

HARRINGTON PARK
BOARD OF EDUCATION

Harrington Park Board of Education
Harrington Park, New Jersey

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Harrington Park Board of Education

Harrington Park, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

**Harrington Park Board of Education
Finance Department**

**HARRINGTON PARK BOARD OF EDUCATION
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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

October 18, 2012

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, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 2011-12 fiscal year with an enrollment of 691 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>
2011-12	691.0	+0.14
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. 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 2011-12 academic year, the Harrington Park School District continued its long-term focus on improving students' performance in all academic areas. For the 2011-12 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, 2011.

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 Lerch, Vinci & Higgins, LLP 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,

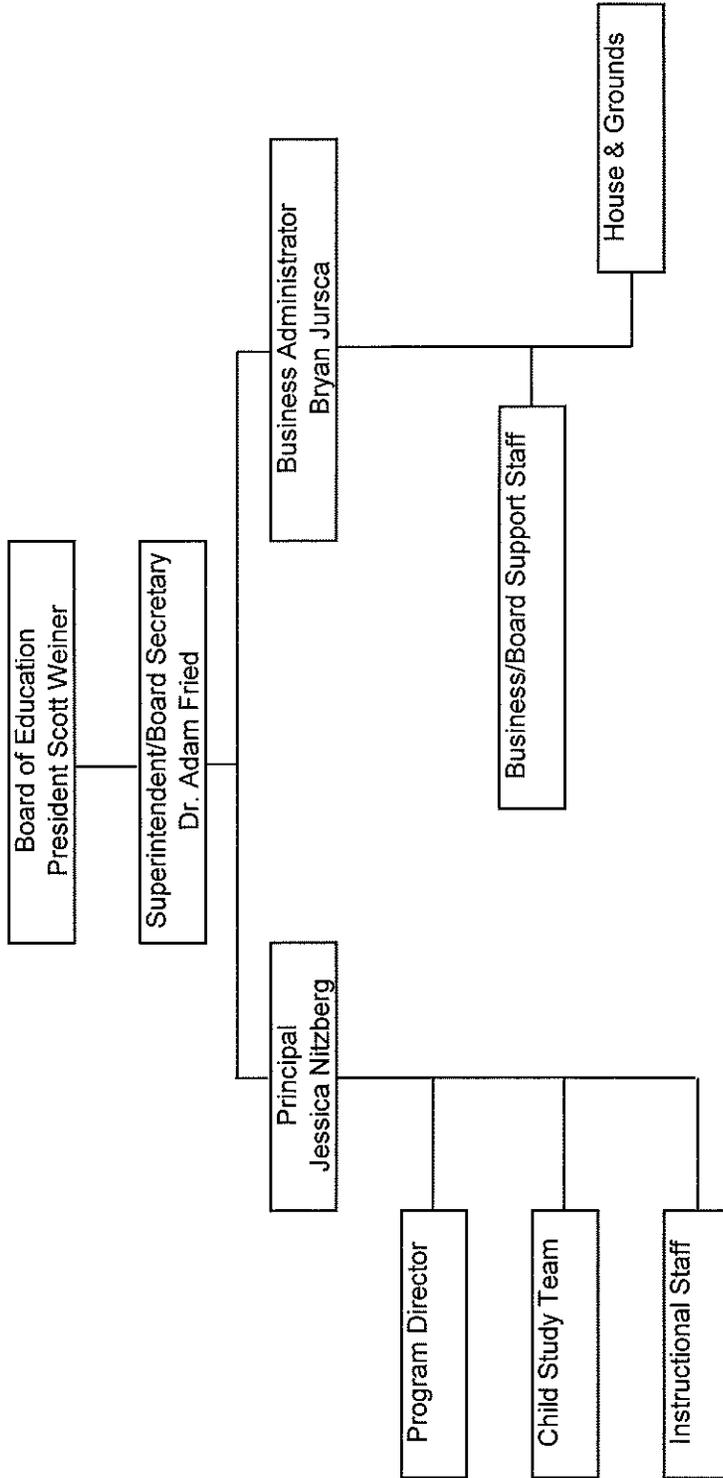
Dr. Adam Fried

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, 2012

Members of the Board of Education

Term Expires

Eric Fishbein, President

2014

Diane Smith, Vice President

2014

Scott Weiner, Trustee

2015

Laura Wood, Trustee

2013

Christina Mangano, Trustee

2013

Other Officials

Adam Fried, PhD., Superintendent/Board Secretary

Bryan Jursca, Business Administrator

John Dineen, Esq., Attorney

**HARRINGTON PARK BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

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Closter, NJ 07624

Official Depository

Capital One Bank
600 Piermont Rd.
Closter, NJ 07624

FINANCIAL SECTION

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

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

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

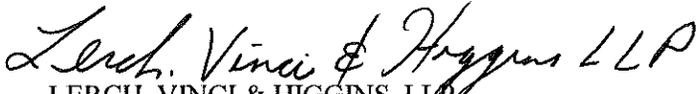
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Harrington Park Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

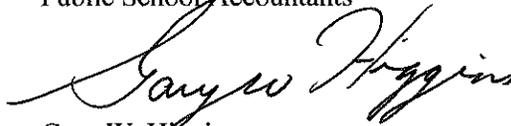
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrington Park Board of Education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

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2012 on our consideration of the Harrington Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harrington Park Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal 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", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary W. Higgins
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

This section of the Harrington Park Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year include the following:

- The assets of the Harrington Park Board of Education exceeded its liabilities at the close of the fiscal year by \$5,601,132 (net assets).
- Overall District revenues were \$11,554,068 which were \$24,724 more than overall District expenses of \$11,529,344. General revenues accounted for \$10,339,004 or 90% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$1,215,064 or 10% of total revenues.
- The School District had \$11,499,520 in expenses for governmental activities; only \$1,191,672 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$10,338,945 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,110,720. Of that amount, \$204,642 (19%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$207,642 at June 30, 2012, a decrease of \$254,058 when compared with the beginning balance at July 1, 2011.
- The General Fund unassigned budgetary basis fund balance at June 30, 2012 was \$678,799, which represents an increase of \$217,099 compared to the ending budgetary basis fund balance at June 30, 2011 of \$461,700.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

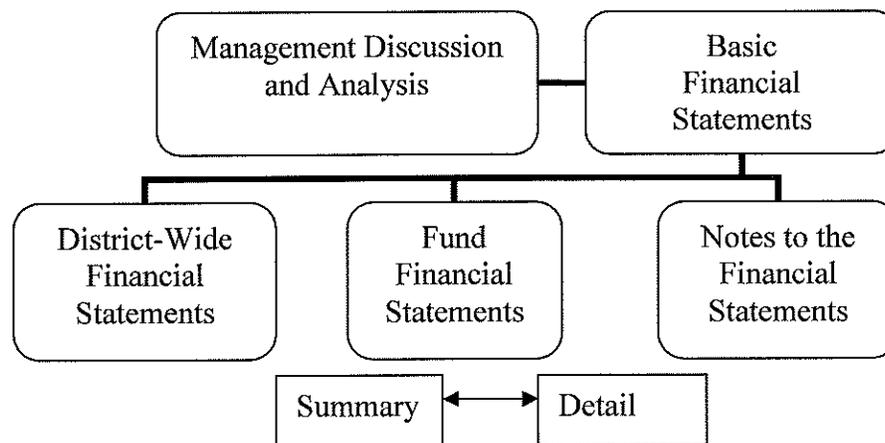
Year Ended June 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The Figure below shows how the various parts of this annual report are arranged and related to one another.



HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service.	Instances in which the district administers resources on behalf of someone else, such as scholarship, donations, student activities, and payroll deductions.
Required Financial Statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenue Expenditures and changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses and changes in Fund Net Assets Statement of Cash Flows	Statements of Fiduciary Net Assets Statement of changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities both short and long-term funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

District-wide Statements

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

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

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

In the District-wide financial statement's the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as instruction, support services, operations and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and State and Federal aids finance most of these activities.
- *Business-type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's Special Milk Program Fund is included here.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g. repaying its long-term debts) or to show that it is properly using certain revenues (e.g. Federal funds).

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The state intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund for its food service operations.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets held in trust for State unemployment insurance claims, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. Budgetary comparison statements have been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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 following provides a summary of the school district's net assets. The District's *combined* net assets were \$5,601,132 and \$5,576,408 on June 30, 2012 and 2011, respectively.

Table 1
Net Assets

	Governmental Types		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 1,318,239	\$ 1,296,344	\$ 6,195	\$ 11,764	\$ 1,324,434	\$ 1,308,108
Capital assets	<u>7,861,657</u>	<u>8,078,039</u>	<u>4,054</u>	<u>5,028</u>	<u>7,865,711</u>	<u>8,083,067</u>
Total assets	<u>9,179,896</u>	<u>9,374,383</u>	<u>10,249</u>	<u>16,792</u>	<u>9,190,145</u>	<u>9,391,175</u>
Liabilities						
Current liabilities	270,855	193,174	678	848	271,533	194,022
Noncurrent liabilities	<u>3,317,480</u>	<u>3,620,745</u>	<u>-</u>	<u>-</u>	<u>3,317,480</u>	<u>3,620,745</u>
Total liabilities	<u>3,588,335</u>	<u>3,813,919</u>	<u>678</u>	<u>848</u>	<u>3,589,013</u>	<u>3,814,767</u>
Net Assets						
Invested in capital assets, net of related debt	4,609,657	4,556,039	4,054	5,028	4,613,711	4,561,067
Restricted	102,434	709,753	-	-	102,434	709,753
Unrestricted	<u>879,470</u>	<u>294,672</u>	<u>5,517</u>	<u>10,916</u>	<u>884,987</u>	<u>305,588</u>
Total net assets	<u>\$ 5,591,561</u>	<u>\$ 5,560,464</u>	<u>\$ 9,571</u>	<u>\$ 15,944</u>	<u>\$ 5,601,132</u>	<u>\$ 5,576,408</u>

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

The following shows changes in net assets for fiscal years 2012 and 2011.

