,000 over the life of the issue.
- The District's financial position decreased (\$667,602) on a district-wide basis over the course of the year.
- Overall revenue was \$33,454,774.
- Overall expenditures were \$34,122,376.
- The net position from the District's governmental-type activities decreased \$628,434 primarily due to the appropriation of an additional \$350,278 of surplus (which represented prior year state extraordinary aid) during the current fiscal year and approximately a \$150,000 reduction in both encumbrances and unexpended budget appropriations at the end of the current fiscal year.
- The net position from the District's business-type activity – food services – decreased \$39,168 primarily due to increases in costs of sales and payroll 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, 2013
(UNAUDITED)**

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

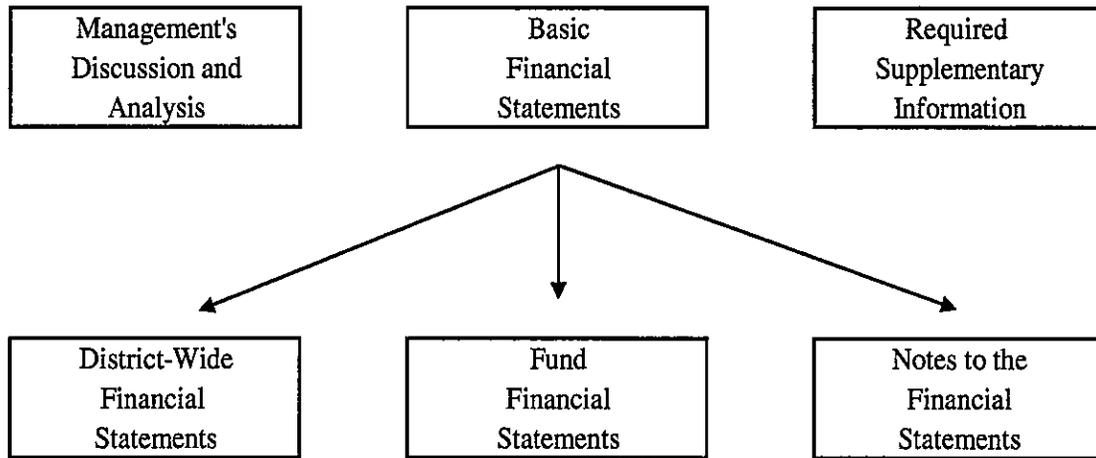


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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, 2013
(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 position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, 2013
(UNAUDITED)**

District-Wide Statements

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

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

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

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

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service 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, 2013
(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 Position. The District's combined net position was \$32,749,621 on June 30, 2013, \$667,602 or 2.00% less than the year before (See Figure A-3). Net position from governmental activities decreased \$628,434 and net position from business-type activities decreased by \$39,168 (See Figure A-4). Net investment in capital assets increased \$2,815,299, restricted net position decreased \$790,406 and unrestricted net position decreased \$2,692,495.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
Current and							
Other Assets	\$ 12,188,554	\$ 12,614,818	\$ 135,989	\$ 212,029	\$ 12,324,543	\$ 12,826,847	-3.92%
Capital Assets	45,545,445	46,350,562	41,136	49,125	45,586,581	46,399,687	-1.75%
Total Assets	57,733,999	58,965,380	177,125	261,154	57,911,124	59,226,534	-2.22%
Deferred Outflows of Resources	1,794,405				1,794,405		100.00%
Long-Term Debt							
Outstanding	23,590,500	25,424,388			23,590,500	25,424,388	-7.21%
Other Liabilities	3,314,921	289,575	50,487	95,348	3,365,408	384,923	774.31%
Total Liabilities	26,905,421	25,713,963	50,487	95,348	26,955,908	25,809,311	4.44%
Net Position:							
Net Investment in							
Capital Assets	24,359,850	21,536,562	41,136	49,125	24,400,986	21,585,687	13.04%
Restricted	9,863,865	10,703,912			9,863,865	10,703,912	-7.85%
Unrestricted/ (Deficit)	(1,600,732)	1,010,943	85,502	116,681	(1,515,230)	1,127,624	-234.37%
Total Net Position	\$ 32,622,983	\$ 33,251,417	\$ 126,638	\$ 165,806	\$ 32,749,621	\$ 33,417,223	-2.00%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District as a Whole

Changes in net position. The District's combined net position decreased by \$667,602 or 2.00%. Net investment in capital assets increased \$2,815,299 due to a \$534,000 reduction in principal from refunding of debt, \$1,300,000 reduction in debt from current year maturities, deferred outflow from refunding of \$1,794,405 and \$421,001 in capital additions from governmental activities offset by \$1,234,107 in depreciation (\$1,226,118 from governmental and \$7,989 from business-type activities). Restricted net position decreased by \$840,047 due to reductions of surplus designated for subsequent year's expenditures of \$914,840 and capital project expenditures and cancellations of \$118,190 offset by SDA grant revenue realized of \$17,520 and increases in the capital reserve of \$206,627, the maintenance reserve of \$101 and debt service of \$18,376. Unrestricted net position decreased \$2,642,854 primarily as a result of bond premium from refunding. The net position of the business-type activities decreased \$39,168 as a result of an increase in the cost of sales and payroll costs. (See Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
Revenue:							
Program Revenue:							
Charges for Services			\$ 540,103	\$ 520,101	\$ 540,103	\$ 520,101	3.85%
Operating Grants & Contributions	\$ 3,628,969	\$ 2,948,411			3,628,969	2,948,411	23.08%
Capital Grants & Contributions	17,520	269,800			17,520	269,800	-93.51%
General Revenue:							
Property Taxes	28,631,854	28,163,631			28,631,854	28,163,631	1.66%
Federal & State Aid	424,027	447,761			424,027	447,761	-5.30%
Other	212,094	153,222	207	182	212,301	153,404	38.39%
Total Revenue	<u>32,914,464</u>	<u>31,982,825</u>	<u>540,310</u>	<u>520,283</u>	<u>33,454,774</u>	<u>32,503,108</u>	2.93%
Expenses:							
Instruction	16,707,945	15,793,065			16,707,945	15,793,065	5.79%
Pupil & Instruction Services	6,526,892	6,405,985			6,526,892	6,405,985	1.89%
Administration and Business	3,032,868	2,619,263			3,032,868	2,619,263	15.79%
Maintenance & Operations	2,887,738	2,850,399			2,887,738	2,850,399	1.31%
Transportation	2,136,856	1,753,153			2,136,856	1,753,153	21.89%
Other	2,250,599	2,063,306	579,478	541,858	2,830,077	2,605,164	8.63%
Total Expenses	<u>33,542,898</u>	<u>31,485,171</u>	<u>579,478</u>	<u>541,858</u>	<u>34,122,376</u>	<u>32,027,029</u>	6.54%
Change in Net Position	<u>\$ (628,434)</u>	<u>\$ 497,654</u>	<u>\$ (39,168)</u>	<u>\$ (21,575)</u>	<u>\$ (667,602)</u>	<u>\$ 476,079</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2012-2013 fiscal school year was \$33,454,774. (See Figure A-4). Property taxes accounted for most of the District's revenue, with local taxes representing \$28,631,854, or 85.59% of total revenue. (See Figure A-5). Another 12.17% came from state and federal aid and the remaining 2.24% 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 2013 and 2012

Sources of Income	2013	Percentage	2012	Percentage
State Formula Aid	\$ 820,132	2.45%	\$ 560,010	1.72%
Property Taxes	28,631,854	85.59%	28,163,631	86.65%
Federal and State Categorical Grants	3,250,384	9.72%	3,105,962	9.56%
Charges for Services	540,103	1.61%	520,101	1.60%
Other	212,301	0.63%	153,404	0.47%
	<u>\$ 33,454,774</u>	<u>100.00%</u>	<u>\$ 32,503,108</u>	<u>100.00%</u>

The total cost of all programs and services was \$34,122,376. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (74.36%). (See Figure A-6). The District's administration and business activities accounted for 8.89% 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 (8.46%) 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 (8.29%) include \$1,194,049 of interest on long-term debt, \$1,056,550 of unallocated depreciation, and \$579,478 of expenses from its business-type activities.

Figure A-6

Expenses for Fiscal Year 2013 and 2012

Expense Category	2013	Percentage	2012	Percentage
Instruction	\$ 16,707,945	48.97%	\$ 15,793,065	49.32%
Pupil & Instruction Services	6,526,892	19.13%	6,405,985	20.00%
Administration and Business	3,032,868	8.89%	2,619,263	8.18%
Maintenance & Operations	2,887,738	8.46%	2,850,399	8.90%
Transportation	2,136,856	6.26%	1,753,153	5.47%
Other	2,830,077	8.29%	2,605,164	8.13%
	<u>\$ 34,122,376</u>	<u>100.00%</u>	<u>\$ 32,027,029</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, 2013
(UNAUDITED)**

Governmental Activities

The financial position of the District decreased by \$628,434 but 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.

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 legislation enacted in the past several years, it is crucial that the District continually examines its expenditures. 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	
	2012/13	2011/12	2012/13	2011/12
Instruction	\$ 16,707,945	\$ 15,793,065	\$ 14,152,933	\$ 13,692,128
Pupil & Instruction Services	6,526,892	6,405,985	5,866,143	5,773,556
Administration and Business	3,032,868	2,619,263	2,767,100	2,417,001
Maintenance & Operations	2,887,738	2,850,399	2,870,218	2,580,599
Transportation	2,136,856	1,753,153	1,989,416	1,740,370
Other	2,250,599	2,063,306	2,250,599	2,063,306
Total	\$ 33,542,898	\$ 31,485,171	\$ 29,896,409	\$ 28,266,960

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Governmental Activities

- The cost of all governmental activities this year was \$33,542,898.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,250,384).
- Most of the District's costs were financed by \$28,631,854 of District taxes.
- A portion of governmental activities was financed with \$820,132 in State Aid based on the SFRAPAY formula.
- The remaining \$212,094 of the District's funding came from \$191,306 in miscellaneous revenue and \$20,788 in investment earnings.

Business-Type Activities

- Net position from the District's business-type activities (food service program) decreased \$39,168 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 more State Aid in the current fiscal year as compared to 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 from two years ago. The majority of the increase in expenditures in the current year was largely in the areas of Instruction, Out-of-District Tuition, and Employee Benefits.

Student enrollment increased by 99.5 students in 2012-13 and led to increases in staffing in the current and subsequent fiscal years. The District anticipates a marginal increase in enrollment (1.5 students) for the upcoming 2013-14 school year.

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 its unrestricted fund balance to offset or 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 changes as a result of revaluation of property 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, 2013
(UNAUDITED)**

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
Land	\$ 1,961,326	\$ 1,961,326			\$ 1,961,326	\$ 1,961,326	0.00%
Construction in Progress	960,813	917,013			960,813	917,013	4.78%
Site Imps.	474,214	519,501			474,214	519,501	-8.72%
Buildings & Bldg. Imps.	41,104,646	42,093,100			41,104,646	42,093,100	-2.35%
Machinery, Furniture and Equipment	1,044,446	859,622	\$ 41,136	\$ 49,125	1,085,582	908,747	19.46%
Total	\$45,545,445	\$46,350,562	\$ 41,136	\$ 49,125	\$45,586,581	\$46,399,687	-1.75%

The District expended \$421,001 for various capital assets and construction projects. This increase was offset by \$1,234,107 in depreciation (\$1,226,118 from its governmental and \$7,989 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 \$22,980,000 in general obligation bonds outstanding – a decrease of \$1,834,000 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
	2012/13	2011/12	
General Obligation Bonds (Financed with Property Taxes)	\$ 22,980,000	\$ 24,814,000	-7.39%
Other Long-Term Debt	610,500	610,388	0.02%
Total	\$ 23,590,500	\$ 25,424,388	-7.21%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Long-Term Debt

- The District refinanced \$19,014,000 of bonds its 2005 School Bonds, resulting in a savings of more than \$925,000 over the life of the bonds.
- Compensated absences payable increased by \$112.

