

**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, 2016**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Harrington Park Board of Education**

**Harrington Park, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**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

December 1, 2016

Honorable President and  
Members of the Harrington Park Board of Education  
Harrington Park, New Jersey 07640

Dear Board Members:

The comprehensive annual financial report of the Harrington Park School District for the fiscal year ending June 30, 2016 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.

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 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 2015-16 fiscal year enrollment was 632 students. The following details the changes in the student enrollment of the District over the last ten years.



### Student Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	632.0	- 0.16
2014-15	633.0	- 0.63
2013-14	637.0	- 1.73
2012-13	648.0	- 6.64
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

**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 2015-16 academic year, the Harrington Park School District continued its long-term focus on improving students' performance in all academic areas through innovation. 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.

**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, 2016.

**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". 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 State Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**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,

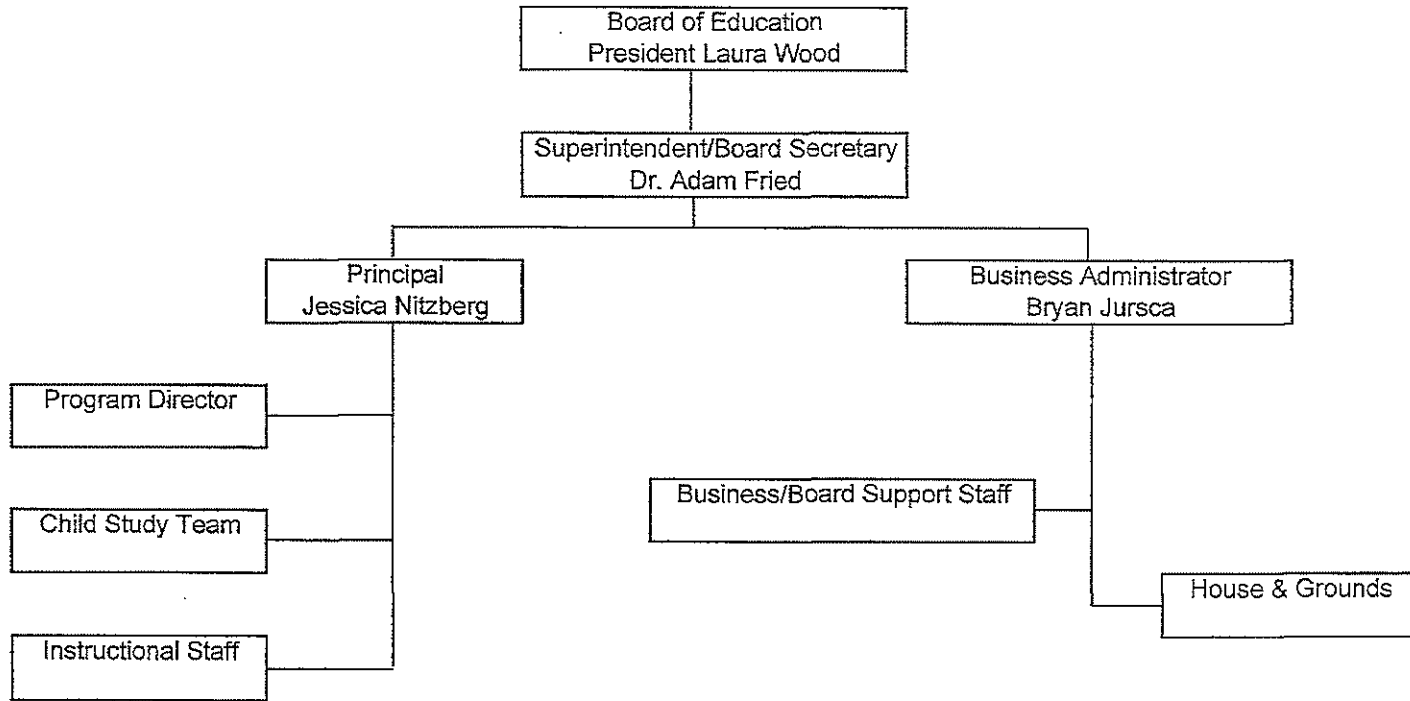
*Dr. Adam Fried*

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

*Bryan Jursca*

Bryan Jursca  
Business Administrator

HARRINGTON PARK BOARD OF EDUCATION



AT

# Harrington Park Board of Education

## Roster of Officials

June 30, 2016

### Members of the Board of Education

### Term Expires

Scott Weiner, President

2018

Eric Fishbein, Vice President

2017

Brenda Cho, Trustee

2016

Diane Smith, Trustee

2017

Laura Wood, Trustee

2016

### Other Officials

Adam Fried, PhD., Superintendent/Board Secretary

Bryan Jursca, Business Administrator

John Dineen, Esq., Attorney

# **Harrington Park Board of Education**

## Consultants and Advisors

June 30, 2016

### Audit Firm

Lerch, Vinci & Higgins, LLP  
17 – 17 Route 208  
Fair Lawn, NJ 07410

### Attorney

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

### Bond Counsel

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

### Official Depositories

Capital One Bank, N.A.  
600 Piermont Road  
Closter, NJ 07624

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrington Park Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of the Harrington Park Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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.

### *Other Information*

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. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Harrington Park Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, 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.

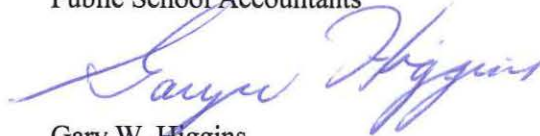


**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Harrington Park Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 1, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2016

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, 2016. 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 (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Harrington Park Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,681,330 (net position).
- The District's total net position increased \$86,096
- Overall District revenues were \$14,943,892 which were \$86,096 more than overall District expenses of \$14,857,796. General revenues accounted for \$11,402,074 or 76% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$3,541,818 or 24% of total revenues.
- The School District had \$14,842,483 in expenses for governmental activities; only \$3,520,667 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$11,402,074 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 \$1,453,128. Of that amount, \$224,359 (15%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$224,359 at June 30, 2016, is an increase of \$55 when compared with the beginning balance at July 1, 2015.
- The General Fund unassigned budgetary basis fund balance at June 30, 2016 was \$609,099, which represents an increase of \$96,927 compared to the ending budgetary basis fund balance at June 30, 2015 of \$512,172.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

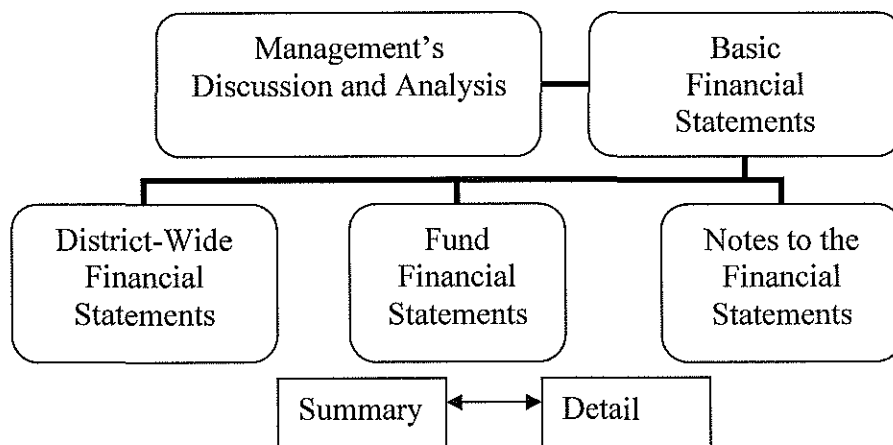
Year Ended June 30, 2016

### 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 basic 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's Discussion and Analysis

Year Ended June 30, 2016

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
<b>Scope</b>	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.
<b>Required Financial Statements</b>	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of Asset/Liability Information</b>	All assets, liabilities, and deferred outflows/inflows of resources, 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, liabilities and deferred outflows/inflows of resources, 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
<b>Type of Inflow/Outflow Information</b>	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's Discussion and Analysis

Year Ended June 30, 2016

### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the district's assets, liabilities and deferred outflows/inflows of resources. 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 position* and how they have changed. Net position – the difference between the District's assets, deferred outflows and liabilities, deferred inflows – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the 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.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2016

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 stated 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, joint purchasing contributions for the early warning lightning detection system, 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 position and a statement of changes in fiduciary net position. 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 Financial Statements

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

### Other Information

In addition to the basic financial statements, 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 financial statements.

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

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2016

### 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 position. The District's *combined* net position were \$3,681,330 and \$3,595,234 on June 30, 2016 and 2015, respectively.

Table 1  
Net Position

	Governmental Types		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 1,466,266	\$ 2,223,186	\$ 9,532	\$ 3,253	\$ 1,475,798	\$ 2,226,439
Capital assets	7,735,714	7,434,367	1,908	2,349	7,737,622	7,436,716
<b>Total assets</b>	<u>9,201,980</u>	<u>9,657,553</u>	<u>11,440</u>	<u>5,602</u>	<u>9,213,420</u>	<u>9,663,155</u>
Deferred Outflow of Resources	760,100	387,510	-	-	760,100	387,510
<b>Total Assets and Deferred Outflows of Resources</b>	<u>9,962,080</u>	<u>10,045,063</u>	<u>11,440</u>	<u>5,602</u>	<u>9,973,520</u>	<u>10,050,665</u>
<b>Liabilities</b>						
Current liabilities	53,476	403,733			53,476	403,733
Noncurrent liabilities	6,174,419	5,853,244	-	-	6,174,419	5,853,244
<b>Total liabilities</b>	<u>6,227,895</u>	<u>6,256,977</u>	<u>-</u>	<u>-</u>	<u>6,227,895</u>	<u>6,256,977</u>
Deferred Inflow of Resources	64,295	198,454	-	-	64,295	198,454
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,292,190</u>	<u>6,455,431</u>	<u>-</u>	<u>-</u>	<u>6,292,190</u>	<u>6,455,431</u>
<b>Net Position</b>						
Net Investment in Capital Assets	5,714,553	5,064,058	1,908	2,349	5,716,461	5,066,407
Restricted	227,582	558,360			227,582	558,360
Unrestricted	(2,272,245)	(2,032,786)	9,532	3,253	(2,262,713)	(2,029,533)
<b>Total net position</b>	<u>\$ 3,669,890</u>	<u>\$ 3,589,632</u>	<u>\$ 11,440</u>	<u>\$ 5,602</u>	<u>\$ 3,681,330</u>	<u>\$ 3,595,234</u>

By far the largest portion of the District's net position 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's Discussion and Analysis

### Year Ended June 30, 2016

The following shows changes in net position for fiscal years 2016 and 2015.

Table 2  
Changes in Net Position

	Governmental Types		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues						
Charges for services and sales	\$ 46,077	\$ 31,603	\$ 14,045	\$ 12,673	\$ 60,122	\$ 44,276
Operating grants and contributions	3,326,350	2,814,871	7,106	7,301	3,333,456	2,822,172
Capital grants and contributions	148,240	77,760			148,240	77,760
General revenues						
Property taxes, levied for general purposes	10,833,817	10,511,796			10,833,817	10,511,796
Property taxes levied for debt service	402,586	398,722			402,586	398,722
Federal and State Aid Not Restricted	29,419	27,218			29,419	27,218
Other	136,252	162,992	-	-	136,252	162,992
Total revenues	<u>14,922,741</u>	<u>14,024,962</u>	<u>21,151</u>	<u>19,974</u>	<u>14,943,892</u>	<u>14,044,936</u>
<b>Program Expenses</b>						
Instruction						
Regular	6,066,453	5,712,168			6,066,453	5,712,168
Special Education	3,925,687	3,266,950			3,925,687	3,266,950
Other Instruction	118,783	131,207			118,783	131,207
School Sponsored Activities and Athletics	147,668	144,791			147,668	144,791
Support services						
Student and Instruction Related Services	1,881,192	1,744,656			1,881,192	1,744,656
General Administration Services	489,569	496,322			489,569	496,322
School Administration Services	395,522	338,671			395,522	338,671
Business/Central Services	337,395	321,499			337,395	321,499
Administrative Information Technology	21,130	46,408			21,130	46,408
Operation and Maintenance of Facilities	1,263,620	1,283,846			1,263,620	1,283,846
Pupil Transportation	104,020	89,243			104,020	89,243
Debt Service						
Interest and Other Charges	91,444	107,136			91,444	107,136
Food Service	-	-	15,313	20,465	15,313	20,465
Total expenses	<u>14,842,483</u>	<u>13,682,897</u>	<u>15,313</u>	<u>20,465</u>	<u>14,857,796</u>	<u>13,703,362</u>
Change in Net Position	80,258	342,065	5,838	(491)	86,096	341,574
Net Position, Beginning of Year	<u>3,589,632</u>	<u>3,247,567</u>	<u>5,602</u>	<u>6,093</u>	<u>3,595,234</u>	<u>3,253,660</u>
Net Position, End of Year	<u>\$ 3,669,890</u>	<u>\$ 3,589,632</u>	<u>\$ 11,440</u>	<u>\$ 5,602</u>	<u>\$ 3,681,330</u>	<u>\$ 3,595,234</u>

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

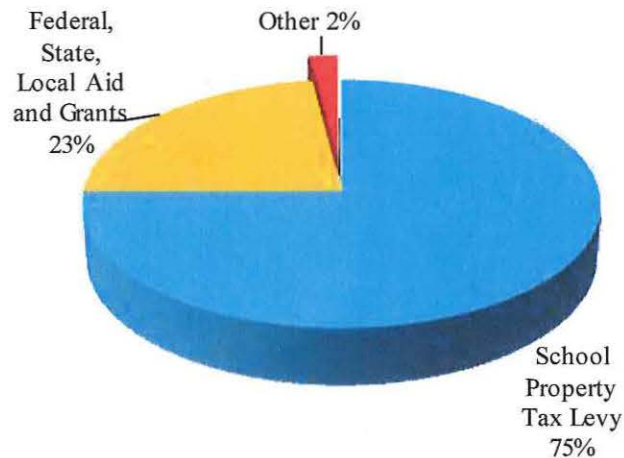
### Year Ended June 30, 2016

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$14,922,741 for the year ended June 30, 2016, property taxes of \$11,236,403 represented 75% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$3,504,009 and represented 23% of revenues. In addition, revenue is earned from tuition 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 \$14,842,483. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$10,258,591 (69%) of total expenses. Support services, total \$4,492,448 (30%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding.