Table 2
Change in Net Assets

	Governmental		Business-Type		Total	
	Types		Activities			
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services and sales			\$ 14,700	\$ 10,330	\$ 14,700	\$ 10,330
Operating grants and contributions	\$ 1,191,672	\$ 184,507	8,692	8,080	1,200,364	192,587
General revenues						
Property taxes, levied for						
general purposes	9,738,527	9,738,527			9,738,527	9,738,527
Property taxes levied for debt service	386,966	386,966			386,966	386,966
Federal and State Aid Not Restricted	24,013	938,155			24,013	938,155
Other	189,439	122,934	59	79	189,498	123,013
Total revenues	<u>11,530,617</u>	<u>11,371,089</u>	<u>23,451</u>	<u>18,489</u>	<u>11,554,068</u>	<u>11,389,578</u>
Program Expenses						
Instruction						
Regular	4,962,477	4,325,365			4,962,477	4,325,365
Special	2,454,921	1,302,010			2,454,921	1,302,010
Other Special Instruction	91,839	32,638			91,839	32,638
Other Instruction	112,742	125,045			112,742	125,045
Support services						
Tuition		615,603			-	615,603
Student and Instruction Related Services	1,441,239	1,236,942			1,441,239	1,236,942
School Administrative Services	224,550	271,855			224,550	271,855
General Administrative Services	457,667	395,164			457,667	395,164
Central Services	259,835	207,368			259,835	207,368
Administrative Information Technology	53,940	50,626			53,940	50,626
Plant Operations and Maintenance	1,150,032	945,598			1,150,032	945,598
Pupil Transportation	143,844	80,050			143,844	80,050
Unallocated Benefits		715,032			-	715,032
Capital Outlay - Non-depreciable		15,993			-	15,993
Debt Service						
Interest and Other Charges	146,434	158,177			146,434	158,177
Unallocated Depreciation		227,708			-	227,708
Food Service	-	-	29,824	31,156	29,824	31,156
Total expenses	<u>11,499,520</u>	<u>10,705,174</u>	<u>29,824</u>	<u>31,156</u>	<u>11,529,344</u>	<u>10,736,330</u>
Change in Net Assets	31,097	665,915	(6,373)	(12,667)	24,724	653,248
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 5,591,561</u>	<u>\$ 5,560,464</u>	<u>\$ 9,571</u>	<u>\$ 15,944</u>	<u>\$ 5,601,132</u>	<u>\$ 5,576,408</u>

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

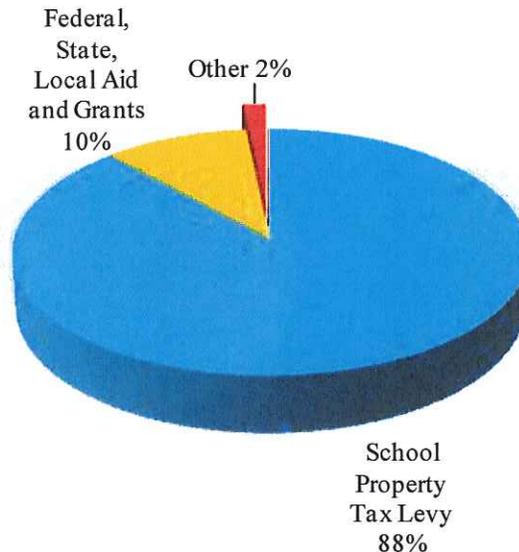
Year Ended June 30, 2012

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$11,530,617 for the year ended June 30, 2012, property taxes of \$10,125,493 represented 88% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$1,191,672 and represented 11% of revenues. In addition, revenue is earned from tuition, transportation fees and miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items.

The total cost of all governmental activities programs and services was \$11,499,520. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$7,621,979 (68%) of total expenses. Support services, total \$3,731,107 (33%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding.

Total governmental activities revenues exceeded expenses, increasing net assets by \$31,097 from the previous year.

Revenues by Type – Governmental Activities
For Fiscal Year 2012

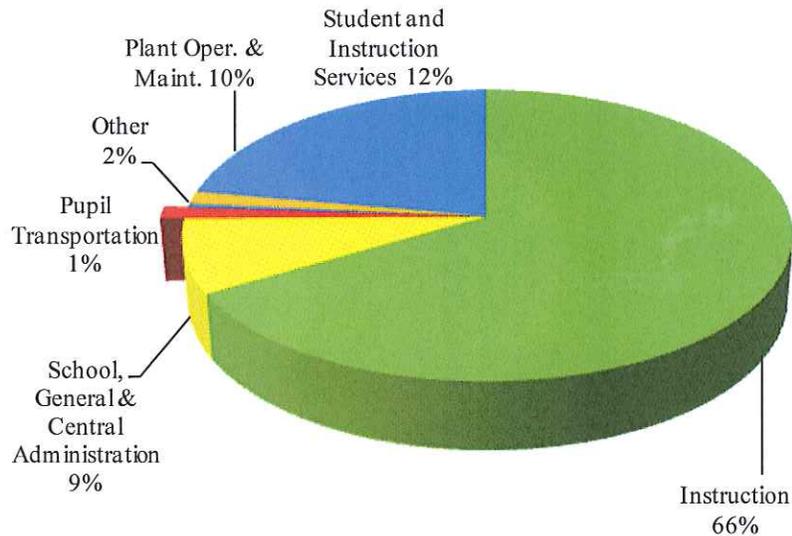


HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

Expenditures by Type – Governmental Activities
For Fiscal Year 2012



Net Cost of Governmental Activities. The District's total cost of services was \$11,499,520. After applying program revenues, derived from operating grants and contributions of \$1,191,672 the net cost of services of the District is \$10,307,848.

	<u>Total Cost of Services</u> <u>2012</u>	<u>Net Cost of Services</u> <u>2012</u>
Instruction	\$ 7,621,979	\$ 6,592,723
Support services		
Student and Instruction Related	1,441,239	1,307,186
General administration, school administration, business/central	942,052	919,923
Administrative Info Tech	53,940	53,940
Operation and maintenance of facilities	1,150,032	1,150,032
Pupil Transportation	143,844	142,932
Interest on Debt	146,434	141,112
	<u>\$ 11,499,520</u>	<u>\$ 10,307,848</u>
Total Expenses		

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$29,824. These costs were funded by charges for services of \$14,700 (63%) and operating grants of \$8,692 (37%), as detailed in the change in net assets schedule.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

Business-Type Activities (Continued)

Total business-type activities expenses exceeded revenues, decreasing net assets by \$6,373 over the previous year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,110,720 at June 30, 2012 compared to a combined fund balance of \$1,171,453 at June 30, 2011.

Revenues for the District's governmental funds were \$11,575,040, while total expenditures were \$11,635,773.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation, activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2012 and 2011.

<u>Revenue</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2012</u>	<u>2011</u>		
Local Sources	\$ 9,972,389	\$ 9,861,461	\$ 110,928	1.12%
State Sources	987,011	921,354	65,657	7.13%
Federal Sources	<u>-</u>	<u>16,801</u>	<u>(16,801)</u>	-100.00%
Total	<u>\$ 10,959,400</u>	<u>\$ 10,799,616</u>	<u>\$ 159,784</u>	1.48%

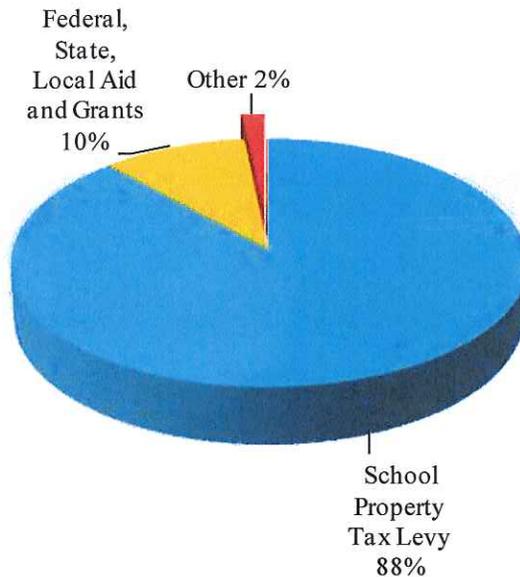
The majority of revenues come from property taxes which accounted for 89% and 91% of total revenue for the years ended June 30, 2012 and 2011, respectively. State sources represented 9% and 8% of total revenue for the fiscal years 2012 and 2011, respectively.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

General Fund Revenues by Source



The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2012 and 2011.

<u>Expenditures</u>	<u>2012</u>	<u>2011</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 7,499,551	\$ 4,493,981	\$ 3,005,570	66.88%
Support Services	3,479,421	5,624,770	(2,145,349)	-38.14%
Capital outlay	36,081	44,325	(8,244)	-18.60%
Total	<u>\$ 11,015,053</u>	<u>\$ 10,163,076</u>	<u>\$ 851,977</u>	8.38%

Total General Fund expenditures increased \$851,977 or 9% from the previous year.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

For the 2011-2012 school year general fund expenditures and other financing uses exceeded revenues by \$55,653. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$461,700 at June 30, 2011 to \$207,642 at June 30, 2012. Consequently, the district has \$544,629 designated for subsequent year's expenditures compared to \$61,800 designated for subsequent year's expenditures at June 30, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2012 and 2011, the school district had invested in land, buildings, furniture, machinery and equipment as follows:

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 504,400	\$ 504,400			\$ 504,400	\$ 504,400
Buildings and Improvements	13,897,690	13,897,690			13,897,690	13,897,690
Furniture, Equipment and Vehicles	518,901	462,857	7,828	\$ 7,828	526,729	470,685
Construction in Progress	<u>241,659</u>	<u>259,969</u>	<u>\$ -</u>	<u>-</u>	<u>241,659</u>	<u>259,969</u>
	15,162,650	15,124,916	7,828	7,828	15,170,478	15,132,744
Less Depreciation	<u>(7,300,993)</u>	<u>(7,046,877)</u>	<u>(3,774)</u>	<u>(2,800)</u>	<u>(7,304,767)</u>	<u>(7,049,677)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 7,861,657</u>	<u>\$ 8,078,039</u>	<u>\$ 4,054</u>	<u>\$ 5,028</u>	<u>\$ 7,865,711</u>	<u>\$ 8,083,067</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

Debt Administration. As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$3,317,480 and \$3,620,745 as follows:

Outstanding Long-Term Liabilities As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Serial Bonds Payable	\$ 3,252,000	\$ 3,522,000
Compensated Absences	<u>65,480</u>	<u>98,745</u>
Total	<u>\$ 3,317,480</u>	<u>\$ 3,620,745</u>

Additional information on the District's long-term liabilities is presented in Note 3 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund budgetary basis revenues exceeded budgetary basis expenditures increasing budgetary basis fund balance by \$415,504 from the previous year. After deducting restricted and designed fund balances, the unassigned budgetary fund balance increased \$217,099 from \$464,700 at June 30, 2011 to \$678,799 at June 30, 2012. In addition, the District designated \$544,629 for subsequent year's expenditures at June 30, 2012 compared to designating \$61,800 for subsequent year's expenditures at June 30, 2011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While many factors influence the District's future, the availability of State funding, special education needs, capital improvements, student enrollment and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid, contractual salary and related benefit cost increases, as well as, increased special education tuition costs.

These indicators were considered when adopting the budget for fiscal year 2012-2013. Budgeted expenditures in the General Fund increased approximately 8% to \$10,838,024 for fiscal year 2012-2013.

HARRINGTON PARK BOARD OF EDUCATION

Management Discussion and Analysis

Year Ended June 30, 2012

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Business Office, Harrington Park Board of Education, Administrative Offices, 191 Harriot Avenue, Harrington Park, New Jersey 07640

BASIC FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,206,697	\$ 4,519	\$ 1,211,216
Receivables, net	111,542	1,676	113,218
Capital Assets, net			
Not Being Depreciated	746,059		746,059
Being Depreciated	<u>7,115,598</u>	<u>4,054</u>	<u>7,119,652</u>
Total Assets	<u>9,179,896</u>	<u>10,249</u>	<u>9,190,145</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	178,530	678	179,208
Accrued Interest Payable	63,336		63,336
Payable to Other Governments	25,842		25,842
Unearned Revenue	3,147		3,147
Noncurrent Liabilities			
Due within one year	285,000		285,000
Due beyond one year	<u>3,032,480</u>	<u>-</u>	<u>3,032,480</u>
Total Liabilities	<u>3,588,335</u>	<u>678</u>	<u>3,589,013</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,609,657	4,054	4,613,711
Restricted for			
Capital Projects	102,434		102,434
Unrestricted	<u>879,470</u>	<u>5,517</u>	<u>884,987</u>
Total Net Assets	<u>\$ 5,591,561</u>	<u>\$ 9,571</u>	<u>\$ 5,601,132</u>