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:

- On September 24, 2013, the District will present a \$9,795,444 referendum to the voters to provide for the refurbishment of the athletic and physical education facilities at both the Hanover Park and Whippany Park High Schools.
- 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 POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,347,811	\$ 125,605	\$ 6,473,416
Cash with Fiscal Agents	1,837		1,837
Internal Balances	(45)	45	
Receivable from Federal Government	24,201		24,201
Receivable from State Government	3,642,257		3,642,257
Other Receivables	6,243		6,243
Inventories		10,339	10,339
Restricted Assets - Cash and Cash Equivalents:			
Capital Reserve Account - Cash	2,116,140		2,116,140
Maintenance Reserve Account - Cash	50,110		50,110
Capital Assets:			
Site (Land) and Construction in Progress	2,922,139		2,922,139
Depreciable Site Improvements, Buildings and Building Improvements & Machinery, Furniture & Equipment	42,623,306	41,136	42,664,442
Total Assets	57,733,999	177,125	57,911,124
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	1,794,405		1,794,405
LIABILITIES			
Current Liabilities:			
Interest Payable	1,837		1,837
Accrued Interest Payable	220,587		220,587
Payable to State Government	5,418		5,418
Accounts Payable - Vendors	564,972	50,487	615,459
Unamortized Bond Issuance Premium	2,519,122		2,519,122
Unearned Revenue	2,985		2,985
Noncurrent Liabilities:			
Due Within One Year	1,420,206		1,420,206
Due Beyond One Year	22,170,294		22,170,294
Total Liabilities	26,905,421	50,487	26,955,908
NET POSITION			
Net Investment in Capital Assets	24,359,850	41,136	24,400,986
Restricted for:			
Capital Projects	7,523,280		7,523,280
Debt Service	18,376		18,376
Other Purposes	2,322,209		2,322,209
Unrestricted/(Deficit)	(1,600,732)	85,502	(1,515,230)
Total Net Position	\$ 32,622,983	\$ 126,638	\$ 32,749,621

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</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>
Governmental Activities:						
Instruction:						
Regular	\$ 12,462,871		\$ 1,561,903		\$ (10,900,968)	\$ (10,900,968)
Special Education	2,228,640		821,273		(1,407,367)	(1,407,367)
Other Special Instruction	183,701		18,652		(165,049)	(165,049)
Other Instruction	1,832,733		153,184		(1,679,549)	(1,679,549)
Support Services:						
Tuition	2,759,304				(2,759,304)	(2,759,304)
Student & Instruction Related Services	3,767,588		660,749		(3,106,839)	(3,106,839)
General Administration Services	906,313		65,213		(841,100)	(841,100)
School Administration Services	1,406,854		141,238		(1,265,616)	(1,265,616)
Central Services	569,295		59,317		(509,978)	(509,978)
Administration Information Technology	150,406				(150,406)	(150,406)
Plant Operations and Maintenance	2,887,738			\$ 17,520	(2,870,218)	(2,870,218)
Pupil Transportation	2,136,856		147,440		(1,989,416)	(1,989,416)
Interest on Long-Term Debt	1,194,049				(1,194,049)	(1,194,049)
Unallocated Depreciation	1,056,550				(1,056,550)	(1,056,550)
Total Governmental Activities	33,542,898	\$ - 0 -	3,628,969	17,520	(29,896,409)	\$ - 0 -

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</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	\$ 579,478	\$ 540,103				\$ (39,375)	\$ (39,375)
Total Primary Government	\$ 34,122,376	\$ 540,103	\$ 3,628,969	\$ 17,520	\$ (29,896,409)	(39,375)	(29,935,784)
 General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					26,365,634		26,365,634
Taxes Levied for Debt Service					2,266,220		2,266,220
Federal and State Aid not Restricted					424,027		424,027
Investment Earnings					2,376	207	2,583
Miscellaneous Income					209,718		209,718
Total General Revenue					29,267,975	207	29,268,182
Change in Net Position					(628,434)	(39,168)	(667,602)
Net Position - Beginning					33,251,417	165,806	33,417,223
Net Position - Ending					\$ 32,622,983	\$ 126,638	\$ 32,749,621

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, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 4,236,989	\$ 480	\$ 2,091,966	\$ 18,376	\$ 6,347,811
Cash with Fiscal Agents				1,837	1,837
Interfunds Receivable	11,784		179,121		190,905
Receivable from Federal Government		24,201			24,201
Receivable from State Government	456,563		3,185,694		3,642,257
Other Receivables		6,243			6,243
Restricted Cash and Cash Equivalents	2,166,250				2,166,250
Total Assets	<u>\$ 6,871,586</u>	<u>\$ 30,924</u>	<u>\$ 5,456,781</u>	<u>\$ 20,213</u>	<u>\$ 12,379,504</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interest Payable				\$ 1,837	\$ 1,837
Accounts Payable - Vendors	\$ 554,235	\$ 10,737			564,972
Intergovernmental Payable - State		5,418			5,418
Interfunds Payable	179,166	11,784			190,950
Unearned Revenue		2,985			2,985
Total Liabilities	<u>733,401</u>	<u>30,924</u>		<u>1,837</u>	<u>766,162</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	2,116,140				2,116,140
Maintenance Reserve Account	50,110				50,110
Excess Surplus	802,539				802,539
Excess Surplus - Designated for Subsequent Year's Expenditures	1,469,560				1,469,560
Capital Projects			\$ 5,407,140		5,407,140
Debt Service				18,376	18,376

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<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			\$ 49,641		\$ 49,641
Assigned:					
Year - End Encumbrances	\$ 418,641				418,641
Designated for Subsequent Year's Expenditures	354,208				354,208
Unassigned	<u>926,987</u>				<u>926,987</u>
Total Fund Balances	<u>6,138,185</u>		<u>5,456,781</u>	<u>\$ 18,376</u>	<u>11,613,342</u>
Total Liabilities and Fund Balances	<u>\$ 6,871,586</u>	<u>\$ 30,924</u>	<u>\$ 5,456,781</u>	<u>\$ 20,213</u>	<u>\$ 12,379,504</u>

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

Total Fund Balances (Above)	\$ 11,613,342
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$62,198,009 and the accumulated depreciation is \$16,652,564.	45,545,445
Bond Issuance Premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The original premium was \$2,519,122 and accumulated amortization is \$-0-.	(2,519,122)
Deferred Interest costs are not reported as expenditures in the governmental funds in the year of the expenditure.	1,794,405
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditure when due.	(220,587)
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>(23,590,500)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 32,622,983</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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 26,365,634			\$ 2,266,220	\$ 28,631,854
Interest Earned on Capital Reserve Funds	2,237				2,237
Interest Earned on Maintenance Reserve Funds	101				101
Miscellaneous	209,718	\$ 8,000	\$ 38		217,756
Total - Local Sources	26,577,690	8,000	38	2,266,220	28,851,948
State Sources	3,707,122	13,924	17,520		3,738,566
Federal Sources		323,950			323,950
Total Revenue	30,284,812	345,874	17,558	2,266,220	32,914,464
EXPENDITURES:					
Current:					
Regular Instruction	8,836,804	37,037			8,873,841
Special Education Instruction	1,562,983				1,562,983
Other Special Instruction	129,723				129,723
Other Instruction	1,394,949				1,394,949
Support Services and Undistributed Costs:					
Tuition	2,478,909	280,395			2,759,304
Student & Instruction Related Services	2,748,415	28,442			2,776,857
General Administration Services	716,588				716,588
School Administration Services	1,010,316				1,010,316
Central Services	394,729				394,729
Administrative Information Technology	150,406				150,406
Plant Operations and Maintenance	2,369,055				2,369,055
Pupil Transportation	1,577,805				1,577,805
Unallocated Benefits	7,293,220				7,293,220

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 490,044		\$ 43,800		\$ 533,844
Debt Service:					
Interest and Other Charges				\$ 947,844	947,844
Principal				1,300,000	1,300,000
Total Expenditures	<u>31,153,946</u>	<u>\$ 345,874</u>	<u>43,800</u>	<u>2,247,844</u>	<u>33,791,464</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>(869,134)</u>		<u>(26,242)</u>	<u>18,376</u>	<u>(877,000)</u>
OTHER FINANCING SOURCES/(USES):					
School Refunding Bonds Issued				18,480,000	18,480,000
School Bonds Defeased				(19,014,000)	(19,014,000)
Bond Issuance Costs				(190,717)	(190,717)
Bond Premiums				2,519,122	2,519,122
Deferred Bond Interest				(1,794,405)	(1,794,405)
Transfers In	74,428				74,428
Transfers Out			(74,428)		(74,428)
Total Other Financing Sources/(Uses)	<u>74,428</u>		<u>(74,428)</u>		<u>- 0 -</u>
Net Change in Fund Balances	(794,706)		(100,670)	18,376	(877,000)
Fund Balance - July 1	<u>6,932,891</u>		<u>5,557,451</u>		<u>12,490,342</u>
Fund Balance - June 30	<u>\$ 6,138,185</u>	<u>\$ - 0 -</u>	<u>\$ 5,456,781</u>	<u>\$ 18,376</u>	<u>\$ 11,613,342</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, 2013

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (877,000)

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	\$ (1,226,118)	
	Capital Outlays	<u>421,001</u>	
			(805,117)

Proceeds from debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the Governmental Funds.

	School Refunding Bonds Issued	18,480,000	
	School Bonds Defeased	(19,014,000)	
	Bond Issuance Costs	(190,717)	
	Bond Premiums	2,519,122	
	Deferred Bond Interest	<u>(1,794,405)</u>	
			-0-

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 (+). (112)

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. (55,488)

Bond issuance costs from the advanced refunding are not recorded in the Governmental Funds, whereas these amounts are expenses in the Statement of Activities. (190,717)

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

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (628,434)

Exhibit B-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 125,605
Interfund Receivable - General Fund	45
Inventories	10,339
Total Current Assets	135,989
Non-Current Assets:	
Capital Assets:	
Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	(360,596)
Total Non-Current Assets	41,136
Total Assets	177,125
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	50,487
Total Liabilities	50,487
<u>NET POSITION:</u>	
Net Investment in Capital Assets	41,136
Unrestricted	85,502
Total Net Position	\$ 126,638

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 NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>
	<u>Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 520,252
Free and Reduced Lunches Subsidized by District	19,851
	<hr/>
Total Operating Revenue	540,103
	<hr/>
Operating Expenses:	
Cost of Sales	262,052
Salaries, Benefits & Payroll Taxes	221,793
Supplies, Insurance & Other Costs	13,138
Management Fee	37,593
Miscellaneous Expense	7,021
Insurance, Office Supplies & Administrative Costs	29,892
Depreciation Expense	7,989
	<hr/>
Total Operating Expenses	579,478
	<hr/>
Operating (Loss)	(39,375)
	<hr/>
Non-Operating Income:	
Interest Income	207
	<hr/>
Total Non-Operating Income	207
	<hr/>
Change in Net Position	(39,168)
	<hr/>
Net Position - Beginning of Year	165,806
	<hr/>
Net Position - End of Year	\$ 126,638
	<hr/> <hr/>

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, 2013

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 520,252
Receipts from District	19,851
Payments by District for the Free Lunches	(19,851)
Payments to Food Service Vendor	(598,975)
Net Cash Used for Operating Activities	(78,723)
Cash Flows from Investing Activities:	
Interest Income	207
Net Cash Provided by Investing Activities	207
Net Decrease in Cash and Cash Equivalents	(78,516)
Cash and Cash Equivalents, July 1	204,121
Cash and Cash Equivalents, June 30	\$ 125,605
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities:	
Operating Loss	\$ (39,375)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	7,989
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,476)
(Decrease) in Accounts Payable	(44,861)
Net Cash Used for Operating Activities	\$ (78,723)