Total governmental activities revenues exceeded expenses, increasing net position by \$80,258 from the previous year.

**Revenues by Type – Governmental Activities  
For Fiscal Year 2016**

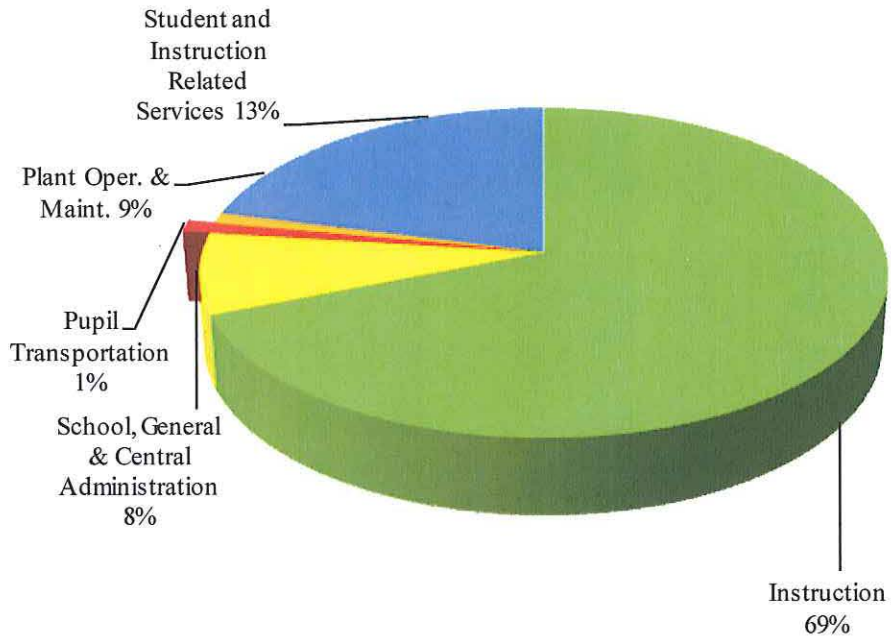


# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2016

### Expenses by Type – Governmental Activities For Fiscal Year 2016



**Net Cost of Governmental Activities.** The District's total cost of services was \$14,842,483. After applying program revenues, derived from operating grants and contributions of \$3,520,667 the net cost of services of the District is \$11,321,816.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2016

#### Total and Net Cost of Governmental Activities for the Fiscal Years Ended June 30, 2016 and 2015

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 6,066,453	\$ 5,712,168	\$ 4,166,542	\$ 4,188,447
Special Education	3,925,687	3,266,950	2,940,080	2,327,670
Other Instruction	118,783	131,207	79,262	94,218
School Sponsored Activities and Athletics	147,668	144,791	147,668	144,791
Support Services				
Student and Instruction Related Services	1,881,192	1,744,656	1,556,363	1,491,581
General Administration Services	489,569	496,322	489,569	496,322
School Administration Services	395,522	338,671	295,525	268,736
Central Services	337,395	321,499	337,395	321,499
Administrative Info Tech	21,130	46,408	21,130	46,408
Operation and Maintenance of Facilities	1,263,620	1,283,846	1,105,852	1,196,560
Pupil Transportation	104,020	89,243	98,721	84,000
Interest on Debt	91,444	107,136	83,709	98,431
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
<b>Total</b>	<b><u>\$ 14,842,483</u></b>	<b><u>\$ 13,682,897</u></b>	<b><u>\$ 11,321,816</u></b>	<b><u>\$ 10,758,663</u></b>

#### **Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$15,313. These costs were funded by charges for services of \$14,045 (66%) and operating grants of \$7,106 (34%), as detailed in the change in net position schedule.

Total business-type activities revenues exceeded expenses, increasing net position by \$5,838 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 \$1,453,128 at June 30, 2016 compared to a combined fund balance of \$1,866,569 at June 30, 2015.

Revenues for the District's governmental funds were \$13,512,931, while total expenditures were \$13,926,372.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2016

### GENERAL FUND

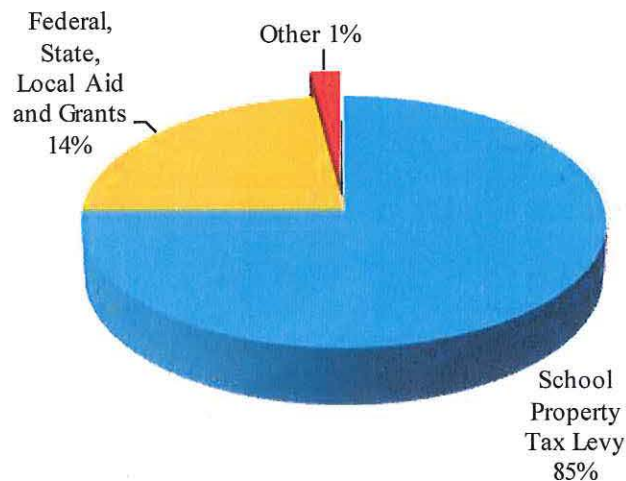
The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation, activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2016 and 2015.

<u>Revenues</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Local Sources	\$ 11,016,146	\$ 10,706,391	\$ 309,755	2.89%
State Sources	<u>1,755,792</u>	<u>1,580,339</u>	<u>175,453</u>	11.10%
Total	<u>\$ 12,771,938</u>	<u>\$ 12,286,730</u>	<u>\$ 485,208</u>	3.95%

The majority of revenues come from property taxes which accounted for 85% and 86% of total revenue for the years ended June 30, 2016 and 2015, respectively. State sources represented 14% and 13% of total revenue for the fiscal years 2016 and 2015, respectively.

**General Fund  
Revenues by Source**



# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2016

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2016 and 2015.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Current:				
Instruction	\$ 8,857,591	\$ 8,137,504	\$ 720,087	8.85%
Support Services	3,871,560	3,797,008	74,552	1.96%
Debt Service	10,032	10,032	-	-
Capital outlay	86,194	23,991	62,203	259.28%
Total	<u>\$ 12,825,377</u>	<u>\$ 11,968,535</u>	<u>\$ 856,842</u>	7.16%

Total General Fund expenditures increased \$856,842 or 7% from the previous year.

For the 2015-2016 school year general expenditures and other financing uses exceeded revenues by \$532,439. After adjusting for restricted and assigned fund balances, the unassigned fund balance increased from \$224,304 at June 30, 2015 to \$224,359 at June 30, 2016. In addition, the district ended the year with \$539,247 of excess surplus of which \$484,141 was designated for the 2015/2016 school year budget. The remaining excess surplus balance of \$55,106 is required to be appropriated in the 2017/2018 school year budget.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal years 2016 and 2015, the school district had invested in land, buildings, furniture, machinery and equipment as follows:

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 504,400	\$ 504,400			\$ 504,400	\$ 504,400
Buildings and Improvements	14,941,355	14,179,305			14,941,355	14,179,305
Furniture, Equipment and Vehicles	656,837	637,810	\$ 7,828	\$ 7,828	664,665	645,638
Construction in Progress	-	194,401	-	-	-	194,401
	16,102,592	15,515,916	7,828	7,828	16,110,420	15,523,744
Less Depreciation	(8,366,878)	(8,081,549)	(5,920)	(5,479)	(8,372,798)	(8,087,028)
Total Capital Assets, Net of Depreciation	<u>\$ 7,735,714</u>	<u>\$ 7,434,367</u>	<u>\$ 1,908</u>	<u>\$ 2,349</u>	<u>\$ 7,737,622</u>	<u>\$ 7,436,716</u>

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

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2016

**Debt Administration.** As of June 30, 2016 and 2015 the school district had long-term debt and outstanding long-term liabilities in the amount of \$6,174,419 and \$5,853,244 as follows:

#### Outstanding Long-Term Liabilities As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Serial Bonds Payable	\$ 2,002,000	\$ 2,342,000
Capital Leases Payable	19,161	28,309
Net Pension Liability	3,998,922	3,330,066
Compensated Absences	<u>154,336</u>	<u>152,869</u>
Total	<u>\$ 6,174,419</u>	<u>\$ 5,853,244</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 expenditures and other financing sources exceeded budgetary basis revenues decreasing budgetary basis fund balance by \$435,567 from the previous year. After deducting restricted and designated fund balances, the unassigned budgetary fund balance increased \$96,927 from \$512,172 at June 30, 2015 to \$609,099 at June 30, 2016. In addition, the District has established a capital reserve and a maintenance reserve in the amounts of \$50,100 and \$125,125, respectively. In addition, the District ended the year with excess surplus of \$539,247. Of this amount, \$484,141 was the excess resulting from the prior 2014/2015 school year and the remaining \$55,106 was the excess resulting from the current 2015/2016 school year. In accordance with State regulations, the District appropriated the \$484,141 of excess surplus for use in 2016/2017 school year budget as required.

#### 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 2016-2017 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 2016-2017. Budgeted expenditures in the General Fund increased approximately 3% to \$12,640,745 for fiscal year 2016-2017.

# **HARRINGTON PARK BOARD OF EDUCATION**

## **Management's Discussion and Analysis**

**Year Ended June 30, 2016**

### **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 POSITION**  
**AS OF JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,359,743	\$ 8,258	\$ 1,368,001
Receivables, net	96,872	1,274	98,146
Prepaid Items	9,651		9,651
Capital Assets, net			
Not Being Depreciated	504,400		504,400
Being Depreciated	7,231,314	1,908	7,233,222
Total Assets	<u>9,201,980</u>	<u>11,440</u>	<u>9,213,420</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>760,100</u>	<u>-</u>	<u>760,100</u>
Total Deferred Outflows of Resources	<u>760,100</u>	<u>-</u>	<u>760,100</u>
Total Assets and Deferred Outflows of Resources	<u>9,962,080</u>	<u>11,440</u>	<u>9,973,520</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	9,184		9,184
Accrued Interest Payable	40,338		40,338
Unearned Revenue	3,954		3,954
Noncurrent Liabilities			
Due within one year	364,433		364,433
Due beyond one year	5,809,986	-	5,809,986
Total Liabilities	<u>6,227,895</u>	<u>-</u>	<u>6,227,895</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>64,295</u>	<u>-</u>	<u>64,295</u>
Total Deferred Inflows of Resources	<u>64,295</u>	<u>-</u>	<u>64,295</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,292,190</u>	<u>-</u>	<u>6,292,190</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,714,553	1,908	5,716,461
Restricted for			
Capital Projects	52,457		52,457
Maintenance Reserve	125,125		125,125
Unrestricted	<u>(2,222,245)</u>	<u>9,532</u>	<u>(2,212,713)</u>
Total Net Position	<u>\$ 3,669,890</u>	<u>\$ 11,440</u>	<u>\$ 3,681,330</u>

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

**HARRINGTON PARK BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,066,453	\$ 46,077	\$ 1,853,834		\$ (4,166,542)		\$ (4,166,542)
Special Education	3,925,687		985,607		(2,940,080)		(2,940,080)
Other Instruction	118,783		39,521		(79,262)		(79,262)
School Sponsored Activities and Athletics	147,668				(147,668)		(147,668)
Support Services							
Student and Instruction Related Services	1,881,192		324,829		(1,556,363)		(1,556,363)
General Administration Services	489,569				(489,569)		(489,569)
School Administration Services	395,522		99,997		(295,525)		(295,525)
Business/Central Services	337,395				(337,395)		(337,395)
Administrative Info Tech	21,130				(21,130)		(21,130)
Operation and Maintenance of Facilities	1,263,620		9,528	\$ 148,240	(1,105,852)		(1,105,852)
Pupil Transportation	104,020		5,299		(98,721)		(98,721)
Interest on Debt	91,444	-	7,735	-	(83,709)		(83,709)
<b>Total Governmental Activities</b>	<b>14,842,483</b>	<b>46,077</b>	<b>3,326,350</b>	<b>148,240</b>	<b>(11,321,816)</b>	<b>-</b>	<b>(11,321,816)</b>
<b>Business-Type Activities</b>							
Food Service	15,313	14,045	7,106	-	-	\$ 5,838	5,838
<b>Total Business-Type Activities</b>	<b>15,313</b>	<b>14,045</b>	<b>7,106</b>	<b>-</b>	<b>-</b>	<b>5,838</b>	<b>5,838</b>
<b>Total Primary Government</b>	<b>\$ 14,857,796</b>	<b>\$ 60,122</b>	<b>\$ 3,333,456</b>	<b>\$ 148,240</b>	<b>(11,321,816)</b>	<b>5,838</b>	<b>(11,315,978)</b>
<b>General Revenues</b>							
Property Taxes, Levied for General purposes					10,833,817		10,833,817
Property Taxes Levied for Debt Service					402,586		402,586
State Aid - Unrestricted					29,419		29,419
Miscellaneous Revenues					136,252		136,252
<b>Total General Revenues and Other Items</b>					<b>11,402,074</b>	<b>-</b>	<b>11,402,074</b>
<b>Change in Net Position</b>					<b>80,258</b>	<b>5,838</b>	<b>86,096</b>
<b>Net Position, Beginning of Year</b>					<b>3,589,632</b>	<b>5,602</b>	<b>3,595,234</b>
<b>Net Position, End of Year</b>					<b>\$ 3,669,890</b>	<b>\$ 11,440</b>	<b>\$ 3,681,330</b>