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

HARRINGTON PARK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 4,962,477		\$ 592,106		\$ (4,370,371)		\$ (4,370,371)
Special Education	2,454,921		425,469		(2,029,452)		(2,029,452)
Other Instruction	91,839		11,681		(80,158)		(80,158)
School Sponsored Activities and Athletics	112,742				(112,742)		(112,742)
Support Services							
Student and Instruction Related Services	1,441,239		134,053		(1,307,186)		(1,307,186)
General Administration Services	457,667				(457,667)		(457,667)
School Administration Services	224,550		22,129		(202,421)		(202,421)
Business/Central Services	259,835				(259,835)		(259,835)
Administrative Info Tech	53,940				(53,940)		(53,940)
Operation and Maintenance of Facilities	1,150,032		912		(1,150,032)		(1,150,032)
Pupil Transportation	143,844		5,322		(142,932)		(142,932)
Interest on Debt	146,434				(141,112)		(141,112)
Total Governmental Activities	11,499,520	-	1,191,672	-	(10,307,848)	-	(10,307,848)
Business-Type Activities							
Food Service	29,824	\$ 14,700	8,692			\$ (6,432)	(6,432)
Total Business-Type Activities	29,824	14,700	8,692	-	-	(6,432)	(6,432)
Total Primary Government	\$ 11,529,344	\$ 14,700	\$ 1,200,364	\$ -	(10,307,848)	(6,432)	(10,314,280)
General Revenues							
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 - Unrestricted					24,013		24,013
Miscellaneous Revenues					233,747		233,747
Interest Income					115	59	174
Loss on Disposal					(44,423)		(44,423)
Total General Revenues and Loss on Disposal					10,338,945	59	10,339,004
Change in Net Assets					31,097	(6,373)	24,724
Net Assets, Beginning of Year					5,560,464	15,944	5,576,408
Net Assets, End of Year					\$ 5,591,561	\$ 9,571	\$ 5,601,132

FUND FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,206,697				\$ 1,206,697
Due from Other Funds	45,949	\$ 3,058			49,007
Receivables from:					
Governments	40,229	131	\$ 2,728		43,088
Other	-	25,800	-	-	25,800
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 1,292,875	\$ 28,989	\$ 2,728	\$ -	\$ 1,324,592
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 113,216	\$ 15,255			\$ 128,471
Compensated Absence Payable	21,727				21,727
Payroll Deductions and Withholdings	36,087				36,087
Payables to Federal Government		8,107			8,107
Payables to State Government		2,480			2,480
Due to Other Funds	10,558		\$ 295	\$ 3,000	13,853
Deferred Revenue	-	3,147	-	-	3,147
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	181,588	28,989	295	3,000	213,872
Fund Balances					
Restricted Fund Balance					
Excess Surplus - Designated					
for Subsequent Year's Expenditures	232,164				232,164
Capital Reserve	100,001				100,001
Emergency Reserve	176,644				176,644
Capital Projects			2,433		2,433
Assigned					
Year Encumbrances	82,371				82,371
Designated for Subsequent Year's					
Expenditures	312,465				312,465
Unassigned	207,642	-	-	(3,000)	204,642
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	1,111,287	-	2,433	(3,000)	1,110,720
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 1,292,875	\$ 28,989	\$ 2,728	\$ -	

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 \$15,162,650 and the accumulated depreciation is \$7,300,993.

7,861,657

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(63,336)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds

 General Obligation Bonds

(3,252,000)

 Compensated Absences Payable

(65,480)

(3,317,480)

Net assets of governmental activities

\$ 5,591,561

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 9,738,527			\$ 386,966	\$ 10,125,493
Interest	115				115
Miscellaneous	233,747	-	-	-	233,747
Total - Local Sources	9,972,389	-	-	386,966	10,359,355
State Sources	987,011			29,335	1,016,346
Federal Sources	-	\$ 199,339	-	-	199,339
Total Revenues	10,959,400	199,339	-	416,301	11,575,040
EXPENDITURES					
Current					
Regular Instruction	4,979,400				4,979,400
Special Education Instruction	2,319,160	141,747			2,460,907
Other Instruction	92,184				92,184
School-Sponsored Activities and Athletics	108,807				108,807
Support Services					
Student and Instruction Related Services	1,435,404	1,732			1,437,136
General Administration Services	447,025				447,025
School Administration Services	225,354				225,354
Business / Central Services	260,754				260,754
Administrative Info Tech	53,940				53,940
Plant Operations and Maintenance	913,100				913,100
Pupil Transportation	143,844				143,844
Debt Service					
Principal				270,000	270,000
Interest and Other Charges				151,381	151,381
Capital Outlay	36,081	55,860	-	-	91,941
Total Expenditures	11,015,053	199,339	-	421,381	11,635,773
Excess (Deficit) of Revenues Over (Under) Expenditures	(55,653)	-	-	(5,080)	(60,733)
Other Financing Sources (Uses)					
Transfer to Cover Deficit - Debt Service	-	-	\$ (4,443)	4,443	-
Total Other Financing Sources and Uses	-	-	(4,443)	4,443	-
Net Change in Fund Balances	(55,653)	-	(4,443)	(637)	(60,733)
Fund Balance (Deficit), Beginning of Year	1,166,940	-	6,876	(2,363)	1,171,453
Fund Balance (Deficit), End of Year	\$ 1,111,287	\$ -	\$ 2,433	\$ (3,000)	\$ 1,110,720

**HARRINGTON PARK BOARD OF EDUCATION
ILLUSTRATIVE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2)	\$	(60,733)
Amounts reported for governmental activities in the statement of activities are different because:		
<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 depreciation exceeds capital asset additions in the period</p>		
Depreciation Expense	\$	(263,900)
Capital Outlays		<u>91,941</u>
		(171,959)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. disposal, sale) is to decrease net assets</p>		
Loss on Disposal of Capital Assets		(44,423)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal Repayments Bonds Payable		270,000
<p>In the statement of activities, certain operating expenses, e.g., compensated absences 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>		
		33,265
<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. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase.</p>		
		<u>4,947</u>
Change in net assets of governmental activities	\$	<u>31,097</u>

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

		<u>Special Milk Program</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	4,519
Intergovernmental Receivable Federal		1,676
Total Current Assets		6,195
Capital Assets		
Equipment		7,828
Less: Accumulated Depreciation		(3,774)
Total Capital Assets		4,054
Total Assets		10,249
LIABILITIES		
Current Liabilities		
Accounts Payable		678
Total Current Liabilities		678
NET ASSETS		
Invested in Capital Assets		4,054
Unrestricted		5,517
Total Net Assets	\$	9,571

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Total Enterprise Funds
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 14,700
Total Operating Revenues	14,700
OPERATING EXPENSES	
Salaries, Wages and Payroll Taxes	20,000
Cost of Sales	8,850
Depreciation	974
Total Operating Expenses	29,824
Operating Loss	(15,124)
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	8,692
Interest on deposits	59
Total Nonoperating Revenues	8,751
Change in Net Assets	(6,373)
Net Assets, Beginning of Year	15,944
Net Assets, End of Year	\$ 9,571

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Total Enterprise Funds
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 14,700
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(20,000)
Cash Payments to Suppliers for Goods and Services	(9,020)
	(14,320)
Net Cash Used by Operating Activities	(14,320)
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	8,676
	8,676
Net Cash Provided by Noncapital Financing Activities	8,676
Cash Flows from Investing Activities	
Interest on Investments	59
	59
Net Cash Provided by Investing Activities	59
Net Decrease in Cash and Cash Equivalents	(5,585)
Cash and Cash Equivalents, Beginning of Year	10,104
Cash and Cash Equivalents, End of Year	\$ 4,519
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ (15,124)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	974
Change in Assets and Liabilities Increase/(Decrease) in Accounts Payable	(170)
	804
Total Adjustments	804
Net Cash Used by Operating Activities	\$ (14,320)

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Expendable Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 23,364		\$ 51,291
Due from Other Funds	<u>7,500</u>	<u>-</u>	<u>4,365</u>
Total Assets	<u>30,864</u>	<u>-</u>	<u>\$ 55,656</u>
LIABILITIES			
Accounts Payable	2,966		
Accrued Salaries and Wages			\$ 9,249
Due to Student Groups			3,753
Due to Other Funds	<u>4,365</u>	<u>-</u>	<u>42,654</u>
Total Liabilities	<u>7,331</u>	<u>-</u>	<u>\$ 55,656</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 23,533</u>	<u>\$ -</u>	

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Expendable Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 10,720	
District	40,243	
Interest on Deposits	49	-
	<hr/>	<hr/>
Total Additions	51,012	-
	<hr/>	<hr/>
DEDUCTIONS		
Other		\$ 23
Unemployment Claims and Contributions	35,708	-
	<hr/>	<hr/>
Total Deductions	35,708	23
	<hr/>	<hr/>
Change in Net Assets	15,304	(23)
Net Assets, Beginning of Year	8,229	23
	<hr/>	<hr/>
Net Assets, End of Year	\$ 23,533	\$ -
	<hr/>	<hr/>

NOTES TO THE BASIC FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Harrington Park Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of five elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. 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 reporting entity is composed of the primary government and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Harrington Park Board of Education this includes general operations, special milk and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *special milk fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the special milk enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables* (Continued)

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	7-40
Building Improvements	7-40
Office Equipment, Computer Equipment and Furniture	5-20

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal and sick leave benefits. A long-term liability of accumulated personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$347,406. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay			
Equipment			
Required Maintenance for School			
Facilities	\$14,128	\$26,003	\$(11,875)

The above variance was offset with other available resources.

C. Deficit Fund Equity

The District has an accumulated deficit of \$3,000 in the Debt Service Fund. The District expects to eliminate this deficit through normal operations in the 2012/2013 fiscal year.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve Account (Delete if no Capital Reserve)

A capital reserve account was established by the District on September 27, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	<u>\$ 100,001</u>
Balance, June 30, 2012	<u>\$ 100,001</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$100,001. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,285,871 and bank balances of the Board's cash and deposits amounted to \$1,349,622. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,349,622</u>
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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 Board does not have a policy for custodial credit risk. As of June 30, 2012 none of the Board's bank balance was exposed to custodial credit risk.

Investments

As of June 30, 2012, the Board had no outstanding investments.

Interest Rate Risk – The Board 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2012 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 40,229	\$ 131	\$ 2,728	\$ 1,676	\$ 44,764
Other	-	25,800	-	-	25,800
Gross Receivables	40,229	25,931	2,728	1,676	70,564
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 40,229</u>	<u>\$ 25,931</u>	<u>\$ 2,728</u>	<u>\$ 1,676</u>	<u>\$ 70,564</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 3,016
Grant Drawdowns Reserved for Encumbrances	<u>131</u>
	<u>\$3,147</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 504,400			\$ 504,400
Construction in Progress	259,969	\$ 31,389	\$ (49,699)	241,659
Total capital assets, not being depreciated	<u>764,369</u>	<u>31,389</u>	<u>(49,699)</u>	<u>746,059</u>
Capital assets, being depreciated:				
Buildings and Improvements	13,897,690			13,897,690
Machinery and Equipment	462,857	110,251	(54,207)	518,901
Total capital assets being depreciated	<u>14,360,547</u>	<u>110,251</u>	<u>(54,207)</u>	<u>14,416,591</u>
Less accumulated depreciation for:				
Buildings and Improvements	(6,806,766)	(228,182)		(7,034,948)
Machinery and equipment	(240,111)	(35,718)	9,784	(266,045)
Total accumulated depreciation	<u>(7,046,877)</u>	<u>(263,900)</u>	<u>9,784</u>	<u>(7,300,993)</u>
Total capital assets, being depreciated, net	<u>7,313,670</u>	<u>(153,649)</u>	<u>(44,423)</u>	<u>7,115,598</u>
Government activities capital assets, net	<u>\$ 8,078,039</u>	<u>\$ (122,260)</u>	<u>\$ (94,122)</u>	<u>\$ 7,861,657</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 7,828	-	-	\$ 7,828
Total capital assets being depreciated	<u>7,828</u>	<u>-</u>	<u>-</u>	<u>7,828</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,800)	\$ (974)	-	(3,774)
Total accumulated depreciation	<u>(2,800)</u>	<u>(974)</u>	<u>-</u>	<u>(3,774)</u>
Total capital assets, being depreciated, net	<u>5,028</u>	<u>(974)</u>	<u>-</u>	<u>4,054</u>
Business-type activities capital assets, net	<u>\$ 5,028</u>	<u>\$ (974)</u>	<u>\$ -</u>	<u>\$ 4,054</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	
Regular	\$ 582
School-Sponsored/Other Instructional	4,323
Total Instruction	<u>4,905</u>
Support Services	
Student and Instruction Related Services	8,598
General Administration	11,836
Operation and Maintenance of Plant Services	238,561
Total Support Services	<u>258,995</u>
Total depreciation expense - governmental activities	<u>\$ 263,900</u>