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 POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 178,780	\$ 113,398	\$ 25,152	\$ 14,599
Investments	23,366			
Total Assets	<u>202,146</u>	<u>113,398</u>	<u>25,152</u>	<u>14,599</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	\$ 75,971 126,175			
Total Liabilities	<u>202,146</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		\$ 113,398		
Flexible Spending Claims				\$ 14,599
Scholarships			\$ 25,152	
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 113,398</u>	<u>\$ 25,152</u>	<u>\$ 14,599</u>

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

Exhibit B-8

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 45,633		\$ 41,875
Donations		\$ 24,944	
Total Contributions	45,633	24,944	41,875
Investment Earnings:			
Interest	235		
Net Investment Earnings	235		
Total Additions	45,868	24,944	41,875
DEDUCTIONS:			
Unemployment Compensation Claims	75,809		
Flexible Spending Claims			27,276
Scholarship Payments		24,808	
Total Deductions	75,809	24,808	27,276
Change in Net Position	(29,941)	136	14,599
Net Position - Beginning of the Year	143,339	25,016	
Net Position - End of the Year	\$ 113,398	\$ 25,152	\$ 14,599

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, 2013

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

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, 2013
(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, 2013
(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, Flexible Spending Trust 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 30,318,976	\$ 343,116
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.		2,758
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	25,087	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(59,251)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$ 30,284,812</u>	<u>\$ 345,874</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,153,946	\$ 343,116
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.		2,758
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$ 31,153,946</u>	<u>\$ 345,874</u>
		<u>Capital Projects Fund</u>
		<u>Fund</u>
	<u>Revenue</u>	<u>Balance</u>
Total Revenue/Fund Balance - Budgetary Basis	\$ - 0 -	\$ 5,489,872
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable Recognized/(Not Recognized) on the GAAP Basis	<u>17,520</u>	<u>(33,091)</u>
Revenue/Fund Balance per Governmental Funds (GAAP Basis)	<u>\$ 17,520</u>	<u>\$ 5,456,781</u>

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, 2013
(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 sources/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 position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(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 position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums 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 expended in the governmental activities.

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, 2013.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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.

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,138,185 General Fund balance at June 30, 2013, \$772,849 is assigned fund balance of which \$418,641 is for year-end encumbrances and \$354,208 is for subsequent year's expenditures and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2014; \$2,116,140 is restricted in the capital reserve account; \$50,110 is restricted in the maintenance reserve account; \$1,469,560 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, 2014; \$802,539 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, 2015; and \$926,987 is unassigned fund balance which is \$59,251 less than the calculated maximum unassigned fund balance due to the final two state aid payments that are not recognized on the GAAP basis until the fiscal year ending June 30, 2014.

Capital Projects Fund: Of the \$5,456,781 Capital Projects Fund balance at June 30, 2013, \$49,641 is committed on the GAAP basis (which is \$33,091 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 \$18,376 Debt Service Fund fund balance at June 30, 2013 is restricted and will be included as anticipated revenue for the fiscal year ending June 30, 2015.

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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$59,251 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District elected to early implement GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows of resources at June 30, 2013. The District had a deferred outflow of resources for the Deferred Amount on Refunding.

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

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

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

R. Deficit Net Position:

There is a deficit in unrestricted governmental activities net position in the amount of \$1,600,732. The deficit is due to compensated absences payable of \$610,500, accrued interest payable of \$220,587 and unamortized bond premium of \$2,519,122 offset by assigned General Fund balance of \$772,849, unassigned General Fund balance of \$926,987, and committed Capital Projects Fund balance of \$49,641.

This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments

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

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

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 \$49,641 in committed resources attributable to SDA projects in the Capital Projects Fund at June 30, 2013. 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 \$418,641 for year-end encumbrances and \$354,208 for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2013.

T. Revenue - Exchange and Nonexchange Transactions:

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the 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.

V. Management Estimates:

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

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. 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.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

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;
- (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;

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Investments: (Cont'd)

- (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, 2013, cash and cash equivalents and investments of the District consisted of the following:

	Cash and		Cash With Fiscal Agents	Restricted		Total
	Cash Equivalents	Investments		Capital Reserve	Maintenance Reserve	
Checking Accounts	\$ 6,217,793		\$ 1,837			\$ 6,219,630
Savings Accounts	186,353			\$ 2,116,140	\$ 50,110	2,352,603
Cutwater Asset Mgmt.	401,199					401,199
Certificates of Deposit		\$ 23,366				23,366
	<u>\$ 6,805,345</u>	<u>\$ 23,366</u>	<u>\$ 1,837</u>	<u>\$ 2,116,140</u>	<u>\$ 50,110</u>	<u>\$ 8,996,798</u>

During the period ended June 30, 2013, 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, 2013, was \$8,996,798 and the bank balance was \$9,850,916. The \$401,199 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, 2013
(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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance at July 1, 2012	\$ 1,909,513
Interest Earnings	2,237
Unexpended Funds of Completed Capital Projects	74,390
Increase by Board Resolution - June 20, 2013	<u>130,000</u>
Ending Balance at June 30, 2013	<u>\$ 2,116,140</u>

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, 2013
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The activity of the maintenance reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance at July 1, 2012	\$	50,009
Interest Earnings		101
Ending Balance at June 30, 2013	\$	50,110

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 1,961,326			\$ 1,961,326
Construction in Progress	917,013	\$ 43,800		960,813
Total Capital Assets not being Depreciated	2,878,339	43,800		2,922,139
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	4,103,722	377,201		4,480,923
Total Capital Assets being Depreciated	58,898,669	377,201		59,275,870
Governmental Activities Capital Assets	61,777,008	421,001		62,198,009
Less Accumulated Depreciation for:				
Site Improvements	(1,675,322)	(45,287)		(1,720,609)
Buildings and Building Improvements	(10,507,024)	(988,454)		(11,495,478)
Machinery and Equipment	(3,244,100)	(192,377)		(3,436,477)
Total Accumulated Depreciation	(15,426,446)	(1,226,118)		(16,652,564)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 46,350,562	\$ (805,117)	\$ - 0 -	\$ 45,545,445
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 401,732			\$ 401,732
Less Accumulated Depreciation	(352,607)	\$ (7,989)		(360,596)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 49,125	\$ (7,989)	\$ - 0 -	\$ 41,136
Total Governmental and Business-Type Activities	\$ 46,399,687	\$ (813,106)	\$ - 0 -	\$ 45,586,581

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

During the year ended June 30, 2013, 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 \$635,080 of which the District expended \$43,800 during the year and has \$28,568 in construction encumbrances at June 30, 2013.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 14,001
School Administrative Services	10,165
Plant Operations and Maintenance	23,006
Pupil Transportation	122,396
Unallocated	<u>1,056,550</u>
Total Depreciation	<u>\$ 1,226,118</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2013, the District transferred \$115,711 to the capital outlay equipment accounts which did not require County Superintendent approval.

NOTE 8. OPERATING LEASES

The District has commitments at June 30, 2013, to lease copying equipment valued at \$492,449 under operating leases which expire in 2016. Total operating lease payments made during the year ended June 30, 2013 were \$98,345. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 98,345
2015	98,345
2016	<u>18,487</u>
	<u>\$ 215,177</u>

NOTE 9. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2012</u>	<u>Issued/</u> <u>Accrued</u>	<u>Matured/</u> <u>Retired</u>	<u>Balance</u> <u>6/30/2013</u>
Serial Bonds Payable	\$ 24,814,000	\$ 18,480,000	\$ 20,314,000	\$ 22,980,000
Compensated Absences Payable	610,388	42,113	42,001	610,500
	<u>\$ 25,424,388</u>	<u>\$ 18,522,113</u>	<u>\$ 20,356,001</u>	<u>\$ 23,590,500</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(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 \$1,400,000 and the long-term portion is \$21,580,000.

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

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	\$ 1,400,000	\$ 856,100	\$ 2,256,100
2015	1,500,000	799,850	2,299,850
2016	1,600,000	737,850	2,337,850
2017	1,675,000	680,725	2,355,725
2018	1,660,000	630,700	2,290,700
2019 - 2023	9,425,000	2,105,700	11,530,700
2024 - 2026	5,720,000	339,400	6,059,400
	<u>\$ 22,980,000</u>	<u>\$ 6,150,325</u>	<u>\$ 29,130,325</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2013, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2013, 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 \$20,206 and the long-term portion is \$590,294.

The District had no liability at June 30, 2013 for compensated absences in its Food Service Enterprise Fund.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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) and 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 PERS or TPAF 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 DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of 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 legislation. For PERS and TPAF, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits. 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 of 5.5% of employees' annual compensation (as defined) for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$425,796, \$397,220 and \$363,998 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively.

During the fiscal years ended June 30, 2013, 2012 and 2011 the State of New Jersey contributed \$787,386, \$380,338 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, 2013, 2012 and 2011 were \$4,819, \$2,875 and \$115, respectively.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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. Chapter 103 of Public Law 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, 2012, there were 97,661 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 prefunding 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 c. 126, 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. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$890,333, \$764,578 and \$811,463 for 2013, 2012, and 2011, 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, 2013
(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 Governmental Banking and 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, 2013 was not available as of the date of this report.

Selected financial information for the SAIF as of June 30, 2012 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 36,551,011
Net Position	\$ 12,224,220
Total Revenue	\$ 28,022,109
Total Expenses	\$ 28,300,068
Change in Net Position	\$ (277,959)
Members Dividends	\$ -0-

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>
2012-2013	\$ - 0 -	\$ 45,868	\$ 75,809	\$ 113,398
2011-2012	50,000	46,042	102,046	143,339
2010-2011	- 0 -	40,231	110,778	149,343

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,784	\$ 179,166
Special Revenue Fund		11,784
Capital Projects Fund	179,121	
Food Service Enterprise Fund	45	
	<u>\$ 190,950</u>	<u>\$ 190,950</u>

The Capital Projects Fund interfund balance at June 30, 2013 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 unexpended capital projects proceeds which have not been remitted to the General Fund as of June 30, 2013. The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents funds advanced to the Special Revenue Fund awaiting the collection of grants receivable.

NOTE 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, 2013
(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 position of the District.