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

**FUND FINANCIAL STATEMENTS**

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,355,789	\$ 3,954			\$ 1,359,743
Receivables from:					
Intergovernmental	19,827		\$ 45,200		65,027
Other	5,557	-	-	-	5,557
Due from Other Funds	69,131				69,131
Prepaid Items	9,651	-	-	-	9,651
	<u>1,459,955</u>	<u>3,954</u>	<u>45,200</u>	<u>-</u>	<u>1,509,109</u>
Total Assets	<u>\$ 1,459,955</u>	<u>\$ 3,954</u>	<u>\$ 45,200</u>	<u>\$ -</u>	<u>\$ 1,509,109</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds	\$ 9,184		\$ 42,843		\$ 52,027
Unearned Revenue	-	\$ 3,954	-	-	3,954
	<u>9,184</u>	<u>3,954</u>	<u>42,843</u>	<u>-</u>	<u>55,981</u>
Total Liabilities	<u>9,184</u>	<u>3,954</u>	<u>42,843</u>	<u>-</u>	<u>55,981</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Excess Surplus	55,106				55,106
Excess Surplus - Designated for Subsequent Year's Expenditures	484,141				484,141
Capital Reserve	50,100				50,100
Emergency Reserve	176,819				176,819
Maintenance Reserve	125,125				125,125
Capital Projects			2,357		2,357
<b>Assigned</b>					
Year Encumbrances	335,121				335,121
Unassigned	224,359	-	-	-	224,359
	<u>1,450,771</u>	<u>-</u>	<u>2,357</u>	<u>-</u>	<u>1,453,128</u>
Total Fund Balances	<u>1,450,771</u>	<u>-</u>	<u>2,357</u>	<u>-</u>	<u>1,453,128</u>
Total Liabilities and Fund Balances	<u>\$ 1,459,955</u>	<u>\$ 3,954</u>	<u>\$ 45,200</u>	<u>\$ -</u>	<u>\$ 1,509,109</u>

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

**EXHIBIT B-1**

**Total Fund Balances (Exhibit B-1)** **\$ 1,453,128**

Amounts reported for *governmental activities* in the statement of net position (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 \$16,102,592 and the accumulated depreciation is \$8,366,878.

7,735,714

Certain amounts resulted from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net pension and deferred over future years.

Deferred Outflows of Resources  
Deferred Inflows of Resources

760,100  
(64,295)

695,805

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

(40,338)

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

Serial Bonds Payable  
Capital Leases Payable  
Compensated Absences Payable  
Net Pension Liability

(2,002,000)  
(19,161)  
(154,336)  
(3,998,922)

(6,174,419)

Net position of governmental activities

\$ 3,669,890

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 10,833,817			\$ 402,586	\$ 11,236,403
Miscellaneous	182,329	\$ 3,500	-	-	185,829
Total - Local Sources	11,016,146	3,500	-	402,586	11,422,232
State Sources	1,755,792	546	\$ 148,240	34,752	1,939,330
Federal Sources	-	151,369	-	-	151,369
Total Revenues	<u>12,771,938</u>	<u>155,415</u>	<u>148,240</u>	<u>437,338</u>	<u>13,512,931</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	5,063,530	11,604			5,075,134
Special Education Instruction	3,561,627	115,456			3,677,083
Other Instruction	95,345	4,590			99,935
School-Sponsored Activities and Athletics	137,089				137,089
Support Services					
Student and Instruction Related Services	1,650,769	23,765			1,674,534
General Administration Services	453,465				453,465
School Administration Services	338,640				338,640
Central Services	320,385				320,385
Administrative Info Tech	21,130				21,130
Plant Operations and Maintenance	987,414				987,414
Pupil Transportation	99,757				99,757
Debt Service					
Principal	9,148			340,000	349,148
Interest and Other Charges	884			97,338	98,222
Capital Outlay	86,194	-	508,242	-	594,436
Total Expenditures	<u>12,825,377</u>	<u>155,415</u>	<u>508,242</u>	<u>437,338</u>	<u>13,926,372</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(53,439)</u>	<u>-</u>	<u>(360,002)</u>	<u>-</u>	<u>(413,441)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In			479,000		479,000
Transfers Out	(479,000)	-	-	-	(479,000)
Total Other Financing Sources and Uses	<u>(479,000)</u>	<u>-</u>	<u>479,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(532,439)</u>	<u>-</u>	<u>118,998</u>	<u>-</u>	<u>(413,441)</u>
Fund Balance (Deficit), Beginning of Year	1,983,210	-	(116,641)	-	1,866,569
Fund Balance, End of Year	<u>\$ 1,450,771</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ -</u>	<u>\$ 1,453,128</u>

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

**HARRINGTON PARK BOARD OF EDUCATION  
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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (413,441)

Amounts reported for governmental activities in the statement of activities are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay additional exceed depreciation in the period

	\$ (288,821)	
Depreciation Expense	594,436	
Capital Outlays	594,436	305,615

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations) is to increase net pension. These transactions are not reported in the governmental fund financial statements

		(4,268)
Loss on Disposal of Capital Assets		

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments:		
Serial Bonds Payable	340,000	
Capital Leases Payable	9,148	349,148

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned or accrued 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 (+).

	(1,467)	
Increase in Compensated Absences	(162,107)	
Increase in Pension Expense	(162,107)	(163,574)

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.

		6,778
Decrease in Accrued Interest		

		\$ 80,258
Change in net position of governmental activities		80,258

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



**HARRINGTON PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2016**

	<u>Special Milk Program</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 8,258
Intergovernmental Receivable Federal	1,274
Total Current Assets	9,532
Capital Assets	
Equipment	7,828
Less: Accumulated Depreciation	(5,920)
Total Capital Assets	1,908
Total Assets	11,440
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,908
Unrestricted	9,532
Total Net Position	\$ 11,440

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

**HARRINGTON PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Special Milk Program</u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 14,045
Total Operating Revenues	<u>14,045</u>
<b>OPERATING EXPENSES</b>	
Salaries, Wages and Payroll Taxes	7,245
Cost of Sales	7,627
Depreciation	<u>441</u>
Total Operating Expenses	<u>15,313</u>
Operating Loss	<u>(1,268)</u>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
Special Milk Program	<u>7,106</u>
Total Nonoperating Revenues	<u>7,106</u>
Change in Net Position	5,838
Net Position, Beginning of Year	<u>5,602</u>
Net Position, End of Year	<u>\$ 11,440</u>

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

**HARRINGTON PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Special Milk Program</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 14,045
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(7,245)
Cash Payments to Suppliers for Goods and Services	<u>(7,627)</u>
Net Cash Used by Operating Activities	<u>(827)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>6,266</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,266</u>
Net Increase in Cash and Cash Equivalents	5,439
Cash and Cash Equivalents, Beginning of Year	<u>2,819</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,258</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	<u>\$ (1,268)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	<u>441</u>
Total Adjustments	<u>441</u>
Net Cash Used by Operating Activities	<u>\$ (827)</u>

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

**HARRINGTON PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 67,072	\$ 5,406	\$ 38,612
Due from Other Funds	<u>9,184</u>	<u>-</u>	<u>5,712</u>
Total Assets	<u>76,256</u>	<u>5,406</u>	<u>\$ 44,324</u>
<b>LIABILITIES</b>			
Accounts Payable		2,921	
Accrued Salaries and Wages			\$ 2,633
Payroll Deductions and Withholdings			2,546
Flexible Spending Benefits			7,040
Due to Student Groups			5,817
Due to Other Funds	<u>5,712</u>	<u>-</u>	<u>26,288</u>
Total Liabilities	<u>5,712</u>	<u>2,921</u>	<u>\$ 44,324</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 70,544</u>	<u>\$ 2,485</u>	

**HARRINGTON PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 10,693	
District	<u>3,401</u>	<u>-</u>
Total Additions	<u>14,094</u>	<u>-</u>
<b>DEDUCTIONS</b>		
Lightning Detection Expenditures		\$ 2,293
Unemployment Claims and Contributions	<u>3,401</u>	<u>-</u>
Total Deductions	<u>3,401</u>	<u>2,293</u>
Change in Net Position	10,693	(2,293)
Net Position, Beginning of Year	<u>59,851</u>	<u>4,778</u>
Net Position, End of Year	<u>\$ 70,544</u>	<u>\$ 2,485</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. Basis of Presentation - Financial Statements**

The 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. Fiduciary funds are excluded from the district-wide financial statements.



**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position 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 position, 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.

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.

**Fund Financial Statements**

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.

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, state and local 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 that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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, joint purchasing contributions for the early warning lightning detection system, 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.

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".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, tuition and unrestricted state aid 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.

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents 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***

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

***3. Inventories***

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

***4. Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***5. 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.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**5. *Capital Assets (Continued)***

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, as well as the component units, 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 and Furniture	5-20
Computer Equipment	5-20

**6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has only one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**7. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation 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.

**8. *Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**9. *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 position.

**10. *Net Position/Fund Balance***

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**Governmental Fund Statements**

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.

HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

**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.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 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 2B).

*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.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

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

*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.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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 and miscellaneous revenues.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**2. *Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are 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 inflows of resources. 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 1<sup>st</sup> 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. *Tuition Revenues and Expenditures***

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.

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 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.

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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 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.

**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. Capital lease transactions are accounted for on the GAAP basis.

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2014, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$419,657. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. On August 20, 2015, the Board authorized and approved an additional fund balance appropriation of \$262,172 from the general fund.

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 appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Health Benefits	\$1,715,130	\$1,739,437	\$24,307

The above variance was the result of an audit adjustment and was offset with other available resources.

**C. Capital Reserve**

A capital reserve account was established by the District. 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.



**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$	550,001
Increased by			
Deposits Approved by Board Resolution	\$	50,000	
Interest Earnings		<u>100</u>	
			<u>50,100</u>
			600,101
Decreased by			
Withdrawals Approved in District Budget		<u>(550,001)</u>	
Balance, June 30, 2016		\$	<u>50,100</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**D. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$	125,000
Increased by Interest Earnings		<u>125</u>
Balance, June 30, 2016	\$	<u>125,125</u>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 176,644
Increased by Interest Earnings	<u>175</u>
Balance, June 30, 2016	<u>\$ 176,819</u>

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$539,247. Of this amount, \$484,141 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$55,106 will be appropriated in the 2017/2018 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash 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 FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash 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, 2016, the book value of the Board's deposits were \$1,479,091 and bank and brokerage firm balances of the Board's deposits amounted to \$1,944,100. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>1,944,100</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, 2016 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2016, 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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2016 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>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 270			\$ 270
Federal			\$ 1,274	1,274
State	19,557	\$ 45,200		64,757
Other	<u>5,557</u>	<u>-</u>	<u>-</u>	<u>5,557</u>
Gross Receivables	25,384	45,200	1,274	71,858
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 25,384</u>	<u>\$ 45,200</u>	<u>\$ 1,274</u>	<u>\$ 71,858</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 3,426
Grant Draw Downs Reserved for Encumbrances	<u>528</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 3,954</u>