Business-type activities:

Food Service Fund	\$ 974
Total depreciation expense-business-type activities	<u>\$ 974</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 295
General Fund	Debt Service Fund	3,000
General Fund	Payroll Agency Fund	42,654
Special Revenue Fund	General Fund	3,058
Unemployment Fund	General Fund	7,500
Payroll Agency Fund	Unemployment Fund	<u>4,365</u>
Total		<u>\$ 60,872</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In</u>
	Debt
	<u>Service</u>
Transfer Out:	
Capital Projects Fund	\$ <u>4,443</u>

The above transfer is the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Operating Leases

The District leases copier equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2012 were \$16,640. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2013	\$ 16,645
2014	16,645
2015	16,645
2016	<u>16,645</u>
Total	<u>\$ 66,580</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2012 are comprised of the following issues:

\$3,465,000, 2001 Bonds, due in annual installments of \$260,000 to \$320,000 through August 1, 2017, interest at 4.375-4.750%	\$1,750,000
\$1,552,000, 2008 Bonds, due in annual installments of \$25,000 to \$317,000 through July 15, 2022, interest at 4.25%-4.375%	<u>1,502,000</u>
	<u>\$3,252,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	Serial Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	355,000	81,269	436,269
2018-2022	1,330,000	210,422	1,540,422
2023-2027	<u>317,000</u>	<u>6,934</u>	<u>323,934</u>
	<u>\$ 3,252,000</u>	<u>\$ 773,701</u>	<u>\$ 4,025,701</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 31,534,822
Less: Net Debt	<u>3,252,000</u>
Remaining Borrowing Power	<u>\$ 28,282,822</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:				
Serial Bonds Payable	\$ 3,522,000	\$ 270,000	\$ 3,252,000	\$ 285,000
Compensated Absences	<u>98,745</u>	<u>33,265</u>	<u>65,480</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 3,620,745</u>	<u>\$ 303,265</u>	<u>\$ 3,317,480</u>	<u>\$ 285,000</u>

For the governmental activities, the liabilities for compensated absences are generally liquidated by the general fund.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NESBIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 fiduciary trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 40,243	\$ 10,720	\$ 35,708	\$ 23,533
2011		16,197	6,412	8,229
2010		18,469	24,467	(1,617)

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS and 6.5% for TPAF of the employee's annual compensation.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. 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.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2012	\$ 136,617	\$ 148,564
2011	134,927	13,911
2010	100,965	14,237

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$148,564 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$13,911 and \$14,237, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$351,883 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$298,654, \$295,477 and \$267,384, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 9,738,527		\$ 9,738,527	\$ 9,738,527	
Interest	20,000		20,000	115	\$ (19,885)
Interest on Capital Reserve	182		182		(182)
Miscellaneous	83,654	-	83,654	233,747	150,093
Total Local Sources	<u>9,842,363</u>	<u>-</u>	<u>9,842,363</u>	<u>9,972,389</u>	<u>130,026</u>
State Sources					
Non Public Transportation Aid		-		912	912
Categorical Special Education Aid	104,496	-	104,496	205,261	100,765
Extraordinary Aid		-		452,894	452,894
On-behalf TPAF Pension System Payments(Non-Budget)					
NCGI				14,398	14,398
Normal Cost				134,166	134,166
Post Retirement Medical Contribution				298,654	298,654
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	351,883	351,883
Total State Sources	<u>104,496</u>	<u>-</u>	<u>104,496</u>	<u>1,458,168</u>	<u>1,353,672</u>
Total Revenues	<u>9,946,859</u>	<u>-</u>	<u>9,946,859</u>	<u>11,430,557</u>	<u>1,483,698</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	177,855	\$ 104,239	282,094	282,094	
Grades 1-5	1,762,404	195,887	1,958,291	1,958,291	
Grades 6-8	1,335,217	(233,508)	1,101,709	1,101,709	
Regular Program - Home Instruction					
Salaries of Teachers	4,000	(3,392)	608	608	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	13,033	13,990	27,023	27,023	
Purchased Professional-Educational Services		1,660	1,660	169	1,491
Other Purchased Services	28,620	(10,514)	18,106	18,106	-
General Supplies	78,804	30,897	109,701	105,481	4,220
Textbooks	35,000	3,543	38,543	38,096	447
Total Regular Programs	<u>3,434,933</u>	<u>102,802</u>	<u>3,537,735</u>	<u>3,531,577</u>	<u>6,158</u>

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	\$ 523,857	\$ (11,200)	\$ 512,657	\$ 512,657	
Other Salaries for Instruction	510,154	86,817	596,971	596,971	
General Supplies		2,819	2,819	2,819	
Textbooks	-	439	439	345	\$ 94
Total Resource Room/Resource Center	<u>1,034,011</u>	<u>78,875</u>	<u>1,112,886</u>	<u>1,112,792</u>	<u>94</u>
Home Instruction					
Salaries of Teachers	-	36,592	36,592	33,391	3,201
Total Home Instruction	<u>-</u>	<u>36,592</u>	<u>36,592</u>	<u>33,391</u>	<u>3,201</u>
Total Special Education	<u>1,034,011</u>	<u>115,467</u>	<u>1,149,478</u>	<u>1,146,183</u>	<u>3,295</u>
Basic Skills/Remedial					
Salaries of Teachers	12,576	(12,562)	14	14	
General Supplies	-	77	77	-	77
Total Basic Skills/Remedial	<u>12,576</u>	<u>(12,485)</u>	<u>91</u>	<u>14</u>	<u>77</u>
Bilingual Education - Instruction					
Salaries of Teachers	65,541	393	65,934	65,934	
Other Purchased Services		149	149	149	
General Supplies	-	285	285	285	-
Total Bilingual Education - Instruction	<u>65,541</u>	<u>827</u>	<u>66,368</u>	<u>66,368</u>	<u>-</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	53,400	7,676	61,076	61,076	
Supplies and Materials	2,000	1,474	3,474	3,428	46
Total School Sponsored Co/Extra Curricular Activities	<u>55,400</u>	<u>9,150</u>	<u>64,550</u>	<u>64,504</u>	<u>46</u>
School Sponsored Athletics					
Salaries	16,864	(3,792)	13,072	13,072	
Purchased Services	7,000	(2,499)	4,501	4,501	
Supplies and Materials	1,000	(195)	805	805	-
Total School Sponsored Athletics	<u>24,864</u>	<u>(6,486)</u>	<u>18,378</u>	<u>18,378</u>	<u>-</u>
Total Instruction	<u>4,627,325</u>	<u>209,275</u>	<u>4,836,600</u>	<u>4,827,024</u>	<u>9,576</u>

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	\$ 665,676	\$ 89,268	\$ 754,944	\$ 750,616	\$ 4,328
Tuition to CSSD & Regular Day Schools	145,100	(5,100)	140,000	140,000	
Tuition to Priv. Sch. for the Disabled Within the State	15,000	(15,000)	-	-	-
Total Undistributed Expenditures - Instruction	825,776	69,168	894,944	890,616	4,328
Attendance and Social Work					
Salaries	35,622	(3,653)	31,969	31,969	-
Total Attendance and Social Work	35,622	(3,653)	31,969	31,969	-
Health Services					
Salaries	81,933	(16,198)	65,735	65,735	
Purchased Professional and Technical Services	8,900	5,080	13,980	13,980	
Supplies and Materials	1,200	2,699	3,899	3,671	228
Total Speech, OT, PT & Related Services	92,033	(8,419)	83,614	83,386	228
Speech, OT, PT & Related Services					
Salaries	138,543	41,107	179,650	179,650	
Purchased Professional-Educational Services	60,000	(9,132)	50,868	50,366	502
Supplies and Materials	-	102	102	102	
Other Objects	1,860	(1,860)	-	-	-
Total Speech, OT, PT & Related Services	200,403	30,217	230,620	230,118	502
Guidance					
Salaries of Other Professional Staff	57,495	(1,805)	55,690	55,690	
Salaries of Secretarial and Clerical Assistants	14,216	4,902	19,118	19,118	
Other Purchased Services	4,000	(2,609)	1,391	1,391	
Supplies and Materials	500	(295)	205	205	-
Total Guidance	76,211	193	76,404	76,404	-
Child Study Teams					
Salaries of Other Professional Staff	310,685	5,459	316,144	316,144	
Salaries of Secretarial and Clerical Assistants	35,678	140	35,818	35,818	
Purchased Professional-Educational Services	25,000	24,470	49,470	47,887	1,583
Other Purchased Services	-	579	579	579	-
Supplies and Materials	3,000	2,490	5,490	5,490	-
Total Child Study Teams	374,363	33,138	407,501	405,918	1,583
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	54,672	5,150	59,822	59,822	-
Total Improvement of Inst. Serv.	54,672	5,150	59,822	59,822	-

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 68,862	\$ (5,159)	\$ 63,703	\$ 63,703	
Purchased Professional and Technical Services	60,000	8,942	68,942	68,942	
Supplies and Materials	16,800	979	17,779	17,019	\$ 760
Total Educational Media Serv./School Library	145,662	4,762	150,424	149,664	760
Instructional Staff Training Services					
Salaries of Other Professional Staff	30,390	265	30,655	30,655	
Purchased Professional - Educational Services		48,170	48,170	48,170	
Other Purchased Professional and Technical Services		800	800	800	
Other Objects	750	(307)	443	443	-
Total Instructional Staff Training Services	31,140	48,928	80,068	80,068	-
Support Services General Administration					
Salaries	225,080	2,893	227,973	227,973	
Audit	15,000	(15,000)			
Architectural/Engineering Services	12,000	(12,000)			
Salaries of Attorneys	20,000	(17,262)	2,738	2,738	
Other Purchased Professional Services		31,701	31,701	27,899	3,802
Communications/Telephone	30,000	3,956	33,956	33,231	725
BOE Other Purchased Services	14,000	(14,000)			
Miscellaneous Purchased Services	28,010	12,825	40,835	38,477	2,358
General Supplies	2,268	2,382	4,650	2,123	2,527
Miscellaneous Expenditures	10,000	12,506	22,506	20,749	1,757
BOE Membership Dues and Fees	10,000	(10,000)	-	-	-
Total Support Services General Administration	366,358	(1,999)	364,359	353,190	11,169
Support Services School Administration					
Salaries of Principal/Asst. Principals	123,945	9,239	133,184	124,927	8,257
Salaries of Other Professional Staff	26,928	(26,928)			
Salaries of Secretarial and Clerical Assistants	33,172	-	33,172	28,677	4,495
Other Purchased Services	6,000	(3,949)	2,051	1,950	101
Supplies and Materials	10,000	(4,366)	5,634	5,585	49
Other Objects	2,780	2,668	5,448	5,311	137
Total Support Services School Administration	202,825	(23,336)	179,489	166,450	13,039
Central Services					
Salaries	157,620	17,818	175,438	175,438	
Miscellaneous Purchased Services		13,532	13,532	13,456	76
Supplies and Materials	5,000	2,101	7,101	7,101	
Other Objects	2,500	3,176	5,676	3,420	2,256
Total Central Services	165,120	36,627	201,747	199,415	2,332
Admin. Info. Tech.					
Purchased Technical Serv.	30,000	10,500	40,500	40,500	
Supplies and Materials		1,003	1,003	1,003	
Other Objects	13,567	366	13,933	12,437	1,496
Total Admin. Info. Tech.	43,567	11,869	55,436	53,940	1,496
Required Maintenance for School Facilities					
Salaries	105,236	8,669	113,905	113,905	
Cleaning, Repair and Maintenance	125,000	(46,589)	78,411	77,182	1,229
General Supplies	11,112	(6,386)	4,726	3,983	743
Other Objects	-	996	996	996	-
Total Required Maintenance for School Fac.	241,348	(43,310)	198,038	196,066	1,972