Encumbrances

At June 30, 2013, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 418,641	\$ 669	\$ 28,568	\$ 447,878

On the District's Governmental Funds Balance Sheet as of June 30, 2013, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund and Capital Projects Funds. The \$669 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 unearned revenue. The \$28,568 of encumbrances in the Capital Projects Fund are included in 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, 2013
(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	\$ 26,365,634		\$ 26,365,634	\$ 26,365,634	
Tuition from Individuals				11,425	\$ 11,425
Tuition from Other LEAs				26,670	26,670
Interest Earned on Maintenance Reserve	100		100	101	1
Interest Earned on Capital Reserve Funds	2,500		2,500	2,237	(263)
Miscellaneous	200,000		200,000	171,623	(28,377)
Total - Local Sources	<u>26,568,234</u>		<u>26,568,234</u>	<u>26,577,690</u>	<u>9,456</u>
State Sources:					
Transportation Aid	147,778		147,778	147,778	
Special Education Aid	615,647		615,647	615,647	
Categorical Security Aid	22,543		22,543	22,543	
Extraordinary Aid				403,184	403,184
Non-Public Transportation Aid				10,802	10,802
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				787,386	787,386
TPAF Post Retirement Medical Benefits (On-Behalf - Non-Budgeted)				890,333	890,333
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				863,613	863,613
Total - State Sources	<u>785,968</u>		<u>785,968</u>	<u>3,741,286</u>	<u>2,955,318</u>
TOTAL REVENUES	<u>27,354,202</u>		<u>27,354,202</u>	<u>30,318,976</u>	<u>2,964,774</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 8,091,131	\$ 42,377	\$ 8,133,508	\$ 8,086,358	\$ 47,150
Regular Programs - Home Instruction:					
Salaries of Teachers	23,332	(19)	23,313	23,312	1
Purchased Professional-Educational Services	5,200	539	5,739	5,540	199
Other Purchased Services (400-500 series)	607	319	926	895	31
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	3,600	(1,100)	2,500	1,600	900
Purchased Technical Services	8,352	(3,500)	4,852	3,956	896
Other Purchased Services (400-500 series)	226,274	(53,693)	172,581	131,984	40,597
General Supplies	426,163	6,577	432,740	402,203	30,537
Textbooks	131,166	10,469	141,635	130,524	11,111
Other Objects	4,525	47,027	51,552	50,432	1,120
Total Regular Programs - Instruction	<u>8,920,350</u>	<u>48,996</u>	<u>8,969,346</u>	<u>8,836,804</u>	<u>132,542</u>
Special Education - Instruction:					
Cognitive Mild:					
Salaries of Teachers	69,366		69,366	68,142	1,224
Other Salaries for Instruction	85,222		85,222	71,338	13,884
Other Purchased Services (400-500 series)	156		156	100	56
General Supplies	15,040	(7,897)	7,143	6,192	951
Other Objects	498	(290)	208	208	208
Total Cognitive - Mild	<u>170,282</u>	<u>(8,187)</u>	<u>162,095</u>	<u>145,772</u>	<u>16,323</u>

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 67,415	\$ 133	\$ 67,548	\$ 67,547	\$ 1
General Supplies	255	(133)	122		122
Textbooks	510		510		510
Other Objects	612		612		612
Total Behavioral Disabilities	<u>68,792</u>		<u>68,792</u>	<u>67,547</u>	<u>1,245</u>
Resource Room/Resource Center:					
Salaries of Teachers	983,319	1,088	984,407	984,407	
Other Salaries for Instruction	331,126	6,590	337,716	337,716	
Other Purchased Services (400-500 series)	3,350	(875)	2,475	2,475	
General Supplies	6,734	(531)	6,203	4,412	1,791
Textbooks	1,500	(1,500)			
Total Resource Room/Resource Center	<u>1,326,029</u>	<u>4,772</u>	<u>1,330,801</u>	<u>1,329,010</u>	<u>1,791</u>
Autism:					
General Supplies		20,655	20,655	20,654	1
Total Autism		<u>20,655</u>	<u>20,655</u>	<u>20,654</u>	<u>1</u>
Total Special Education - Instruction	<u>1,565,103</u>	<u>17,240</u>	<u>1,582,343</u>	<u>1,562,983</u>	<u>19,360</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	102,459	4,319	106,778	106,778	
Other Purchased Services (400-500 series)	1,000	(1,000)			
General Supplies	500	(500)			
Total Basic Skills/Remedial - Instruction	<u>103,959</u>	<u>2,819</u>	<u>106,778</u>	<u>106,778</u>	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 23,892	\$ (69)	\$ 23,823	\$ 22,945	\$ 878
General Supplies	1,000	(676)	324		324
Total Bilingual Education - Instruction	24,892	(745)	24,147	22,945	1,202
Vocational Programs - Local - Instruction					
Salaries of Teachers	34,795	(3,400)	31,395		31,395
Other Purchased Services (400-500 series)	100		100		100
General Supplies	500		500		500
Total Vocational Programs - Local - Instruction	35,395	(3,400)	31,995		31,995
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	243,034	5,207	248,241	247,332	909
Purchased Services (300-500 series)	19,440	273	19,713	9,035	10,678
Supplies and Materials	12,146	(1,667)	10,479	8,547	1,932
Other Objects	16,613	(4,805)	11,808	6,879	4,929
Total School-Sponsored Cocurricular Activities - Instruction	291,233	(992)	290,241	271,793	18,448

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 800,410	\$ (1,500)	\$ 798,910	\$ 784,461	\$ 14,449
Purchased Services (300-500 series)	218,859	2,974	221,833	196,430	25,403
Supplies and Materials	103,166	(6,074)	97,092	86,069	11,023
Other Objects	44,042	17,338	61,380	56,196	5,184
Total School-Sponsored Cocurricular Athletics - Instruction	1,166,477	12,738	1,179,215	1,123,156	56,059
Total Instruction	12,107,409	76,656	12,184,065	11,924,459	259,606
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	411,918		411,918	399,794	12,124
Tuition to County Vocational School District - Regular	288,256	(14,122)	274,134	232,000	42,134
Tuition to County Vocational School District - Special	74,495	(22,440)	52,055	26,825	25,230
Tuition to CSSD & Regular Day Schools	202,296	53,820	256,116	250,980	5,136
Tuition to Private Schools for the Handicapped - Within State	1,628,700	231,116	1,859,816	1,440,941	418,875
Tuition to Private Schools for the Handicapped - Outside State	146,195		146,195	92,504	53,691
Tuition - State Facilities	35,865		35,865	35,865	
Total Undistributed Expenditures - Instruction	2,787,725	248,374	3,036,099	2,478,909	557,190
Attendance & Social Work:					
Salaries	136,236	293	136,529	136,527	2
Supplies and Materials	600	(293)	307	157	150
Total Attendance & Social Work	136,836		136,836	136,684	152

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 175,899		\$ 175,899	\$ 175,055	\$ 844
Purchased Professional and Technical Services	63,345	\$ (5,450)	57,895	44,145	13,750
Other Purchased Services (400-500 series)	822	160	982	868	114
Supplies and Materials	5,051	(160)	4,891	4,564	327
Other Objects	345		345	287	58
Total Health Services	245,462	(5,450)	240,012	224,919	15,093
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	61,030		61,030	60,679	351
Purchased Professional - Educational Services	52,378		52,378	36,859	15,519
Supplies and Materials	523	(245)	278	96	182
Other Objects	180	245	425	407	18
Total Speech, OT, PT and Related Services	114,111		114,111	98,041	16,070
Other Support Services - Students - Extra Services:					
Salaries	40,116		40,116	31,587	8,529
Purchased Professional - Educational Services	67,972		67,972	38,646	29,326
Total Other Support Services - Students - Extra Services	108,088		108,088	70,233	37,855

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 859,184	\$ (259)	\$ 858,925	\$ 843,439	\$ 15,486
Salaries of Secretarial and Clerical Assistants	131,838	259	132,097	132,096	1
Other Purchased Professional and Technical Services	600		600	450	150
Other Purchased Services (400-500 series)	26,055	(341)	25,714	15,456	10,258
Supplies and Materials	13,783	785	14,568	12,365	2,203
Other Objects	2,103	(180)	1,923	1,698	225
Total Guidance	1,033,563	264	1,033,827	1,005,504	28,323
Child Study Teams:					
Salaries of Other Professional Staff	406,662	134	406,796	399,579	7,217
Salaries of Secretarial and Clerical Assistants	96,729	(134)	96,595	87,898	8,697
Purchased Professional - Educational Services	4,162		4,162	1,388	2,774
Other Purchased Prof. and Tech. Services	7,590	230	7,820	7,820	
Misc. Purch. Serv. (400-500 series - Other than Res. Costs)	15,192		15,192	12,332	2,860
Supplies and Materials	5,230		5,230	4,829	401
Other Objects	520		520	90	430
Total Child Study Teams	536,085	230	536,315	513,936	22,379
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	179,254		179,254	167,475	11,779
Salaries of Secretarial and Clerical Assistants	50,278		50,278	41,463	8,815
Other Purchased Prof. and Tech. Services		4,900	4,900	4,900	
Other Purchased Services	30,693	(3,588)	27,105	26,195	910
Supplies and Materials	2,121	(32)	2,089	1,965	124
Total Improvement of Instructional Services	262,346	1,280	263,626	241,998	21,628

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 207,318	\$ (77)	\$ 207,241	\$ 165,458	\$ 41,783
Salaries of Technology Coordinators	39,670	77	39,747	39,747	
Other Purchased Services (400-500 series)	21,411	(2,270)	19,141	10,715	8,426
Supplies and Materials	138,555	(6,793)	131,762	129,531	2,231
Other Objects	150		150	135	15
Total Educational Media Services/School Library	407,104	(9,063)	398,041	345,586	52,455
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	88,289		88,289	82,732	5,557
Salaries of Secretarial and Clerical Assistants	24,911		24,911	20,423	4,488
Purchased Professional - Educational Services	5,104	(3,904)	1,200	1,200	
Other Purchased Services (400-500 series)	1,400	6,102	7,502	6,588	914
Supplies and Materials	1,000	(353)	647	571	76
Total Instructional Staff Training Services	120,704	1,845	122,549	111,514	11,035
Support Services - General Administration:					
Salaries	435,112	108	435,220	435,219	1
Legal Services	81,192		81,192	71,031	10,161
Audit Fees	50,000		50,000	45,000	5,000
Architectural/Engineering Services	67,600	(108)	67,492	52,771	14,721
Other Purchased Professional Services	2,395		2,395	2,395	
Communications/Telephone	12,400	2,500	14,900	11,502	3,398

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 3,809	\$ (439)	\$ 3,370	\$ 2,705	\$ 665
Other Purchased Services (400-500 series)	41,515	30,229	71,744	62,922	8,822
General Supplies	8,020		8,020	7,781	239
BOE In-House Training/Meeting Supplies	500	(180)	320		320
Judgements	4,920	450	5,370	5,370	
Miscellaneous Expenditures	8,782		8,782	6,663	2,119
BOE Membership Dues and Fees	13,229		13,229	13,229	
Total Support Services - General Administration	729,474	32,560	762,034	716,588	45,446
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	748,313	(2,884)	745,429	737,789	7,640
Salaries of Secretarial and Clerical Assistants	210,926	2,884	213,810	213,540	270
Other Purchased Services (400-500 series)	25,396	3,900	29,296	22,397	6,899
Supplies and Materials	20,579	1,478	22,057	21,425	632
Other Objects	26,059	(3,401)	22,658	15,165	7,493
Total Support Services - School Administration	1,031,273	1,977	1,033,250	1,010,316	22,934
Central Services:					
Salaries	315,994	(273)	315,721	315,720	1
Purchased Technical Services	25,400	(600)	24,800	24,798	2
Miscellaneous Purchased Services (400-500 series)	45,003	3,415	48,418	43,708	4,710
Supplies and Materials	12,021	(3,032)	8,989	8,619	370
Miscellaneous Expenditures	4,449	(975)	3,474	1,884	1,590
Total Central Services	402,867	(1,465)	401,402	394,729	6,673

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 84,669	\$ (848)	\$ 83,821	\$ 83,821	
Purchased Technical Services		1,400	1,400	1,400	
Other Purchased Services (400-500 series)	18,750	(9,207)	9,543	9,543	
Supplies and Materials		55,644	55,644	55,642	\$ 2
Total Administration Information Technology	103,419	46,989	150,408	150,406	2
Required Maintenance of School Facilities:					
Salaries	262,452		262,452	261,114	1,338
Cleaning, Repair and Maintenance Services	238,627	57,358	295,985	260,526	35,459
General Supplies	112,684	19,426	132,110	119,211	12,899
Total Required Maintenance of School Facilities	613,763	76,784	690,547	640,851	49,696
Custodial Services:					
Salaries	704,406	(22,371)	682,035	673,580	8,455
Purchased Professional and Technical Services	29,725	(2,000)	27,725	21,548	6,177
Cleaning, Repair and Maintenance Services	54,538	(3,360)	51,178	37,274	13,904
Other Purchased Property Services	58,206	2,001	60,207	51,685	8,522
Insurance	136,500	10,822	147,322	147,322	
Miscellaneous Purchased Services	11,354	(8,355)	2,999		2,999
General Supplies	79,411	(3,237)	76,174	63,867	12,307
Energy (Natural Gas)	340,171	(110,692)	229,479	160,233	69,246
Energy (Electricity)	453,365	(132,249)	321,116	263,114	58,002
Other Objects		100	100	100	
Total Custodial Services	1,867,676	(269,341)	1,598,335	1,418,723	179,612