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2016</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 504,400			\$ 504,400
Construction in Progress	<u>194,401</u>	<u>-</u>	<u>\$ (194,401)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>698,801</u>	<u>-</u>	<u>(194,401)</u>	<u>504,400</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	14,179,305	\$ 762,050		14,941,355
Machinery and Equipment	<u>637,810</u>	<u>26,787</u>	<u>(7,760)</u>	<u>656,837</u>
Total capital assets being depreciated	<u>14,817,115</u>	<u>788,837</u>	<u>(7,760)</u>	<u>15,598,192</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(7,745,642)	(240,740)		(7,986,382)
Machinery and equipment	<u>(335,907)</u>	<u>(48,081)</u>	<u>3,492</u>	<u>(380,496)</u>
Total accumulated depreciation	<u>(8,081,549)</u>	<u>(288,821)</u>	<u>3,492</u>	<u>(8,366,878)</u>
Total capital assets, being depreciated, net	<u>6,735,566</u>	<u>500,016</u>	<u>(4,268)</u>	<u>7,231,314</u>
Government activities capital assets, net	<u>\$ 7,434,367</u>	<u>\$ 500,016</u>	<u>\$ (198,669)</u>	<u>\$ 7,735,714</u>
	<u>Balance,</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2016</u>
<b>Business-type activities:</b>				
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	<u>(5,479)</u>	<u>\$ (441)</u>	<u>-</u>	<u>(5,920)</u>
Total accumulated depreciation	<u>(5,479)</u>	<u>(441)</u>	<u>-</u>	<u>(5,920)</u>
Total capital assets, being depreciated, net	<u>2,349</u>	<u>(441)</u>	<u>-</u>	<u>1,908</u>
Business-type activities capital assets, net	<u>\$ 2,349</u>	<u>\$ (441)</u>	<u>\$ -</u>	<u>\$ 1,908</u>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction		
School-Sponsored/Other Instructional	\$	3,355
Total Instruction		<u>3,355</u>
Support Services		
Student and Instruction Related Services		12,469
General Administration Services		17,953
Operation and Maintenance of Facilities		250,781
Pupil Transportation		<u>4,263</u>
Total Support Services		<u>285,466</u>
Total Depreciation Expense - Governmental Activities	\$	<u>288,821</u>

**Business-Type Activities:**

Food Service Fund	\$	441
Total Depreciation Expense-Business-Type Activities	\$	<u>441</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 42,843
General Fund	Payroll Agency Fund	26,288
Unemployment Compensation Trust Fund	General Fund	9,184
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>5,712</u>
Total		<u>\$ 84,027</u>

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.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund transfers**

	<u>Transfer In</u>
	Capital
	<u>Projects</u>
Transfer Out:	
General Fund	\$ <u>479,000</u>

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

**F. Leases**

**Operating Leases**

The District leases copier equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$16,645. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 15,564
2018	15,564
2019	15,564
2020	<u>15,564</u>
Total	<u>\$ 62,256</u>

**Capital Leases**

The District is leasing one school bus totaling \$47,212 under capital leases. The lease is for a term of 4 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ <u>47,212</u>
Total	<u>\$ 47,212</u>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2017	\$ 10,032
2018	10,032
Total minimum lease payments	20,064
Less: amount representing interest	(903)
Present value of minimum lease payments	<u>\$ 19,161</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2016 are comprised of the following issues:

\$3,465,000, 2001 Bonds , due in annual installments of \$310,000 to \$320,000 through August 1, 2017, interest at 4.75%	\$ 630,000
\$1,552,000, 2007 Bonds , due in annual installments of \$45,000 to \$317,000 through July 15, 2022, interest at 4.25-4.375%	<u>1,372,000</u>
	<u>\$ 2,002,000</u>



**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

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

**Governmental Activities:**

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2017	\$ 355,000	\$ 81,269	\$ 436,269
2018	370,000	64,287	434,287
2019	195,000	51,481	246,481
2020	220,000	42,525	262,525
2021	260,000	32,025	292,025
2022-2023	<u>602,000</u>	<u>27,037</u>	<u>629,037</u>
	<u>\$ 2,002,000</u>	<u>\$ 298,624</u>	<u>\$ 2,300,624</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 28,750,382
Less: Net Debt	<u>2,002,000</u>
Remaining Borrowing Power	<u>\$ 26,748,382</u>

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Serial Bonds Payable	\$ 2,342,000		\$ 340,000	\$ 2,002,000	\$ 355,000
Capital Leases Payable	28,309		9,148	19,161	9,433
Compensated Absences Payable	152,869	\$ 1,467		154,336	
Net Pension Liability	<u>3,330,066</u>	<u>822,010</u>	<u>153,154</u>	<u>3,998,922</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 5,853,244</u>	<u>\$ 823,477</u>	<u>\$ 502,302</u>	<u>\$ 6,174,419</u>	<u>\$ 364,433</u>

For the governmental activities, the liabilities for capital leases, compensated absences, and net pension liability are generally liquidated by the general fund.

**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 provides 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.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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>
2016	\$ 3,401	\$ 10,693	\$ 3,401	\$ 70,544
2015	4,904	10,719	4,904	59,851
2014	1,227	16,259	7,198	48,984

**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, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**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. PERS is a cost sharing multi-employer defined benefit pension plan.

**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. TPAF is a cost sharing plan with special funding situations.

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.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**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 but are currently suspended as a result of reform legislation.

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](http://www.state.nj.us/treasury/pensions).

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**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.

**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. 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 or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2014 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 (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**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 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP 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 June 30,	PERS	On-behalf TPAF	DCRP
2016	\$ 153,154	\$ 397,205	\$ 3,155
2015	146,783	253,146	2,029
2014	124,880	196,431	945

For fiscal years 2015/2016 and 2014/2015, the state contributed \$397,205 and \$253,146, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$196,431 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$334,778 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$3,998,922 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01781 percent, which was an increase of .00002 percent from its proportionate share measured as of June 30, 2014 of .01779 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$315,261 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 95,400	
Changes of Assumptions	429,452	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 64,295
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>235,248</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 760,100</u></b>	<b><u>\$ 64,295</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 136,787
2018	136,787
2019	136,787
2020	186,400
2021	<u>99,044</u>
	<b><u>\$ 695,805</u></b>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.



**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%



**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,807,015 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$29,594,571. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .04682 percent, which was an increase of .00039 percent from its proportionate share measured as of June 30, 2014 of .04643 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 35,172,041</u>	<u>\$ 29,594,571</u>	<u>\$ 24,789,246</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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 paid 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 paid 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 state 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](http://www.state.nj.us/treasury/pensions).

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**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.

**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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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 includes 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 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 or 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, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion 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.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$472,963, \$401,869 and \$322,074, 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.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGET 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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 10,833,817		\$ 10,833,817	\$ 10,833,817	
Miscellaneous	168,578	-	168,578	182,329	\$ 13,751
Total Local Sources	11,002,395	-	11,002,395	11,016,146	13,751
State Sources					
Special Education Aid	259,783	-	259,783	259,783	-
Transportation Aid	4,026	-	4,026	4,026	-
Equalization Aid	2,401	-	2,401	2,401	-
Security Aid	9,528	-	9,528	9,528	-
Additional Adjustment Aid	1	-	1	1	-
PARCC Readiness Aid	6,440	-	6,440	6,440	-
Per Pupil Growth Aid	6,440	-	6,440	6,440	-
Extraordinary Aid		-		357,826	357,826
Non Public Transportation Aid		-		1,273	1,273
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				378,358	378,358
NCGI				18,847	18,847
Post Retirement Medical Contribution				472,963	472,963
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	334,778	334,778
Total State Sources	288,619	-	288,619	1,852,664	1,564,045
Total Revenues	11,291,014	-	11,291,014	12,868,810	1,577,796
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	347,068	\$ (23,843)	323,225	313,952	9,273
Grades 1-5	1,827,208	119,030	1,946,238	1,886,231	60,007
Grades 6-8	1,222,059	(208,726)	1,013,333	979,977	33,356
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	4,080	2,115	6,195	6,114	81
Other Purchased Services	62,982	(14,184)	48,798	45,248	3,550
General Supplies	75,000	28,276	103,276	98,153	5,123
Textbooks	35,000	(19,564)	15,436	15,004	432
Total Regular Programs	3,573,397	(116,896)	3,456,501	3,344,679	111,822
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	618,867	1,927	620,794	607,424	13,370
Other Salaries for Instruction	703,196	54,214	757,410	736,718	20,692
Purchased Professional Educational Services		5,276	5,276	5,216	60
General Supplies	2,400	763	3,163	3,118	45
Textbooks	-	1,911	1,911	1,830	81
Total Resource Room/Resource Center	1,324,463	64,091	1,388,554	1,354,306	34,248

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Home Instruction					
Purchased Professional Educational Services	\$ 33,000	\$ 6,530	\$ 39,530	\$ 33,150	\$ 6,380
Total Home Instruction	33,000	6,530	39,530	33,150	6,380
Total Special Education	1,357,463	70,621	1,428,084	1,387,456	40,628
Basic Skills/Remedial					
General Supplies	-	262	262	223	39
Total Basic Skills/Remedial	-	262	262	223	39
Bilingual Education - Instruction					
Salaries of Teachers	76,098	(15,373)	60,725	60,725	-
General Supplies	500	1,177	1,677	1,576	101
Total Bilingual Education - Instruction	76,598	(14,196)	62,402	62,301	101
School Sponsored Co/Extra Curricular Activities					
Salaries	63,707	3,631	67,338	67,338	-
Purchased Services	3,000	-	3,000	1,415	1,585
Supplies and Materials	500	(365)	135	135	-
Total School Sponsored Co/Extra Curricular Activities	67,207	3,266	70,473	68,888	1,585
School Sponsored Athletics					
Salaries	24,514	(3,261)	21,253	21,253	-
Purchased Services	4,500	(357)	4,143	4,000	143
Supplies and Materials	2,830	352	3,182	3,182	-
Total School Sponsored Athletics	31,844	(3,266)	28,578	28,435	143
Total Instruction	5,106,509	(60,209)	5,046,300	4,891,982	154,318
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,041,177	390,651	1,431,828	1,317,203	114,625
Tuition to Priv. School for the Disable W/I State	149,992	47,974	197,966	197,966	-
Total Undistributed Expenditures - Instruction	1,191,169	438,625	1,629,794	1,515,169	114,625
Attendance and Social Work					
Salaries	46,480	7,063	53,543	52,238	1,305
Total Attendance and Social Work	46,480	7,063	53,543	52,238	1,305
Health Services					
Salaries	77,981	5,900	83,881	82,261	1,620
Purchased Professional and Technical Services	7,500	98	7,598	7,598	-
Supplies and Materials	4,941	(382)	4,559	4,537	22
Total Health Services	90,422	5,616	96,038	94,396	1,642

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Speech, OT, PT & Related Services					
Salaries	\$ 150,723	\$ (21,938)	\$ 128,785	\$ 124,149	\$ 4,636
Purchased Professional-Educational Services	62,500	8,891	71,391	66,508	4,883
Supplies and Materials	1,500	100	1,600	1,600	-
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>214,723</b>	<b>(12,947)</b>	<b>201,776</b>	<b>192,257</b>	<b>9,519</b>
Guidance					
Salaries of Other Professional Staff	122,298	201	122,499	119,432	3,067
Salaries of Secretarial and Clerical Assistants	16,033	(203)	15,830	15,387	443
Other Purchased Services	1,000	(1,000)	-	-	-
Supplies and Materials	500	(164)	336	336	-
<b>Total Guidance</b>	<b>139,831</b>	<b>(1,166)</b>	<b>138,665</b>	<b>135,155</b>	<b>3,510</b>
Child Study Teams					
Salaries of Other Professional Staff	351,049	(12,038)	339,011	333,146	5,865
Salaries of Secretarial and Clerical Assistants	39,574	284	39,858	38,737	1,121
Other Salaries		190	190	190	
Purchased Professional-Educational Services	35,000	5,207	40,207	38,387	1,820
Other Purchased Services	1,737	1,106	2,843	1,671	1,172
Supplies and Materials	3,500	533	4,033	3,906	127
<b>Total Child Study Teams</b>	<b>430,860</b>	<b>(4,718)</b>	<b>426,142</b>	<b>416,037</b>	<b>10,105</b>
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	69,680	1,113	70,793	70,793	-
<b>Total Improvement of Inst. Serv.</b>	<b>69,680</b>	<b>1,113</b>	<b>70,793</b>	<b>70,793</b>	<b>-</b>
Educational Media Services/School Library					
Salaries	77,574	1,785	79,359	76,356	3,003
Purchased Professional and Technical Services	86,555	279	86,834	86,834	-
Supplies and Materials	23,300	(1,118)	22,182	17,363	4,819
<b>Total Educational Media Serv./School Library</b>	<b>187,429</b>	<b>946</b>	<b>188,375</b>	<b>180,553</b>	<b>7,822</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff	17,260	(14,073)	3,187	-	3,187
Purchased Professional - Educational Services	52,500	(1,611)	50,889	50,889	-
Other Purchased Services	500	688	1,188	688	500
Supplies and Materials	-	130	130	130	-
Other Objects	250	(250)	-	-	-
<b>Total Instructional Staff Training Services</b>	<b>70,510</b>	<b>(15,116)</b>	<b>55,394</b>	<b>51,707</b>	<b>3,687</b>

**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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services General Administration					
Salaries	\$ 220,604	\$ 2,161	\$ 222,765	\$ 222,604	\$ 161
Legal Services	20,000	(2,348)	17,652	17,652	-
Audit	17,500	20,515	38,015	18,315	19,700
Architectural/Engineering Services	5,000	13,917	18,917	18,917	-
Communications/Telephone	27,000	(3,609)	23,391	22,650	741
BOE Other Purchased Services	2,500	(1,847)	653	653	-
Miscellaneous Purchased Services	12,922	2,537	15,459	13,325	2,134
General Supplies	1,000	(495)	505	495	10
Miscellaneous Expenditures	10,000	(2,238)	7,762	7,762	-
BOE Membership Dues and Fees	10,000	1,782	11,782	11,782	-
Total Support Services General Administration	<u>326,526</u>	<u>30,375</u>	<u>356,901</u>	<u>334,155</u>	<u>22,746</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	158,320	15,517	173,837	173,837	-
Salaries of Secretarial and Clerical Assistants	36,478	458	36,936	35,903	1,033
Other Purchased Services	5,300	129	5,429	3,477	1,952
Supplies and Materials	8,000	4,917	12,917	11,678	1,239
Other Objects	5,000	(508)	4,492	3,672	820
Total Support Services School Administration	<u>213,098</u>	<u>20,513</u>	<u>233,611</u>	<u>228,567</u>	<u>5,044</u>
Central Services					
Salaries	209,168	(100)	209,068	208,601	467
Miscellaneous Purchased Services	16,341	(4,202)	12,139	11,272	867
Supplies and Materials	4,000	(2,427)	1,573	1,573	-
Miscellaneous Expenditures	2,000	3,303	5,303	5,303	-
Total Central Services	<u>231,509</u>	<u>(3,426)</u>	<u>228,083</u>	<u>226,749</u>	<u>1,334</u>
Admin. Info. Tech.					
Purchased Technical Serv.	29,090	(9,923)	19,167	9,675	9,492
Supplies and Materials	18,574	2,133	20,707	11,455	9,252
Other Objects	200	-	200	-	200
Total Admin. Info. Tech.	<u>47,864</u>	<u>(7,790)</u>	<u>40,074</u>	<u>21,130</u>	<u>18,944</u>
Required Maintenance for School Facilities					
Salaries	113,806	15,224	129,030	129,030	-
Cleaning, Repair and Maintenance	115,000	(8,415)	106,585	102,899	3,686
General Supplies	10,000	1,990	11,990	10,567	1,423
Other Objects	850	369	1,219	1,219	-
Total Required Maintenance for School Fac.	<u>239,656</u>	<u>9,168</u>	<u>248,824</u>	<u>243,715</u>	<u>5,109</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, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 135,481	\$ (25,993)	\$ 109,488	\$ 109,488	-
Salaries of Non-Instructional Aides	90,000	(11,234)	78,766	73,296	\$ 5,470
Cleaning, Repair and Maint. Serv.	94,153	29,649	123,802	120,098	3,704
Other Purchased Property Services	32,000	-	32,000	30,813	1,187
Insurance	93,500	(2,127)	91,373	91,373	-
Miscellaneous Purchased Services	200	-	200	125	75
General Supplies	40,000	(5,037)	34,963	28,863	6,100
Energy (Natural Gas)	60,000	(11,085)	48,915	32,215	16,700
Energy (Electricity)	110,000	7,573	117,573	117,463	110
Other Objects	2,400	-	2,400	-	2,400
Total Custodial Services	<u>657,734</u>	<u>(18,254)</u>	<u>639,480</u>	<u>603,734</u>	<u>35,746</u>
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	6,188	442	6,630	6,630	-
Contracted Services (Between Home and School)- Vendors	2,000	(500)	1,500	757	743
Contracted Services (Other than Between Home and School)-Vendors	16,000	1,666	17,666	13,757	3,909
Contracted Services (Between Home and School)- Joint Agreements	500	-	500	-	500
Contracted Services (Sp. Ed. Students) Joint Agreements	97,603	(13,217)	84,386	78,588	5,798
Lease Purchase Payments - School Buses	10,000	32	10,032	10,032	-
Misc. Purchased Services - Transportation	4,000	(1,166)	2,834	25	2,809
Total Student Transportation Services	<u>136,291</u>	<u>(12,743)</u>	<u>123,548</u>	<u>109,789</u>	<u>13,759</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	143,000	2,000	145,000	141,546	3,454
Other Retirement Contributions -PERS	172,000	(11,161)	160,839	153,154	7,685
Other Retirement Contributions - Regular	-	3,155	3,155	3,155	-
Unemployment Compensation	14,600	(4,029)	10,571	3,401	7,170
Workmen's Compensation	61,720	(3,000)	58,720	49,436	9,284
Health Benefits	1,703,894	11,236	1,715,130	1,739,437	(24,307)
Tuition Reimbursement	17,500	(10,000)	7,500	6,000	1,500
Other Employee Benefits	46,000	4,593	50,593	50,593	-
Total Unallocated Benefits - Employee Benefits	<u>2,158,714</u>	<u>(7,206)</u>	<u>2,151,508</u>	<u>2,146,722</u>	<u>4,786</u>
Interest - Deposit into Maintenance Reserve	125	-	125	-	125
Interest - Deposit into Emergency Reserve	175	-	175	-	175
	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost	-	-	-	378,358	(378,358)
NCGI	-	-	-	18,847	(18,847)
Post Retirement Medical Contribution	-	-	-	472,963	(472,963)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	334,778	(334,778)
Total Undistributed Expenditures	<u>6,452,496</u>	<u>430,053</u>	<u>6,882,549</u>	<u>7,827,812</u>	<u>(945,263)</u>
Total Expenditures - Current Expenditures	<u>11,559,305</u>	<u>369,844</u>	<u>11,929,149</u>	<u>12,719,794</u>	<u>(790,645)</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, 2016**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>CAPITAL OUTLAY</b>					
Equipment					
Admin. Info. Tech.	-	\$ 20,168	20,168		\$ 20,168
Security	-	7,500	7,500	\$ 7,500	-
Total Equipment	-	27,668	27,668	7,500	20,168
Facilities Acquisition and Construction Services					
Construction Services	100,762		100,762	78,694	22,068
Assessment for Debt Serv on SDA Funding	19,389	-	19,389	19,389	-
Total Facilities Acquisition and Construction Services	120,151	-	120,151	98,083	22,068
Interest Deposit to Capital Reserve	100	-	100	-	100
Total Capital Outlay	120,251	27,668	147,919	105,583	42,336
Total Expenditures	11,679,556	397,512	12,077,068	12,825,377	(748,309)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(388,542)	(397,512)	(786,054)	43,433	829,487
Other Financing Sources					
Transfers Out - Capital Reserve to Capital Projects	(529,000)	-	(529,000)	(479,000)	50,000
Excess (Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	(917,542)	(397,512)	(1,315,054)	(435,567)	879,487
Fund Balance, Beginning of Year	2,271,078	-	2,271,078	2,271,078	-
Fund Balance, End of Year	\$ 1,353,536	\$ (397,512)	\$ 956,024	\$ 1,835,511	\$ 879,487
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance					
Excess Surplus				55,106	
Excess Surplus - Designated for Subsequent Year's Expenditures				484,141	
Capital Reserve				50,100	
Emergency Reserve				176,819	
Maintenance Reserve				125,125	
Assigned					
Year Encumbrances				335,121	
Unassigned				609,099	
Reconciliation to Governmental Funds Statements (GAAP):				1,835,511	
Less: State Aid Payments Not Recognized on GAAP Basis				(384,740)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,450,771	

**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, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State		\$ 621	\$ 621	\$ 546	\$ (75)
Federal	\$ 134,173	17,714	151,887	151,862	(25)
Other	-	3,810	3,810	3,500	(310)
	<u>134,173</u>	<u>22,145</u>	<u>156,318</u>	<u>155,908</u>	<u>(410)</u>
<b>Total Revenues</b>					
	<u>134,173</u>	<u>22,145</u>	<u>156,318</u>	<u>155,908</u>	<u>(410)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	110,954	4,502	115,456	115,456	-
Purchased Professional Educational Services		8,104	8,104	8,104	-
General Supplies	-	8,918	8,918	8,583	335
	<u>110,954</u>	<u>21,524</u>	<u>132,478</u>	<u>132,143</u>	<u>335</u>
<b>Total Instruction</b>					
	<u>110,954</u>	<u>21,524</u>	<u>132,478</u>	<u>132,143</u>	<u>335</u>
Support Services					
Purchased Professional and Technical Services		621	621	546	75
Other Purchased Services	23,219	-	23,219	23,219	-
	<u>23,219</u>	<u>621</u>	<u>23,840</u>	<u>23,765</u>	<u>75</u>
<b>Total Support Services</b>					
	<u>23,219</u>	<u>621</u>	<u>23,840</u>	<u>23,765</u>	<u>75</u>
<b>Total Expenditures</b>					
	<u>134,173</u>	<u>22,145</u>	<u>156,318</u>	<u>155,908</u>	<u>410</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**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, 2016**

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>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules (Exhibits C-1, C-2)	\$ 12,868,810	\$ 155,908
<b>Difference - budget to GAAP:</b>		
State Aid payments not recognized for budgetary purposes, recognized for GAAP purposes, 2014/2015 State Aid	287,868	
State Aid payments recognized for budgetary purposes, not recognized for GAAP purposes, 2015/2016 State Aid	(384,740)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, Prior Year		35
Encumbrances, Current Year	<u>-</u>	<u>(528)</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	 <u>\$ 12,771,938</u>	 <u>\$ 155,415</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules ( Exhibit C-1, C-2)	\$ 12,825,377	\$ 155,908
<b>Differences - budget to GAAP</b>		
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		35
Encumbrances, Current Year	<u>-</u>	<u>(528)</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	 <u>\$ 12,825,377</u>	 <u>\$ 155,415</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**HARRINGTON PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
Public Employees Retirement System**

**Last Three Fiscal Years\***  
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01781%	0.01779%	0.01603%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,998,922</u>	<u>\$ 3,330,066</u>	<u>\$ 3,064,520</u>
District's Covered-Employee Payroll	<u>\$ 1,318,357</u>	<u>\$ 1,186,541</u>	<u>\$ 1,198,576</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	303.33%	280.65%	255.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirements to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HARRINGTON PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Three Fiscal Years  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 153,154	\$ 146,783	\$ 124,880
Contributions in Relation to the Contractually Required Contribution	<u>153,154</u>	<u>146,783</u>	<u>124,880</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,318,357</u>	<u>\$ 1,186,541</u>	<u>\$ 1,198,576</u>
Contributions as a Percentage of Covered-Employee Payroll	11.62%	12.37%	10.42%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 69. However, until the full 10-year trend is compiled, the District will only present information for those years which information is available.

**HARRINGTON PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 29,594,571</u>	<u>\$ 24,817,038</u>	<u>\$ 24,096,592</u>
Total	<u>\$ 29,594,571</u>	<u>\$ 24,817,038</u>	<u>\$ 24,096,592</u>
District's Covered-Employee Payroll	<u>\$ 4,756,793</u>	<u>\$ 4,934,879</u>	<u>\$ 4,622,396</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 69. However, until the full 10-year trend is compiled, the District will only present information for those years which information is available.

**HARRINGTON PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**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, 2016**

	<u>Title II</u>	<u>Title III</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Anti Bullying Grant</u>	<u>Other Programs</u>	<u>2016</u>
<b>REVENUES</b>							
Intergovernmental							
State					\$ 546		\$ 546
Federal	\$ 8,104	\$ 5,083	\$ 127,582	\$ 11,093			151,862
Other	-	-	-	-	-	\$ 3,500	3,500
<b>Total Revenues</b>	<u>\$ 8,104</u>	<u>\$ 5,083</u>	<u>\$ 127,582</u>	<u>\$ 11,093</u>	<u>\$ 546</u>	<u>\$ 3,500</u>	<u>\$ 155,908</u>
<b>EXPENDITURES</b>							
Instruction							
Tuition			\$ 104,363	\$ 11,093			\$ 115,456
Purchased Professional Educational Services	\$ 8,104						8,104
General Supplies	-	\$ 5,083	-	-	-	\$ 3,500	8,583
<b>Total Instruction</b>	<u>8,104</u>	<u>5,083</u>	<u>104,363</u>	<u>11,093</u>	<u>-</u>	<u>3,500</u>	<u>132,143</u>
Support Services							
Purchased Professional and Technical Services					\$ 546		546
Other Purchased Services	-	-	23,219	-	-	-	23,219
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>23,219</u>	<u>-</u>	<u>546</u>	<u>-</u>	<u>23,765</u>
<b>Total Expenditures</b>	<u>\$ 8,104</u>	<u>\$ 5,083</u>	<u>\$ 127,582</u>	<u>\$ 11,093</u>	<u>\$ 546</u>	<u>\$ 3,500</u>	<u>\$ 155,908</u>

**HARRINGTON PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**HARRINGTON PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issuc/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2016</u>
Boiler Replacement at the Harrington Park High Public School	\$ 705,000	\$ 194,401	\$ 508,242	\$ 2,357
	<u>\$ 705,000</u>	<u>\$ 194,401</u>	<u>\$ 508,242</u>	<u>\$ 2,357</u>

Reconciliation to GAAP

Project Balance - Budgetary Basis/ GAAP Basis, June 30, 2016	<u>\$ 2,357</u>
---	-----------------

Recapitulation of Fund Balance

Restricted for Capital Projects: Year End Encumbrances	\$ 740
Available for Capital Projects	<u>1,617</u>

Total Fund Balance - Restricted for Capital Projects	<u>\$ 2,357</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, 2016**

<b>Revenues</b>	
Other Local Sources - Capital Reserve	\$ <u>479,000</u>
Total Revenues	<u>479,000</u>
<b>Expenditures</b>	
Construction Services	494,229
Purchased Professional and Technical Services	<u>14,013</u>
Total Expenditures	<u>508,242</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(29,242)
Fund Balance - Beginning of Year	<u>31,599</u>
Fund Balance - End of Year	<u><u>\$ 2,357</u></u>
Reconciliation to GAAP	
Fund Balance - Ending - Budgetary Basis/GAAP Basis	<u><u>\$ 2,357</u></u>

**HARRINGTON PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
BOILER REPLACEMENT AT THE HARRINGTON PARK PUBLIC SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 226,000		\$ 226,000	\$ 226,000
Other Local Sources - Capital Reserve	-	\$ 479,000	479,000	479,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	226,000	479,000	705,000	705,000
<b>Expenditures and Other Financing Uses</b>				
Construction Services	163,755	494,229	657,984	638,554
Purchased Professional and Technical Services	30,646	14,013	44,659	66,446
Unallocated	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	194,401	508,242	702,643	705,000
Excess of Revenue Over Expenditures	<u>\$ 31,599</u>	<u>\$ (29,242)</u>	<u>\$ 2,357</u>	<u>\$ -</u>

Additional Project Information:

Project Number	2050-050-14-1001-G04
Grant Date	FY 2015
Original Authorized Cost	\$ 565,000
Additional Authorized Cost	140,000
Revised Authorized Cost	705,000

Percentage Increase Over Original Authorized Cost	24.78%
Percentage Completion	100%
Original Target Completion Date	Sep-15
Revised Target Completion Date	Sep-15

**ENTERPRISE FUND**



**EXHIBIT G-1**

**HARRINGTON PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

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 ASSETS AND LIABILITIES  
AS OF JUNE 30, 2016**

	<u>Agency</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 5,817	\$ 32,795	\$ 38,612
Due from Other Funds	-	5,712	5,712
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,817</u>	<u>\$ 38,507</u>	<u>\$ 44,324</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 2,546	\$ 2,546
Due to Other Funds		26,288	26,288
Flexible Spending Benefits		7,040	7,040
Accrued Salaries and Wages		2,633	2,633
Due to Student Groups	\$ 5,817	-	5,817
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 5,817</u>	<u>\$ 38,507</u>	<u>\$ 44,324</u>

HARRINGTON PARK BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2016</u>
Student Activity Account	\$ 6,214	\$ 46,691	\$ 47,088	\$ 5,817
Total All Schools	<u>\$ 6,214</u>	<u>\$ 46,691</u>	<u>\$ 47,088</u>	<u>\$ 5,817</u>

**HARRINGTON PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,534	\$ 3,233,547	\$ 3,232,535	\$ 2,546
Due from Other Funds	(4,692)	10,693	11,713	(5,712)
Due to Other Funds	63,299	350,511	387,522	26,288
Flexible Spending Benefits	13,325	30,221	36,506	7,040
Accrued Salaries and Wages	<u>2,634</u>	<u>4,005,677</u>	<u>4,005,678</u>	<u>2,633</u>
 Total	 <u>\$ 76,100</u>	 <u>\$ 7,630,649</u>	 <u>\$ 7,673,954</u>	 <u>\$ 32,795</u>

**LONG-TERM DEBT**



HARRINGTON PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
School Bus	\$ 47,212	3.12%	<u>\$ 28,309</u>	<u>\$ -</u>	<u>\$ 9,148</u>	<u>\$ 19,161</u>



HARRINGTON PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 402,586	-	\$ 402,586	\$ 402,586	\$ -
State Sources					
Debt Service Aid	34,752	-	34,752	34,752	-
<b>Total Revenues</b>	<u>437,338</u>	<u>-</u>	<u>437,338</u>	<u>437,338</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	340,000		340,000	340,000	
Interest	97,338	-	97,338	97,338	-
<b>Total Expenditures</b>	<u>437,338</u>	<u>-</u>	<u>437,338</u>	<u>437,338</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 4,114,481	\$ 4,292,211	\$ 4,315,081	\$ 4,389,165	\$ 4,556,039	\$ 4,609,657	\$ 4,765,442	\$ 4,805,127	\$ 5,064,058	\$ 5,714,553
Restricted	609,567	237,730	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582
Unrestricted	(5,778)	66,017	129,454	86,282	294,672	879,470	1,068,386	(2,132,561)	(2,032,786)	(2,222,245)
<b>Total Governmental Activities Net Position</b>	<u>\$ 4,718,270</u>	<u>\$ 4,595,958</u>	<u>\$ 4,745,606</u>	<u>\$ 4,894,549</u>	<u>\$ 5,560,464</u>	<u>\$ 5,591,561</u>	<u>\$ 6,308,829</u>	<u>\$ 3,247,567</u>	<u>\$ 3,589,632</u>	<u>\$ 3,669,890</u>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 4,748	\$ 4,556	\$ 6,284	\$ 5,489	\$ 5,028	\$ 4,054	\$ 3,422	\$ 2,790	\$ 2,349	\$ 1,908
Unrestricted	1,192	9,616	19,884	23,122	10,916	5,517	5,588	3,303	3,253	9,532
<b>Total Business-Type Activities Net Position</b>	<u>\$ 5,940</u>	<u>\$ 14,172</u>	<u>\$ 26,168</u>	<u>\$ 28,611</u>	<u>\$ 15,944</u>	<u>\$ 9,571</u>	<u>\$ 9,010</u>	<u>\$ 6,093</u>	<u>\$ 5,602</u>	<u>\$ 11,440</u>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 4,119,229	\$ 4,296,767	\$ 4,321,365	\$ 4,394,654	\$ 4,561,067	\$ 4,613,711	\$ 4,768,864	\$ 4,807,917	\$ 5,066,407	\$ 5,716,461
Restricted	609,567	237,730	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582
Unrestricted	(4,586)	75,633	149,338	109,404	305,588	884,987	1,073,974	(2,129,258)	(2,029,533)	(2,212,713)
<b>Total District Net Position</b>	<u>\$ 4,724,210</u>	<u>\$ 4,610,130</u>	<u>\$ 4,771,774</u>	<u>\$ 4,923,160</u>	<u>\$ 5,576,408</u>	<u>\$ 5,601,132</u>	<u>\$ 6,317,839</u>	<u>\$ 3,253,660</u>	<u>\$ 3,595,234</u>	<u>\$ 3,681,330</u>

Note 1 - Net Pension at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**HARRINGTON PARK BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 3,558,645	\$ 4,208,064	\$ 4,197,071	\$ 4,524,506	\$ 4,325,365	\$ 4,962,477	\$ 4,685,539	\$ 4,854,990	\$ 5,712,168	\$ 6,066,453
Special education	807,192	902,659	1,184,861	1,317,979	1,302,010	2,454,921	2,630,838	2,853,907	3,266,950	3,925,687
Other special education	189,459	111,175	114,996	35,256	32,638		103,354			
Other instruction	78,665	87,259	85,433	181,318	125,045	91,839	127,008	139,432	131,207	118,783
School Sponsored Activities and Athletics						112,742		153,697	144,791	147,668
<b>Support Services:</b>										
Tuition	926,557	715,008	721,994	630,014	615,603					
Student & instruction related services	978,746	1,017,448	1,191,637	1,166,438	1,236,942	1,441,239	1,560,841	1,578,732	1,744,656	1,881,192
General administration services	396,227	465,475	421,908	396,748	395,164	457,667	469,566	479,183	496,322	489,569
School Administrative services	272,245	280,042	290,799	289,736	271,855	224,550	256,315	280,728	338,671	395,522
Central Services	289,801	311,576	319,203	276,500	207,368	259,835	275,862	289,350	321,499	337,395
Business administrative services				15,769	50,626	53,940	42,939	41,786	46,408	21,130
Administrative Information Technology										
Operation and maintenance of Facilities		1,142,846	1,102,463	1,014,321	945,598	1,150,032	1,264,263	1,259,132	1,283,846	1,263,620
Pupil transportation	238,355	198,710	137,699	129,878	80,050	143,844	82,903	131,349	89,243	104,020
Unallocated Benefits	945,323	897,511	611,584	661,522	715,032					
Interest On Long-Term Debt	130,505	186,168	179,575	169,270	158,177	146,434	134,042	121,501	107,136	91,444
Unallocated depreciation	190,796	185,178	173,286	195,574	227,708					
Capital Outlay - nondepreciable	2,385	48,778	14,482	64,608	15,993					
<b>Total Governmental Activities Expenses</b>	<b>9,840,587</b>	<b>10,757,897</b>	<b>10,746,991</b>	<b>11,069,437</b>	<b>10,705,174</b>	<b>11,499,520</b>	<b>11,633,470</b>	<b>12,183,787</b>	<b>13,682,897</b>	<b>14,842,483</b>
<b>Business-Type Activities:</b>										
Special milk fund	6,512	6,516	9,679	21,759	31,156	29,824	19,006	22,111	20,465	15,313
<b>Total Business-Type Activities Expense</b>	<b>6,512</b>	<b>6,516</b>	<b>9,679</b>	<b>21,759</b>	<b>31,156</b>	<b>29,824</b>	<b>19,006</b>	<b>22,111</b>	<b>20,465</b>	<b>15,313</b>
<b>Total District Expenses</b>	<b>\$ 9,847,099</b>	<b>\$ 10,764,413</b>	<b>\$ 10,756,670</b>	<b>\$ 11,091,196</b>	<b>\$ 10,736,330</b>	<b>\$ 11,529,344</b>	<b>\$ 11,652,476</b>	<b>\$ 12,205,898</b>	<b>\$ 13,703,362</b>	<b>\$ 14,857,796</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction - Regular								\$ 13,592	\$ 31,603	\$ 46,077
Instruction - Special education										
Pupil transportation										
Operating Grants And Contributions	112,511	155,381	212,617	258,525	184,507	1,191,672	1,885,350	1,528,619	2,814,871	3,326,350
Capital Grants And Contributions									77,760	148,240
<b>Total Governmental Activities Program Revenues</b>	<b>112,511</b>	<b>155,381</b>	<b>212,617</b>	<b>258,525</b>	<b>184,507</b>	<b>1,191,672</b>	<b>1,885,350</b>	<b>1,542,211</b>	<b>2,924,234</b>	<b>3,520,667</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food service	5,702	8,817	15,423	18,032	10,330	14,700	12,025	12,180	12,673	14,045
Operating Grants And Contributions	3,154	5,733	6,113	6,042	8,080	8,692	6,385	7,014	7,301	7,106
Capital Grants And Contributions										
<b>Total Business-Type Activities Program Revenues</b>	<b>8,856</b>	<b>14,550</b>	<b>21,536</b>	<b>24,074</b>	<b>18,410</b>	<b>23,392</b>	<b>18,410</b>	<b>19,194</b>	<b>19,974</b>	<b>21,151</b>
<b>Total District Program Revenues</b>	<b>\$ 121,367</b>	<b>\$ 169,931</b>	<b>\$ 234,153</b>	<b>\$ 282,599</b>	<b>\$ 202,917</b>	<b>\$ 1,215,064</b>	<b>\$ 1,903,760</b>	<b>\$ 1,561,405</b>	<b>\$ 2,944,208</b>	<b>\$ 3,541,818</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,728,076)	\$ (10,602,516)	\$ (10,534,374)	\$ (10,810,912)	\$ (10,520,667)	\$ (10,307,848)	\$ (9,748,120)	\$ (10,641,576)	\$ (10,758,663)	\$ (11,321,816)
Business-Type Activities	2,344	8,034	11,857	2,315	(12,746)	(6,432)	(596)	(2,917)	(491)	5,838
<b>Total District-Wide Net Expense</b>	<b>\$ (9,725,732)</b>	<b>\$ (10,594,482)</b>	<b>\$ (10,522,517)</b>	<b>\$ (10,808,597)</b>	<b>\$ (10,533,413)</b>	<b>\$ (10,314,280)</b>	<b>\$ (9,748,716)</b>	<b>\$ (10,644,493)</b>	<b>\$ (10,759,154)</b>	<b>\$ (11,315,978)</b>
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 8,245,695	\$ 8,575,523	\$ 9,016,820	\$ 9,363,968	\$ 9,738,527	\$ 9,738,527	\$ 9,913,820	\$ 10,112,096	\$ 10,511,796	\$ 10,833,817
Taxes Levied For Debt Service	327,097	367,321	370,797	392,362	386,966	386,966	393,991	399,006	398,722	402,586
State Aid - Levied For Debt Service										
Federal And State Aid - Unrestricted	1,372,011	1,381,566	1,147,732	1,322,683	938,155	24,013	20,720	24,967	27,218	29,419
Investment Earnings						115	3,228			
Miscellaneous Income	60,122	155,794	148,667	90,656	122,934	189,324	133,629	111,132	162,992	136,252
Loss on Disposal of Capital Assets								(2,367)		
Retirement of Loans Payable Refinancing Credit										
Remaining Balance of Loans Payable Cancelled			6							
Donations-Reconstruction of Harrington Park School Field				(244,241)						
State Aid - Capital Outlay Facilities Grant Cancelled				34,427						
<b>Total Governmental Activities</b>	<b>10,004,925</b>	<b>10,480,204</b>	<b>10,684,022</b>	<b>10,959,855</b>	<b>11,186,582</b>	<b>10,338,945</b>	<b>10,465,388</b>	<b>10,644,834</b>	<b>11,100,728</b>	<b>11,402,074</b>
<b>Business-Type Activities:</b>										
Investment Earnings	62	198	139	128	79	59	35			
Transfers										
<b>Total Business-Type Activities</b>	<b>62</b>	<b>198</b>	<b>139</b>	<b>128</b>	<b>79</b>	<b>59</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 10,004,987</b>	<b>\$ 10,480,402</b>	<b>\$ 10,684,161</b>	<b>\$ 10,959,983</b>	<b>\$ 11,186,661</b>	<b>\$ 10,339,004</b>	<b>\$ 10,465,423</b>	<b>\$ 10,644,834</b>	<b>\$ 11,100,728</b>	<b>\$ 11,402,074</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 276,849	\$ (122,312)	\$ 149,648	\$ 148,943	\$ 665,915	\$ 31,097	\$ 717,268	\$ 3,258	\$ 342,065	\$ 80,258
Business-Type Activities	2,406	8,232	11,996	2,443	(12,667)	(6,373)	(561)	(2,917)	(491)	5,838
<b>Total District</b>	<b>\$ 279,255</b>	<b>\$ (114,080)</b>	<b>\$ 161,644</b>	<b>\$ 151,386</b>	<b>\$ 653,248</b>	<b>\$ 24,724</b>	<b>\$ 716,707</b>	<b>\$ 341</b>	<b>\$ 341,574</b>	<b>\$ 86,096</b>

**HARRINGTON PARK BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>										
Reserved	\$ 549,491	\$ 232,360	\$ 303,188	\$ 271,936						
Unreserved	281,335	248,015	314,031	258,464						
Restricted					\$ 508,809	\$ 508,809	\$ 1,102,119	\$ 1,287,753	\$ 1,421,420	\$ 891,291
Committed					134,631					
Assigned					61,800	394,836	354,687	151,198	337,486	335,121
Unassigned					461,700	207,642	225,590	226,064	224,304	224,359
<b>Total General Fund</b>	<u>\$ 830,826</u>	<u>\$ 480,375</u>	<u>\$ 617,219</u>	<u>\$ 530,400</u>	<u>\$ 1,166,940</u>	<u>\$ 1,111,287</u>	<u>\$ 1,682,396</u>	<u>\$ 1,665,015</u>	<u>\$ 1,983,210</u>	<u>\$ 1,450,771</u>
<b>All Other Governmental Funds</b>										
Reserved		\$ 7,700		\$ 139,653						
Unreserved	\$ (65,605)	(2,330)	\$ (2,117)	7,513						
Restricted									\$ (116,641)	\$ 2,357
Assigned					\$ 6,876					
Unassigned					(2,363)	\$ (567)	\$ -	\$ -	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ (65,605)</u>	<u>\$ 5,370</u>	<u>\$ (2,117)</u>	<u>\$ 147,166</u>	<u>\$ 4,513</u>	<u>\$ (567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (116,641)</u>	<u>\$ 2,357</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints

imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**HARRINGTON PARK BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 8,572,792	\$ 8,942,844	\$ 9,387,617	\$ 9,756,330	\$ 10,125,493	\$ 10,125,493	\$ 10,307,811	\$ 10,511,102	\$ 10,910,518	\$ 11,236,403
Tuition Charges	60,804	157,592	167,413	125,308	122,934					
Interest Earnings						115	3,228			
Miscellaneous						233,747	136,743	158,343	194,632	185,829
County Sources				75,000						
State Sources	1,375,011	1,381,566	1,190,162	1,174,317	949,232	1,016,346	1,752,579	1,379,857	1,691,863	1,939,330
Federal Sources	108,829	153,583	151,441	331,666	173,429	199,339	153,491	140,110	145,705	151,369
<b>Total Revenue</b>	<b>10,117,436</b>	<b>10,635,585</b>	<b>10,896,633</b>	<b>11,462,621</b>	<b>11,371,088</b>	<b>11,575,040</b>	<b>12,353,852</b>	<b>12,189,412</b>	<b>12,942,718</b>	<b>13,512,931</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,901,012	3,460,984	3,451,376	3,736,654	3,429,241	4,979,400	4,677,377	4,842,248	4,921,978	5,075,134
Special Education Instruction	706,922	799,100	967,503	1,066,830	1,046,734	2,460,907	2,627,768	2,849,568	3,087,589	3,677,083
Other Special Instruction	152,640	89,501	94,599	12,702	14,954					
Other Instruction	63,668	70,658	70,649	166,240	112,997	92,184	103,185	139,166	113,173	99,935
School Sponsored Activities And Athletics						108,807	122,276	149,981	137,287	137,089
<b>Support Services:</b>										
Tuition	926,557	715,008	721,994	630,014	615,603					
Student & Inst. Related Services	840,596	863,899	1,033,274	989,685	1,020,783	1,437,136	1,549,588	1,563,367	1,590,944	1,674,534
General Administrative	343,912	396,515	357,790	333,858	322,737	447,025	467,415	461,001	468,193	453,465
School Administrative Services	226,215	227,695	239,627	237,929	217,741	225,354	255,917	280,046	299,531	338,640
Business and Other Support Services						260,754	275,413			
Central Administrative Services	241,987	258,733	269,864	235,186	164,759			288,637	312,244	320,385
Administrative Info Tech				15,769	50,626	53,940	42,939	41,786	46,408	21,130
Plant Operations And Maintenance	769,175	1,047,292	932,123	930,612	849,282	913,100	1,014,881	1,008,111	1,018,169	987,414
Pupil Transportation	238,355	198,710	137,699	129,878	80,050	143,844	82,903	131,349	84,980	99,757
Unallocated Employee Benefits	1,189,017	1,298,233	1,384,599	1,502,082	1,693,841					
TPAF Pension/Social Security	888,403	889,459	593,628	635,361	656,031					
Capital Outlay	314,440	302,928	91,837	119,459	44,325	91,941	138,245	57,488	218,392	594,436
<b>Debt Service:</b>										
Principal	205,493	217,407	229,401	240,000	255,000	270,000	285,000	315,032	328,871	349,148
Interest And Other Charges	134,014	159,121	183,613	173,657	162,844	151,381	139,269	126,225	113,405	98,222
<b>Total Expenditures</b>	<b>10,142,406</b>	<b>10,995,243</b>	<b>10,759,576</b>	<b>11,155,916</b>	<b>10,737,548</b>	<b>11,635,773</b>	<b>11,782,176</b>	<b>12,254,005</b>	<b>12,741,164</b>	<b>13,926,372</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(24,970)	(359,658)	137,057	306,705	633,540	(60,733)	571,676	(64,593)	201,554	(413,441)
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)								47,212		
State Facilities Grant Cancelled				(244,241)						
Transfers In				274,467						479,000
Transfers Out				(274,467)						(479,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(244,241)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,212</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>\$ (24,970)</b>	<b>\$ (359,658)</b>	<b>\$ 137,057</b>	<b>\$ 62,464</b>	<b>\$ 633,540</b>	<b>\$ (60,733)</b>	<b>\$ 571,676</b>	<b>\$ (17,381)</b>	<b>\$ 201,554</b>	<b>\$ (413,441)</b>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	3.5%	3.5%	3.9%	3.7%	3.9%	3.7%	3.6%	3.6%	3.5%	3.4%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Donations</b>	<b>Insurance Dividend</b>	<b>Refunds</b>	<b>Misc.</b>	<b>E-Rate Reimb</b>	<b>Facility Use</b>	<b>Accrued Interest Bond Sale</b>	<b>Trailer Rental</b>	<b>PY Void Checks</b>	<b>Tuition</b>	<b>NVR High School</b>	<b>Total</b>
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
2013	3,228		3,296		23,840	2,493	8,242		61,800	12,301	22,048	2,723	139,971
2014	860				4,395		4,100		101,700	77	13,592		124,724
2015	653			2,616	10,465	2,948	4,700		141,610		31,603		194,595
2016	3,572				22,180	2,000	108,500				46,077		182,329

**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	Commercial	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (1)
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 (A)	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
2013 (B)	12,498,400	856,365,100	28,418,700	897,282,200	-	897,282,200	918,267,904	1.172
2014	12,498,400	855,446,400	28,221,900	896,166,700	-	896,166,700	940,449,312	1.218
2015	12,498,400	854,583,200	28,151,900	895,233,500	-	895,233,500	957,430,915	1.255
2016	12,498,400	856,178,500	27,192,100	895,869,000	-	895,869,000	977,108,511	1.295

Source: County Abstract of Ratables

(1) Tax rates are per \$100

N/A = Not Available

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

(B) The Borough undertook a revaluation of real property, which became effective in the year 2013.



**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	
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
2013 (B)	1.172	0.546	0.544	0.233	2.495
2014	1.218	0.576	0.554	0.245	2.593
2015	1.255	0.587	0.555	0.257	2.654
2016	1.295	0.591	0.558	0.278	2.722

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

(B) The Borough undertook a revaluation of real property which became effective in the year 2013.

Source: County Abstract of Ratables

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water Resources	\$ 20,784,500	2.32%	\$ 31,683,700	2.99%
Quantmeyer	2,913,300	0.33%	1,219,500	0.12%
Rockland Electric	2,681,800	0.30%	3,018,800	0.29%
HGK Realty	2,312,400	0.26%	1,602,700	0.15%
Resident	1,389,800	0.16%	1,564,800	0.15%
Resident	1,379,900	0.15%	1,527,800	0.14%
Resident	1,203,000	0.13%	1,369,200	0.13%
Resident	1,182,300	0.13%	1,341,000	0.13%
Resident	1,159,900	0.13%	1,327,700	0.13%
Resident	1,155,200	0.13%	1,323,800	0.13%
	<u>\$ 36,162,100</u>	<u>4.04%</u>	<u>\$ 45,979,000</u>	<u>4.36%</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	
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%	
2013	10,307,811	10,307,811	100.00%	
2014	10,511,102	9,632,462	91.64%	878,640
2015	10,910,518	10,910,518	100.00%	
2016	11,236,403	11,236,133	100.00%	270

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

<u>Governmental Activities</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Loans Payable</u>	<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
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	4,673	809
2011	3,522,000		3,522,000	4,716	750
2012	3,252,000		3,252,000	4,738	686
2013	2,967,000		2,967,000	4,767	622
2014	2,662,000		2,662,000	4,793	555
2015	2,342,000		2,342,000	4,823	486
2016	2,002,000		2,002,000	4,823 (1)	415

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Debt	Deductions			
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%	688
2013	2,967,000		2,967,000	0.33%	623
2014	2,662,000		2,662,000	0.30%	555
2015	2,342,000		2,342,000	0.26%	486
2016	2,002,000		2,002,000	0.22%	415

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, 2015  
(Unaudited)**

	<u>Gross Debt</u>
Direct Debt: (1)	
Borough of Harrington Park	\$ 3,199,361
Local School District	2,002,000
Regional School District	<u>1,305,448</u>
	<u>\$ 6,506,809</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2) (A)	5,609,787
Bergen County Utilities Authority (BCUA) (3) (B)	<u>1,023,895</u>
	<u>6,633,682</u>
Total Direct and Overlapping Debt	<u>\$ 13,140,491</u>

## Source:

- (1) Borough of Harrington Park's 2015 Annual Debt Statement
- (2) Bergen County Annual Debt Statement
- (3) BCUA 2015 Annual Audit

(A) The debt for this entity was apportioned to the Borough of Harrington Park by dividing the municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 975,944,075
2014	957,954,784
2013	941,139,291
	<u>\$ 2,875,038,150</u>

Average equalized valuation of taxable property \$ 958,346,050

Debt limit (3 % of average equalization value) 28,750,382  
 Total Net Debt Applicable to Limit 2,002,000  
 Legal debt margin \$ 26,748,382

66

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$28,179,060	\$31,158,381	\$ 33,235,912	\$33,819,648	\$33,167,208	\$ 31,534,822	\$29,895,701	\$28,870,391	\$ 28,477,959	\$ 28,750,382
Total net debt applicable to limit	<u>2,911,814</u>	<u>4,246,407</u>	<u>3,777,000</u>	<u>3,777,000</u>	<u>3,522,000</u>	<u>3,252,000</u>	<u>2,967,000</u>	<u>2,662,000</u>	<u>2,342,000</u>	<u>2,002,000</u>
Legal debt margin	<u>\$25,267,246</u>	<u>\$26,911,974</u>	<u>\$ 29,458,912</u>	<u>\$30,042,648</u>	<u>\$29,645,208</u>	<u>\$ 28,282,822</u>	<u>\$26,928,701</u>	<u>\$26,208,391</u>	<u>\$ 26,135,959</u>	<u>\$ 26,748,382</u>
Total net debt applicable to the limit as a percentage of debt limit	10.33%	13.63%	11.36%	11.17%	10.62%	10.31%	9.92%	9.22%	8.22%	6.96%

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>
2007	4,830	\$ 68,147	2.4%
2008	4,848	68,548	3.1%
2009	4,870	64,571	5.6%
2010	4,673	65,275	5.8%
2011	4,716	68,244	5.7%
2012	4,738	71,380	8.3%
2013	4,767	70,498	8.3%
2014	4,793	73,536	4.8%
2015	4,823	73,536 (1)	3.7%
2016	4,823 (1)	73,536 (1)	3.7% (1)

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)

<u>Employer</u>	<u>2016</u>		<u>2007</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 TEN FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	66.6	72.0	68.1	64.5	47.0	47.5	47.5	47.6	47.0	47.0
Special education	0.0	0.0	6.0	6.5	25.5	30.0	30.0	28.0	30.0	32.0
Support Services:										
Student & instruction related services	7.3	8.4	8.0	9.6	12.4	12.2	12.2	10.9	12.4	12.4
General administration services	2.0	2.0	2.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2.6	3.5	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	3.0	3.0	3.0	3.0	2.5	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	3.0	2.5	2.5	2.5	8.0	5.0	5.0	5.0	5.0	4.0
Total	<u>84.5</u>	<u>91.4</u>	<u>92.6</u>	<u>91.2</u>	<u>99.4</u>	<u>101.7</u>	<u>101.7</u>	<u>98.5</u>	<u>101.4</u>	<u>102.4</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	High School				
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%
2013	648.0	11,219,662	17,314	7.57%	67	1:9.7	N/A	N/A	633	612	-8.39%	96.68%
2014	637.0	11,755,260	18,454	6.58%	65	1:10.1	1:9.4	N/A	636	616	0.47%	96.86%
2015	633.0	12,080,496	19,085	10.22%	64	1:9.8	1:10.1	N/A	633	617	0.00%	97.47%
2016	632.0	12,884,566	20,387	6.82%	64	1:9.8	1:10.1	N/A	628	608	-1.26%	96.82%

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>School</u></b>										
Harrington Park School										
Square Feet	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250	95,250
Capacity (students)	775	775	775	775	775	775	775	775	775	775
Enrollment	712	738	726	712	687	691	648	637	633	632
<b><u>Other</u></b>										
Administration Trailer										
Square Feet	600									
Storage Trailer										
Square Feet	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Number of Buildings at June 30, 2015										
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)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Harrington Park School	NA	\$ 171,485	\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066	\$ 262,351	\$ 237,672	\$ 224,734	\$ 243,715
Total School Facilities		\$ 171,485	\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066	\$ 262,351	\$ 237,672	\$ 224,734	\$ 243,715

Source: District Records

**HARRINGTON PARK BOARD OF EDUCATION**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2016**  
**(Unaudited)**

	Coverage	Deductible
<b>COMMERCIAL PROPERTY COVERAGE</b>		
Flood & Earthquake	\$ 5,000,000	50,000
Flood Zone A	1,000,000	500,000
Extra Expense	5,000,000	
Building Ordinance Demolition Cost	5,000,000	
Building Ordinance Increased Cost of Construction	5,000,000	
Pollutant Clean Up & Removal	100,000	
Buildings and Contents	17,120,423	5,000
<b>GENERAL LIABILITY</b>		
General Aggregate	2,000,000	
Products & Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability Limit	1,000,000	
Medical Expense	5,000	
Employee Benefits Liability	1,000,000	1,000
<b>COMMERCIAL AUTOMOBILE</b>		
Liability	1,000,000	
Medical Payments	10,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
<b>Computers and Schedule Equipment General Security</b>		
Tuition and Fees	20,000	5,000
Contractors Equipment	250,000	5,000
Fine Arts	25,000	5,000
Misc. School Property: lighting, radio/TV antennas, playground equipment, outdoor benches, flagpoles, etc.	100,000	5,000
Cameras, Athletic Equipment, Musical instruments and uniforms	250,000	5,000
Valuable Papers and Records	5,000,000	5,000
Electronic Data Processing	5,000,000	5,000
Accounts Receivable	100,000	5,000
<b>Crime Coverage</b>		
Employee Dishonesty-Per Employee	100,000	5,000
Employee Dishonesty-Per Loss (Excess)	400,000	100,000
Forgery and Alteration	50,000	1,000

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

## EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, 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, 2016 and the related notes to the financial statements, which collectively comprise the Harrington Park Board of Education's basic financial statements and have issued our report thereon dated December 1, 2016.

#### **Internal Control Over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

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

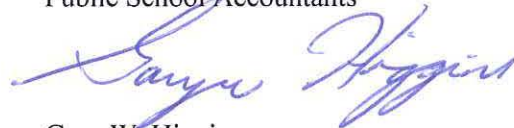
However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Harrington Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 1, 2016.

### **Purpose of this Report**

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



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 1, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major State Program**

We have audited the Harrington Park Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Harrington Park Board of Education's major state programs for the fiscal year ended June 30, 2016. The 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Harrington Park Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Harrington Park Board of Education's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Harrington Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Harrington Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Harrington Park Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Harrington Park Board of Education's internal control over compliance.

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

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

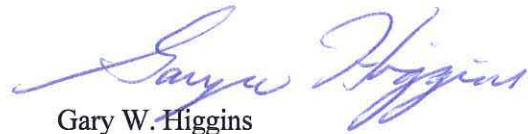
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



## Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrington Park Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
December 1, 2016

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2015				Cash Received	Budgetary Expenditures	Paid to Grantor	Accounts Receivable Adjustment	Deferred Revenue Adjustment	Balance at June 30, 2016			Memo GAAP Receivable
						(Account Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount						(Account Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																		
<b>Passed-through State Department of Education</b>																		
<b>Enterprise Fund</b>																		
Special Milk Program for Children	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 7,106					\$ 5,832	\$ 7,106				\$ (1,274)			\$ (1,274)
Special Milk Program for Children	10.556		N/A	7/1/14-6/30/15	7,301	\$ (434)	-	-	-	434	-	-	-	-	-	-	-	-
Total U.S. Department of Agriculture - Enterprise Fund						(434)	-	-	-	6,266	7,106	-	-	-	(1,274)	-	-	(1,274)
<b>U.S. Department of Education</b>																		
<b>Passed-through State Department of Education</b>																		
<b>Special Revenue</b>																		
IDEA Part B Basic Regular	84.027	H027A150100	FT-16	7/1/15-6/30/16	127,582					127,582	127,582							
IDEA Part B Preschool	84.173	H173A150114	PS-16	7/1/15-6/30/16	11,093	-	-	-	-	11,093	11,093	-	-	-	-	-	-	-
Total Special Education(IDEA) Cluster						-	-	-	-	138,675	138,675	-	-	-	-	-	-	-
Title IIA	84.367A	S367A150029	NCLB-16	7/1/15-6/30/16	8,104					8,104	8,104							
Title III	84.365A	S365A150030	NCLB-16	7/1/15-6/30/16	5,190					5,086	5,061				(104)	\$ 129		
Title III	84.365A		NCLB-15	7/1/14-6/30/15	3,585	(209)	\$ 231	-	-	-	22	-	\$ 209	\$ (209)	-	-	-	-
Total U.S. Department of Education - Special Revenue Fund						(209)	231	-	-	151,865	151,862	-	209	(209)	(104)	129	-	-
Total Federal Financial Awards						\$ (643)	\$ 231	\$ -	\$ -	\$ 158,131	\$ 158,968	\$ -	\$ 209	\$ (209)	\$ (1,378)	\$ 129	\$ -	\$ (1,274)

FAIN numbers are only applicable for current year grant awards.

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2015						Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures		Adjustment	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Educational Aid	16-495-034-5120-089	\$ 259,783	7/1/15-6/30/16					\$ 235,558	\$ 259,783			\$ (24,225)			\$ 259,783
Special Educational Aid	15-495-034-5120-089	259,783	7/1/14-6/30/15	\$ (24,225)				24,225				-			
Security Aid	16-495-034-5120-084	9,528	7/1/15-6/30/16					8,640	9,528			(888)		9,528	
Security Aid	15-495-034-5120-084	9,528	7/1/14-6/30/15	(888)				888				-			
Equalization Aid	16-495-034-5120-078	2,401	7/1/15-6/30/16					2,177	2,401			(224)		2,401	
Equalization Aid	15-495-034-5120-078	2,401	7/1/14-6/30/15	(224)				224				-			
Additional Adjustment Aid	16-495-034-5120-085	1	7/1/15-6/30/16					1	1			-		1	
PARCC Readiness Aid	15-495-034-5120-098	6,440	7/1/15-6/30/16					5,839	6,440			(601)		6,440	
PARCC Readiness Aid	15-495-034-5120-098	6,440	7/1/14-6/30/15	(601)				601				-		-	
Per Pupil Growth Aid	15-495-034-5120-097	6,440	7/1/15-6/30/16					5,839	6,440			(601)		6,440	
Per Pupil Growth Aid	15-495-034-5120-097	6,440	7/1/14-6/30/15	(601)				601				-		-	
Total State Aid Public Cluster				(26,539)	-	-	-	284,593	284,593	-	-	(26,539)	-	-	284,593
Transportation Aid	16-495-034-5120-014	4,026	7/1/15-6/30/16					3,651	4,026			(375)		4,026	
Transportation Aid	15-495-034-5120-014	4,026	7/1/14-6/30/15	(375)				375				-		-	
Nonpublic Transportation Aid	16-495-034-5120-014	1,273	7/1/15-6/30/16					1,273	1,273			(1,273)	\$ (1,273)	1,273	
Nonpublic Transportation Aid	15-495-034-5120-014	1,218	7/1/14-6/30/15	(1,218)				1,218				-	-	-	
Total Transportation Aid Cluster				(1,593)	-	-	-	5,244	5,299	-	-	(1,648)	-	-	5,299
Extraordinary Aid	16-100-034-5120-044	357,826	7/1/15-6/30/16						357,826			(357,826)		357,826	
Extraordinary Aid	15-100-034-5120-044	260,954	7/1/14-6/30/15	(260,954)				260,954				-		-	
TPAF Social Security Contrib.	16-495-034-5094-003	334,778	7/1/15-6/30/16					316,494	334,778			(18,284)	(18,284)	334,778	
TPAF Social Security Contrib.	15-495-034-5094-003	343,257	7/1/14-6/30/15	(18,319)				18,319				-		-	
TPAF Pension - NCGI	16-495-034-5094-004	18,847	7/1/15-6/30/16					18,847	18,847			-		18,847	
TPAF Pension - Normal Cost	16-495-034-5094-002	378,358	7/1/15-6/30/16					378,358	378,358			-		378,358	
TPAF Pension Post Retirement Medical Contr.	16-495-034-5094-001	472,963	7/1/15-6/30/16					472,963	472,963			-		472,963	
Total General Fund				(307,405)	-	-	-	1,755,772	1,852,664	-	-	(404,297)	-	-	1,852,664
<b>Special Revenue Fund</b>															
Anti Bullying	N/A	1,113	7/1/13-6/30/14	-	\$ 621	-	-	-	546	-	-	-	\$ 75	-	546
Total Special Revenue Fund				-	621	-	-	-	546	-	-	-	75	-	546
<b>Capital Projects Fund</b>															
SDA - Boiler Replacement at the Harrington Park Public School	2050-050-14-1001-G04	226,000	7/1/14-6/30/16	(226,000)	148,240	-	-	180,800	148,240	-	-	(45,200)	-	-	148,240
Total Capital Projects Fund				(226,000)	148,240	-	-	180,800	148,240	-	-	(45,200)	-	-	148,240
<b>Debt Service Fund</b>															
Debt Service Aid Type II	16-495-034-5120-017	34,752	7/1/15-6/30/16	-	-	-	-	34,752	34,752	-	-	-	-	-	34,752
Total State Financial Assistance Subject to Single Audit Determination				(533,405)	148,861	-	-	1,971,324	2,036,202	-	-	(449,497)	75	-	2,036,202
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
<b>General Fund</b>															
On-Behalf TPAF Pension System NCGI	16-495-034-5094-004	18,847	7/1/15-6/30/16					(18,847)	(18,847)			-		-	(18,847)
On-Behalf TPAF Pension System Normal Cost	16-495-034-5094-002	378,358	7/1/15-6/30/16					(378,358)	(378,358)			-		-	(378,358)
On-Behalf TPAF Post-Retirement Medical Con	16-495-034-5094-001	472,963	7/1/15-6/30/16					(472,963)	(472,963)			-		-	(472,963)
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (533,405)	\$ 148,861	\$ -	\$ -	\$ 1,101,156	\$ 1,166,034	\$ -	\$ -	\$ (449,497)	\$ 75	\$ -	\$ 1,166,034

**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, 2016**

**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 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 schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “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 financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 \$96,872 for the general fund and a decrease of \$493 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,755,792	\$ 1,755,792
Special Revenue Fund	\$ 151,369	546	151,915
Capital Projects Fund		148,240	148,240
Debt Service Fund		34,752	34,752
Food Service Fund	-	7,106	7,106
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 151,369</u>	<u>\$ 1,946,436</u>	<u>\$ 2,097,805</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, 2016**

**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**

TPAF Social Security contributions in the amount of \$334,778 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$397,205 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$472,963 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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 financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weaknesses identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Noncompliance material to the basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section - NOT APPLICABLE**

**State Awards Section**

Internal Control over major programs:

(1) Material weaknesses identified? \_\_\_\_\_ yes  X  no

(2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? \_\_\_\_\_ yes  X  none

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5094-003	TPAF Social Security Aid

Dollar threshold used to distinguish between Type A and Type B programs:  \$750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

There are none.

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

**CURRENT YEAR FEDERAL AWARDS**

Not applicable.

**CURRENT YEAR STATE AWARDS**

There are none.

**HARRINGTON PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-001**

**Condition**

Contract awards and available project balances were not entered into the District's accounting records.

**Status**

Corrective action has been taken.