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 109,828	\$ 87,271	\$ 197,099	\$ 197,099	
Cleaning, Repair and Maint. Serv.	104,082	(10,609)	93,473	84,286	\$ 9,187
Other Purchased Property Services	33,652	5,731	39,383	37,168	2,215
Insurance	94,500	(16,844)	77,656	77,656	
General Supplies	40,000	8,042	48,042	45,564	2,478
Energy (Natural Gas)	90,000	(37,459)	52,541	44,999	7,542
Energy (Electricity)	100,000	26,455	126,455	119,927	6,528
Other Objects	7,206	(4,087)	3,119	1,597	1,522
Salaries of Non-Instructional Aides	75,451	(75,451)	-	-	-
	<u>654,719</u>	<u>(16,951)</u>	<u>637,768</u>	<u>608,296</u>	<u>29,472</u>
Total Custodial Services					
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	3,500	5,870	9,370	6,276	3,094
Contracted Services (Other than Between Home and School)-Vendors	30,000	(2,232)	27,768	16,929	10,839
Contracted Services (Between Home and School)- Joint Agreements	19,000	1,742	20,742	19,998	744
Contracted Services (Sp. Ed. Students) Joint Agreements	95,581	18,480	114,061	100,641	13,420
	<u>148,081</u>	<u>23,860</u>	<u>171,941</u>	<u>143,844</u>	<u>28,097</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	138,567	(58,335)	80,232	75,933	4,299
Other Retirement Contributions -PERS	145,001	(8,384)	136,617	136,617	-
Unemployment Compensation		40,243	40,243	40,243	-
Workmen's Compensation	69,994	(14,963)	55,031	55,031	-
Health Benefits	1,244,862	13,661	1,258,523	1,258,523	-
Tuition Reimbursement	19,500	(2,478)	17,022	4,460	12,562
Other Employee Benefits	47,200	-	47,200	38,746	8,454
	<u>1,665,124</u>	<u>(30,256)</u>	<u>1,634,868</u>	<u>1,609,553</u>	<u>25,315</u>
Total Unallocated Benefits - Employee Benefits					

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

EXPENDITURES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Pension System Payments(Non-Budget)					
NCGI				\$ 14,398	\$ (14,398)
Normal Cost				134,166	(134,166)
Post Retirement Medical Contribution				298,654	(298,654)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	351,883	(351,883)
Total Undistributed Expenditures	\$ 5,323,024	\$ 135,988	\$ 5,459,012	6,137,820	(678,808)
Total Expenditures - Current Expenditures	9,950,349	345,263	10,295,612	10,964,844	(669,232)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	182		182		182
Equipment					
Undistributed Expenditures					
Central Services	-	15,382	15,382	15,382	-
Total Equipment	182	15,382	15,564	15,382	182
Facilities Acquisition and Construction Services					
Construction Services	44,000	(15,382)	28,618	8,824	19,794
Other Objects	14,128	-	14,128	26,003	(11,875)
Total Facilities Acquisition and Construction Services	58,128	(15,382)	42,746	34,827	7,919
Total Capital Outlay	58,310	-	58,310	50,209	8,101
Total Expenditures	10,008,659	345,263	10,353,922	11,015,053	(661,131)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(61,800)	(345,263)	(407,063)	415,504	822,567
Fund Balance, Beginning of Year	1,166,940	-	1,166,940	1,166,940	-
Fund Balance, End of Year	\$ 1,105,140	\$ (345,263)	\$ 759,877	\$ 1,582,444	\$ 822,567

**HARRINGTON PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Actual</u>
Recapitulation of Fund Balance	
Restricted Fund Balance	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 232,164
Capital Reserve	100,001
Emergency Reserve	176,644
Assigned	
Year Encumbrances	82,371
Designated for Subsequent Year's Expenditures	312,465
Unassigned	678,799
Reconciliation to Governmental Funds Statements (GAAP):	1,582,444
Less: State Aid Payments Not Recognized on GAAP Basis	(471,157)
Fund Balance Per Governmental Funds (GAAP)	\$ 1,111,287

**HARRINGTON PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental Federal	\$ 141,658	\$ 2,143	\$ 143,801	\$ 143,610	\$ (191)
Total Revenues	<u>141,658</u>	<u>2,143</u>	<u>143,801</u>	<u>143,610</u>	<u>(191)</u>
EXPENDITURES					
Instruction					
Other Purchased Services	21,328	2,143	23,471	23,471	-
Tuition	106,922	-	106,922	106,922	-
General Supplies	11,354	-	11,354	11,354	-
Total Instruction	<u>139,604</u>	<u>2,143</u>	<u>141,747</u>	<u>141,747</u>	<u>-</u>
Support Services					
General Supplies	<u>2,054</u>	<u>-</u>	<u>2,054</u>	<u>1,863</u>	<u>191</u>
Total Support Services	<u>2,054</u>	<u>-</u>	<u>2,054</u>	<u>1,863</u>	<u>191</u>
Total Expenditures	<u>141,658</u>	<u>2,143</u>	<u>143,801</u>	<u>143,610</u>	<u>191</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HARRINGTON PARK BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund is 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.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules (Exhibits C-1, C-2)	\$ 11,430,557	\$ 143,610
Difference - budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP purposes Current Year	(471,157)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, Prior Year		55,860
Encumbrances, Current Year	-	(131)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 10,959,400</u>	<u>\$ 199,339</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibit C-1, C-2)	\$ 11,015,053	\$ 143,610
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, Prior Year		55,860
Encumbrances, Current Year	-	(131)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 11,015,053</u>	<u>\$ 199,339</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

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, 2012**

	<u>Title III</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>2012</u>
REVENUES				
Intergovernmental Federal	\$ 1,863	\$ 130,393	\$ 11,354	143,610
Total Revenues	<u>\$ 1,863</u>	<u>\$ 130,393</u>	<u>\$ 11,354</u>	<u>\$ 143,610</u>
EXPENDITURES				
Instruction				
Other Purchased Services		\$ 23,471		23,471
Tuition		106,922		106,922
General Supplies	-	-	\$ 11,354	11,354
Total Instruction	<u>-</u>	<u>130,393</u>	<u>11,354</u>	<u>141,747</u>
Support Services				
General Supplies	1,863	-	-	1,863
Total Support Services	<u>1,863</u>	<u>-</u>	<u>-</u>	<u>1,863</u>
Total Expenditures	<u>\$ 1,863</u>	<u>\$ 130,393</u>	<u>\$ 11,354</u>	<u>\$ 143,610</u>

**HARRINGTON PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

SCHEDULE F-1

HARRINGTON PARK BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue/Project Title</u>	<u>Project Number</u>	<u>Appropriations</u>	<u>Transfers</u>	<u>Expenditures to Date Prior Year</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2012</u>
Roof Replacement/Repainting and Waterproofing of Exterior Walls	(1)	\$ 1,552,795	\$ (4,443)	\$ 1,545,124	-	\$ 3,228
		<u>\$ 1,552,795</u>	<u>\$ (4,443)</u>	<u>\$ 1,545,124</u>	<u>\$ -</u>	<u>3,228</u>
			Less: Unfunded Authorization			<u>(795)</u>
			Fund Balance June 30, 2012			<u>\$ 2,433</u>
			Fund Balance (GAAP) June 30, 2012			<u>\$ 2,433</u>

**HARRINGTON PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Expenditures and Other Financing Uses	
Transfer to Debt Service	\$ <u>4,443</u>
Total Expenditures and Other Financing Uses	<u>4,443</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,443)
Fund Balance - Beginning of Year	<u>6,876</u>
Fund Balance - End of Year	<u>\$ 2,433</u>
Fund Balance - End of Year - Budgetary Basis	<u>\$ 2,433</u>
Fund Balance - End of Year - GAAP Basis	<u>\$ 2,433</u>

**HARRINGTON PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ROOF REPLACEMENT/REPOINTING AND WATERPROOFING EXTERIOR WALLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SCC Grant				
Bond Proceeds	\$ 1,552,000	-	\$ 1,552,000	\$ 1,552,795
Total Revenues and Other Financing Sources	<u>1,552,000</u>	<u>-</u>	<u>1,552,000</u>	<u>1,552,795</u>
Expenditures and Other Financing Uses				
Other Purchased Professional and Technical Services	121,921		121,921	121,921
Construction Services	1,423,203		1,423,203	1,430,874
Transfer to Debt Service Fund	-	\$ 4,443	4,443	
Total Expenditures and Other Financing Uses	<u>1,545,124</u>	<u>4,443</u>	<u>1,549,567</u>	<u>1,552,795</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 6,876</u>	<u>\$ (4,443)</u>	<u>\$ 2,433</u>	<u>\$ -</u>

Additional project information:

Project Number	2050-050-07-1000
Grant Date	N/A
Bond Authorization Date	4/17/2007
Bonds Authorized	1,552,000
Bonds Issued	1,552,000
Original Authorized Cost	1,552,795
Additional Authorized Cost	-
Revised Authorized Cost	1,552,795
Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/5/2007
Revised Target Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

**HARRINGTON PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 3,753	\$ 47,538	\$ 51,291
Due from Other Funds	<u>-</u>	<u>4,365</u>	<u>4,365</u>
Total Assets	<u>\$ 3,753</u>	<u>\$ 51,903</u>	<u>\$ 55,656</u>
LIABILITIES			
Due to Other Funds		\$ 42,654	\$ 42,654
Accrued Salaries and Wages		9,249	9,249
Due to Student Groups	<u>\$ 3,753</u>	<u>-</u>	<u>3,753</u>
Total Liabilities	<u>\$ 3,753</u>	<u>\$ 51,903</u>	<u>\$ 55,656</u>

HARRINGTON PARK BOARD OF EDUCATION
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

THIS STATEMENT IS NOT APPLICABLE
 FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance, July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
Student Activity Account	\$ 5,010	\$ 51,191	\$ 52,448	\$ 3,753
Total All Schools	<u>\$ 5,010</u>	<u>\$ 51,191</u>	<u>\$ 52,448</u>	<u>\$ 3,753</u>

**HARRINGTON PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2012</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 3,199	\$ 2,939,786	\$ 2,942,985	
Due from Other Funds	(1,600)	15,187	17,952	\$ (4,365)
Due to Other Funds	11,591	110,101	79,038	42,654
Accrued Salaries and Wages	<u>-</u>	<u>4,348,079</u>	<u>4,338,830</u>	<u>9,249</u>
 Total	 <u>\$ 13,190</u>	 <u>\$ 7,413,153</u>	 <u>\$ 7,378,805</u>	 <u>\$ 47,538</u>

LONG-TERM DEBT

HARRINGTON PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Matured</u>	<u>Balance, June 30, 2012</u>
School Improvement Bonds	8/1/2001	\$ 3,465,000	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%	\$ 2,000,000	\$ 250,000	\$ 1,750,000
School Improvement Bonds	7/15/2008	1,552,000	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%			
						<u>1,522,000</u>	<u>20,000</u>	<u>1,502,000</u>
						<u>\$ 3,522,000</u>	<u>\$ 270,000</u>	<u>\$ 3,252,000</u>

EXHIBIT I-2

**HARRINGTON PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

HARRINGTON PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 386,966		\$ 386,966	\$ 386,966	
State Sources					
Debt Service Aid	<u>29,335</u>	-	<u>29,335</u>	<u>29,335</u>	-
Total Revenues	<u>416,301</u>	-	<u>416,301</u>	<u>416,301</u>	-
EXPENDITURES					
Regular Debt Service					
Principal	270,000		270,000	270,000	
Interest	<u>151,381</u>	-	<u>151,381</u>	<u>151,381</u>	-
Total Expenditures	<u>421,381</u>	-	<u>421,381</u>	<u>421,381</u>	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,080)</u>	-	<u>(5,080)</u>	<u>(5,080)</u>	-
Other Financing Sources					
Transfer In - Capital Projects	4,443		4,443	4,443	
Total Other Financing Sources	<u>4,443</u>	-	<u>4,443</u>	<u>4,443</u>	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(637)</u>	-	<u>(637)</u>	<u>(637)</u>	-
Fund Balance (Deficit), Beginning of Year	<u>(2,363)</u>	-	<u>(2,363)</u>	<u>(2,363)</u>	-
Fund Balance (Deficit), End of Year	<u>(3,000)</u>	-	<u>(3,000)</u>	<u>(3,000)</u>	-

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government 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 for the relevant year.