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Care & Upkeep of Grounds:					
Salaries	\$ 245,054	\$ (30,613)	\$ 214,441	\$ 203,983	\$ 10,458
Purchased Professional and Technical Services	4,800	(2,775)	2,025		2,025
Cleaning, Repair and Maintenance Services	27,031	26,960	53,991	48,565	5,426
General Supplies	86,669	(14,500)	72,169	52,321	19,848
Total Care & Upkeep of Grounds	363,554	(20,928)	342,626	304,869	37,757
Security:					
Salaries		12,706	12,706	3,951	8,755
Cleaning, Repair and Maintenance Services	1,000		1,000	600	400
General Supplies	2,000	18,197	20,197	61	20,136
Total Security	3,000	30,903	33,903	4,612	29,291
Total Undist. Expend. - Operations & Maintenance of Plant	2,847,993	(182,582)	2,665,411	2,369,055	296,356
Student Transportation Services:					
Salaries of Non-Instructional Aides	39,457	(968)	38,489	38,282	207
Salaries for Pupil Transportation:					
Between Home and School - Regular	585,142	5,702	590,844	580,992	9,852
Between Home and School - Special Education	196,696	58,290	254,986	253,289	1,697
Other than Between Home and School - Regular	144,687	(4,166)	140,521	135,938	4,583
Between Home and School - Nonpublic	69,000	(39,991)	29,009	29,009	
Management Fee - ESC & CTSA Transportation Program	3,478		3,478	650	2,828
Other Purchased Professional & Technical Services	2,727		2,727	1,660	1,067

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 17,248	\$ (430)	\$ 16,818	\$ 12,646	\$ 4,172
Contract Service (Spl. Ed. Students) - Joint Agreements	14,000	1,935	15,935	13,203	2,732
Contract Service (Reg. Students) - ESCs and CTSA's	28,295		28,295	23,480	4,815
Contract Service (Spl. Ed. Students) - ESCs and CTSA's	84,007	27,278	111,285	107,383	3,902
Aid in Lieu of Payments - Nonpublic	64,142	(15,200)	48,942	48,409	533
Miscellaneous Purchased Services - Transportation	34,248	(5,971)	28,277	27,178	1,099
General Supplies	599	671	1,270	296	974
Transportation Supplies	284,981	84,642	369,623	301,947	67,676
Other Expenditures	3,630	974	4,604	3,443	1,161
Total Student Transportation Services	1,572,337	112,766	1,685,103	1,577,805	107,298
Undistributed Expenditures:					
Unallocated Benefits:					
Social Security Contributions	430,000		430,000	429,284	716
Other Retirement Contributions - PERS	465,000	(30,000)	435,000	425,796	9,204
Workmen's Compensation	215,000	(6,454)	208,546	207,426	1,120
Health Benefits	3,665,000	10,221	3,675,221	3,657,278	17,943
Tuition Reimbursement	40,000	(15,485)	24,515	18,915	5,600
Other Employee Benefits	27,286		27,286	13,189	14,097
Total Unallocated Benefits	4,842,286	(41,718)	4,800,568	4,751,888	48,680
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				787,386	(787,386)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				890,333	(890,333)
Reimbursed TPAF Social Security Contribution (Non-Budgeted)				863,613	(863,613)
Total On-Behalf Contributions				2,541,332	(2,541,332)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 4,842,286	\$ (41,718)	\$ 4,800,568	\$ 7,293,220	\$ (2,492,652)
Total Undistributed Expenditures	17,281,673	206,007	17,487,680	18,739,443	(1,251,763)
TOTAL CURRENT EXPENSE	29,389,082	282,663	29,671,745	30,663,902	(992,157)
CAPITAL OUTLAY					
Equipment:					
Grades 9-12	7,208	32,277	39,485	4,053	35,432
School Administration		28,928	28,928	26,233	2,695
Central Services		3,495	3,495		3,495
Administration Information Technology		25,513	25,513	25,513	
Required Maintenance for School Facilities	137,340	5,979	143,319	59,969	83,350
Custodial Services	4,098	(861)	3,237	3,237	
Care and Upkeep of Grounds	24,347	8,274	32,621	26,775	5,846
School Buses - Regular	84,000		84,000	83,592	408
School Buses - Special	177,000	12,106	189,106	154,207	34,899
Total Equipment	433,993	115,711	549,704	383,579	166,125
Facilities Acquisition and Construction Services					
Debt Service Assessment	106,465		106,465	106,465	
Total Facilities Acquisition and Construction Services	106,465		106,465	106,465	
TOTAL CAPITAL OUTLAY	540,458	115,711	656,169	490,044	166,125
TOTAL EXPENDITURES	29,929,540	398,374	30,327,914	31,153,946	(826,032)

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,575,338)	\$ (398,374)	\$ (2,973,712)	\$ (834,970)	\$ 2,138,742
Other Financing Sources/(Uses):					
Transfer from Capital Projects Fund - Interest Earnings				38	38
Transfer from Capital Projects Fund - Unexpended Balances				74,390	74,390
Total Other Financing Sources/(Uses)				74,428	74,428
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,575,338)	(398,374)	(2,973,712)	(760,542)	2,213,170
Fund Balance, July 1	6,957,978		6,957,978	6,957,978	
Fund Balance, June 30	\$ 4,382,640	\$ (398,374)	\$ 3,984,266	\$ 6,197,436	\$ 2,213,170
Recapitulation:					
Restricted:					
Capital Reserve				\$ 2,116,140	
Maintenance Reserve				50,110	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,469,560	
Excess Surplus				802,539	
Assigned:					
Year-End Encumbrances				418,641	
Designated for Subsequent Year's Expenditures				354,208	
Unassigned				986,238	
				6,197,436	
Reconciliation to Governmental Fund Statements (GAAP):					
June State Aid Payments not recognized on GAAP basis				(59,251)	
Fund Balance per Governmental Funds - GAAP Basis				\$ 6,138,185	

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources		\$ 9,255	\$ 9,255	\$ 8,000	\$ (1,255)
State Sources	\$ 9,998	9,344	19,342	13,924	(5,418)
Federal Sources	320,393	799	321,192	321,192	
Total Revenue	330,391	19,398	349,789	343,116	(6,673)
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services	6,555	8,496	15,051	9,633	5,418
Other Purchased Services	276,748	3,647	280,395	280,395	
General Supplies	12,000	12,005	24,005	23,000	1,005
Textbooks	1,418	379	1,797	1,797	
Total Instruction	296,721	24,527	321,248	314,825	6,423
Support Services:					
Purchased Professional/Educational Services	8,525	(81)	8,444	8,194	250
Other Purchased Services	10,052	(883)	9,169	9,169	
Supplies and Materials	15,093	(4,165)	10,928	10,928	
Total Support Services	33,670	(5,129)	28,541	28,291	250
Total Expenditures	330,391	19,398	349,789	343,116	6,673
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, 2013
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	\$ 30,318,976	\$ 343,116
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.		2,758
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Basis	25,087	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(59,251)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,284,812</u>	<u>\$ 345,874</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,153,946	\$ 343,116
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>2,758</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 31,153,946</u>	<u>\$ 345,874</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, 2013 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for equally authorized revisions of the annual budgets during the year).

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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, 2013

	<u>No Child Left Behind</u>		<u>IDEA Part B Basic</u>
	<u>Title I</u>	<u>Title IIA</u>	
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 27,928	\$ 12,869	\$ 280,395
Total Revenue	<u>27,928</u>	<u>12,869</u>	<u>280,395</u>
EXPENDITURES:			
Instruction:			
Purchased Professional and Technical Services			
Other Purchased Services			280,395
General Supplies	15,000		
Textbooks			
Total Instruction	<u>15,000</u>		<u>280,395</u>
Support Services:			
Purchased Professional - Educational Services	2,000	3,700	
Other Purchased Services		9,169	
Supplies and Materials	10,928		
Total Support Services	<u>12,928</u>	<u>12,869</u>	
Total Expenditures	<u>\$ 27,928</u>	<u>\$ 12,869</u>	<u>\$ 280,395</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, 2013

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Auxiliary Services Compensatory Education</u>
REVENUE:				
Local Sources				
State Sources	\$ 2,494	\$ 1,797	\$ 663	\$ 1,756
Federal Sources				
Total Revenue	<u>2,494</u>	<u>1,797</u>	<u>663</u>	<u>1,756</u>
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services			663	1,756
Other Purchased Services				
General Supplies				
Textbooks		<u>1,797</u>		
Total Instruction		<u>1,797</u>	<u>663</u>	<u>1,756</u>
Support Services:				
Purchased Professional - Educational Services	2,494			
Other Purchased Services				
Supplies and Materials				
Total Support Services	<u>2,494</u>			
Total Expenditures	<u>\$ 2,494</u>	<u>\$ 1,797</u>	<u>\$ 663</u>	<u>\$ 1,756</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, 2013

	<u>Nonpublic Handicapped Services</u>		<u>Local Grants</u>	<u>Totals</u>
	<u>Supplemental Instruction</u>	<u>Examination & Classification</u>		
REVENUE:				
Local Sources			\$ 8,000	\$ 8,000
State Sources	\$ 2,914	\$ 4,300		13,924
Federal Sources				321,192
Total Revenue	<u>2,914</u>	<u>4,300</u>	<u>8,000</u>	<u>343,116</u>
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services	2,914	4,300		9,633
Other Purchased Services				280,395
General Supplies			8,000	23,000
Textbooks				1,797
Total Instruction	<u>2,914</u>	<u>4,300</u>	<u>8,000</u>	<u>314,825</u>
Support Services:				
Purchased Professional - Educational Services				8,194
Other Purchased Services				9,169
Supplies and Materials				10,928
Total Support Services				<u>28,291</u>
Total Expenditures	<u>\$ 2,914</u>	<u>\$ 4,300</u>	<u>\$ 8,000</u>	<u>\$ 343,116</u>

CAPITAL PROJECTS FUND

Exhibit F-1

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, 2013

Revenue:	
Interest Income	\$ 38
	<hr/>
Total Revenue	38
	<hr/>
Expenditures and Other Financing Uses:	
Other Purchased Professional Technical Services	5,800
Construction Services	38,000
Operating Transfer Out - General Fund - Interest Earnings	38
Operating Transfer Out - General Fund - Unexpended Balances	74,390
SDA Grants Cancelled	49,595
	<hr/>
Total Expenditures and Other Financing Uses	167,823
	<hr/>
Excess/(Deficiency) of Revenue	
Over/(Under) Expenditures and Other Financing Uses	(167,785)
	<hr/>
Fund Balance - Beginning Balance	5,657,657
	<hr/>
Fund Balance - Ending Balance	\$ 5,489,872
	<hr/> <hr/>
<u>Recapitulation of Fund Balance:</u>	
Restricted	\$ 5,407,140
Committed	82,732
	<hr/>
Fund Balance per Budgetary Basis	5,489,872
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP Basis):	
SDA Grant Receivable not Recognized on GAAP Basis	(33,091)
	<hr/>
Fund Balance per Governmental Funds (GAAP Basis)	\$ 5,456,781
	<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, 2013

	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, 2013

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

Additional Project Information:

Project Number	1990-070-04-1000
Grant Date	5/12/2005
Bond Authorization Date	April 2005
Bonds Authorized	\$ 11,518,233
Bonds Issued	\$ - 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, 2013

