

**SCHOOL DISTRICT OF THE
BOROUGH OF HARRINGTON PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

School District
of

Harrington Park

HARRINGTON PARK BOARD OF EDUCATION
Harrington Park , New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2011

Comprehensive Annual Financial Report

of the

**HARRINGTON PARK BOARD OF EDUCATION
Harrington Park, New Jersey**

Year Ended June 30, 2011

Prepared by

**Bryan Jursca
Board Secretary/Business Administrator**

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INTRODUCTORY SECTION

HARRINGTON PARK SCHOOL DISTRICT BOARD OF EDUCATION

Adam D. Fried, Ed. D.
Superintendent/Board Secretary

Bryan Jursca
Business Administrator

November 1, 2011

Honorable President and
Members of the Board of Education
Harrington Park School
Harrington Park, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Harrington Park School District for the fiscal year ending June 30, 2011 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 (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.

On July 1, 1993, the State of New Jersey mandated that all school districts implement generally accepted accounting principles instead of the comprehensive basis of accounting previously utilized.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management discussion and analysis, the basic financial statements and notes. The statistical section includes selected financial and demographic information, 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 Act Audit Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133 revised, "Audits of State and Local Governments", and the State Treasury Circular Letter OMB 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Harrington Park School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Harrington Park Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2010-11 fiscal year with an enrollment of 690 students. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	690.0	- 3.04
2009-10	711.6	- 1.30
2008-09	721.0	- 2.30
2007-08	738.0	+3.65
2006-07	712.0	+1.71
2005-06	700.0	+3.83
2004-05	674.2	- 2.38
2003-04	690.7	+9.51
2002-03	630.7	0.00
2001-02	631.2	+4.31

2. ECONOMIC CONDITION AND OUTLOOK: The Harrington Park area continues to experience development and expansion as new residential housing permits mostly for significant expansions or demolition of current homes which are replaced by larger residences. In addition, a condominium complex was recently completed. Also, the trend continues for long-time residents without children in the school system to sell to younger families with school-age children.

3. MAJOR INITIATIVES: During the 2010-11 academic year, the Harrington Park School District continued its long-term focus on improving students' performance in all academic areas. For the 2010-11 school year, the District provided professional development opportunities for all staff members who are responsible for implementing new programs or curriculum.

4. FINANCIAL ACCOUNTING CONTROLS: Administrators of the District are responsible for establishing and maintaining an internal control structure 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 structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

The district will advance a quarterly auditing review in addition to its statutory requirement.

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, 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. 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.

7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

8. INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Weilkotz, Cerullo & Cuva, P.A. 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 and State Treasury Circular Letter OMB 04-04. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

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

Respectfully submitted,

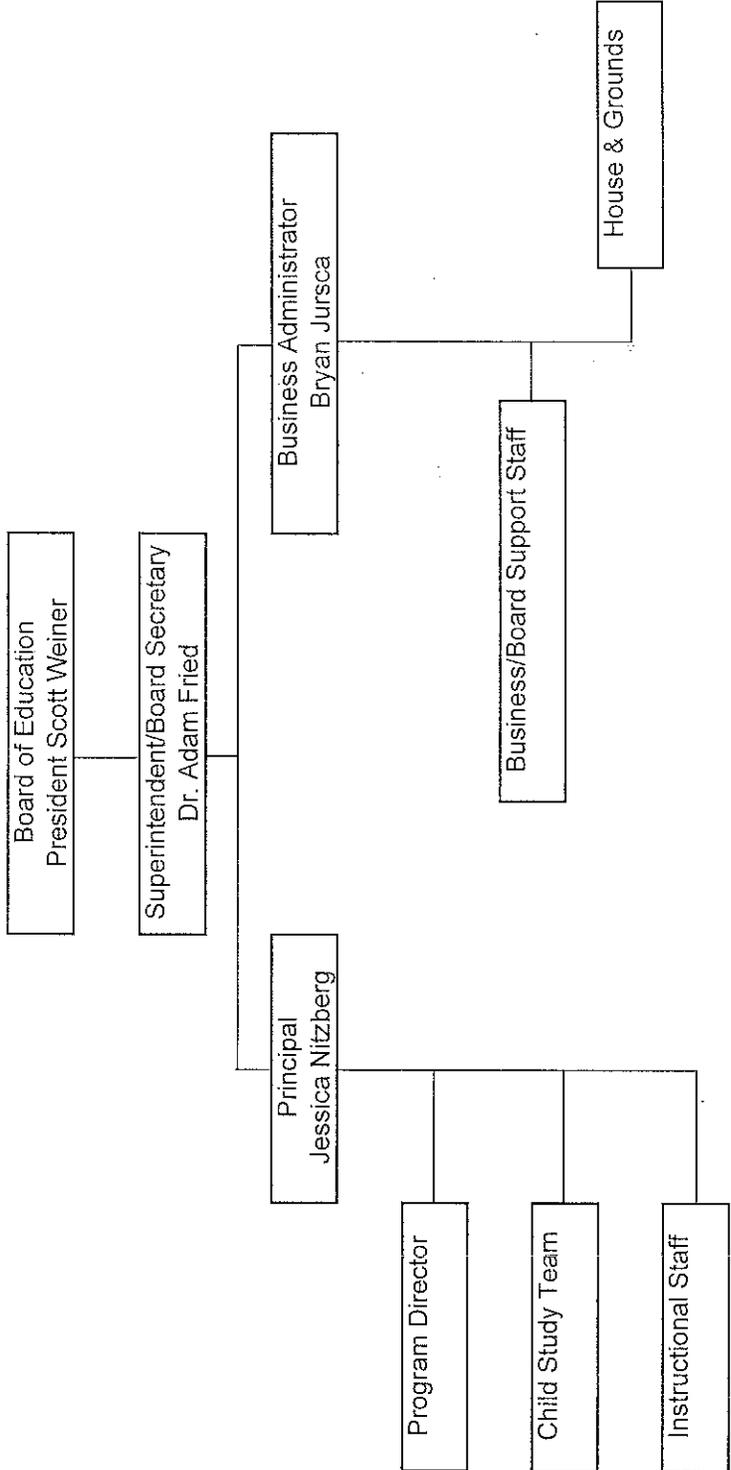
Dr. Adam Fried

Adam D. Fried, Ed. D.
Superintendent/Board Secretary

Bryan Jursca

Bryan Jursca
Business Administrator

HARRINGTON PARK BOARD OF EDUCATION



Harrington Park Board of Education

Roster of Officials

June 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John Schettino, President (July 2010 – April 2011)	
Scott Weiner, President (May – June 2011)	2012
Eric Fishbein, Vice President	2014
Dianne Smith, Trustee	2014
Laura Wood, Trustee	2013
Christina Mangano, Trustee (June 2011)	2014

Other Officials

Adam Fried, PhD., Superintendent/Board Secretary

Joseph T. Bellino, Interim Business Administrator/Treasurer of School Monies

Bryan Jursca, Business Administrator (July 2011 - present)

John Dineen, Esq., Attorney

Harrington Park Board of Education

Consultants and Advisors

June 30, 2011

Audit Firm

Ferraioli, Wielkocz, Cerullo, & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, NJ 07422

Attorney

John R. Dineen
Netchert, Dineen, & Hillmann
294 Harrington Avenue, Suite 3
Closter, NJ 07624

Bond Counsel

McManimon & Scotland, L.L.C.
One Riverfront Plaza, Fourth Floor
Newark, NJ 07102-5408

Official Depositories

T.D. Bank, N.A.

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
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Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Borough of Harrington Park School District
County of Bergen, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and aggregate remaining fund information of the Board of Education of the Borough of Harrington Park School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Harrington Park School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Harrington Park Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund and aggregate remaining fund information of the Borough of Harrington Park Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

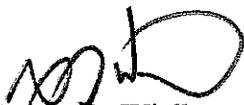


In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 on our consideration of the Borough of Harrington Park Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 9 through 18 and 50 through 61 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Harrington Park Board of Education's basic financial statements. The accompanying introductory section and other supplementary tables such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by 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*, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Borough of Harrington Park Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets increased \$653,248. Net assets of governmental activities increased \$665,915 and net assets of business-type activity decreased by \$12,667.
- General revenues accounted for \$11,186,661 of revenue or 98 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$202,917 or 2 percent of total revenues of \$11,389,578.
- The School District had \$10,705,174 in expenses related to governmental activities; only \$184,507 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$11,186,582 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net assets and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Both of the district-wide financial statements distinguish functions of the Borough of Harrington Park Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the *Statement of Net Assets and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Special Milk Program Enterprise fund is reported as a business activity.

The two statements report the District's net assets and changes in them. The change in net assets can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Harrington Park Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities).

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

The Borough of Harrington Park Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Borough of Harrington Park Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Borough of Harrington Park Board of Education uses proprietary funds to account for its special milk program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net assets were \$5,576,408 at June 30, 2011 and \$4,923,160 at June 30, 2010. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2011 compared to 2010 (Table 1) and change in net assets (Table 2) of the School District.

Table 1

**Net Assets
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Assets						
Current and Other Assets	1,296,344	1,021,901	11,764	23,122	1,308,108	1,045,023
Capital Assets	<u>8,078,039</u>	<u>8,166,165</u>	<u>5,028</u>	<u>5,489</u>	<u>8,083,067</u>	<u>8,171,654</u>
Total Assets	<u>9,374,383</u>	<u>9,188,066</u>	<u>16,792</u>	<u>28,611</u>	<u>9,391,175</u>	<u>9,216,677</u>
Liabilities						
Current Liabilities	193,174	417,285	848	610	194,022	417,895
Noncurrent Liabilities	<u>3,620,745</u>	<u>3,876,232</u>	—	—	<u>3,620,745</u>	<u>3,876,232</u>
Total Liabilities	<u>3,813,919</u>	<u>4,293,517</u>	<u>848</u>	<u>610</u>	<u>3,814,767</u>	<u>4,294,127</u>
Net Assets						
Invested in Capital Assets-						
Net of Related Debt	4,556,039	4,389,165	5,028	5,489	4,561,067	4,394,654
Restricted	709,753	419,102			709,753	419,102
Unrestricted	<u>294,672</u>	<u>86,282</u>	<u>10,916</u>	<u>23,122</u>	<u>305,588</u>	<u>109,404</u>
Total Net Assets	<u>5,560,464</u>	<u>4,894,549</u>	<u>15,944</u>	<u>28,611</u>	<u>5,576,408</u>	<u>4,923,160</u>

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2011 compared to 2010.

**Table 2
Changes in Net Assets
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges for Services and Sales			10,330	18,032	10,330	18,032
Operating Grants and Contributions	184,507	258,525	8,080	6,042	192,587	264,567
General Revenues:						
Taxes:						
Property taxes, levied for general purposes	9,738,527	9,363,968			9,738,527	9,363,968
Property taxes levied for debt service	386,966	392,362			386,966	392,362
Federal and State Aid not Restricted	938,155	1,322,683			938,155	1,322,683
Miscellaneous Income	122,934	90,656	79	128	123,013	90,784
Donations - Capital Projects		34,427				34,427
State Aid - Capital Outlay						
Facilities Grant Cancelled		(244,241)				(244,241)
Total Revenues and Transfers	<u>11,371,089</u>	<u>11,218,380</u>	<u>18,489</u>	<u>24,202</u>	<u>11,389,578</u>	<u>11,242,582</u>

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Functions/Program Expenses						
Instruction:						
Regular	4,325,365	4,524,506			4,325,365	4,524,506
Special	1,302,010	1,317,979			1,302,010	1,317,979
Other Special						
Instruction	32,638	35,256			32,638	35,256
Other Instruction	125,045	181,318			125,045	181,318
Support Services:						
Tuition	615,603	630,014			615,603	630,014
Student & Instruction						
Related Services	1,236,942	1,166,438			1,236,942	1,166,438
School Administrative						
Services	271,855	289,736			271,855	289,736
General Administrative						
Services	395,164	396,748			395,164	396,748
Central Services	207,368	276,500			207,368	276,500
Administrative Information						
Technology	50,626	15,769			50,626	
Plant Operations and Maintenance	945,598	1,014,321			945,598	1,014,321
Pupil Transportation	80,050	129,878			80,050	129,878
Unallocated Benefits	715,032	661,522			715,032	661,522
Capital Outlay-						
Non-depreciable	15,993	64,608			15,993	64,608
Debt Service:						
Interest and other charges	158,177	169,270			158,177	169,270
Unallocated Depreciation	227,708	195,574			227,708	195,574
Food Service			31,156	21,759	31,156	
Total Expenses and Transfers	<u>10,705,174</u>	<u>11,069,437</u>	<u>31,156</u>	<u>21,759</u>	<u>10,736,330</u>	<u>11,091,196</u>
Increase or (Decrease) in						
Net Assets	<u>665,915</u>	<u>148,943</u>	<u>(12,667)</u>	<u>2,443</u>	<u>653,248</u>	<u>151,386</u>

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$10,736,330. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$10,125,493 because some of the cost was paid by those who benefited from the programs \$10,330, by other governments and organizations who subsidized certain programs with grants and contributions \$1,130,742 , and by miscellaneous sources \$123,013.