HARRINGTON PARK BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 4,609,657
Restricted	830,662	281,752	650,549	609,567	237,730	301,071	419,102	709,753	102,434
Unrestricted	17,558	(24,374)	(11,399)	(5,778)	66,017	129,454	86,282	294,672	879,470
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	\$ 5,591,561
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	\$ 4,054
Unrestricted	3,829	1,201	4,726	1,192	9,616	19,884	23,122	10,916	5,517
Total Business-Type Activities Net Assets	\$ 10,582	\$ 5,980	\$ 6,780	\$ 5,940	\$ 14,172	\$ 26,168	\$ 28,611	\$ 15,944	\$ 9,571
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	\$ 4,613,711
Restricted	830,662	281,752	650,549	609,567	237,730	301,071	419,102	709,753	102,434
Unrestricted	21,387	(23,173)	(6,673)	(4,586)	75,633	149,338	109,404	303,588	884,987
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	\$ 5,601,132

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

HARRINGTON PARK BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	4,562,477
Special education	316,845	405,541	430,991	807,192	902,659	1,184,861	1,317,979	1,202,010	2,454,921
Other special education	127,755	138,716	175,974	189,459	111,175	114,996	35,256	32,638	
Other instruction	60,897	87,296	136,096	78,665	87,259	85,433	181,318	125,045	91,839
Subsidy Sponsored Activities and Athletics									112,742
Support Services:									
Tuition	684,323	897,826	936,372	926,557	715,008	721,994	650,014	615,603	53,940
Student & instruction related services	986,841	1,130,908	1,268,532	978,746	1,017,637	1,091,431	1,014,321	945,398	1,130,032
General administration services	381,790	403,015	473,703	396,237	465,475	421,908	395,164	395,164	457,667
School administrative services	279,291	255,817	241,666	272,245	280,042	280,709	289,736	271,855	224,550
Central Services	238,750	249,206	288,453	289,801	311,576	319,203	276,500	207,368	259,835
Business administrative services		3,645	5,577				15,769	50,626	
Administrative Information Technology									
Plant operations and maintenance	703,407	766,675	715,685	835,686	1,142,846	1,102,463	1,014,321	945,398	1,130,032
Pupil transportation	216,857	252,402	259,664	238,355	198,710	137,699	129,878	80,030	143,844
Unallocated Benefits	519,104	596,385	574,203	943,323	897,511	611,584	661,522	715,032	
Interest On Long-Term Debt	218,173	146,427	138,685	130,505	179,575	169,270	158,177	158,177	146,434
Unallocated depreciation	29,440	34,298	34,298	190,796	183,178	173,286	195,574	227,708	
Capital Outlay - nondepreciable	17,658	19,530	16,220	3,385	48,778	14,482	64,608	15,993	
Total Governmental Activities Expenses	7,706,851	8,416,387	8,699,171	9,840,587	10,757,897	10,746,991	11,059,437	10,705,174	11,499,520
Business-Type Activities:									
Special milk fund	7,949	10,943	4,676	6,512	6,516	9,679	21,759	31,156	29,824
Governmental Activities:	7,949	10,943	4,676	6,512	6,516	9,679	21,759	31,156	29,824
Total Business-Type Activities Expense	7,714,800	8,427,330	8,703,847	9,847,099	10,764,413	10,756,670	11,081,196	10,736,330	11,529,344
Program Revenues									
Governmental Activities:									
Charges For Services:									
Instruction - Regular									
Instruction - Special education									
Pupil transportation	119,682	147,130	143,938	112,511	155,381	212,617	258,525	184,507	1,191,672
Operating Grants And Contributions									
Capital Grants And Contributions									
Total Governmental Activities Program Revenues	119,682	147,130	143,938	112,511	155,381	212,617	258,525	184,507	1,191,672
Business-Type Activities:									
Charges For Services									
Special Milk Fund	4,947	3,900	3,963	5,702	8,817	15,423	18,032	10,130	14,700
Food service									
Operating Grants And Contributions	2,252	2,441	1,511	3,154	5,733	6,113	6,042	8,080	8,692
Capital Grants And Contributions									
Total Business-Type Activities Program Revenues	7,199	6,341	5,476	8,856	14,550	21,536	24,074	18,410	23,392
Total District Program Revenues	126,881	153,471	149,414	121,367	169,931	234,153	282,599	202,917	1,215,064
Net (Expense)/Revenue									
Governmental Activities	(7,587,169)	(8,269,257)	(8,555,215)	(9,728,076)	(10,602,516)	(10,534,374)	(10,810,912)	(10,520,667)	(10,307,848)
Business-Type Activities	(750)	(4,602)	800	2,344	8,034	11,857	2,315	(17,746)	(6,432)
Total District-Wide Net Expense	(7,587,919)	(8,273,859)	(8,554,413)	(9,725,732)	(10,594,482)	(10,522,517)	(10,808,597)	(10,538,413)	(10,314,280)
General Revenues And Other Changes In Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	6,536,971	6,923,244	7,836,357	8,245,695	8,575,523	9,016,620	9,263,968	9,738,527	9,738,527
Taxes Levied For Debt Service	342,604	320,725	340,688	327,097	367,321	370,797	392,362	386,966	386,966
State Aid - Levied For Debt Service									
Federal Aid And State Aid - Unrestricted	909,807	895,773	1,002,411	1,372,011	1,381,566	1,147,732	1,322,683	938,155	24,013
Investment Earnings									115
Miscellaneous Income	86,328	62,109	83,271	60,122	155,794	148,667	90,656	122,934	189,324
Transfers									
Retirement of Loans Payable Refinancing Credit									
Remaining Balance of Loans Payable Cancelled									
Donations-Reconstruction of Harrington Park School Field							(244,241)		
State Aid - Capital Outlay Facilities Grant Cancelled							34,437		
Total Governmental Activities	7,895,710	8,210,504	9,262,727	10,004,925	10,480,204	10,684,022	10,959,855	11,186,582	10,338,945
Business-Type Activities:									
Investment Earnings				62	198	139	128	79	59
Transfers									
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	10,339,004
Change In Net Assets									
Governmental Activities	308,541	(58,753)	707,514	276,849	(122,312)	\$	149,648	\$	665,915
Business-Type Activities	(750)	(4,602)	800	2,606	8,232	11,996	2,443	(12,667)	(6,273)
Total District	307,791	(63,355)	708,314	279,455	(114,080)	\$	151,386	\$	659,642

Note: GASB requires that ten years of historical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004, only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

HARRINGTON PARK BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	258,464		
Restricted								\$ 508,809	\$ 508,809
Committed								134,631	
Assigned								61,800	394,836
Unassigned								461,700	207,642
Total General Fund	\$ 672,407	\$ 336,579	\$ 772,253	\$ 830,826	\$ 480,375	\$ 617,219	\$ 530,400	\$ 1,166,940	\$ 1,111,287
All Other Governmental Funds									
Reserved	\$ 354,648	\$ 102,452			\$ 7,700		\$ 139,653		
Unreserved	49,796	41,137	\$ 17,939	\$ (65,605)	(2,330)	\$ (2,117)	7,513		
Assigned								\$ 6,876	
Unassigned								(2,363)	(567)
Total All Other Governmental Funds	\$ 404,444	\$ 143,589	\$ 17,939	\$ (65,605)	\$ 5,370	\$ (2,117)	\$ 147,166	\$ 4,513	\$ (567)

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

HARRINGTON PARK BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Unaudited)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	\$ 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	\$ 10,125,493
Tuition Charges	111,678	86,328	62,109	83,271	60,804	157,592	167,413	125,308	122,934	
Transportation	1,970		3,020							
Interest Earnings										115
Miscellaneous										233,747
Local Sources								75,000		
County Sources	785,336	917,440	900,096	1,006,366	1,375,011	1,381,566	1,190,162	1,174,317	949,232	1,016,346
State Sources	103,924	112,049	139,787	140,003	108,829	153,583	151,441	331,666	173,429	199,339
Federal Sources										
Total Revenue	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	11,575,040
Expenditures										
Instruction										
Regular Instruction	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	4,979,400
Special Education Instruction	250,898	269,289	341,869	356,967	706,922	799,100	967,503	1,066,830	1,046,734	2,460,907
Other Special Instruction		109,143	113,832	133,608	152,640	89,501	94,599	12,702	14,954	
Vocational Education										
Other Instruction	206,863	51,840	77,228	124,796	63,668	70,658	70,649	166,240	112,997	92,184
School Sponsored Activities And Athletics										108,807
Support Services:										
Tuition	662,074	684,323	897,826	936,372	926,557	715,008	721,994	630,014	615,603	
Attendance and Social Work Services	29,009									
Health Services	44,800									
Student & Inst. Related Services	738,819	866,351	987,659	1,095,227	840,596	863,899	1,033,274	989,685	1,020,783	1,437,136
General Administrative	314,603	341,731	365,867	325,047	343,912	396,515	357,790	333,858	322,737	447,025
School Administrative Services	167,507	234,369	192,565	200,966	226,215	227,695	239,627	237,929	217,741	225,354
Business and Other Support Services	209,767	207,739	3,645							260,754
Central Administrative Services			215,111	242,475	241,987	258,733	269,864	235,186	164,759	
Administrative Info Tech								15,769	50,626	
Plant Operations And Maintenance	745,201	666,315	712,199	710,714	769,175	1,047,292	932,123	930,612	849,282	913,100
Pupil Transportation	234,418	216,857	252,402	259,664	238,555	198,710	137,699	129,878	80,050	143,844
Unallocated Employee Benefits	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	365,295	444,297	496,649	584,670	888,403	889,459	593,628	635,361	656,031	
Capital Outlay	4,850	41,660	393,988	141,870	314,440	302,928	91,837	119,459	44,325	91,941
Debt Service:										
Principal	183,698	185,325	183,276	198,625	205,493	217,407	229,401	240,000	255,000	270,000
Interest And Other Charges	164,556	157,278	146,107	142,063	134,014	159,121	183,613	172,657	162,844	151,381
Total Expenditures	7,556,926	7,774,270	8,945,663	9,095,661	10,142,406	10,995,243	10,759,576	11,155,916	10,737,548	11,635,773
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(141,094)	241,113	(596,682)	310,024	(24,970)	(359,658)	137,057	306,705	633,540	(60,733)
Other Financing Sources (Uses)										
Proceeds From Borrowing										
Capital Leases (Non-Budgeted)								(244,241)		
State Facilities Grant Cancelled								274,467		
Transfers In	13,431	1,703	1,982							
Transfers Out		(1,703)	(1,982)							
Total Other Financing Sources (Uses)	13,431									
Net Change In Fund Balances	\$ (127,663)	\$ 241,113	\$ (596,682)	\$ 310,024	\$ (24,970)	\$ (359,658)	\$ 137,057	\$ 62,464	\$ 633,540	\$ (60,733)
Debt Service As A Percentage Of Noncapital Expenditures	4.6%	4.4%	3.9%	3.8%	3.5%	3.5%	3.9%	3.7%	3.9%	3.7%

* Noncapital expenditures are total expenditures less capital outlay.