	<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	\$ (49,581)	\$ 77,439	\$ 127,020
SDA Grant	84,680	(33,055)	51,625	84,680
Total Revenues and Other Financing Sources	<u>211,700</u>	<u>(82,636)</u>	<u>129,064</u>	<u>211,700</u>
Expenditures:				
Other Purchased Professional Technical Services	13,092		13,092	19,200
Construction Services	115,972		115,972	192,443
Other Objects				57
Total Expenditures	<u>129,064</u>		<u>129,064</u>	<u>211,700</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 82,636</u>	<u>\$ (82,636)</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

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, 2013

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 40,350	\$ (7,599)	\$ 32,751	\$ 40,350
SDA Grant	26,900	(5,066)	21,834	26,900
Total Revenues and Other Financing Sources	67,250	(12,665)	54,585	67,250
Expenditures:				
Other Purchased Professional Technical Services	3,650		3,650	8,814
Construction Services	50,935		50,935	58,436
Total Expenditures	54,585		54,585	67,250
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 12,665	\$ (12,665)	\$ - 0 -	\$ - 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	50,154	\$ 5,800	55,954	54,500
Construction Services	457,294	38,000	495,294	579,480
Other Objects	1,100		1,100	1,100
Total Expenditures	<u>508,548</u>	<u>43,800</u>	<u>552,348</u>	<u>635,080</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ (43,800)</u>	<u>\$ 82,732</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	87%
Original Target Completion Date	June 2012
Revised Target Completion Date	June 2013

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, 2013

	Prior Periods	Current Year	Total	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 152,100	\$ (17,210)	\$ 134,890	\$ 152,100
SDA Grant	101,400	(11,474)	89,926	101,400
Total Revenues and Other Financing Sources	<u>253,500</u>	<u>(28,684)</u>	<u>224,816</u>	<u>253,500</u>
Expenditures:				
Other Purchased Professional Technical Services	19,116		19,116	22,500
Construction Services	205,700		205,700	231,000
Total Expenditures	<u>224,816</u>	<u></u>	<u>224,816</u>	<u>253,500</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 28,684</u>	<u>\$ (28,684)</u>	<u>\$ - 0 -</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

Exhibit G-1

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 125,605
Interfund Receivable - General Fund	45
Inventories	10,339
	<hr/>
Total Current Assets	135,989
	<hr/>

Non-Current Assets:

Capital Assets:

Depreciable Furniture, Machinery & Equipment	401,732
Less: Accumulated Depreciation	(360,596)
	<hr/>

Total Non-Current Assets

41,136

Total Assets

177,125

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	50,487
	<hr/>

Total Liabilities

50,487

NET POSITION:

Net Investment in Capital Assets	41,136
Unrestricted	85,502
	<hr/>

Total Net Position

\$ 126,638

Exhibit G-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	\$ 520,252
Free and Reduced Lunches Subsidized by District	19,851
	<hr/>
Total Operating Revenue	540,103
	<hr/>
Operating Expenses:	
Cost of Sales	262,052
Salaries, Benefits & Payroll Taxes	221,793
Supplies and Materials	13,138
Management Fee	37,593
Miscellaneous Expense	7,021
Insurance, Office Supplies & Administrative Costs	29,892
Depreciation Expense	7,989
	<hr/>
Total Operating Expenses	579,478
	<hr/>
Operating Loss	(39,375)
Non-Operating Income:	
Interest Income	207
	<hr/>
Total Non-Operating Income	207
	<hr/>
Change in Net Position	(39,168)
Net Position - Beginning of Year	165,806
	<hr/>
Net Position - End of Year	\$ 126,638
	<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, 2013

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 520,252
Receipts from District	19,851
Payments by District for Free Lunches	(19,851)
Payments to Food Service Vendor	<u>(598,975)</u>
Net Cash Used for Operating Activities	<u>(78,723)</u>
Cash Flows from Investing Activities:	
Interest Income	<u>207</u>
Net Cash Provided by Investing Activities	<u>207</u>
Net Decrease in Cash and Cash Equivalents	(78,516)
Cash and Cash Equivalents, July 1	<u>204,121</u>
Cash and Cash Equivalents, June 30	<u>\$ 125,605</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (39,375)
Adjustment to Reconcile Operating Loss to Cash	
Used for Operating Activities:	
Depreciation	7,989
Changes in Assets and Liabilities:	
(Increase) in Inventory	(2,476)
(Decrease) in Accounts Payable	<u>(44,861)</u>
Net Cash Used for Operating Activities	<u>\$ (78,723)</u>

FIDUCIARY FUNDS

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Student Activities</u>	<u>Payroll</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 102,809	\$ 75,971	\$ 178,780	\$ 113,398	\$ 25,152	\$ 14,599
Investments	23,366		23,366			
Total Assets	126,175	75,971	202,146	113,398	25,152	14,599
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	126,175	75,971	75,971 126,175			
Total Liabilities	126,175	75,971	202,146			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				113,398		
Scholarships					25,152	
Flexible Spending Claims						14,599
Total Net Position	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 113,398	\$ 25,152	\$ 14,599

Exhibit H-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flexible Spending Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 45,633		\$ 41,875
Donations		\$ 24,944	
Total Contributions	45,633	24,944	41,875
Investment Earnings:			
Interest	235		
Net Investment Earnings	235		
Total Additions	45,868	24,944	41,875
DEDUCTIONS:			
Unemployment Compensation Claims	75,809		
Flexible Spending Claims			27,276
Scholarship Payments		24,808	
Total Deductions	75,809	24,808	27,276
Change in Net Position	(29,941)	136	14,599
Net Position - Beginning of the Year	143,339	25,016	
Net Position - End of the Year	\$ 113,398	\$ 25,152	\$ 14,599

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, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 142,587	\$ 646,350	\$ 686,128	\$ 102,809
Investments	22,994	372		23,366
Total Assets	\$ 165,581	\$ 646,722	\$ 686,128	\$ 126,175
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	165,581	646,722	686,128	\$ 126,175
Total Liabilities	\$ 165,581	\$ 646,722	\$ 686,128	\$ 126,175

Exhibit H-4

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Senior High Schools:				
Hanover Park	\$ 113,801	\$ 377,297	\$ 400,403	\$ 90,695
Whippany Park	51,780	269,425	285,725	35,480
Total All Schools	<u>\$ 165,581</u>	<u>\$ 646,722</u>	<u>\$ 686,128</u>	<u>\$ 126,175</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ - 0 -	\$ 23,286,564	\$ 23,210,593	\$ 75,971
Total Assets	<u>\$ - 0 -</u>	<u>\$ 23,286,564</u>	<u>\$ 23,210,593</u>	<u>\$ 75,971</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ - 0 -	\$ 23,286,564	\$ 23,210,593	\$ 75,971
Total Liabilities	<u>\$ - 0 -</u>	<u>\$ 23,286,564</u>	<u>\$ 23,210,593</u>	<u>\$ 75,971</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2012	Issued	Defeased/ Matured	Balance June 30, 2013
			Date	Amount					
Additions, Alterations and Renovations to Hanover Park High School and Whippany Park High School	7/15/05	\$ 31,714,000	10/1/13	\$ 1,400,000	3.75%	\$ 24,814,000		\$ 20,314,000	\$ 4,500,000
			10/1/14	1,500,000	4.00%				
			10/1/15	1,600,000	4.00%				
School Refunding Bonds	3/14/13	18,480,000	10/1/16	1,675,000	3.00%				
			10/1/17	1,660,000	3.00%				
			10/1/18	1,750,000	4.00%				
			10/1/19	1,845,000	4.00%				
			10/1/20	1,945,000	4.00%				
			10/1/21	1,945,000	4.00%				
			10/1/22	1,940,000	4.00%				
			10/1/23	1,940,000	4.00%				
			10/1/24	1,935,000	4.00%				
			10/1/25	1,845,000	4.00%				
						<u>\$ 24,814,000</u>	<u>\$ 18,480,000</u>	<u>\$ 20,314,000</u>	<u>\$ 22,980,000</u>
						Bonds Matured		\$ 1,300,000	
						Bonds Defeased		<u>19,014,000</u>	
								<u>\$ 20,314,000</u>	

Exhibit I-2

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

Exhibit I-3

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 2,266,220		\$ 2,266,220	\$ 2,266,220	
Total Revenues	<u>2,266,220</u>		<u>2,266,220</u>	<u>2,266,220</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	966,220		966,220	947,844	\$ 18,376
Redemption of Principal	1,300,000		1,300,000	1,300,000	
Total Regular Debt Service	<u>2,266,220</u>		<u>2,266,220</u>	<u>2,247,844</u>	<u>18,376</u>
Total Expenditures	<u>2,266,220</u>		<u>2,266,220</u>	<u>2,247,844</u>	<u>18,376</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	- 0 -	\$ - 0 -	- 0 -	18,376	18,376
Other Financing Sources/(Uses):					
School Refunding Bonds Issued				18,480,000	18,480,000
School Bonds Defeased				(19,014,000)	(19,014,000)
Bond Issuance Costs				(190,717)	(190,717)
Bond Premiums				2,519,122	2,519,122
Deferred Bond Interest				(1,794,405)	(1,794,405)
Total Other Financing Sources/(Uses)					
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses				18,376	18,376
Fund Balance, July 1	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 18,376</u>	<u>\$ 18,376</u>
Recapitulation:					
Restricted	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 18,376</u>	<u>\$ 18,376</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 POSITION BY COMPONENT
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:									
Net Investment in Capital Assets	\$ 5,413,577	\$ 7,013,149	\$ 7,880,961	\$23,023,578	\$18,718,071	\$20,128,304	\$20,726,578	\$21,536,562	\$24,359,850
Restricted	4,532,218	5,909,053	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865
Unrestricted (Deficit)	(92,424)	(307,724)	(285,034)	(285,000)	(227,346)	(181,514)	943,282	1,010,943	(1,600,732)
Total Governmental Activities Net Position	\$ 9,853,371	\$12,614,478	\$15,154,647	\$23,726,704	\$28,547,658	\$30,505,021	\$32,753,763	\$33,251,417	\$32,622,983
Business-Type Activities:									
Net Investment in Capital Assets	\$ 45,182	\$ 95,088	\$ 85,012	\$ 77,743	\$ 67,620	\$ 65,249	\$ 57,187	\$ 49,125	\$ 41,136
Unrestricted	55,639	88,290	122,816	138,934	144,038	152,869	130,194	116,681	85,502
Total Business-Type Activities Net Position	\$ 100,821	\$ 183,378	\$ 207,828	\$ 216,677	\$ 211,658	\$ 218,118	\$ 187,381	\$ 165,806	\$ 126,638
District-Wide:									
Net Investment in Capital Assets	\$ 5,458,759	\$ 7,108,237	\$ 7,965,973	\$23,101,321	\$18,785,691	\$20,193,553	\$20,783,765	\$21,585,687	\$24,400,986
Restricted	4,532,218	5,909,053	7,558,720	988,126	10,056,933	10,558,231	11,083,903	10,703,912	9,863,865
Unrestricted (Deficit)	(36,785)	(219,434)	(162,218)	(146,066)	(83,308)	(28,645)	1,073,476	1,127,624	(1,515,230)
Total District-Wide Net Position	\$ 9,954,192	\$12,797,856	\$15,362,475	\$23,943,381	\$28,759,316	\$30,723,139	\$32,941,144	\$33,417,223	\$32,749,621

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 POSITION
LAST NINE FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 12,462,871
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	2,228,640
Other Special Instruction	235,836	232,510	248,867	208,165	165,195	169,922	170,088	171,542	183,701
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	1,832,733
Support Services:									
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304
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	3,767,588
General Administration Services	662,611	773,971	731,662	816,146	771,458	936,526	789,613	764,055	906,313
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	1,406,854
Central Services	377,606	394,169	427,165	475,268	721,842	934,560	488,275	510,587	569,295
Administration Information Technology						58,188	43,359	46,959	150,406
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	2,887,738
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	2,136,856
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	1,194,049
Capital Outlay					1,848	354			
Unallocated Depreciation	151,939	288,114	264,794	265,867	259,886	264,540	659,316	1,056,461	1,056,550
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	33,542,898
Business-Type activities:									
Food Service	560,379	593,769	577,842	548,383	540,464	517,943	537,044	541,858	579,478
Total Business-Type Activities Expense	560,379	593,769	577,842	548,383	540,464	517,943	537,044	541,858	579,478
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	34,122,376

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

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 3,628,969
Capital Grants and Contributions	72,481	79,572		7,558,938	4,372,026	2,063,974	1,048,464	269,800	17,520
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	3,646,489
Business-Type Activities:									
Charges for Services:									
Food Service	589,478	599,940	594,188	539,974	534,013	522,111	505,962	520,101	540,103
Total Business Type Activities	589,478	599,940	594,188	539,974	534,013	522,111	505,962	520,101	540,103
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	4,186,592
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)	(29,896,409)
Business-Type Activities	29,099	6,171	16,346	(8,409)	(6,451)	4,168	(31,082)	(21,757)	(39,375)
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)	(29,935,784)
General Revenues and Other Changes in Net Position:									
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	26,365,634
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	2,266,220
Unrestricted Grants and Contributions	201,619	174,214	264,016	328,802	318,473	288,635	337,033	447,761	424,027
Investment Earnings	119,850	966,380	1,463,463	474,429	245,239	13,332	29,035	2,152	2,376
Miscellaneous Income	108,121	76,824	125,679	295,367	300,773	227,401	314,556	151,070	209,718
Transfers	(7,569)	(9,894)	(19,056)	(8,493)		(1,760)			

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

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position:									
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	\$ 29,267,975
Business-Type Activities:									
Investment Earnings	2,201	5,121	8,104	5,910	1,432	532	345	182	207
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	207
Total District-Wide General Revenues and Other Changes in Net Position	21,006,772	25,394,882	25,835,549	26,037,918	26,663,712	27,177,913	28,343,503	28,764,796	29,268,182
Change in Net Position:									
Governmental Activities	699,904	2,761,107	2,540,169	8,572,056	4,820,954	1,957,363	2,248,742	497,654	(628,434)
Business-Type Activities	38,869	82,557	24,450	8,849	(5,019)	6,460	(30,737)	(21,575)	(39,168)
Total District-Wide Change in Net Position	\$ 738,773	\$ 2,843,664	\$ 2,564,619	\$ 8,580,905	\$ 4,815,935	\$ 1,963,823	\$ 2,218,005	\$ 476,079	\$ (667,602)

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 NINE FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 4,438,349
Assigned							844,758	862,075	772,849
Unassigned							858,203	924,355	926,987
Total General Fund	<u>\$ 5,187,003</u>	<u>\$ 6,369,595</u>	<u>\$ 8,018,856</u>	<u>\$ 7,753,739</u>	<u>\$ 7,507,881</u>	<u>\$ 6,352,863</u>	<u>\$ 6,824,714</u>	<u>\$ 6,932,891</u>	<u>\$ 6,138,185</u>
Other Governmental Funds:									
Reserved		\$ 1,753,548	\$19,795,073	\$ 4,700,881	\$ 1,046,170	\$ 189,483			
Unreserved (Deficit)	\$ (205,629)	26,795,248	(7,861,117)	(1,709,349)	2,277,015	4,595,646			
Restricted							\$ 5,407,140	\$ 5,407,140	\$ 5,425,516
Committed							555,010	150,311	49,641
Total Other Governmental Funds	<u>\$ (205,629)</u>	<u>\$28,548,796</u>	<u>\$11,933,956</u>	<u>\$ 2,991,532</u>	<u>\$ 3,323,185</u>	<u>\$ 4,785,129</u>	<u>\$ 5,962,150</u>	<u>\$ 5,557,451</u>	<u>\$ 5,475,157</u>
Total All Governmental Funds	<u>\$ 4,981,374</u>	<u>\$34,918,391</u>	<u>\$19,952,812</u>	<u>\$10,745,271</u>	<u>\$10,831,066</u>	<u>\$11,137,992</u>	<u>\$12,786,864</u>	<u>\$12,490,342</u>	<u>\$11,613,342</u>

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 NINE FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Revenues:	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 28,631,854
Interest Earnings	119,850	966,380	10,566	9,944	5,396	2,198	2,469	2,101	2,338
Miscellaneous	108,121	76,824	1,568,658	759,852	540,616	238,535	344,110	159,117	217,756
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	3,738,566
Federal Sources	245,879	259,700	244,546	287,584	293,040	478,757	425,062	390,217	323,950
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	32,914,464
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	8,873,841
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	1,562,983
Other Special Instruction	167,219	173,357	178,230	150,311	122,337	122,600	125,049	124,793	129,723
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	1,394,949
Support Services:									
Tuition	677,614	472,271	814,205	1,081,460	1,139,898	1,707,861	2,106,145	2,581,816	2,759,304
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	2,776,857
General Administration Services	592,289	626,232	584,206	632,039	679,439	751,069	639,435	596,897	716,588
School Administration Services	935,449	894,249	953,504	1,045,483	1,040,877	996,213	892,738	937,681	1,010,316
Central Services	319,335	316,823	321,123	360,021	661,073	865,190	366,634	377,421	394,729
Administrative Information Technology		4,473				47,137	43,322	46,921	150,406
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	2,369,055
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	1,577,805
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	7,293,220

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

Expenditures: (Cont'd)	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital Outlay	\$ 561,321	\$ 4,075,325	\$ 16,947,805	\$ 17,210,293	\$ 4,326,867	\$ 896,366	\$ 225,772	\$ 1,062,168	\$ 533,844
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	1,300,000
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	947,844
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	33,791,464
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)	(877,000)
Other Financing Sources/(Uses):									
School Refunding Bonds Issued									18,480,000
School Bonds Defeased									(19,014,000)
Bond Issuance Costs									(190,717)
Bond Premiums									2,519,122
Deferred Bond Interest									(1,794,405)
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	74,428
Transfers Out	(113,614)	(1,715,965)	(1,263,376)	(1,022,979)	(41,035)	(1,033,268)	(647,590)	(51)	(74,428)
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)	\$ (877,000)
Debt Service As A Percentage Of Noncapital Expenditures	0.92%	4.00%	7.96%	7.70%	7.53%	7.42%	7.58%	7.42%	6.76%

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

#NAME?
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Rentals - Use of Facilities	Athletic Fees	Tuition	Other	Total
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	16,245		130,064	153,171
2013	20,788	6,475	22,037	\$ 38,095	124,661	212,056

Source: Hanover Park Regional High School District Financial Reports.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST NINE 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
2012	21,921,200	1,418,233,400			821,059,097	200,816,300		2,462,029,997	2,045,837	2,464,075,834	117,849,500	.42	3,700,819,582

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
2012	110,392,500	2,031,401,150	119,800	748,300	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	448,739,900	.18	3,335,769,352

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 NINE 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
2012 *	78,048,900	2,054,726,800	5,900	433,000	871,536,400	412,981,600	56,721,600	3,474,454,200	21,415,187	3,495,869,387	376,741,000	.34	3,957,980,829

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 Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b		East Hanover School	East Hanover Township	Morris County	
		Total Direct					
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
2012	0.39	0.03	0.42	0.72	0.57	0.37	2.08

FLORHAM PARK BOROUGH

Year Ended December 31,	Hanover Park Regional High School Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b		Florham Park School	Florham Park Borough	Morris County	
		Total Direct					
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
2012	0.17	0.01	0.18	0.53	0.38	0.25	1.34

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATESLAST TEN YEARSUNAUDITED*(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	
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
2012	* 0.32	* 0.03	* 0.34	* 0.58	* 0.43	* 0.27	* 1.63

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

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

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

* Revaluation of real property became effective in this year.

Source: Municipal Tax Collectors and School Business Administrator.

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

EAST HANOVER TOWNSHIP

2012			2003		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Novartis Pharmaceuticals	\$ 340,399,200	13.60%	Novartis	\$ 146,149,500	6.09%
Nabisco Inc	72,591,200	2.90%	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%
Givaudan Fragrances Corporation	21,400,000	0.86%	Schindling Reheinberger	15,211,500	0.63%
Paradigm East Hanover, LLC	21,303,497	0.85%	Costco	13,263,700	0.55%
Givaudan Flavors Corporation Tax Dept	19,872,200	0.79%	Castle Ridge Plaza	12,771,100	0.53%
Eagle Rock Executive C/O Well Main	19,000,000	0.76%	Reckson Operation Partnership	12,591,000	0.52%
Castle Ridge Plaza, LLC	18,500,000	0.74%	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	\$ 586,701,797	23.45%	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

2012			2003		
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%

NOTE - Property revaluation was effective in 2006.

Source: Municipal Tax Assessor.

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

HANOVER TOWNSHIP

2012			2003		
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%	River Park Business Center LLC	27,193,900	1.40%
Ravine Development Company LLC	38,945,800	1.95%	NJ Bell (Bell Atlantic)	25,619,177	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%	Cedar Glenn Housing Corporation	17,527,500	0.79%
River Park Business Center LLC	34,590,400	1.73%	Lynton Jet/Signature Flight	16,154,000	0.69%
Total	\$ 460,353,300	23.04%	Total	\$ 443,240,177	21.76%

NOTE - Property revaluation was effective in 2012.

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	
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 -
2013	28,631,854	28,631,854	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			
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	0.99%	710.41
2012	24,814,000				24,814,000	0.93%	669.56
2013	22,980,000				22,980,000	0.86%	620.08

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		Net General Bonded Debt Outstanding	Percentage of Net Taxable Value ^a of Property	District Per Capita ^b
	General Obligation Bonds	Deductions			
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%	669.56
2013	22,980,000	- 0 -	22,980,000	0.75%	620.08

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, 2012

<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	\$ 20,182,502	100.00%	\$ 20,182,502
Florham Park Borough	17,208,627	100.00%	17,208,627
Hanover Township	- 0 -	100.00%	- 0 -
Morris County General Obligation Debt (All Constituent Municipalities)	258,802,126	11.57%	<u>29,952,860</u>
Subtotal, Overlapping Debt			67,343,990
Hanover Park Regional School District Direct Debt			<u>22,980,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 90,323,990</u></u>

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

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 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	\$ 323,491,655
Total Net Debt Applicable to Limit	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	22,980,000
Legal Debt Margin	<u>\$ 220,572,556</u>	<u>\$ 242,881,252</u>	<u>\$ 234,955,279</u>	<u>\$ 259,188,495</u>	<u>\$ 271,660,977</u>	<u>\$ 284,538,302</u>	<u>\$ 308,838,819</u>	<u>\$ 312,623,158</u>	<u>\$ 310,980,028</u>	<u>\$ 300,511,655</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	0.15%	0.05%	11.89%	10.59%	12.73%	11.51%	8.13%	7.71%	7.39%	7.10%

Legal Debt Margin Calculation for Fiscal Year 2013

	East Hanover Township	Florham Park Borough	Hanover Township	Total
Equalized Valuation Basis				
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
2012	3,409,541,611	3,008,474,468	3,811,798,354	10,229,814,433
	<u>\$ 10,898,959,298</u>	<u>\$ 9,691,202,037</u>	<u>\$ 11,759,004,168</u>	<u>\$ 32,349,165,503</u>
Average Equalized Valuation of Taxable Property				<u>\$ 10,783,055,168</u>
Debt Limit (3% of average equalization value) ^a				\$ 323,491,655
Net Bonded School Debt - June 30, 2013				<u>22,980,000</u>
Legal Debt Margin				<u>\$ 300,511,655</u>

^a Limit set by NJSA 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.

Exhibit J-14

1 of 2

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>
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	71,730	804,738,870	7.10%
2012	11,306	71,730 *	810,979,380	7.40%
2013	11,306 **	71,730 *	810,979,380	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>
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	71,730	842,899,230	5.40%
2012	11,860	71,730 *	850,717,800	5.70%
2013	11,860 **	71,730 *	850,717,800	N/A

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

HANOVER TOWNSHIP

Year	Township Population ^a	Morris County Per Capita Personal Income ^b	Township Personal Income ^c	Township Unemployment Rate ^d
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	71,730	989,084,970	3.80%
2012	13,894	71,730 *	996,616,620	3.90%
2013	13,894 **	71,730 *	996,616,620	N/A

* - Latest Morris County per capita personal income available (2011) was used for calculation purposes.

** - Latest population data available (2012) 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

<u>2012</u>			<u>2003</u>		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Novartis	6,200	2.42%			
US Army Armament Research and Development	5,841	2.28%			
Atlantic Health System	5,576	2.18%			
Automatic Data Processing, Inc	1,947	0.76%			Information is Not Available
County of Morris	1,838	0.72%			
Saint Clare's	1,662	0.65%			
Wyndham Worldwide Corporation	1,546	0.60%			
BASF Corporation	1,500	0.59%			
Accenture	1,498	0.59%			
Chilton Memorial	1,440	0.56%			
Total	<u>29,048</u>	<u>11.35%</u>			
Total County Employment	<u>255,907</u>				

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE 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>	<u>2013</u>
Instruction:									
Regular	109.0	111.0	110.0	110.0	110.0	112.0	110.6	110.6	111.3
Special Education	19.0	22.0	24.0	25.0	25.0	24.0	26.3	26.3	27.4
Basic Skills/Bilingual							1.4	1.4	1.4
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	0.4	0.4	0.0
Co-Curricular Athletics							2.0	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	32.1
School Administration	12.0	12.0	12.0	12.0	12.0	10.0	8.6	8.6	9.1
General/Business									
Administration	8.0	8.0	8.0	8.0	8.0	8.5	10.3	9.5	10.5
Plant Operations									
and Maintenance	27.0	27.0	27.0	27.0	27.0	27.0	25.6	25.0	25.0
Pupil Transportation	32.0	32.0	33.0	34.0	34.0	35.0	37.0	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>	<u>255.8</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 NINE FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio High School	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
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%
2013	1,607.5	31,009,776	19,291	0.65%	129	1:12:5	1,531.2	1,455.9	3.31%	95.08%

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 NINE FISCAL YEARS
UNAUDITED

District Buildings	2005	2006	2007	2008	2009	2010	2011	2012	2013
Hanover Park High School:									
Square Feet	165,713	165,713	165,713	165,713	165,713	165,713	165,713	191,902	191,902
Capacity (Students)	1,097	1,097	1,097	1,097	1,097	1,204	1,204	1,204	1,201
Enrollment	856	869	919	892	847	838	805	823	889
Whippany Park High School:									
Square Feet	133,448	133,448	133,448	133,448	133,448	133,448	133,448	156,451	156,451
Capacity (Students)	884	884	884	884	884	908	908	908	908
Enrollment	637	632	640	615	608	620	626	652	685

Number of Schools at June 30, 2013:

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Hanover Park High School	\$ 300,363	\$ 279,678	\$ 222,108	\$ 187,782	\$ 212,294	\$ 303,139	\$ 303,114	\$ 271,125	\$ 337,521	\$ 343,011
Whippany Park High School	209,660	178,810	185,591	178,490	185,564	198,742	259,206	197,343	270,494	297,840
Total School Facilities	\$ 510,023	\$ 458,488	\$ 407,699	\$ 366,272	\$ 397,858	\$ 501,881	\$ 562,320	\$ 468,468	\$ 608,015	\$ 640,851

* 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.

Exhibit J-20

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
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	1,000
School Board Legal Liability -		
School Alliance Insurance Fund	5,000,000/5,000,000	25,000/25,000
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



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hanover Park Regional High School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Nisivoccia, LLP

September 13, 2013
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Hanover Park Regional High School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2013. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, 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*. Those standards, 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2013.

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

Nisivoccia, LLP

September 13, 2013
Mount Arlington, New Jersey

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, 2013

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	#NAME?		Cash Received	Budgetary Expenditures	Adjustment	Cancel Prior Year Enc.	#NAME?	
					Accounts Receivable	Unearned Revenue					Accounts Receivable	Unearned Revenue
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA 199013	9/1/12-8/31/13	\$ 280,395			\$ 259,149	\$(280,395)				\$ (21,246)
I.D.E.A. Part B, Basic	84.027	IDEA 199012	9/1/11-8/31/12	276,748	\$ (16,717)		16,717					
Total Special Education Cluster						(16,717)	275,866	(280,395)				(21,246)
No Child Left Behind Consolidated Grant:												
Title I	84.010	NCLB199013	9/1/12-8/31/13	27,928			26,332	(27,928)				(1,596)
Title I	84.010	NCLB199012	9/1/11-8/31/12	29,093	(288)		288			\$ 288		\$ 288
Title IIA	84.367A	NCLB199013	9/1/12-8/31/13	12,869			11,732	(12,869)				(1,137)
Title IIA	84.367A	NCLB199012	9/1/11-8/31/12	14,552	(907)		907			255		255
Title IV - Carryover	84.186A	NCLB199010	9/1/09-8/31/10	989	(226)				\$ 4			(222)
Total No Child Left Behind Consolidated Grant						(1,421)	39,259	(40,797)		4	543	(2,955) 543
Learn and Serve America	94.004	10-CJ14-D02	9/1/10-8/31/11	14,000	(3,500)		3,500					
Total Special Revenue Fund						(21,638)	318,625	(321,192)		4	543	(24,201) 543
Total U.S. Department of Education						(21,638)	318,625	(321,192)		4	543	(24,201) 543
Total Federal Awards						\$ (21,638)	\$ - 0 -	\$ 318,625	\$(321,192)	\$ 4	\$ 543	\$ (24,201) \$ 543

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, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012		Cash Received	Budgetary Expenditures	Balance Canceled	Repayment of Prior Years' Balances	Balance June 30, 2013		Memo	
				(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:													
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 615,647			\$ 569,236	\$ (615,647)					\$ (46,411)	\$ (615,647)
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	585,097	\$ (25,087)		25,087							(585,097)
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	22,543			20,843	(22,543)					(1,700)	(22,543)
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	147,778			136,638	(147,778)					(11,140)	(147,778)
Extraordinary Aid	13-495-034-5120-473	7/1/12-6/30/13	403,184				(403,184)			\$ (403,184)		(403,184)	(403,184)
Extraordinary Aid	12-495-034-5120-473	7/1/11-6/30/12	398,374	(398,374)		398,374							(398,374)
Non-Public Transportation	13-495-034-5120-014	7/1/12-6/30/13	10,802				(10,802)			(10,802)		(10,802)	(10,802)
Non-Public Transportation	12-495-034-5120-014	7/1/11-6/30/12	12,783	(12,783)		12,783							(12,783)
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	863,613			821,036	(863,613)			(42,577)		(42,577)	(863,613)
Total General Fund State Aid				(436,244)		1,983,997	(2,063,567)			(456,563)		(515,814)	(3,059,821)
NJ Nonpublic Aid:													
Nursing Services (Chapter 226)	13-100-034-5120-070	9/1/12-6/30/13	2,494			2,494	(2,494)						(2,494)
Textbook Aid (Chapter 194)	13-100-034-5120-064	9/1/12-6/30/13	1,797			1,797	(1,797)						(1,797)
Textbook Aid (Chapter 194)	12-100-034-5120-064	9/1/11-6/30/12	1,418		\$ 540				\$ (540)				(878)
Technology Initiative Aid	13-100-034-5120-373	9/1/12-6/30/13	663			663	(663)						(663)
Auxiliary Services:													
Compensatory Education	13-100-034-5120-067	9/1/12-6/30/13	4,849			4,849	(1,756)				\$ 3,093		(1,756)
Compensatory Education	12-100-034-5120-067	9/1/11-6/30/12	3,381		2,535			\$ (2)	(2,533)				(846)
Handicapped Services:													
Examination/Classification	13-100-034-5120-066	9/1/12-6/30/13	6,208			6,208	(4,300)				1,908		(4,300)
Examination/Classification	12-100-034-5120-066	9/1/11-6/30/12	2,897		1,771				(1,771)				(1,126)
Supplemental Instruction	13-100-034-5120-066	9/1/12-6/30/13	3,331			3,331	(2,914)				417		(2,914)
Supplemental Instruction	12-100-034-5120-066	9/1/11-6/30/12	1,403		772				(772)				(631)
Character Education Aid	06-100-034-5120-418	7/01/05-6/30/06	4,000		78			(78)					(3,922)
Total Special Revenue Fund					5,696	19,342	(13,924)	(80)	(5,616)		5,418		(21,327)
Total NJ Department of Education				(436,244)	5,696	2,003,339	(2,077,491)	(80)	(5,616)	(456,563)	5,418	(515,814)	(3,081,148)
Schools Development Authority:													
Educational Facilities and Capital Financing Act	1990-050-04-1000	7/1/05-6/30/13	9,616,996	(1,875,314)						(1,875,314)		(1,875,314)	(9,616,996)
	1990-070-04-1000	7/1/05-6/30/13	4,879,272	(951,459)						(951,459)		(951,459)	(4,879,272)
	1990-050-09-1004	7/1/09-6/30/13	84,680	(84,680)				(33,055)		(51,625)		(51,625)	(51,625)
	1990-070-09-1006	7/1/09-6/30/13	26,900	(26,900)				(5,066)		(21,834)		(21,834)	(21,834)
	1990-050-10-1001	7/1/10-6/30/13	254,032	(228,628)			(17,520)			(195,536)		(228,628)	(203,420)
	1990-070-10-1002	7/1/10-6/30/13	101,400	(101,400)				(11,474)		(89,926)		(89,926)	(89,926)
Total Schools Development Authority				(3,268,381)			(17,520)	(49,595)		(3,185,694)		(3,218,786)	(14,863,073)
Total State Awards				\$ (3,704,625)	\$ 5,696	\$ 2,003,339	\$ (2,095,011)	\$ (49,675)	\$ (5,616)	\$ (3,642,257)	\$ 5,418	\$ (3,734,600)	\$ (17,944,221)

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, 2013

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, 2013. 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 position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. 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 \$(34,164) for the general fund and \$2,758 for the special revenue fund. 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 Medical Benefit Contributions revenue of \$787,386 and \$890,333, respectively.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(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		\$ 3,707,122	\$ 3,707,122
Special Revenue Fund	\$ 323,950	13,924	337,874
Capital Projects Fund		17,520	17,520
Total Awards	<u>\$ 323,950</u>	<u>\$ 3,738,566</u>	<u>\$ 4,062,516</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 \$14,913,685 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, \$3,218,786 is receivable on the budgetary basis as of June 30, 2013. The District has expended or drawn down \$14,863,073 of the grants; therefore, \$3,185,694 is receivable on the GAAP basis as of June 30, 2013.

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, 2013.

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2013 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	\$ 615,647	\$ 615,647
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	22,543	22,543
Extraordinary Aid	13-495-034-5120-473	7/1/12-6/30/13	403,184	403,184
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	863,613	863,613

- The threshold for distinguishing between Type A and Type B state programs was \$300,000.
- The District was determined be a "low-risk" auditee for state programs.

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

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

HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

Status of Prior Year Findings:

There were no audit findings or questioned costs for the year ended June 30, 2012.