Revenues for the District's business-type activities (special milk program) were comprised of charges for services and federal subsidy reimbursements. Significant financial results include the following:

- ✓ Special milk program expenses exceeded revenues by \$12,667.
- ✓ Charges for services provided totaled \$10,330. This represents amounts paid by consumers for daily milk purchases.
- ✓ Federal reimbursement for milks served was \$8,080.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2011, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- On behalf TPAF payments, which are the state's contributions to the pension fund and post retirement medical benefits, are neither a revenue item nor expenditure item to the District but are required to be reflected in the financial statements.
- The special revenue fund was increased by \$71,944 for increases in federal and state grant awards.

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

General Fund

The general fund actual revenue was \$10,749,724. That amount is \$887,011 above the final amended budget of \$9,862,713. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$656,031 for TPAF social security reimbursements and on-behalf pension payments and a \$230,980 excess in miscellaneous anticipated revenues and other state aids.

The actual expenditures of the general fund were \$10,163,076 including transfers which is \$101,225 above the final amended budget of \$10,061,851. The variance between the actual expenditures and final budget was due to non-budget on-behalf TPAF social security and pension payments of \$656,031 and \$554,806 of unexpended budgeted funds.

Special Revenue Fund

The special revenue fund actual revenue was \$212,489. That amount is above the original budget estimate of \$140,545 and equal to the final amended budget of \$212,489. The \$71,944 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved.

The actual expenditures of the special education fund were \$212,489, which is above the original budget of \$140,545 and equal to the final amended budget of \$212,489. The \$71,944 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved.

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the School District had \$15,132,744 invested in land, buildings and building improvements, machinery and equipment and construction in progress. Of this amount, \$7,049,677 in depreciation has been taken over the years. We currently have a net book value of \$8,083,067. Total depreciable additions for the year were \$167,985 which consisted of various equipment purchases and other general land and building improvements. The district has also recorded construction in progress of \$259,969 for which no depreciation has been taken. Table 3 shows fiscal year 2011 balances compared to 2010.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	504,400	504,400			504,400	504,400
Buildings and Improvements	7,090,924	7,260,332			7,090,924	7,260,332
Furniture, Equipment and Vehicles	222,746	215,372	5,028	5,489	227,774	220,861
Construction in Progress	<u>259,969</u>	<u>186,061</u>	<u>—</u>	<u>—</u>	<u>259,969</u>	<u>186,061</u>
	<u>8,078,039</u>	<u>8,166,165</u>	<u>5,028</u>	<u>5,489</u>	<u>8,083,067</u>	<u>8,171,654</u>

Debt Administration

At June 30, 2011, the district had \$3,620,745 of long term debt. Of this amount, \$98,745 is for compensated absences and \$3,522,000 of serial bonds for school construction.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2011</u>	<u>2010</u>
2001 School Improvement Bonds	2,000,000	2,240,000
2007 School Improvement Bonds	<u>1,522,000</u>	<u>1,537,000</u>
	<u>3,522,000</u>	<u>3,777,000</u>

**BOROUGH OF HARRINGTON PARK BOARD OF EDUCATION
HARRINGTON PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED (CONTINUED)**

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET

The Borough of Harrington Park continues to experience residential development through remodeling, expansion and redevelopment of established properties. In addition, the trend in property sale turnover from long-term residents without children in the system to younger families with school aged children continues. Over the years the tax base has continued to grow. While average daily enrollment has declined slightly in the last two years to 690, it is still substantially above the 1996 level of 572.

However, state funding has not been supportive over the years. In 1992-93, the district's state aid was 8.6% of the General Fund budget. In the 2009-10 budget, it was only 5.4% and was further reduced by \$139,000 during the course of the school year. In the 2010-11 school year, state aid was zero, with a slight increase in the 2011-12 school year to about 2%. Fortunately, there were no budgetary reductions to instructional staff. Whether or not the district can maintain this position in the coming years is a matter of speculation at this time.

As the district looks for ways to maintain fiscal responsibility to the taxpayers, it is dedicated to maintaining the highest quality of education to its students through innovative programs and projects so that it will continue to be one of the "blue ribbon" districts in the state.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Harrington Park Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Bryan Jursca
School Business Administrator
Harrington Park Board of Education
191 Harriot Avenue
Harrington Park, NJ 07640

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HARRINGTON PARK BOARD OF EDUCATION
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	689,653	10,104	699,757
Receivables, net	506,690	1,660	508,350
Restricted assets:			
Capital reserve account - cash	100,001		100,001
Capital assets:			
Land and construction in progress	764,369		764,369
Other Capital assets, net	7,313,670	5,028	7,318,698
Total Assets	<u>9,374,383</u>	<u>16,792</u>	<u>9,391,175</u>
LIABILITIES			
Accounts payable and accrued liabilities	164,315	848	165,163
Payable to federal government	23,362		23,362
Payable to state government	2,481		2,481
Payable to local grantor	559		559
Deferred revenue	2,457		2,457
Noncurrent liabilities:			
Due within one year	270,000		270,000
Due beyond one year	3,350,745		3,350,745
Total liabilities	<u>3,813,919</u>	<u>848</u>	<u>3,814,767</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,556,039	5,028	4,561,067
Restricted for:			
Capital Projects	106,877		106,877
Debt Service	(2,363)		(2,363)
Other Purposes	605,239		605,239
Unrestricted (Deficit)	294,672	10,916	305,588
Total net assets	<u>5,560,464</u>	<u>15,944</u>	<u>5,576,408</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HARRINGTON PARK BOARD OF EDUCATION
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	3,429,241	896,124		109,946		(4,215,419)		(4,215,419)
Special education	1,046,735	255,275				(1,302,010)		(1,302,010)
Other special instruction	14,954	17,684				(32,638)		(32,638)
Other instruction	112,997	12,048				(125,045)		(125,045)
Support services:								
Tuition	615,603					(615,603)		(615,603)
Student & instruction related services	1,020,783	216,159		46,683		(1,190,259)		(1,190,259)
School administrative services	217,741	54,114				(271,855)		(271,855)
General administrative services	322,737	72,427				(395,164)		(395,164)
Central services	164,759	42,609				(207,368)		(207,368)
Administrative Information Technology	50,626					(50,626)		(50,626)
Plant operations and maintenance	849,282					(945,598)		(945,598)
Pupil transportation	80,050	96,316				(80,050)		(80,050)
Unallocated benefits	715,032					(715,032)		(715,032)
Capital Outlay - non-depreciable	15,993					(15,993)		(15,993)
Debt service:								
Interest and other charges	158,177					(158,177)		(158,177)
Unallocated depreciation		227,708		27,878		(199,830)		(199,830)
Total governmental activities	8,814,710	1,890,464	-	184,507	-	(10,520,667)	-	(10,520,667)
Business-type activities:								
Special Milk Fund	31,156		10,330	8,080			(12,746)	(12,746)
Total business-type activities	31,156		10,330	8,080			(12,746)	(12,746)
Total primary government	8,845,866		10,330	192,587		(10,520,667)		(10,533,413)
General revenues:								
Taxes:								
Property taxes, levied for general purposes						9,738,527		9,738,527
Property taxes, levied for debt service						386,966		386,966
Federal and State aid not restricted						938,155		938,155
Miscellaneous income						122,934	79	123,013
Total general revenues, special items, extraordinary items and transfers						11,186,582	79	11,186,661
Change in Net Assets						665,915	(12,667)	653,248
Net Assets—beginning						4,894,549	28,611	4,923,160
Net Assets—ending						5,560,464	15,944	5,576,408

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

HARRINGTON PARK BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2011

	<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	760,140				760,140
Receivables from other governments	259,084	161,015	75,000		495,099
Receivables, interfund	143,747				143,747
Restricted cash and cash equivalents	100,001				100,001
Total assets	<u>1,262,972</u>	<u>161,015</u>	<u>75,000</u>	<u>-</u>	<u>1,498,987</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft			68,124	2,363	70,487
Accounts payable	96,032				96,032
Payable to federal government		23,362			23,362
Payable to state government		2,481			2,481
Payable to local grantor		559			559
Interfund payable		132,156			132,156
Deferred revenue		2,457			2,457
Total liabilities	<u>96,032</u>	<u>161,015</u>	<u>68,124</u>	<u>2,363</u>	<u>327,534</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	232,164				232,164
Capital reserve	100,001				100,001
Emergency reserve	176,644				176,644
Committed to:					
Other purposes	134,631				134,631
Assigned to:					
Designated by the BOE for Subsequent					
Year's expenditures	61,800				61,800
Capital projects fund			6,876		6,876
Unassigned:					
General fund	461,700				461,700
Debt service fund				(2,363)	(2,363)
Total Fund balances	<u>1,166,940</u>	<u>-</u>	<u>6,876</u>	<u>(2,363)</u>	<u>1,171,453</u>
Total liabilities and fund balances	<u>1,262,972</u>	<u>161,015</u>	<u>75,000</u>	<u>-</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,124,916 and the accumulated depreciation is \$7,046,877.

8,078,039

Accrued interest on temporary notes and loans payable is not due and payable in the current period and is not reported as a liability in the funds.

(68,283)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 3)

(3,620,745)

Net assets of governmental activities

5,560,464

The accompanying Notes to Financial Statements are an integral part of this statement.

HARRINGTON PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	9,738,527			386,966	10,125,493
Miscellaneous	122,934				122,934
Total - Local Sources	9,861,461	-	-	386,966	10,248,427
State sources	921,354			27,878	949,232
Federal sources	16,801	156,628			173,429
Total revenues	10,799,616	156,628	-	414,844	11,371,088
EXPENDITURES					
Current:					
Regular instruction	3,424,339	4,902			3,429,241
Special education instruction	941,691	105,043			1,046,734
Other special instruction	14,954				14,954
Other instruction	112,997				112,997
Support services and undistributed costs:					
Tuition	615,603				615,603
Student & instruction related services	974,100	46,683			1,020,783
School administrative services	217,741				217,741
General administrative services	322,737				322,737
Central Services	164,759				164,759
Administrative Information Technology	50,626				50,626
Plant operations and maintenance	849,282				849,282
Pupil transportation	80,050				80,050
Unallocated benefits	1,693,841				1,693,841
On-behalf contributions	656,031				656,031
Capital Outlay	44,325		139,653		183,978
Debt Service:					
Principal				255,000	255,000
Interest and other charges				162,844	162,844
Total expenditures	10,163,076	156,628	139,653	417,844	10,877,201
Excess (Deficiency) of revenues over expenditures	636,540	-	(139,653)	(3,000)	493,887
Net change in fund balances	636,540	-	(139,653)	(3,000)	493,887
Fund balance—July 1	530,400	-	146,529	637	677,566
Fund balance—June 30	1,166,940	-	6,876	(2,363)	1,171,453

The accompanying Notes to Financial Statements are an integral part of this statement.

**HARRINGTON PARK BOARD OF EDUCATION
 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, 2011**

Total net change in fund balances - governmental funds (from B-2)		493,887
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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 capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	(256,111)
	Depreciable Capital outlays	167,985
		(88,126)
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:</p>		
	Principal Payments on Serial Bonds	255,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an adjustment in the reconciliation.</p>		
		4,667
<p>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 (+).</p>		
	Decrease in compensated absences payable	487
Change in net assets of governmental activities		665,915

The accompanying Notes to Financial Statements are an integral part of this statement.

HARRINGTON PARK BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Special Milk Program</u>
 <u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	10,104
Accounts receivable:	
Federal	1,660
Total current assets	<u>11,764</u>
 Noncurrent assets:	
Capital assets:	
Equipment	7,828
Less accumulated depreciation	<u>(2,800)</u>
Total capital assets (net of accumulated depreciation)	<u>5,028</u>
Total assets	<u><u>16,792</u></u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	848
Total current liabilities	<u>848</u>
 <u>NET ASSETS</u>	
Invested in capital assets net of related debt	5,028
Unrestricted	10,916
Total net assets	<u><u>15,944</u></u>

**The accompanying Notes to Financial Statements are an
integral part of this statement**

HARRINGTON PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Special Milk Program
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	10,330
Total operating revenues	10,330
Operating expenses:	
Cost of sales	10,695
Salaries and wages	20,000
Depreciation	461
Total Operating Expenses	31,156
Operating income (loss)	(20,826)
Nonoperating revenues (expenses):	
Federal sources:	
Special milk program	8,080
Interest and investment revenue	79
Total nonoperating revenues (expenses)	8,159
Income (loss) before contributions & transfers	(12,667)
Transfers in (out)	
Change in net assets	(12,667)
Total net assets—beginning	28,611
Total net assets—ending	15,944

The accompanying Notes to Financial Statements are an integral part of this statement.

HARRINGTON PARK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Special Milk Program</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	10,330
Payments for milk purchases	(9,847)
Payments for salaries and wages	(20,000)
Net cash provided by (used for) operating activities	<u>(19,517)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal Sources	7,019
Net cash provided by (used for) non-capital financing activities	<u>7,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	79
Net cash provided by (used for) investing activities	<u>79</u>
Net increase (decrease) in cash and cash equivalents	(12,419)
Balances—beginning of year	22,523
Balances—end of year	<u><u>10,104</u></u>
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	(20,826)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	461
(Increase) decrease in accounts receivable, net	-
Increase (decrease) in accounts payable	848
Total adjustments	<u>1,309</u>
Net cash provided by (used for) operating activities	<u><u>(19,517)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HARRINGTON PARK BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust Fund	Agency Fund	Expendable Trust Fund
ASSETS			
Cash and cash equivalents	11,704	18,200	23
Intefund Receivable		1,600	
Total assets	11,704	19,800	23
LIABILITIES			
Payable to student groups		5,010	
Payroll deductions and withholdings		3,199	
Payroll taxes payable	1,875		
Interfund - General Fund	1,600	11,591	
Total liabilities	3,475	19,800	-
NET ASSETS			
Held in trust for unemployment claims and other purposes	8,229		
Reserved for Fund the Field Project			23

The accompanying Notes to Financial Statements are an integral part of this statement

HARRINGTON PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Unemployment Compensation Trust Fund	Expendable Trust Fund
ADDITIONS		
Contributions:		
Interest earnings	61	
Payroll Withholdings	16,197	
Total Contributions	<u>16,258</u>	<u>-</u>
 Total additions	 <u>16,258</u>	 <u>-</u>
DEDUCTIONS		
Unemployment Claims	-	
Payroll taxes payable	6,412	
Total deductions	<u>6,412</u>	<u>-</u>
Change in net assets	9,846	-
Net assets—beginning of the year	(1,617)	23
Net assets—end of the year	<u>8,229</u>	<u>23</u>

**The accompanying Notes to Financial Statements
are an integral part of this statement.**

NOTES TO THE FINANCIAL STATEMENTS

Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Harrington Park School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Harrington Park School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Harrington Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board’s accounting policies are described below.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

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 funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation: (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

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

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation: (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Special Milk Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund, Payroll and Payroll Agency Funds.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an 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 year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made a supplemental appropriation of \$103,847 from fund balance for the receipt of prior year extraordinary aid utilized for special education costs.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

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

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

E. Encumbrances:

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

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

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

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board 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 public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Payable:

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

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

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Fund Balances: (continued)

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$-0- of the District's bank balance of \$1,034,219 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2011, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
Tax Levy	\$2,725	\$	\$2,725
State Aid	256,359		256,359
Federal Aid	161,015	1,660	162,675
County Aid	75,000		75,000
Interfunds	<u>143,747</u>	_____	<u>11,591</u>
Gross Receivables	638,846	1,660	508,350
Less: Allowance for Uncollectibles	_____	_____	_____
Total Receivables, Net	<u>\$638,846</u>	<u>\$1,660</u>	<u>\$508,350</u>

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2011, consist of the following:

\$1,600	Due from the Unemployment Trust Fund to the Payroll Agency Account for unemployment taxes paid less deductions not transferred.
132,156	Due from the Special Revenue Fund to the General Fund for funds advanced for expenditures incurred for which grant reimbursement was not received prior to year end.
<u>11,591</u>	Due to the General Fund from the Fiduciary Funds for interest earned in various accounts and unallocated balances in the Payroll Agency Account.
<u>\$145,347</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/11</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	504,400			504,400
Construction in Progress	<u>186,061</u>	<u>139,653</u>	<u>(65,745)</u>	<u>259,969</u>
Total Capital Assets, Not Being Depreciated	<u>690,461</u>	<u>139,653</u>	<u>(65,745)</u>	<u>764,369</u>
Capital Assets Being Depreciated				
Buildings and Improvements	13,841,714	55,976		13,897,690
Machinery and Equipment	<u>424,756</u>	<u>38,101</u>	_____	<u>462,857</u>
Total at Historical Cost	<u>14,266,470</u>	<u>94,077</u>	_____	<u>14,360,547</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,581,382)	(225,384)		(6,806,766)
Equipment	<u>(209,384)</u>	<u>(30,727)</u>	_____	<u>(240,111)</u>
Total Accumulated Depreciation	<u>(6,790,766)</u>	<u>(256,111)</u>	_____	<u>(7,046,877)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,475,704</u>	<u>(162,034)</u>	_____	<u>7,313,670</u>
Governmental Activities Capital Assets, Net	<u>8,166,165</u>	<u>(22,381)</u>	<u>(65,745)</u>	<u>8,078,039</u>
Business-Type Activity				
Equipment	7,828			7,828
Less Accumulated Depreciation for:				
Equipment	<u>(2,339)</u>	<u>(461)</u>	_____	<u>(2,800)</u>
Business-Type Activity Capital Assets, Net	<u>5,489</u>	<u>(461)</u>	_____	<u>5,028</u>

Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the year ended June 30, 2011 were as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	\$99,232	\$4,228	\$4,715	\$98,745	
Serial Bonds Payable	<u>3,777,000</u>	<u> </u>	<u>255,000</u>	<u>3,522,000</u>	<u>\$270,000</u>
	<u>\$3,876,232</u>	<u>\$4,228</u>	<u>\$259,715</u>	<u>\$3,620,745</u>	<u>\$270,000</u>

Compensated absences have been liquidated in the general fund.

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.

Outstanding bonds payable at June 30, 2011 consisted of the following:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance</u> <u>June 30, 2011</u>
School Improvement Bonds School Bond	08/01/2001	4.125%-4.75%	08/01/2017	\$2,000,000
School Improvement Bonds School Bond	07/15/2008	4.250%-4.375%	07/15/2022	<u>1,522,000</u>
				<u>\$3,522,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$270,000	\$151,381	\$421,381
2013	285,000	139,269	424,269
2014	305,000	126,225	431,225
2015	320,000	112,244	432,244
2016	340,000	97,338	437,338
2017-2021	1,400,000	271,588	1,671,588
2022-2023	<u>602,000</u>	<u>27,037</u>	<u>629,037</u>
	<u>\$3,522,000</u>	<u>\$925,082</u>	<u>\$4,447,082</u>

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY, (continued)

B. Bonds Authorized But Not Issued:

As of June 30, 2011 the Board has authorized but not issued bonds of \$795.

C. Capital Leases

The District had no capital leases outstanding at June 30, 2011.

NOTE 8. OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire in January 2016. Total operating lease payments made during the year ended June 30, 2011 were \$23,042. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2012	\$16,650
2013	16,650
2014	16,650
2015	16,650
2016	<u>11,100</u>
	<u>\$77,700</u>

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund 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 District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 9. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey 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. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year <u>Ending</u>	
6/30/11	\$134,927
6/30/10	100,965
6/30/09	68,742

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year <u>Ending</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/11	\$295,477	\$13,911
6/30/10	267,384	14,237
6/30/09	250,932	13,153

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2011, the State of New Jersey contributed \$309,388 to the TPAF for NCGI Premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$346,643 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the 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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. 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 P.L. 1992 Chapter 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. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

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

Valic
Equitable

Washington National

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 12. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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 District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$61	\$16,197	\$6,412	\$8,229
2009-2010	69	18,469	24,467	(1,617)
2008-2009	133	13,903	19,228	4,312

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Harrington Park Board of Education by inclusion of \$1.00 on September 27, 2000 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.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). 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. 6A: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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$1
Additions:	
Deposits - Approved via Board Resolution 6/16/11	<u>100,000</u>
Ending balance, June 30, 2011	<u>\$100,001</u>

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

Beginning Balance, July 1, 2010	<u>\$176,644</u>
Ending Balance, June 30, 2011	<u>\$176,644</u>

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2011, the District transferred \$40,594 to the capital outlay accounts from general appropriations to fund equipment related purchases and construction and related engineering costs associated with the reconstruction of the Harrington Park School Field.

**Borough of Harrington Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 16. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$1,166,940 General Fund fund balance at June 30, 2011, \$134,631 is reserved for encumbrances; \$232,164 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$100,001 has been reserved in the Capital Reserve Account; \$176,644 has been reserved in the Emergency Reserve Account; \$61,800 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$461,700 is unreserved and undesignated.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended , the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$232,164. Of this amount, \$232,164 is the result of current year operations.

NOTE 18. DEFICIT FUND BALANCE

The District has an accumulated deficit of \$2,363 in the Debt Service Fund as of June 30, 2011. This deficit is the result of the District failing to budget sufficient appropriations for actual debt service payments owed. This deficit will be raised in future budgets.

NOTE 19. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the 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 a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's attorney, the potential claims against the district not covered by insurance policies would not materially affect the financial condition of the District.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	9,738,527		9,738,527	9,738,527	-
Miscellaneous	103,654		103,654	122,934	19,280
Total - Local Sources	9,842,181	-	9,842,181	9,861,461	19,280
State Sources:					
Categorical Special Education Aid	1,540		1,540	1,540	-
Equalization Aid	2,191		2,191	2,191	-
Other State Aids				1,068	1,068
Extraordinary Aid				210,632	210,632
TPAF - Post Retirement Medical (On-Behalf - Non-budgeted)				295,477	295,477
Teacher's Pension and Annuity Fund (On-Behalf - Non-budgeted)				13,911	13,911
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				346,643	346,643
Total - State Sources	3,731	-	3,731	871,462	867,731
Federal Sources:					
Education Jobs Funding		16,801	16,801	16,801	-
Total - Federal Sources		16,801	16,801	16,801	-
TOTAL REVENUES	9,845,912	16,801	9,862,713	10,749,724	887,011
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	174,275	116,000	290,275	285,564	4,711
Grades 1-5 - Salaries of Teachers	1,755,527	255,000	2,010,527	2,006,983	3,544
Grades 6-8 - Salaries of Teachers	1,373,533	(401,000)	972,533	960,305	12,228
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	-	4,000	-	4,000

HARRINGTON PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	53,342	-	53,342	41,810	11,532
Purchased Professional - Educational Services	-	3,770	3,770	3,700	70
Other Purchased Services (400-500 series)	28,620	(21,770)	6,850	4,048	2,802
General Supplies	92,225	28,000	120,225	102,604	17,621
Textbooks	20,000	600	20,600	19,325	1,275
TOTAL REGULAR PROGRAMS - INSTRUCTION	3,501,522	(19,400)	3,482,122	3,424,339	57,783
Resource Room/Resource Center:					
Salaries of Teachers	515,208	(72,593)	442,615	425,796	16,819
Other Salaries for Instruction	540,635	(27,000)	513,635	512,740	895
General Supplies	-	1,300	1,300	1,298	2
Textbooks	-	2,300	2,300	1,857	443
Total Resource Room/Resource Center	1,055,843	(95,993)	959,850	941,691	18,159
Home Instruction:					
Purchased Professional-Educational Services	-	20,000	20,000	14,954	5,046
	-	20,000	20,000	14,954	5,046
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,055,843	(75,993)	979,850	956,645	23,205
Basic Skills/Remedial - Instruction					
Salaries of Teachers	12,329	(5,800)	6,529	1,740	4,789
General Supplies	-	1,000	1,000	527	473
Total Basic Skills/Remedial - Instruction	12,329	(4,800)	7,529	2,267	5,262
Bilingual Education - Instruction					
Salaries of Teachers	63,275	-	63,275	63,275	-
General Supplies	-	100	100	18	82
Total Bilingual Education - Instruction	63,275	100	63,375	63,293	82

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
School-Sponsored Cocurricular Activities - Instruction					
Salaries	63,209	-	63,209	37,744	25,465
Supplies and Materials	2,000	-	2,000	1,548	452
Total School-Sponsored Cocurricular Activities - Instruction	65,209	-	65,209	39,292	25,917
School-Sponsored Athletics - Instruction					
Salaries	18,097	(600)	17,497	6,553	10,944
Purchased Services (300-500 series)	7,000	-	7,000	100	6,900
Supplies and Materials	3,784	600	4,384	1,492	2,892
Total School-Sponsored Athletics - Instruction	28,881	-	28,881	8,145	20,736
TOTAL INSTRUCTION	4,727,059	(100,093)	4,626,966	4,493,981	132,985
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	535,317	(13,500)	521,817	473,103	48,714
Tuition to CSSD & Regional Day Schools	137,400	14,000	151,400	141,800	9,600
Tuition to Private Schools for the Disabled - Within State	-	1,000	1,000	700	300
Tuition - Other	15,000	(15,000)	-	-	-
Total Undistributed Expenditures - Instruction:	687,717	(13,500)	674,217	615,603	58,614
Undistributed Expend. - Attend. & Social Work					
Salaries	32,908	8,900	41,808	41,791	17
Supplies and Materials	61	500	561	-	561
Total Undistributed Expend. - Attend. & Social Work	32,969	9,400	42,369	41,791	578
Undist. Expend. - Health Services					
Salaries	90,572	(8,900)	81,672	60,894	20,778
Purchased Professional and Technical Services	12,395	(2,500)	9,895	4,115	5,780
Supplies and Materials	1,200	2,000	3,200	2,734	466
Total Undistributed Expenditures - Health Services	104,167	(9,400)	94,767	67,743	27,024

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT & Related Svcs					
Salaries	136,511	-	136,511	136,511	-
Purchased Professional - Educational Services	60,000	(10,300)	49,700	23,712	25,988
Supplies and Materials	-	500	500	244	256
Other Objects	1,860	-	1,860	-	1,860
Total Undist. Expend. - Speech, OT, PT & Related Svcs	198,371	(9,800)	188,571	160,467	28,104
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	56,495	1,400	57,895	57,882	13
Salaries of Secretarial and Clerical Assistants	13,938	4,650	18,588	18,584	4
Other Purchased Services (400-500 series)	4,000	(3,150)	850	329	521
Supplies and Materials	500	-	500	158	342
Total Undist. Expend. - Other Supp. Serv. Students-Regular	74,933	2,900	77,833	76,953	880
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	299,993	6,500	306,493	306,415	78
Salaries of Secretarial and Clerical Assistants	34,978	-	34,978	34,978	-
Purchased Professional - Educational Services	25,104	6,806	31,910	29,483	2,427
Supplies and Materials	3,000	(1,000)	2,000	1,603	397
Total Undist. Expend. - Other Supp. Serv. Students-Special	363,075	12,306	375,381	372,479	2,902
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Other Professional Staff	100,000	(50,000)	50,000	25,000	25,000
Total Undist. Expend. - Improvement of Inst. Serv.	100,000	(50,000)	50,000	25,000	25,000
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	78,684	(5,806)	72,878	68,880	3,998
Purchased Professional and Technical Services	60,000	10,000	70,000	67,700	2,300
Other Purchased Services (400-500 series)	25,000	(20,000)	5,000	2,968	2,032
Supplies and Materials	6,800	10,000	16,800	7,654	9,146
Total Undist. Expend. - Educational Media Serv./Sch. Library	170,484	(5,806)	164,678	147,202	17,476

HARRINGTON PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries Other Prof. Staff	29,262	380	29,642	29,642	-
Purchased Professional - Educational Services	47,432	1,468	48,900	48,830	70
Other Purchased Prof. and Tech. Services	-	2,432	2,432	2,010	422
Other Purchased Services (400-500 series)	-	1,630	1,630	1,630	-
Other Objects	750	-	750	353	397
Total Undist. Expend. - Instructional Staff Training Serv.	77,444	5,910	83,354	82,465	889
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	220,668	1,500	222,168	221,931	237
Legal Services	20,000	(18,845)	1,155	-	1,155
Audit Fees	15,000	1,500	16,500	16,500	-
Architectural/Engineering Services	12,000	(5,490)	6,510	-	6,510
Other Purchased Professional Services	-	3,990	3,990	3,990	-
Communications/Telephone	30,000	12,000	42,000	29,989	12,011
BOE Other Purchased Services	14,000	-	14,000	12,735	1,265
Misc. Purchased Services (400-500 series)	28,068	-	28,068	13,231	14,837
General Supplies	-	4,822	4,822	4,020	802
Miscellaneous Expenditures	15,009	(2,728)	12,281	12,281	-
BOE Membership Dues and Fees	15,000	-	15,000	8,060	6,940
Total Undist. Expend. - Supp. Serv. - General Administration	369,745	(3,251)	366,494	322,737	43,757
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	121,514	50,000	171,514	171,078	436
Salaries of Secretarial and Clerical Assistants	32,521	-	32,521	27,875	4,646
Other Purchased Services (400-500 series)	6,000	-	6,000	5,844	156
Supplies and Materials	10,213	100	10,313	9,770	543
Other Objects	2,780	615	3,395	3,174	221
Total Undist. Expend. - Support Serv. - School Administration	173,028	50,715	223,743	217,741	6,002

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services					
Salaries	153,002	(4,217)	148,785	146,450	2,335
Purchased Technical Services	-	4,217	4,217	2,250	1,967
Misc. Pur Serv (400-500 series Other than Resid. Costs)	-	13,500	13,500	10,341	3,159
Supplies and Materials	5,000	-	5,000	4,555	445
Miscellaneous Expenditures	2,500	300	2,800	1,163	1,637
Total Undist. Expend. - Central Services	160,502	13,800	174,302	164,759	9,543
Undist. Expend. - Admin. Info Technology					
Purchased Technical Services	30,000	21,600	51,600	47,572	4,028
Other Objects	13,567	(1,899)	11,668	3,054	8,614
Total Undist. Expend. - Admin. Info Technology	43,567	19,701	63,268	50,626	12,642
Undist. Expend. - Required Maint. for School Facilities					
Salaries	102,377	28,363	130,740	130,740	-
Cleaning, Repair and Maintenance Services	150,000	(60,000)	90,000	68,028	21,972
General Supplies	-	100	100	49	51
Other Objects	11,112	(8,100)	3,012	362	2,650
Total Undist. Expend. - Required Maint. for School Facilities	263,489	(39,637)	223,852	199,179	24,673
Undist. Expend. - Custodial Services					
Salaries	192,135	16,000	208,135	187,651	20,484
Cleaning, Repair and Maintenance Services	111,061	(20,400)	90,661	86,387	4,274
Other Purchased Property Services	33,652	10,300	43,952	41,707	2,245
Insurance	90,000	-	90,000	89,478	522
General Supplies	40,000	22,100	62,100	51,211	10,889
Energy (Electricity)	150,000	(5,000)	145,000	140,427	4,573
Other Objects	7,244	-	7,244	6,463	781
Energy (Natural Gas)	90,000	(13,000)	77,000	46,779	30,221
Total Undist. Expend. - Other Oper. & Maint. Of Plant	714,092	10,000	724,092	650,103	73,989
Total Undist. Expend-Oper & Maint of Plant Serv.	977,581	(29,637)	947,944	849,282	98,662

HARRINGTON PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Student Transportation Services					
Contract Services (Other than Between Home & School)-Vendors	23,000	-	23,000	16,584	6,416
Contract Services (Between Home & School) - Joint Agreement	19,000	-	19,000	14,533	4,467
Contract Services (Special Education Students) - Joint Agreement	162,014	(82,091)	79,923	44,081	35,842
Contract Services (Aid in Lieu Payments - NonPublic Schools)	3,500	6,000	9,500	4,852	4,648
Total Undist. Expend. - Student Transportation Services	207,514	(76,091)	131,423	80,050	51,373
UNALLOCATED BENEFITS					
Social Security Contributions	135,850	-	135,850	116,915	18,935
Other Retirement Contributions - PERS	125,965	10,000	135,965	134,667	1,298
Unemployment Compensation	-	86,876	86,876	84,226	2,650
Worker's Compensation	66,661	(3,110)	63,551	63,551	-
Health Benefits	1,074,140	165,134	1,239,274	1,234,994	4,280
Tuition Reimbursement	19,500	-	19,500	8,315	11,185
Other Employee Benefits	47,200	4,000	51,200	51,173	27
TOTAL UNALLOCATED BENEFITS	1,469,316	262,900	1,732,216	1,693,841	38,375
On-behalf TPAF pension Contributions (non-budgeted)				13,911	(13,911)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted)				295,477	(295,477)
Reimbursed TPAF Social Security Contributions (non-budgeted)				346,643	(346,643)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	656,031	(656,031)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	1,469,316	262,900	1,732,216	2,349,872	(617,656)
TOTAL UNDISTRIBUTED EXPENDITURES	5,210,413	180,147	5,390,560	5,624,770	(234,210)
TOTAL GENERAL CURRENT EXPENSE	9,937,472	80,054	10,017,526	10,118,751	(101,225)

HARRINGTON PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
EQUIPMENT					
Instruction					
Grades 1-5	-	5,749	5,749	5,749	-
Undistributed					
Undistributed Expenditures - Central Services	-	6,604	6,604	6,604	-
Total Equipment	-	12,353	12,353	12,353	-
Facilities Acquisition of Construction Serv.					
Construction Services	3,731	28,241	28,241	28,241	-
Other Objects	3,731	-	3,731	3,731	-
Total Facilities Acquisition and Construction	3,731	28,241	31,972	31,972	-
TOTAL CAPITAL OUTLAY	3,731	40,594	44,325	44,325	-
TOTAL EXPENDITURES	9,941,203	120,648	10,061,851	10,163,076	(101,225)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,291)	(103,847)	(199,138)	586,648	785,786
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(95,291)	(103,847)	(199,138)	586,648	785,786
Fund Balance, July 1				580,292	847,993
Fund Balance, June 30	(95,291)	(103,847)	(199,138)	1,166,940	1,633,779

HARRINGTON PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(33,491)		(33,491)	(33,491)	-
Increase in Capital Reserve				100,000	100,000
Budgeted Fund Balance	(61,800)	(103,847)	(165,647)	520,139	685,786
	<u>(95,291)</u>	<u>(103,847)</u>	<u>(199,138)</u>	<u>586,648</u>	<u>785,786</u>

Recapitulation:

Restricted Fund Balance:

Capital Reserve	100,001
Emergency Reserve	176,644
Excess Surplus - Current Year	232,164
Committed Fund Balance:	
Year-end Encumbrances	134,631

Assigned Fund Balance:

Designated for Subsequent Year's Expenditures	61,800
Unassigned Fund Balance	<u>461,700</u>
	<u>1,166,940</u>

Reconciliation to Governmental Funds Statement (GAAP):

Less: Last State Aid Payment not recognized, GAAP Basis	<u>1,166,940</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>1,166,940</u></u>

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule - Education Jobs Funding
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Education Jobs Funding	16,801		16,801	16,801	-
Total - Federal Sources	-	16,801	16,801	16,801	-
TOTAL REVENUES	-	16,801	16,801	16,801	-
EXPENDITURES:					
UNALLOCATED BENEFITS:					
Education Jobs Funding	16,801		16,801	16,801	-
Health Benefits	-	16,801	16,801	16,801	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	-	16,801	16,801	16,801	-

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	140,545	55,860	55,860	55,860	-
Federal Sources		16,084	156,629	156,629	-
Total Revenues	140,545	71,944	212,489	212,489	-
EXPENDITURES:					
Instruction:					
Salaries of Teachers		1,672	1,672	1,672	-
Other Purchased Services (400-500 series)	140,545	(35,501)	105,044	105,044	-
General Supplies		3,230	3,230	3,230	-
Total instruction	140,545	(30,599)	109,946	109,946	-
Support services:					
Purchased Professional - Educational Services		22,508	22,508	22,508	-
Other Purchased Services (400-500 series)		24,175	24,175	24,175	-
Total support services	-	46,683	46,683	46,683	-
Facilities acquisition and const. serv.					
Non-instructional equipment		55,860	55,860	55,860	-
Total facilities acquisition and const. serv.	-	55,860	55,860	55,860	-
Total Expenditures	140,545	71,944	212,489	212,489	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

HARRINGTON PARK BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1],[C-2]	10,749,724	212,489
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			(55,860)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes		49,892	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	10,799,616	156,629
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1],[C-2]	10,163,076	212,489
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.			(55,860)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	10,163,076	156,629

SPECIAL REVENUE FUND

HARRINGTON PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total	Title II, Part A Teacher and Principal Training and Recruiting Fund Carryover	Title III, English Language Acq. & Language Enhancement	I.D.E.A. Part B	I.D.E.A. Part B Preschool	ARRA - I.D.E.A. Part B Carryover	Totals 2011
REVENUES							
Local Sources	55,860						55,860
State Sources	-						-
Federal Sources	4,013	1,672	3,230	130,673	10,985	6,056	156,629
Total Revenues	59,873	1,672	3,230	130,673	10,985	6,056	212,489
EXPENDITURES:							
Instruction:							
Salaries of Teachers	-	1,672					1,672
Other Purchased Services (400-500 series)	4,013		3,230	83,990	10,985	6,056	105,044
General Supplies	-						3,230
Total instruction	4,013	1,672	3,230	83,990	10,985	6,056	109,946
Support Services:							
Purchased Professional - Educational Services	-			22,508			22,508
Other Purchased Services	-			24,175			24,175
Total support services	-	-	-	46,683	-	-	46,683
Facilities acquisition and const. serv.:							
Non-Instructional Equipment	55,860						55,860
Total facilities acquisition and const. serv.	55,860	-	-	-	-	-	55,860
Total Expenditures	59,873	1,672	3,230	130,673	10,985	6,056	212,489
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

HARRINGTON PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	ARRA - L.D.E.A. Part B Preschool Carryover	Home School Association - Donation for Library Furniture	Total Carried Forward
REVENUES			
Local Sources		55,860	55,860
State Sources		-	-
Federal Sources	4,013		4,013
Total Revenues	4,013	55,860	59,873
EXPENDITURES:			
Instruction:			
Other Purchased Services (400-500 series)	4,013		4,013
General Supplies			-
Total instruction	4,013	-	4,013
Support services:			
Purchased Professional-Educational Services			-
Other Purchased Services			-
Total support services	-	-	-
Facilities acquisition and const. serv.:			
Non-Instructional Equipment		55,860	55,860
Total facilities acquisition and const. serv.	-	55,860	55,860
Total Expenditures	4,013	55,860	59,873
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-

CAPITAL PROJECTS FUND

HARRINGTON PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budgetary Basis
For the Year Ended June 30, 2011

Revenue and Other Financing Sources:	
Transfer from Capital Outlay	-
Contribution from Private Sources - Donations	-
County Sources - Bergen County Open Space Grant	-
State Sources-SCC Grant	-
Bond Proceeds and Transfers	-
Total Revenues	-
Expenditures and Other Financing Uses:	
Other Purchased Professional/Technical Services	
Construction Services	139,653
Total Expenditures	139,653
Excess (Deficiency) of revenues over (under) expenditures	(139,653)
Fund balance-beginning	146,529
Fund balance-ending	6,876

HARRINGTON PARK BOARD OF EDUCATION
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Roof Replacement/Repainting and Waterproofing exterior walls
From Inception and for the Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources-SCC Grant	1,552,000	-	1,552,000	1,552,795
Bond Proceeds	1,552,000	-	1,552,000	1,552,795
Total Revenues				
Expenditures and Other Financing Uses:				
Other Purchased Professional/Technical Services	121,921		121,921	121,921
Construction Services	1,423,203		1,423,203	1,430,874
Total Expenditures	1,545,124	-	1,545,124	1,552,795
Excess (deficiency) of revenues over (under) expenditures	6,876	-	6,876	-

Additional project information:

Project number	2050-050-07-1000
Grant Date	N/A
Bond authorization date	April 17, 2007
Bonds issued	1,552,000
Original authorization cost	1,552,795
Additional authorization cost	-
Revised authorized cost	1,552,795

Percentage increase over original authorized cost	-
Percentage completion	100%
Original target completion date	Sept. 5, 2007
Revised target completion date	Sept. 5, 2007

HARRINGTON PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Reconstruction of the Harrington Park School Field
From Inception and for the Year Ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	30,226	-	30,226	30,226
Contribution from Private Sources - Donations	34,427	-	34,427	34,427
County Sources - Bergen County Open Space Grant	75,000	-	75,000	75,000
State Sources-SCC Grant	-	-	-	-
Bond Proceeds	-	-	-	-
Total Revenues	139,653	-	139,653	139,653
Expenditures and Other Financing Uses:				
Other Purchased Professional/Technical Services	-	-	-	-
Construction Services	-	139,653	139,653	139,653
Total Expenditures	-	139,653	139,653	139,653
Excess (deficiency) of revenues over (under) expenditures	139,653	(139,653)	-	-

Additional project information:

Project number	
Grant Date	N/A
Bond authorization date	N/A
Bonds issued	
Original authorization cost	139,653
Additional authorization cost	-
Revised authorized cost	139,653
Percentage increase over original authorized cost	-
Percentage completion	100%
Original target completion date	
Revised target completion date	

HARRINGTON PARK BOARD OF EDUCATION
 Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2011

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2011
			Prior Years	Current Year	
Roof Replacement/Repainting and Waterproofing of Exterior Walls	April 17, 2007	1,552,795	1,545,124		7,671
Reconstruction of the Harrington Park School Field		139,653		139,653	
		1,692,448	1,545,124	139,653	7,671
			Analysis		
			Project Balance - June 30, 2011		7,671
			Unfunded Authorizations		(795)
			Fund Balance (Deficit) - June 30, 2011		6,876

PROPRIETARY FUNDS

HARRINGTON PARK BOARD OF EDUCATION
Combining Statement of Net Assets
Enterprise Funds
June 30, 2011

	Special Milk Program	Totals
ASSETS		
Current assets:		
Cash and cash equivalents	10,104	10,104
Accounts receivable:		
Federal	1,660	1,660
Total current assets	11,764	11,764
Noncurrent assets:		
Capital assets:		
Equipment	7,828	7,828
Less accumulated depreciation	(2,800)	(2,800)
Total capital assets (net of accumulated depreciation)	5,028	5,028
Total assets	16,792	16,792
LIABILITIES		
Current liabilities:		
Accounts payable	848	848
Total current liabilities	848	848
Total liabilities	848	848
NET ASSETS		
Invested in capital assets, net of related debt	5,028	5,028
Unrestricted	10,916	10,916
Total net assets	15,944	15,944

HARRINGTON PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Fiscal Year Ended June 30, 2011

	Special Milk Program	Totals
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	10,330	10,330
Total operating revenues	10,330	10,330
Operating expenses:		
Cost of sales	10,695	10,695
Salaries and Wages	20,000	20,000
Depreciation	461	461
Total Operating Expenses	31,156	31,156
Operating income (loss)	(20,826)	(20,826)
Nonoperating revenues (expenses):		
Federal sources:		
Special milk program	8,080	8,080
Interest and investment revenue	79	79
Total nonoperating revenues (expenses)	8,159	8,159
Income (loss) before contributions & transfers	(12,667)	(12,667)
Transfers in (out)	-	-
Change in net assets	(12,667)	(12,667)
Total net assets - beginning,	28,611	28,611
Total net assets - ending	15,944	15,944

HARRINGTON PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2011

	Special Milk Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,330	10,330
Payments for milk purchases	(9,847)	(9,847)
Payments for salaries and wages	(20,000)	(20,000)
Net cash provided by (used for) operating activities	(19,517)	(19,517)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Sources	7,019	7,019
Net cash provided by (used for) non-capital financing activities	7,019	7,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	79	79
Net cash provided by (used for) investing activities	79	79
Net increase (decrease) in cash and cash equivalents	(12,419)	(12,419)
Balances—beginning of year	22,523	22,523
Balances—end of year	10,104	10,104
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(20,826)	(20,826)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and net amortization	461	461
(Increase) decrease in accounts receivable	-	-
Increase (decrease) in accounts payable	848	848
Total adjustments	1,309	1,309
Net cash provided by (used for) operating activities	(19,517)	(19,517)

FIDUCIARY FUND

HARRINGTON PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Unemployment Compensation Trust Fund	Agency Fund	Expendable Trust Fund
ASSETS			
Cash and cash equivalents	11,704	18,200	23
Interfund Receivable		1,600	
Total assets	11,704	19,800	23
LIABILITIES			
Payable to student groups		5,010	
Payroll deductions and withholding		3,199	
Payroll taxes payable	1,875		
Interfund payable	1,600	11,591	
Total liabilities	3,475	19,800	
NET ASSETS			
Held in trust for unemployment claims and other purposes	8,229		
Reserved for Fund the Field Project			23

HARRINGTON PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Unemployment Compensation Trust Fund</u>	<u>Expendable Trust Fund</u>
ADDITIONS		
Contributions:		
Interest earnings	61	
Payroll Withholdings	16,197	
Total additions	<u>16,258</u>	<u>-</u>
DEDUCTIONS		
Unemployment claims	-	
Payroll taxes payable	6,412	
Total deductions	<u>6,412</u>	<u>-</u>
Change in net assets	9,846	-
Net assets—beginning of the year	<u>(1,617)</u>	<u>23</u>
Net assets—end of the year	<u>8,229</u>	<u>23</u>

HARRINGTON PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2011</u>
Student Activity Account	<u>1,855</u>	<u>54,590</u>	<u>51,435</u>	<u>5,010</u>
	<u>3,213</u>	<u>54,590</u>	<u>51,435</u>	<u>5,010</u>

HARRINGTON PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	Balance June 30, 2010	Cash Receipts	Cash Disbursed	Balance June 30, 2011
Net Payroll	(76)	4,170,681	4,168,469	2,136
Payroll Deductions and Withholdings	713	2,606,501	2,606,151	1,063
Interfund Receivable - Unemployment	(6,515)	16,197	11,282	(1,600)
Interfund Payable - General Fund	7,257	5,360	1,026	11,591
	<u>11,841</u>	<u>6,798,739</u>	<u>6,786,928</u>	<u>23,652</u>

LONG-TERM DEBT

HARRINGTON PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Serial Bonds Payable
June 30, 2011

ISSUE	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
			Date	Amount				
School Improvement Bonds	Aug. 1, 2001	3,465,000	8/1/2011	250,000	4.375%	2,240,000	240,000	2,000,000
			8/1/2012	260,000	4.375%			
			8/1/2013	275,000	4.500%			
			8/1/2014	285,000	4.500%			
			8/1/2015	300,000	4.600%			
			8/1/2016	310,000	4.750%			
			8/1/2017	320,000	4.750%			
School Improvement Bonds	July 15, 2008	1,552,000	7/15/2011	20,000	4.250%	1,537,000	15,000	1,522,000
			7/15/2012	25,000	4.250%			
			7/15/2013	30,000	4.250%			
			7/15/2014	35,000	4.250%			
			7/15/2015	40,000	4.250%			
			7/15/2016	45,000	4.250%			
			7/15/2017	50,000	4.250%			
			7/15/2018	195,000	4.250%			
			7/15/2019	220,000	4.375%			
			7/15/2020	260,000	4.375%			
		7/15/2021	285,000	4.375%				
		7/15/2022	317,000	4.375%				
						\$ 3,777,000	255,000	3,522,000

HARRINGTON PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	386,966		386,966	386,966	
State Sources:					
Debt Service Aid Type II	27,878		27,878	27,878	
Total - State Sources	27,878		27,878	27,878	
Total Revenues	414,844		414,844	414,844	
EXPENDITURES:					
Regular Debt Service:					
Interest	159,844		159,844	162,844	3,000
Redemption of Principal	255,000		255,000	255,000	
Total Regular Debt Service	414,844		414,844	417,844	3,000
Total expenditures	414,844		414,844	417,844	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures				(3,000)	(3,000)
Fund Balance, July 1	637		637	637	
Fund Balance, June 30	637		637	(2,363)	(3,000)
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

STATISTICAL SECTION (UNAUDITED)

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Harrington Park Board of Education
 Net Assets by Component
 Last Ten Fiscal Years*
 (accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 2,944,440	\$ 3,476,529	\$ 3,802,271	\$ 4,114,481	\$ 4,292,211	\$ 4,315,081	\$ 4,389,165	\$ 4,556,039
Restricted	830,662	281,752	650,549	609,567	237,730	301,071	419,102	709,753
Unrestricted	17,558	(24,374)	(11,399)	(5,778)	66,017	129,454	86,282	294,672
Total governmental activities net assets	\$ 3,792,660	\$ 3,733,907	\$ 4,441,421	\$ 4,718,270	\$ 4,595,958	\$ 4,745,606	\$ 4,894,549	\$ 5,560,464
Business-type activities								
Invested in capital assets, net of related debt	\$ 6,753	\$ 4,779	\$ 2,054	\$ 4,748	\$ 4,556	\$ 6,284	\$ 5,489	\$ 5,028
Restricted	3,829	1,201	4,726	1,192	9,616	19,884	23,122	10,916
Unrestricted	10,582	5,980	6,780	5,940	14,172	26,168	28,611	15,944
Total business-type activities net assets	\$ 20,164	\$ 12,959	\$ 13,530	\$ 11,880	\$ 28,344	\$ 48,336	\$ 57,222	\$ 31,878
District-wide								
Invested in capital assets, net of related debt	\$ 2,951,193	\$ 3,481,308	\$ 3,804,325	\$ 4,119,229	\$ 4,296,767	\$ 4,321,365	\$ 4,394,654	\$ 4,561,067
Restricted	830,662	281,752	650,549	609,567	237,730	301,071	419,102	709,753
Unrestricted	21,387	(23,173)	(6,673)	(4,586)	75,633	149,338	109,404	305,588
Total district net assets	\$ 3,803,242	\$ 3,739,887	\$ 4,448,201	\$ 4,724,210	\$ 4,610,130	\$ 4,771,774	\$ 4,923,160	\$ 5,576,408

Source: CAFR Schedule A-1

* - GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Harrington Park Board of Education
Changes in Net Assets, Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities								
Instruction								
Regular	\$ 2,925,710	\$ 3,058,700	\$ 3,118,321	\$ 3,558,645	\$ 4,208,064	\$ 4,197,071	\$ 4,524,506	\$ 4,325,365
Special education	316,845	405,541	430,991	807,192	902,659	1,184,861	1,317,979	1,302,010
Other special education	127,755	138,716	175,974	189,459	111,175	114,996	35,256	32,638
Vocational								
Other instruction	60,897	87,296	136,096	78,665	87,259	85,433	181,318	125,045
Nonpublic school programs								
Adult/continuing education programs								
Support Services:								
Tuition	684,323	897,826	936,372	926,557	715,008	721,994	630,014	615,603
Student & instruction related services	986,841	1,130,908	1,268,532	978,746	1,017,448	1,191,637	1,166,438	1,236,942
General administrative services	381,790	403,015	373,702	396,227	465,475	421,908	396,748	395,164
School administrative services	279,291	225,817	241,668	272,245	280,042	290,799	289,736	271,855
Central services		249,206	286,455	289,801	311,576	319,203	276,500	207,368
Business administrative services	238,750	3,645	5,577				15,769	50,626
Administrative Information Technology	703,407	766,675	715,685	835,686	1,142,846	1,102,463	1,014,321	945,598
Plant operations and maintenance	216,857	252,402	259,664	238,355	198,710	137,699	129,878	80,050
Pupil transportation	519,104	596,385	574,203	945,323	897,511	611,584	661,522	715,032
Unallocated Benefits								
Special Schools								
Charter Schools								
Interest on long-term debt	218,173	146,427	138,685	130,505	186,168	179,575	169,270	158,177
Unallocated depreciation	29,440	34,298	21,026	190,796	185,178	173,286	195,574	227,708
Capital Outlay - nondepreciable	17,668	19,530	16,220	2,385	48,778	14,482	64,608	15,993
Total governmental activities expenses	<u>7,706,851</u>	<u>8,416,387</u>	<u>8,699,171</u>	<u>9,840,587</u>	<u>10,757,897</u>	<u>10,746,991</u>	<u>11,069,437</u>	<u>10,705,174</u>
Business-type activities:								
Special Milk Fund	7,949	10,943	4,676	6,512	6,516	9,679	21,759	31,156
Total business-type activities expense	<u>7,949</u>	<u>10,943</u>	<u>4,676</u>	<u>6,512</u>	<u>6,516</u>	<u>9,679</u>	<u>21,759</u>	<u>31,156</u>
Total district expenses	<u>\$ 7,714,800</u>	<u>\$ 8,427,330</u>	<u>\$ 8,703,847</u>	<u>\$ 9,847,099</u>	<u>\$ 10,764,413</u>	<u>\$ 10,756,670</u>	<u>\$ 11,091,196</u>	<u>\$ 10,736,330</u>

Harrington Park Board of Education
Changes in Net Assets, Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Program Revenues								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pupil transportation	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-
Operating grants and contributions	119,682	147,130	143,958	112,511	155,381	212,617	258,525	184,507
Capital grants and contributions	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>119,682</u>	<u>147,130</u>	<u>143,958</u>	<u>112,511</u>	<u>155,381</u>	<u>212,617</u>	<u>258,525</u>	<u>184,507</u>
Business-type activities:								
Charges for services:								
Special Milk Fund	4,947	3,900	3,965	5,702	8,817	15,423	18,032	10,330
Operating grants and contributions	2,252	2,441	1,511	3,154	5,733	6,113	6,042	8,080
Capital grants and contributions	7,199	6,341	5,476	8,856	14,550	21,536	24,074	18,410
Total business type activities program revenues	<u>126,881</u>	<u>153,471</u>	<u>149,434</u>	<u>121,367</u>	<u>169,931</u>	<u>234,153</u>	<u>282,599</u>	<u>202,917</u>
Net (Expense)/Revenue								
Governmental activities	\$ (7,587,169)	\$ (8,269,257)	\$ (8,555,213)	\$ (9,728,076)	\$ (10,602,516)	\$ (10,534,374)	\$ (10,810,912)	\$ (10,520,667)
Business-type activities	(750)	(4,602)	800	2,344	8,034	11,857	2,315	(12,746)
Total district-wide net expense	<u>\$ (7,587,919)</u>	<u>\$ (8,273,859)</u>	<u>\$ (8,554,413)</u>	<u>\$ (9,725,732)</u>	<u>\$ (10,594,482)</u>	<u>\$ (10,522,517)</u>	<u>\$ (10,808,597)</u>	<u>\$ (10,533,413)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 6,556,971	\$ 6,923,244	\$ 7,836,357	\$ 8,245,695	\$ 8,575,523	\$ 9,016,820	\$ 9,363,968	\$ 9,738,527
Taxes levied for debt service	342,604	320,725	340,688	327,097	367,321	370,797	392,362	386,966
Unrestricted grants and contributions	909,807	895,773	1,002,411	1,372,011	1,381,566	1,147,732	1,322,683	938,155
Miscellaneous income	86,328	62,109	83,271	60,122	155,794	148,667	90,656	122,934
Retirement of Loans Payable Refinancing Credit	-	8,653	-	-	-	-	-	-
Remaining balance of Loans Payable cancelled	-	-	-	-	-	-	(244,241)	-
Donations - Reconstruction of Harrington Park School Field	-	-	-	-	-	-	34,427	-
State Aid - Capital Outlay Facilities Grant cancelled	-	-	-	-	-	-	-	-
Total governmental activities	<u>7,895,710</u>	<u>8,210,504</u>	<u>9,262,727</u>	<u>10,004,925</u>	<u>10,480,204</u>	<u>10,684,022</u>	<u>10,959,855</u>	<u>11,186,582</u>

Harrington Park Board of Education
Changes in Net Assets, Last Ten Fiscal Years*
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011		
Business-type activities:										
Miscellaneous income	-	-	-	62	198	139	128	79		
Total business-type activities	\$ 7,895,710	\$ 8,210,504	\$ 9,262,727	\$ 10,004,987	\$ 10,480,402	\$ 10,684,161	\$ 10,959,983	\$ 11,186,661		
Total district-wide										
Change in Net Assets										
Governmental activities	\$ 308,541	\$ (58,753)	\$ 707,514	\$ 276,849	\$ (122,312)	\$ 149,648	\$ 148,943	\$ 665,915		
Business-type activities	(750)	(4,602)	800	2,406	8,232	11,996	2,443	(12,667)		
Total district	\$ 307,791	\$ (63,355)	\$ 708,314	\$ 279,255	\$ (114,080)	\$ 161,644	\$ 151,386	\$ 653,248		

Source: CAFR Schedule A-2

* - GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Harrington Park Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years*
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					2011	
	2004	2005	2006	2007	2008		2009
General Fund							
Reserved	\$ 426,218	\$ 200,975	\$ 632,610	\$ 549,491	\$ 232,360	\$ 303,188	\$ 271,936
Unreserved	246,189	135,604	139,643	281,335	248,015	314,031	238,464
Restricted							\$ 508,809
Committed							134,631
Assigned							61,800
Unassigned							461,700
Total general fund	\$ 672,407	\$ 336,579	\$ 772,253	\$ 830,826	\$ 480,375	\$ 617,219	\$ 530,400
All Other Governmental Funds							
Reserved	\$ 354,648	\$ 102,452	\$ -	\$ -	\$ 7,700	\$ -	\$ 139,653
Unreserved, reported in:							
Special revenue fund							
Capital projects fund	28,726	28,726	5,528	(65,605)	6,876	6,876	6,876
Debt service fund	21,070	12,411	12,411		(9,206)	(8,993)	637
Assigned, reported in:							
Capital projects fund							\$ 6,876
Unassigned, reported in							(2,363)
Debt service fund							4,513
Total all other governmental funds	\$ 404,444	\$ 143,589	\$ 17,939	\$ (65,605)	\$ 5,370	\$ (2,117)	\$ 147,166

Source: CAFR Schedule B-1

* - GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation, ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Harrington Park Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Tax levy	\$ 5,974,105	\$ 6,412,924	\$ 6,899,575	\$ 7,243,969	\$ 8,177,045	\$ 8,572,792	\$ 8,942,844	\$ 9,387,617	\$ 9,756,330	\$ 10,125,493
Miscellaneous	69,061	111,678	86,328	62,109	83,271	60,804	157,592	167,413	125,308	122,934
Local sources	1,200	1,970		3,020						
County sources									75,000	
State sources	618,064	785,336	917,440	900,096	1,006,366	1,375,011	1,381,566	1,190,162	1,174,317	949,232
Federal sources	94,325	103,924	112,049	139,787	140,003	108,829	153,583	151,441	331,666	173,429
Total revenue	6,756,755	7,415,832	8,015,392	8,348,981	9,406,685	10,117,436	10,635,585	10,896,633	11,462,621	11,371,088
Expenditures										
Instruction										
Regular Instruction	2,509,428	2,533,464	2,523,116	2,609,538	2,612,369	2,901,012	3,460,984	3,451,376	3,736,654	3,429,241
Special education instruction	259,104	250,898	269,289	341,869	356,967	706,922	799,100	967,503	1,066,830	1,046,734
Other special instruction			109,143	113,832	133,608	152,640	89,501	94,599	12,702	14,954
Vocational education										
Other instruction	225,213	206,863	51,840	77,228	124,796	63,668	70,658	70,649	166,240	112,997
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition	525,201	662,074	684,323	897,826	936,372	926,557	715,008	721,994	630,014	615,603
Attendance and social work services	19,498	29,009								
Health Services	40,561	44,800								
Student & instruction related services	715,678	738,819	866,351	987,659	1,095,227	840,596	863,899	1,033,274	989,685	1,020,783
General administrative services	279,123	314,603	341,731	365,867	325,047	343,912	396,515	357,790	333,858	322,737
School Administrative services	122,699	167,507	234,369	192,565	200,966	226,215	227,695	239,627	237,929	217,741
Business and other support services	194,906	209,767	207,739	3,645						
Central administrative services				215,111	242,475	241,987	258,733	269,864	235,186	164,759
Administrative Information Technology									15,769	50,626
Plant operations and maintenance	574,256	745,201	666,315	712,199	710,714	769,175	1,047,292	932,123	930,612	849,282
Pupil transportation	165,860	234,418	216,857	252,402	259,664	238,355	198,710	137,699	129,878	80,050
Unallocated employee benefits	649,516	701,104	774,646	955,902	1,031,228	1,189,017	1,298,233	1,384,599	1,502,082	1,693,841
TPAF Pension / Social Security	246,037	365,295	444,297	496,649	584,670	888,403	889,459	593,628	635,361	656,031
Special Schools										
Charter Schools										
Capital outlay	27,069	4,850	41,660	393,988	141,870	314,440	302,928	91,837	119,459	44,325
Special Revenue Fund										
Debt service:										
Principal	92,457	183,698	185,325	183,276	198,625	205,493	217,407	229,401	240,000	255,000
Interest and other charges	52,255	164,556	157,278	146,107	142,063	134,014	159,121	183,613	173,657	162,844
Total expenditures	6,698,861	7,556,926	7,774,279	8,945,663	9,096,661	10,142,406	10,995,243	10,759,576	11,155,916	10,737,548

Harrington Park Board of Education
 Changes in Fund Balances, Governmental Funds,
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Excess (Deficiency) of revenues over (under) expenditures	57,894	(141,094)	241,113	(596,682)	310,024	(24,970)	(359,658)	137,057	306,705	633,540
Other Financing sources (uses)										
State Facilities grant cancelled			1,703	1,982					(244,241)	
Transfers in - Capital Projects Fund	4,491	13,431	(1,703)	(1,982)					274,467	
Transfers out - General Fund									(274,467)	
Total other financing sources (uses)	4,491	13,431	(1,703)	(1,982)					(244,241)	
Net change in fund balances	\$ 62,385	\$ (127,663)	\$ 241,113	\$ (596,682)	\$ 310,024	\$ (24,970)	\$ (359,658)	\$ 137,057	\$ 62,464	\$ 633,540
Debt service as a percentage of noncapital expenditures	2.2%	4.6%	4.4%	3.9%	3.8%	3.5%	3.5%	3.9%	3.7%	3.9%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.

Source: CAFR Schedule B-2

Harrington Park Board of Education
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Donations	Insurance Dividend	Refunds	Misc.	E - Rate Reimbursement	Facility Use	Accrued Interest Bond Sale	Trailer Rental	PY Void Checks	Tuition	NVR High School	Total
2002	49,303		10,099	6,659								3,000	\$ 66,061
2003	25,599	3,851	25,935	6,293								50,000	\$ 61,678
2004	1,280		14,871	9,191	10,986							50,000	\$ 36,328
2005	2,696			2,877	6,536							50,000	\$ 12,109
2006	14,567			4,144	4,560							60,000	\$ 23,271
2007	25,769	3,250		9,534	2,251							20,000	\$ 40,804
2008	41,960				24,488		15,377	2,057		13,742		58,170	\$ 97,624
2009	8,206				20,895				65,000			54,566	\$ 94,101
2010	4,472				4,858	5,426	8,100		67,800				\$ 90,656
2011	7,369	1,000			6,808	3,817	9,695		73,654		20,591		\$ 122,934

Source: District Records

Harrington Park Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Year							Less: Tax-Exempt Property	Total Assessed Value	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	Assessed to Estimated Full Cash Valuations
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment						
2002	\$ 8,651,800	\$ 465,693,000	\$ -	\$ -	\$ 19,795,500	\$ -	\$ -	\$ 494,140,300	\$ 494,140,300	1.296	\$ 649,500,920	76.08%	
2003	\$ 9,047,100	\$ 470,024,200	\$ -	\$ -	\$ 19,795,500	\$ -	\$ -	\$ 498,866,800	\$ 498,866,800	1.382	\$ 747,926,737	66.70%	
2004	\$ 9,814,800	\$ 474,434,600	\$ -	\$ -	\$ 19,370,500	\$ -	\$ -	\$ 503,619,900	\$ 503,619,900	1.438	\$ 810,982,126	62.10%	
2005	\$ 8,330,700	\$ 487,020,700	\$ -	\$ -	\$ 19,384,600	\$ -	\$ -	\$ 514,736,000	\$ 514,736,000	1.588	\$ 95,265,545	540.32%	
2006	\$ 24,418,000	\$ 1,007,282,100	\$ -	\$ -	\$ 39,195,200	\$ -	\$ -	\$ 1,070,895,300	\$ 1,070,895,300	0.800	\$ 1,071,659,857	99.93%	
2007	\$ 22,888,400	\$ 1,012,540,900	\$ -	\$ -	\$ 37,777,900	\$ -	\$ -	\$ 1,073,207,200	\$ 1,073,207,200	0.833	\$ 1,057,948,194	101.44%	
2008	\$ 20,183,000	\$ 1,029,990,700	\$ -	\$ -	\$ 37,155,400	\$ -	\$ -	\$ 1,087,329,100	\$ 1,087,329,100	0.863	\$ 1,125,158,811	96.64%	
2009	\$ 16,477,300	\$ 1,035,505,100	\$ -	\$ -	\$ 37,155,400	\$ -	\$ -	\$ 1,089,137,800	\$ 1,090,245,283	0.895	\$ 1,160,438,606	93.95%	
2010	\$ 16,047,300	\$ 1,034,946,900	\$ -	\$ -	\$ 37,240,800	\$ -	\$ -	\$ 1,088,235,000	\$ 1,089,458,350	0.930	\$ 1,113,572,454	97.83%	
2011	\$ 15,178,500	\$ 1,025,271,300	\$ -	\$ -	\$ 38,617,600	\$ -	\$ -	\$ 1,079,067,400	\$ 1,080,145,205	0.937	\$ 1,036,552,493	104.21%	

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Harrington Park Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year Ended June 30,	Harrington Board of Education				Overlapping Rates			Total Direct and Overlapping Tax Rate
	General		Total Direct	Northern Valley Regional H.S	Harrington Park Borough	Bergen County		
	Basic Rate ^a	Obligation Debt Service ^b						
2002	1.269	0.027	1.296	0.685	0.575	0.304	2.86	
2003	1.328	0.054	1.382	0.749	0.600	0.279	3.01	
2004	1.388	0.050	1.438	0.699	0.604	0.309	3.05	
2005	1.544	0.044	1.588	0.694	0.672	0.316	3.27	
2006	0.758	0.042	0.800	0.345	0.335	0.170	1.65	
2007	0.800	0.033	0.833	0.330	0.339	0.168	1.67	
2008	0.823	0.040	0.863	0.339	0.377	0.192	1.77	
2009	0.855	0.040	0.895	0.397	0.403	0.205	1.90	
2010	0.890	0.040	0.930	0.427	0.410	0.211	1.978	
2011	0.898	0.039	0.937	0.449	0.427	0.208	2.021	

Source: District Records and Municipal Tax Collector

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

Harrington Park Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2011				2002			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		
United Water Resources	\$ 32,008,900	1	2.96%	\$ 16,965,400	1	3.49%		
Quantmeyer	\$ 3,915,100	2	0.36%					
Rockland Electric Co.	\$ 3,018,900	3	0.28%	\$ 1,046,300	3	0.22%		
76 Schraalenburgh Rd, LLC	\$ 2,274,600	4	0.21%					
Nagaraja	\$ 1,564,800	5	0.14%	\$ 815,400	4	0.17%		
McKierman	\$ 1,555,500	6	0.14%					
Aripaul	\$ 1,369,200	7	0.13%	\$ 675,000	7	0.14%		
Srivastava	\$ 1,427,200	8	0.13%					
Capazzi	\$ 1,327,700	9	0.12%					
Chung	\$ 1,250,000	10	0.12%	\$ 701,300	5	0.14%		
Ana Haitz				\$ 1,219,500	2	0.25%		
Myung				\$ 679,000	6	0.14%		
Koo				\$ 674,700	8	0.14%		
Bogosian				\$ 658,100	9	0.14%		
Patel				\$ 645,100	10	0.13%		
Total	\$ 49,711,900		4.60%	\$ 24,079,800		4.95%		
Net Assessed Valuation:	\$ 1,080,145,205			\$ 486,167,352				

Source: Municipal Tax Assessor.

**Harrington Park Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$5,974,105	\$5,974,105	100.00%	
2003	\$6,412,924	\$6,412,924	100.00%	
2004	\$6,788,575	\$6,899,575	101.64%	
2005	\$7,243,969	\$7,243,969	100.00%	
2006	\$8,177,045	\$8,177,045	100.00%	
2007	\$8,572,792	\$8,572,792	100.00%	
2008	\$8,942,844	\$8,942,844	100.00%	
2009	\$9,430,047	\$9,368,752	99.35%	61,295
2010	\$9,756,330	\$9,753,605	99.97%	2,725
2011	\$10,125,493	\$10,125,493	100.00%	-

Source: Municipal Tax Collector

Harrington Park Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Loans Payable	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	3,465,000	411,833	-	-	-	3,876,833	1.58%	819
2003	3,335,000	358,185	-	-	-	3,693,185	1.50%	771
2004	3,205,000	302,860	-	-	-	3,507,860	1.33%	726
2005	3,070,000	245,931	-	-	-	3,315,931	1.21%	687
2006	2,930,000	187,307	-	-	-	3,117,307	1.03%	648
2007	2,785,000	126,814	-	-	-	2,911,814	0.90%	603
2008	4,182,000	64,407	-	-	-	4,246,407	1.29%	876
2009	4,017,000	-	-	-	-	4,017,000	1.28%	825
2010	3,777,000	-	-	-	-	3,777,000	Not Available	810
2011	3,522,000	-	-	-	-	3,522,000	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

**Harrington Park Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds and Loans Payable	Deductions	Net General Bonded Debt Outstanding		
2002	3,876,833	-	3,876,833	0.79%	819
2003	3,693,185	-	3,693,185	0.75%	771
2004	3,507,860	-	3,507,860	0.70%	726
2005	3,315,931	-	3,315,931	0.66%	687
2006	3,117,307	-	3,117,307	0.61%	648
2007	2,911,814	-	2,911,814	0.57%	603
2008	4,246,407	-	4,246,407	0.82%	876
2009	4,017,000	-	4,017,000	0.78%	825
2010	3,777,000	-	3,777,000	0.73%	810
2011	3,522,000	-	3,522,000	0.68%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statement

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Harrington Park Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2011			\$ 3,522,000
Net overlapping debt of School District:			
Harrington Park Borough (100%)	100.000%	\$ 3,087,676	
Regional High School Debt (10.848%)	10.848%	\$ 2,138,172	
Bergen County Utilities Authority - Borough Share (.495%)	0.495%	\$ 1,330,342	
County of Bergen - Borough's share (.683%)	0.683%	\$ 4,992,288	
Subtotal, overlapping debt			<u>\$ 11,548,478</u>
Total direct and overlapping debt			<u>\$ 15,070,478</u>

Source: Client Borough Chief Financial Officer and Client County Treasurer's office.

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

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

Harrington Park Board of Education
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 16,212,297	\$ 17,862,687	\$ 19,943,911	\$ 22,084,093	\$ 23,515,569	\$ 28,179,060	\$ 31,158,381	\$ 33,235,912	\$ 33,819,648	\$ 33,167,208
Total net debt applicable to limit	3,876,883	3,693,185	3,507,860	3,315,931	3,117,307	2,911,814	4,246,407	3,777,000	3,777,000	3,522,000
Legal debt margin	\$ 12,335,414	\$ 14,169,502	\$ 16,436,051	\$ 18,768,162	\$ 20,398,262	\$ 25,267,246	\$ 26,911,974	\$ 29,458,912	\$ 30,042,648	\$ 29,645,208
Total net debt applicable to the limit as a percentage of debt limit	23.91%	20.68%	17.59%	15.02%	13.26%	10.33%	13.63%	11.36%	11.17%	10.62%

Equalized valuation basis	
2010	\$ 1,043,670,279
2009	\$ 1,112,613,954
2008	\$ 1,160,436,606
[A]	\$ 3,316,720,839
[A/3]	\$ 1,105,573,613
[B]	33,167,208 ^a
[C]	3,522,000
[B-C]	\$ 29,645,208

Average equalized valuation of taxable property	
Debt Limit (3% of equalized valuations)	[B]
Net bonded school debt	[C]
Legal debt margin	[B-C]

Source: Abstract of Raiables and District Records CAFR Schedule J-7

^a Limit set by NISA 18A.24-19 for a K through 12 district; other % limits would be applicable for other districts

Harrington Park Board of Education
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Year	Population ^a	Personal Income		Per Capita		Unemployment Rate ^d
		(thousands of dollars) ^b	Income ^c	Personal Income ^c	Personal Income ^c	
2002	4,731	\$ 245,685,561	51,931	51,931	2.5%	
2003	4,793	\$ 245,837,763	51,291	51,291	2.5%	
2004	4,829	\$ 263,996,601	54,669	54,669	2.5%	
2005	4,826	\$ 274,903,438	56,963	56,963	2.5%	
2006	4,813	\$ 303,320,073	63,021	63,021	2.7%	
2007	4,830	\$ 324,155,790	67,113	67,113	2.4%	
2008	4,848	\$ 328,190,208	67,696	67,696	3.1%	
2009	4,870	\$ 313,569,560	64,388	64,388	5.6%	
2010	4,664	Not Available	Not Available	Not Available	5.8%	
2011	Not Available	Not Available	Not Available	Not Available	Not Available	

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- ^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Harrington Park Board of Education
Principal Employers
Current Year and Nine Years Ago **

	2011			2002		
	Employer	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS

Source: Town of Harrington Park

** Data was only provided for years noted

Harrington Park Board of Education
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

<u>Function/Program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Not Available	Not Available	Not Available							
Instruction	-	-	-	55.4	57.0	63.0	66.6	72.0	68.1	64.5
Regular	-	-	-	0.0	0.0	0.0	0.0	0.0	6.0	6.5
Special education	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other special education	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Vocational	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonpublic school programs	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adult/continuing education programs	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Support Services:										
Tuition	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Student & instruction related services	-	-	-	7.9	7.9	7.9	7.3	8.4	8.0	9.6
General administrative services	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.1
School administrative services	-	-	-	2.5	2.5	2.5	2.6	3.5	3.0	3.0
Business administrative services	-	-	-	2.6	2.6	2.6	3.0	3.0	3.0	3.0
Plant operations and maintenance	-	-	-	3.0	3.0	3.0	3.0	2.5	2.5	2.5
Pupil transportation	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special Schools	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	73.4	75.0	81.0	84.5	91.4	92.6	91.2

Source: District Personnel Records

Harrington Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	N/A					
2002	629.0	6,554,149	10,420	3.90%	61	1:10.3	N/A	N/A	631	608	4.33%	96.32%	
2003	634.0	7,208,672	11,370	9.12%	60	1:10.6	N/A	N/A	631	607	-0.08%	96.23%	
2004	673.0	7,394,328	10,987	-3.37%	59	1:11.4	N/A	N/A	691	666	9.51%	96.38%	
2005	673.0	8,222,292	12,217	11.20%	61	1:11.3	N/A	N/A	674	649	-2.39%	96.25%	
2006	704.0	8,614,103	12,236	0.15%	57	1:12.3	N/A	N/A	705	682	4.57%	96.74%	
2007	712.0	9,488,459	13,326	8.91%	67	1:10.6	N/A	N/A	703	678	-0.28%	96.44%	
2008	738.0	10,315,787	13,978	4.89%	72	1:10.3	N/A	N/A	733	709	4.27%	96.73%	
2009	726.0	10,254,725	14,125	1.05%	72	1:10.1	N/A	N/A	721	695	-1.64%	96.39%	
2010	712.0	10,622,800	14,920	5.63%	71	1:10.0	N/A	N/A	712	688	-1.25%	96.63%	
2011	687.0	10,118,751	14,729	-1.28%	69	1:10.0	N/A	N/A	688	664	-3.37%	96.51%	

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count for all students attending school facilities

- a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Harrington Park Board of Education
 School Building Information
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Buildings										
School										
Harrington Park School										
Square Feet	Not Available	69,250	69,250	69,250	69,250	95,250	95,250	95,250	95,250	95,250
Capacity (students)	Not Available	635	635	635	635	775	775	775	775	775
Enrollment	608	631	631	691	674	700	712	739	726	687
Other										
Administrative Trailer										
Square Feet	Not Available	600	600	600	600	600	-	-	-	-
Storage Trailer										
Square Feet	Not Available	1800	1800	1800	1800	1800	1800	1800	1800	1800
Number of Schools at June 30, 2011										
School = 1										

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Harrington Park Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Nine Fiscal Years
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

	2011	2010	2009	2008	2007	2006	2005	2004	2003
School Facilities									
Harrington Park School	199,179	228,275	263,107	334,719	171,485	304,828	240,541	251,761	312,533
Total School Facilities	199,179	228,275	263,107	334,719	171,485	304,828	240,541	251,761	312,533
Other Facilities									
Grand Total	\$ 199,179	\$ 228,275	\$ 263,107	\$ 334,719	\$ 171,485	\$ 304,828	\$ 240,541	\$ 251,761	\$ 312,533

**Harrington Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2011
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Selective Way Insurance Co.	COMMERCIAL PROPERTY COVERAGE		
	Flood & Earthquake	\$ 5,000,000	\$ 50,000
	Flood Zone A	1,000,000	500,000
	Extra Expense	5,000,000	
	Building Ordinance Demolition Cost	2,000,000	
	Building Ordinance Increased Cost of Construction	2,000,000	
	Pollutant Clean Up & Removal	100,000	
	GENERAL LIABILITY		
	General Aggregate	2,000,000	
	Products & Completed Operations	2,000,000	
	Personal & Advertising Injury	1,000,000	
	Each Occurrence	1,000,000	
	Fire Legal Liability Limit	1,000,000	
	Medical Expense	5,000	
	Employee Benefits Liability	1,000,000	1,000
	COMMERCIAL AUTOMOBILE		
	Liability	\$ 1,000,000	
	Medical Payments	5,000	
	Uninsured Motorist	1,000,000	
	Underinsured Motorist	1,000,000	
	Computers and schedule equipment General Security		
	Tuition and Fees	\$ 20,000	\$ 5,000
	Contractors Equipment	250,000	5,000
	Fine Arts	25,000	5,000
	Computer Equipment	2,500,000	5,000
	Misc. School Property: lighting, radio/TV antennas, playground equipment, outdoor benches, flagpoles, etc	100,000	5,000
	Cameras, Athletic equipment, musical instruments and uniforms	250,000	5,000
	Valuable papers and records	5,000,000	5,000
	Electronic Data Processing	2,500,000	5,000
Accounts Receivable	100,000	5,000	
Boiler and machinery - General Security	\$ 100,000,000	\$ 1,000	
Crime Coverage			
Employee Dishonesty-Per Employee	\$ 100,000	\$ 5,000	
Employee Dishonesty-Per Loss (Excess)	400,000		
Forgery and Alteration	50,000	1,000	
Environmental Impairment	\$ 20,000,000		
Excess Liability Coverage	\$ 50,000,000		
Commercial Umbrella	\$ 9,000,000		
Workers' Compensation	\$ 1,000,000		

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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

Honorable President and
Members of the Board of Education
Borough of Harrington Park School District
County of Bergen, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Harrington Park School District in the County of Bergen as of and for the fiscal year ended June 30, 2011 which collectively comprise the basic financial statements of the Board of Education of the Borough of Harrington Park School District in the County of Bergen, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the Board of Education of the Borough of Harrington Park School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 28, 2011.

This report is intended solely for the information of management, the Borough of Harrington Park Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

October 28, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR STATE PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Education
Borough of Harrington Park School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Harrington Park School District in the County of Bergen with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Borough of Harrington Park School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Harrington Park School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Harrington Park School District Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the New Jersey OMB's Circular 04-04. Those standards, and OMB Circular A-133 and N.J. OMB 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 Borough of Harrington Park School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Harrington Park School District Board of Education's compliance with those requirements.



In our opinion, the Borough of Harrington Park School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Borough of Harrington Park School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Harrington Park School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Harrington Park School District Board of Education's internal control over compliance.

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

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

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



Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

HARRINGTON PARK
BOARD OF EDUCATION

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2011	Accounts Receivable at June 30, 2011	Due to Grantor at June 30, 2011	Cumulative Total Expenditures
U.S. Department of Agriculture											
Passed-through State Department of Education: Enterprise Fund:											
Special Milk Fund	10.556		7/1/09-6/30/10	6,042	(599)	599					6,113
Special Milk Fund	10.556		7/1/10-6/30/11	8,080		6,420	8,080		(1,660)		8,080
Total U.S. Department of Agriculture					(599)	7,019	8,080		(1,660)		14,193
U.S. Department of Education											
Passed-through State Department of Education: General Fund:											
Education Jobs Fund	84.410A		8/10/10-9/30/12	16,801		16,801	16,801				16,801
Total U.S. Department of Education - General Fund						16,801	16,801				16,801
Special Revenue Fund:											
Title II A, Teacher/Principal Training and Recruiting	84.367A	NCLB371003	9/1/09-8/31/10	1,672		1,672	1,672				4,220
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB371003	9/1/10-8/31/11	3,230		3,230	3,230				8,310
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB371003	9/1/07-8/31/08	4,669	(3,584)				(3,584)		4,669
Title IV, Safe and Drug Free Schools	84.186A	NCLB371003	9/1/07-8/31/08	844	(844)				(844)		844
Title V-Innovative Programs	84.298A	NCLB583003	9/1/07-8/31/08	784	(784)				(784)		784
Other Special Projects											
I.D.E.A. Part B, Preschool	84.173	PT205094	9/1/93-8/31/94		38					38	
I.D.E.A. Part B, Preschool	84.173	PT205098	9/1/97-8/31/98		2					2	
I.D.E.A. Part B, Preschool	84.173	PT205000	9/1/99-8/31/00		610					610	
I.D.E.A. Part B, Preschool	84.173	IDEA205006	9/1/05-8/31/06	8,493	386					386	
I.D.E.A. Part B, Preschool	84.173	IDEA205009	9/1/09-8/31/10	10,774	(10,774)	10,774					8,107
I.D.E.A. Part B, Preschool	84.173	IDEA205010	9/1/10-8/31/11	10,985			10,985		(10,985)		10,774
ARRA - I.D.E.A. Part B, Preschool	84.392	IDEA205009	9/1/09-8/31/10	5,347	(1,334)		4,013		(5,347)		10,985
											5,347

HARRINGTON PARK
BOARD OF EDUCATION

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Cash Received	Budgetary Expenditures	Deferred Revenue at June 30, 2011	Accounts Receivable at June 30, 2011	Due to Grantor at June 30, 2011	Cumulative Total Expenditures
I.D.E.A. Part B, Basic Regular	84.027	FT205096	7/1/95-6/30/96		106					106	
I.D.E.A. Part B, Basic Regular	84.027	FT205099	9/1/98-8/31/99		759					759	
I.D.E.A. Part B, Basic Regular	84.027	FT205099	9/1/03-8/31/04		873					873	
I.D.E.A. Part B, Basic Regular	84.027	IDEA205007	9/1/06-8/31/07	120,880	20,588					20,588	100,292
I.D.E.A. Part B, Basic Regular	84.027	IDEA205009	9/1/09-8/31/10	129,771	(129,771)	129,771					129,771
I.D.E.A. Part B, Basic Regular	84.027	IDEA205010	9/1/10-8/31/11	130,673			130,673		(130,673)		130,673
ARRA - I.D.E.A. Part B, Basic Regular	84.391	ARRA205009	9/1/09-8/31/10	147,696	(84,142)	90,198	6,056				147,696
Total U.S. Department of Education - Special Revenue Fund					(207,871)	235,645	156,629		(152,217)	23,362	562,472
Department of Housing and Urban Development Passed- Through County of Bergen Special Revenue Fund: Community Development Block Grant - Barrier Free Improvements	14.280		7/1/07-6/30/08	50,000	(42,822)	34,024			(8,798)		42,822
Total Department of Housing and Urban Development					(42,822)	34,024			(8,798)		42,822
Total Federal Financial Assistance				\$	(251,292)	293,489	181,510		(162,675)	23,362	636,288

See accompanying notes to schedules of expenditures of federal and state awards.

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.

HARRINGTON PARK
BOARD OF EDUCATION

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Program or Award Amount	Balance at June 30, 2010			Balance at June 30, 2011			MEMO		
				Deferred Revenue/ (Accounts Receivable)	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
General Fund:												
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	1,540			1,540	1,540					1,540
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	2,191			2,191	2,191					2,191
Non-Public Transportation Aid			1,068				1,068	(1,068)				1,068
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	136,074	(136,074)		136,074						136,074
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	210,632				210,632	(210,632)				210,632
TPAF - Social Security	10-495-034-5095-002	7/1/09-6/30/10	353,740	(51,983)		51,983						353,740
TPAF - Social Security	11-495-034-5095-002	7/1/10-6/30/11	346,643			312,851	346,643	(33,792)				346,643
TPAF - Social Security	07-495-034-5095-002	7/1/06-6/30/07	296,128	(10,867)				(10,867)				296,128
Teacher's Pension and Annuity Fund - Non-contributory Insurance	10-495-034-5095-007	7/1/10-6/30/11	13,911			13,911	13,911					13,911
On Behalf TPAF Pension - Post Retirement	10-495-034-5095-001	7/1/10-6/30/11	295,477			295,477	295,477					295,477
Total General Fund				(198,924)		814,027	871,462	(256,359)				1,657,404
Special Revenue Fund:												
Character Education Aid	01-495-034-5120-053	7/1/00-6/30/01	4,000		1,577					1,577		2,423
Character Education Aid	02-495-034-5120-053	7/1/01-6/30/02	4,000		502					502		3,498
Character Education Aid	03-495-034-5120-053	7/1/02-6/30/03	4,000		1					1		3,999
Character Education Aid	04-495-034-5120-053	7/1/03-6/30/04	4,000		151					151		3,849
Character Education Aid	05-495-034-5120-053	7/1/04-6/30/05	4,000		205					205		3,795
Character Education Aid	06-495-034-5120-053	7/1/05-6/30/06	4,000		45					45		3,955
Total Special Revenue Fund					2,481					2,481		21,519
Debt Service Fund:												
Debt Service Aid, Type II	11-495-034-5120-017	7/1/10-6/30/11	27,887			27,878	27,878					27,878
Total State Financial Assistance				(198,924)	2,481	841,905	899,340	(256,359)		2,481		1,706,801

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$49,892 for the general fund and \$(55,860) for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$16,801	\$921,354		\$938,155
Special Revenue Fund	\$156,628		\$	156,628
Debt Service Fund	-0-	27,878		27,878
Food Service Fund	<u>8,080</u>			<u>8,080</u>
Total Awards and Financial	<u>\$181,509</u>	<u>\$949,232</u>	<u>\$0</u>	<u>\$1,130,741</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**BOROUGH OF HARRINGTON PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Not Applicable

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: unqualified

Internal Control over major programs:

1. Material weakness(es) identified? yes X no
2. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

11-495-034-5095-002
11-100-034-5120-473

Reimbursed TPAF Social Security Contributions
Extraordinary Aid

**BOROUGH OF HARRINGTON PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section II - Financial Statement Findings

None

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

None

**BOROUGH OF HARRINGTON PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

There were no prior year audit findings.