HARRINGTON PARK BOARD OF EDUCATION
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Interest on Investments	Donations	Insurance Dividend	Refunds	Misc.	E-Rate Reimb	Facility Use	Accrued Interest Bond Sale	Trailer Rental	PV Void Checks	Tuition	NVR High School	Total
2003	\$ 25,599	\$ 3,851	\$ 25,935	\$ 6,293								\$ 50,000	\$ 111,678
2004	1,280		14,871	9,191	10,986							50,000	86,328
2005	2,696			2,877	6,536							50,000	62,109
2006	14,567			4,144	4,560							60,000	83,271
2007	25,769	3,250		9,534	2,251							20,000	60,804
2008	41,960				24,488		\$ 15,377	\$ 2,057		\$ 13,742		58,170	155,794
2009	8,206				20,895				\$ 65,800			54,566	149,467
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
2012	115		4,385		149,793	3,741	14,028		61,800				233,862

HARRINGTON PARK BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2003	\$ 9,047,100	\$ 470,024,200			\$ 19,795,500			\$ 498,866,800		\$ 498,866,800	\$ 747,926,737	\$ 1.382
2004	9,814,800	474,434,600			19,370,500			503,619,900		503,619,900	810,982,126	1.438
2005	8,330,700	487,020,700			19,384,600			514,736,000		514,736,000	95,265,545	1.588
2006	24,418,000	1,007,282,100			39,195,200			1,070,895,300		1,070,895,300	1,071,659,857	0.800
2007	22,888,400	1,012,540,900			37,777,900			1,073,207,200		1,073,207,200	1,057,948,194	0.830
2008	20,183,000	1,029,990,700			37,155,400			1,087,329,100		1,087,329,100	1,125,158,811	0.863
2009	16,477,300	1,035,505,100			37,155,400			1,089,137,800		1,089,137,800	1,160,438,606	0.895
2010	16,047,300	1,034,946,900			37,240,800			1,088,235,000		1,088,235,000	1,113,572,454	0.930
2011	15,178,500	1,025,271,300			38,617,600			1,079,067,400		1,079,067,400	1,036,552,493	0.937
2012	14,736,500	1,016,222,100			32,441,300			1,063,399,900	820,664	1,064,220,564	983,913,449	0.970

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A = Not Available

**HARRINGTON PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Northern Valley Regional H.S.	Harrington Park Borough	Bergen County	
2003	\$ 1.382	\$ 0.749	\$ 0.600	\$ 0.279	\$ 3.010
2004	1.438	0.699	0.604	0.309	3.050
2005	1.588	0.694	0.672	0.316	3.270
2006	0.800	0.345	0.335	0.170	1.650
2007	0.830	0.330	0.339	0.168	1.670
2008 (A)	0.863	0.339	0.377	0.192	1.770
2009	0.895	0.397	0.403	0.205	1.900
2010	0.930	0.427	0.410	0.211	1.978
2011	0.937	0.449	0.427	0.208	2.021
2012	0.970	0.460	0.450	0.200	2.080

(A) The Borough undertook a revaluation of real property which became effective in the year 2008.

Source: County Abstract of Ratables

HARRINGTON PARK BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water Resources	\$ 32,008,900	3.36%	N/A	
Quantmeyer	3,915,100	0.41%		
Rockland Electric	3,018,900	0.32%		
76 Schaalburgh Rd	2,274,600	0.24%		
Resident	1,564,800	0.16%		
Resident	1,555,500	0.16%		
Artpaul	1,369,200	0.14%		
Resident	1,427,200	0.15%		
Resident	1,327,700	0.14%		
Resident	1,250,000	0.13%		
	<u>\$ 49,711,900</u>	<u>5.22%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

**HARRINGTON PARK BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 6,412,924	\$ 6,412,924	100.00%	
2004	6,788,575	6,899,575	100.00%	
2005	7,243,969	7,243,969	101.64%	
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%	
2011	10,125,493	10,125,493	100.00%	
2012	10,125,493	10,125,493	100.00%	

**HARRINGTON PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Loans Payable			
2003	\$ 3,335,000	\$ 358,185	\$ 3,693,185	4,793	771
2004	3,205,000	302,860	3,507,860	4,829	726
2005	3,070,000	245,931	3,315,931	4,826	687
2006	2,930,000	187,307	3,117,307	4,813	648
2007	2,785,000	126,814	2,911,814	4,830	603
2008	4,182,000	64,407	4,246,407	4,848	876
2009	4,017,000		4,017,000	4,870	825
2010	3,777,000		3,777,000	4,669	809
2011	3,522,000		3,522,000	4,694	750
2012	3,252,000		3,252,000	4,694 (1)	693

Source: District records

(1) Estimated

**HARRINGTON PARK BOARD OF EDUCATION
RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
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	0.65%	687
2006	3,117,307		3,117,307	0.30%	648
2007	2,911,814		2,911,814	0.27%	603
2008	4,246,407		4,246,407	0.39%	876
2009	4,017,000		4,017,000	0.36%	825
2010	3,777,000		3,777,000	0.35%	809
2011	3,522,000		3,522,000	0.33%	750
2012	3,252,000		3,252,000	0.30%	693

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**HARRINGTON PARK BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF DECEMBER 31, 2011
 (Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Harrington Park	\$ 1,830,223	\$ 20,000	\$ 1,810,223
Local School District	3,252,000	3,252,000	
Regional School District	<u>1,976,789</u>	<u>1,976,789</u>	<u>-</u>
	<u>\$ 7,059,012</u>	<u>\$ 5,248,789</u>	<u>\$ 1,810,223</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			4,178,389
Bergen County Utilities Authority			<u>1,251,827</u>
			<u>5,430,216</u>
Total Direct and Overlapping Debt			<u>\$ 7,240,439</u>

Source:

(1) Borough of Harrington Park's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Harrington Park by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Bergen County.

HARRINGTON PARK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2011	\$ 997,198,004
2010	1,043,670,279
2009	1,112,615,954
	<u>\$ 3,153,482,237</u>
Average equalized valuation of taxable property	\$ 1,051,160,746
Debt limit (3 % of average equalization value)	31,534,822
Total Net Debt Applicable to Limit	<u>3,252,000</u>
Legal debt margin	<u>\$ 28,282,822</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 31,534,822
Total net debt applicable to limit	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	3,252,000
Legal debt margin	\$ 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	\$ 28,282,822
Total net debt applicable to the limit as a percentage of debt limit	20.68%	17.59%	15.02%	13.26%	10.33%	13.63%	11.36%	11.17%	10.62%	10.31%

Source: Annual Debt Statements

**HARRINGTON PARK BOARD OF EDUCATION
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Year</u>	<u>School District Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2003	4,793	\$ 51,132	2.5%
2004	4,829	54,462	2.5%
2005	4,826	56,706	2.5%
2006	4,813	62,714	2.7%
2007	4,830	67,394	2.4%
2008	4,848	68,227	3.1%
2009	4,870	63,198	5.6%
2010	4,669	65,486	5.8%
2011	4,694	N/A	5.7%
2012	4,694 (1)	N/A	N/A

Source: New Jersey State Department of Education

N/A - not available

(1) Estimated

HARRINGTON PARK BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

	2012		2003	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

HARRINGTON PARK BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST NINE FISCAL YEARS
 (Unaudited)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction									
Regular	55.4	57.0	63.0	66.6	72.0	68.1	64.5	47.0	47.5
Special education	0.0	0.0	0.0	0.0	0.0	6.0	6.5	25.5	30.0
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	-	-	-	-	-	-	-	-	-
Student & instruction related services	7.9	7.9	7.9	7.3	8.4	8.0	9.6	12.4	12.2
General administration services	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.0
School administrative services	2.5	2.5	2.5	2.6	3.5	3.0	3.0	2.0	2.0
Business administrative services	2.6	2.6	2.6	3.0	3.0	3.0	3.0	2.5	3.0
Plant operations and maintenance	3.0	3.0	3.0	3.0	2.5	2.5	2.5	8.0	5.0
Pupil transportation	-	-	-	-	-	-	-	-	-
Special Schools	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-
Total	73.4	75.0	81.0	84.5	91.4	92.6	91.2	99.4	101.7

Source: District Personnel Records

Note:
 GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 and the realignment of position classifications only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

HARRINGTON PARK BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment #	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2003	634.0	\$ 7,208,672	\$ 11,370	9.12%	60	1:10.3	N/A	N/A	631	607	-0.08%	96.23%
2004	673.0	7,394,328	10,987	-3.37%	59	1:10.6	N/A	N/A	691	666	9.51%	96.38%
2005	673.0	8,222,292	12,217	11.20%	61	1:11.4	N/A	N/A	674	649	-2.39%	96.25%
2006	704.0	8,614,103	12,236	0.15%	57	1:11.3	N/A	N/A	705	682	4.57%	96.74%
2007	712.0	9,488,459	13,326	8.91%	67	1:12.3	N/A	N/A	703	678	-0.28%	96.44%
2008	738.0	10,315,787	13,978	4.89%	72	1:10.6	N/A	N/A	733	709	4.27%	96.73%
2009	726.0	10,254,725	14,125	1.05%	72	1:10.3	N/A	N/A	721	695	-1.64%	96.39%
2010	712.0	10,622,800	14,920	5.63%	71	1:10.1	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%
2012	691.0	11,122,451	16,096	9.28%	67	1:10.0	N/A	N/A	691	667	0.44%	96.53%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

HARRINGTON PARK BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
School										
Harrington Park School	69,250	69,250	69,250	69,250	95,250	95,250	95,250	95,250	95,250	95,250
Square Feet	635	635	635	635	775	775	775	775	775	775
Capacity (students)	634	673	673	704	712	738	726	712	687	691
Enrollment										
Other										
Administration Trailer	600	600	600	600	600					
Square Feet										
Storage Trailer	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Square Feet										

Number of Buildings at June 30, 2012

Schools = 1

Other = 1

Source: District Records

HARRINGTON PARK BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN YEARS
 (Unaudited)

Undistributed Expenditures - Required
 Maintenance for School Facilities
 11-000-261-XXX

School Facilities	Project # (s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Harrington Park School	NA	\$ 312,533	\$ 251,761	\$ 240,541	\$ 304,828	\$ 171,485	\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066
Total School Facilities		\$ 312,533	\$ 251,761	\$ 240,541	\$ 304,828	\$ 171,485	\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066

Source: District Records

HARRINGTON PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)

	Coverage	Deductible
Selective Way Insurance Co.	COMMERCIAL PROPERTY COVERAGE	
	\$ 5,000,000	50,000
	1,000,000	500,000
	5,000,000	
	2,000,000	
	2,000,000	
	100,000	
	GENERAL LIABILITY	
	2,000,000	
	2,000,000	
	1,000,000	
	1,000,000	
	1,000,000	
	5,000	
	1,000,000	1,000
	COMMERCIAL AUTOMOBILE	
	1,000,000	
	10,000	
	1,000,000	
	1,000,000	
	Computers and Schedule Equipment General Security	
	20,000	5,000
	250,000	5,000
	25,000	5,000
	2,500,000	5,000
	100,000	5,000
	250,000	5,000
	5,000,000	5,000
	2,500,000	5,000
	100,000	5,000
	Crime Coverage	
	100,000	5,000
	400,000	
	50,000	1,000
	20,000,000	15,000
	50,000,000	
	9,000,000	
	1,000,000	

Source: District records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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
Harrington Park Board of Education
Harrington Park, New Jersey

We have audited the financial statements of the governmental activities and the business-type activities, each major fund, and the aggregate remaining fund information of the Harrington Park Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Harrington Park Board of Education's basic financial statements and have issued our report thereon dated October 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Harrington Park Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Harrington Park 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 Harrington Park Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Harrington Park Board of Education's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a material weakness.

Compliance and Other Matters

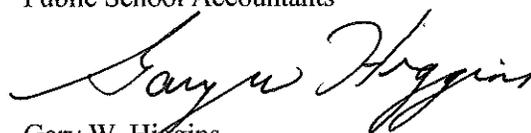
As part of obtaining reasonable assurance about whether the of Harrington Park Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

We also noted certain matters that we reported to management of the Harrington Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Finance, Compliance and Performance" dated October 18, 2012.

The Harrington Park Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Harrington Park Board of Education's responses and, accordingly, we express no opinion on the responses.

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


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary W. Higgins
 Public School Accountant
 PSA Number CS00814

Fair Lawn, New Jersey
 October 18, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

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

Compliance

We have audited the Harrington Park Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Harrington Park Board of Education's major state programs for the fiscal year ended June 30, 2012. Harrington Park 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 requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Harrington Park Board of Education's management. Our responsibility is to express an opinion on Harrington Park 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Harrington Park 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 Harrington Park Board of Education's compliance with those requirements.

In our opinion, Harrington Park Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with the New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2012-2.

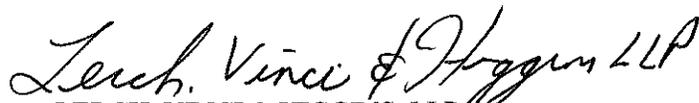
Internal Control Over Compliance

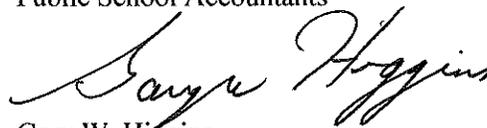
Management of Harrington Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Harrington Park Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a 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 state program will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-2 to be a material weakness.

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


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary W. Higgins
 Public School Accountant
 PSA Number CS00814

Fair Lawn, New Jersey
 October 18, 2012

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011 (Account Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment (U)	(Account Receivable)	Balance at June 30, 2012 Deferred Revenue	Due to Grantor	Memo GAAP Receivable
U.S. Department of Education Passed-through State Department of Education														
Enterprise Fund	10.556	N/A	7/1/11-6/30/12	\$ 8,692				\$ 7,016	\$ 8,692		\$ (1,676)			\$ (1,676)
Special Milk Program for Children	10.556	N/A	7/1/10-6/30/11	8,080	(1,660)			1,660						
Special Milk Program for Children					(1,660)									(1,676)
Total U.S. Department of Agriculture - Enterprise Fund								8,676	8,692		(1,676)			(1,676)
U.S. Department of Education Passed-through State Department of Education														
Special Revenue	84.367A	NCLB-12	9/1/11-8/31/12	10,466							(10,466)	\$ 10,466		(131)
Title II A	84.365A	NCLB-12	9/1/11-8/31/12	2,054				1,732	1,863	\$ 3,584	(322)	191		
Title III	84.365A	NCLB-08	9/1/07-8/31/08	4,669	(3,584)									
Title III	84.365A	NCLB-08	9/1/07-8/31/08	844	(844)									
Title IV	84.186A	NCLB-08	9/1/07-8/31/08	844	(844)									
Title IV	84.186A	NCLB-08	9/1/07-8/31/08	784	(784)									
Title V	84.298A	NCLB-08	9/1/07-8/31/08	784	(784)									
IDEA Preschool - ARRA	84.392	ARRA-10	9/1/09-8/31/10	5,347	(5,347)			5,347						
IDEA Part B Basic Regular	84.027	FT-12	9/1/11-8/31/12	130,393				130,393						
IDEA Part B Basic Regular	84.027	FT-11	9/1/10-8/31/11	130,673	(130,673)			130,673						
IDEA Part B Basic Regular	84.027	FT-07	9/1/06-8/31/07	120,880		\$ 20,588				(12,481)		\$ 8,107		
IDEA Part B Basic Regular	84.027	FT-04	9/1/03-8/31/04			873				(873)				
IDEA Part B Basic Regular	84.027	FT-99	9/1/98-8/31/99			759				(759)				
IDEA Part B Basic Regular	84.027	FT-96	9/1/95-8/31/96			106				(106)				
IDEA Part B Preschool	84.173	PS-12	9/1/11-8/31/12	11,354				11,354						
IDEA Part B Preschool	84.173	PS-11	9/1/10-8/31/11	10,985	(10,985)			10,985						
IDEA Part B Preschool	84.173	PS-06	9/1/05-8/31/06	8,493		386				(386)				
IDEA Part B Preschool	84.173	PS-00	9/1/99-8/31/00			610				(610)				
IDEA Part B Preschool	84.173	PS-98	9/1/97-8/31/98			2				(2)				
IDEA Part B Preschool	84.173	PS-94	9/1/93-8/31/94			38				(38)				
Total U.S. Department of Education - Special Revenue Fund					(152,217)	23,362		290,484	143,610	(10,043)	(10,788)	10,657	8,107	(131)
U.S. Department of Housing and Urban Development Passed-through County of Bergen														
Special Revenue	14.28		7/1/07-6/30/08	50,000	(8,798)					8,798				
Community Development Block Grant- Barrier Free Improvements					(8,798)									
Total U.S. Department of Housing and Urban Development - Special Revenue Fund														
Total Federal Financial Awards						\$ 23,362		\$ 299,160	\$ 152,302	\$ (1,245)	\$ (12,464)	\$ 10,657	\$ 8,107	\$ (1,807)

Note - This schedule was not subject to an audit in accordance with OMB Circular A-133.
 (1) Represents cancelled encumbrances/payables and due to the state

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2011			Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2012		Due to Grantor	GAAP Receivable	Memo Combined Total Expenditures	
				(Accounts Receivable)	Deferred Revenue	(Accounts Receivable)							Deferred Revenue					
State Department of Education																		
General Fund																		
Special Educational Aid	12-495-034-5120-089	\$ 205,261	7/1/11-6/30/12					\$ 186,998	\$ 205,261					\$ (18,263)			\$ 205,261	
Nonpublic Transportation Aid	N/A	912	7/1/10-6/30/11						912					(912)			912	
NonPublic Transportation Aid	N/A	1,068	7/1/10-6/30/11	\$ (1,068)				1,068										
Extraordinary Aid	12-100-034-5120-473	452,894	7/1/11-6/30/12						452,894					(452,894)			452,894	
TPAF Social Security Contrib.	11-100-034-5120-473	210,632	7/1/10-6/30/11	(210,632)				210,632										
TPAF Social Security Contrib.	12-495-034-5095-002	351,883	7/1/11-6/30/12					376,137						(25,276)			351,883	
TPAF Social Security Contrib.	11-495-034-5095-002	346,643	7/1/10-6/30/11	(33,792)				35,792										
TPAF Social Security Contrib.	07-495-034-5095-002	296,128	7/1/06-6/30/07	(10,867)										(10,867)				
TPAF Pension - NCGI	12-495-034-5095-007	14,398	7/1/11-6/30/12					14,398									14,398	
TPAF Pension - Normal Cost	12-495-034-5095-006	134,166	7/1/11-6/30/12					134,166									134,166	
TPAF Pension - FRM Contr.	12-495-034-5095-001	298,654	7/1/11-6/30/12					298,654									298,654	
Total General Fund				(256,359)				1,205,865	1,458,168					(508,662)			1,458,168	
Special Revenue Fund																		
Character Education Aid	06-495-034-5120-053	4,000	7/1/05-6/30/06															
Character Education Aid	05-495-034-5120-053	4,000	7/1/04-6/30/05				\$ 45										45	
Character Education Aid	04-495-034-5120-053	4,000	7/1/03-6/30/04														205	
Character Education Aid	03-495-034-5120-053	4,000	7/1/02-6/30/03														151	
Character Education Aid	02-495-034-5120-053	4,000	7/1/01-6/30/02														502	
Character Education Aid	01-495-034-5120-053	4,000	7/1/00-6/30/01														1,576	
Total Special Revenue Fund							2,480										2,480	
Debt Service Fund																		
Debt Service Aid Type II	12-495-034-5120-017	29,335	7/1/11-6/30/12					29,335									29,335	
Total State Financial Assistance				(256,359)			2,480	1,235,200	1,487,503					(508,662)			1,487,503	
State Financial Assistance Not Subject to Single Audit Determination																		
General Fund																		
On-Behalf TPAF Pension System NCGI	12-495-034-5095-007	14,398	7/1/11-6/30/12					(14,398)									(14,398)	
On-Behalf TPAF Pension System Normal Cost	12-495-034-5095-006	134,166	7/1/11-6/30/12					(134,166)									(134,166)	
On-Behalf TPAF Post-Retirement Medical Contributions	12-495-034-5095-001	298,654	7/1/11-6/30/12					(298,654)									(298,654)	
Total State Financial Assistance Subject to Single Audit				(256,359)			2,480	787,982	1,040,285					(508,662)			1,040,285	

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of the schedule.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Harrington Park Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the 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 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$471,157 for the general fund and an increase \$55,729 for the special revenue fund. See the Notes to Required Supplementary 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 987,011	\$ 987,011
Special Revenue Fund	\$ 199,339		199,339
Debt Service Fund		29,335	29,335
Food Service Fund	<u>8,692</u>	<u>-</u>	<u>8,692</u>
Total Financial Assistance	<u>\$ 208,031</u>	<u>\$ 1,016,346</u>	<u>\$ 1,224,377</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$351,883 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$148,564 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$298,654 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**HARRINGTON PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2012-1

Our audit revealed that the general ledger account balances in the various funds were not in agreement with the subsidiary ledgers and supporting reconciliations.

Criteria or specific requirement:

Internal controls over financial reporting.

Condition:

Numerous adjusting journal entries were required to reconcile the general ledger account balances to the subsidiary ledgers and supporting documentation.

Context:

General ledgers in the General Fund, Special Revenue Fund and Enterprise Fund were not adjusted and reconciled to agree with the subsidiary ledgers and supporting reconciliations.

Cause:

Beginning balances, cash reconciliations, cash receipt and disbursement transactions, revenue related to municipal taxes and state aid, expenditures, accounts payable, encumbrances payable and the adopted budget required adjusting journal entries to reconcile the various fund general ledger account balances to the respective subsidiary ledgers and supporting documentation.

Effect:

Numerous audit adjustments were required to be posted to the District financial statements as a result of transactions which were not properly posted and reconciled in the District's general ledger.

Recommendation:

Internal controls over financial reporting be reviewed and enhanced to ensure that general ledger account balances in the various funds are reconciled to subsidiary ledgers and supporting documentation.

Management's Response:

Management has reviewed this finding and has indicated corrective action will be implemented.

**HARRINGTON PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Not applicable.

**HARRINGTON PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings