

**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, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Harrington Park Board of Education

Harrington Park, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

**Harrington Park Board of Education
Finance Department**

**HARRINGTON PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
Organizational Chart	iv
Roster of Officials	v
Consultants and Advisors	vi
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Required Supplementary Information – Part I	
Management's Discussion and Analysis	4-17
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	18
A-2 Statement of Activities	19
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	20-21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Illustrative Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	23
Proprietary Funds:	
B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Net Position	25
B-6 Statement of Cash Flows	26
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	28
Notes to the Financial Statements	29-61

**HARRINGTON PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	62-67
C-2 Budgetary Comparison Schedule – Special Revenue Fund	68
Notes to the Required Supplementary Information – Part II	
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	69
Required Supplementary Information – Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	70
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	71
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	72
L-4 Notes to Required Supplementary Information	73
D. School Level Schedules – Not Applicable	
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	74
E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	75
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	76
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis – Not Applicable	77
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Boiler Replacement at Harrington Park Public School	78
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Statement of Net Position - Not Applicable	79
G-2 Statement of Revenues, Expenses and Changes in Net Position - Not Applicable	79
G-3 Statement of Cash Flows -Not Applicable	79

**HARRINGTON PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
H. Fiduciary Funds:	
H-1 Combining Statement of Assets and Liabilities	80
H-2 Combining Statement of Changes in Fiduciary Net Position - Not Applicable	81
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	82

I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	83
I-2 Schedule of Obligations Under Capital Leases – Not Applicable	84
I-3 Debt Service Fund Budgetary Comparison Schedule	85

STATISTICAL SECTION (Unaudited)

J-1 Net Position by Component	86
J-2 Changes in Net Position	87
J-3 Fund Balances – Governmental Funds	88
J-4 Changes in Fund Balances - Governmental Funds	89
J-5 General Fund Miscellaneous Revenue by Source	90
J-6 Assessed Value and Actual Value of Taxable Property	91
J-7 Direct and Overlapping Property Tax Rates	92
J-8 Principal Property Taxpayers	93
J-9 Property Tax Levies and Collections	94
J-10 Ratios of Outstanding Debt by Type	95
J-11 Ratios of Net General Obligation Debt Outstanding	96
J-12 Direct and Overlapping Governmental Activities Debt	97
J-13 Legal Debt Margin Information	98
J-14 Demographic and Economic Statistics	99
J-15 Principal Employers	100
J-16 Full-Time Equivalent District Employees by Function/Program	101
J-17 Operating Statistics	102
J-18 School Building Information	103
J-19 Schedule of Required Maintenance for School Facilities	104
J-20 Insurance Schedule	105

**HARRINGTON PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

SINGLE AUDIT SECTION

K-1	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	106-107
K-2	Report on Compliance for each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 - Independent Auditor's Report	108-110
K-3	Schedule of Expenditures of Federal Awards	111
K-4	Schedule of Expenditures of State Financial Assistance	112
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	113-114
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	115
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	116
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	117
K-8	Summary Schedule of Prior Year Findings	118

INTRODUCTORY SECTION

HARRINGTON PARK SCHOOL DISTRICT BOARD OF EDUCATION

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

Bryan Jursca
Business Administrator

December 4, 2017

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, 2017 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 15-08, "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 2016-17 fiscal year enrollment was 631 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>
2016-17	631.0	- 0.16
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

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 2016-17 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, 2017.

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,

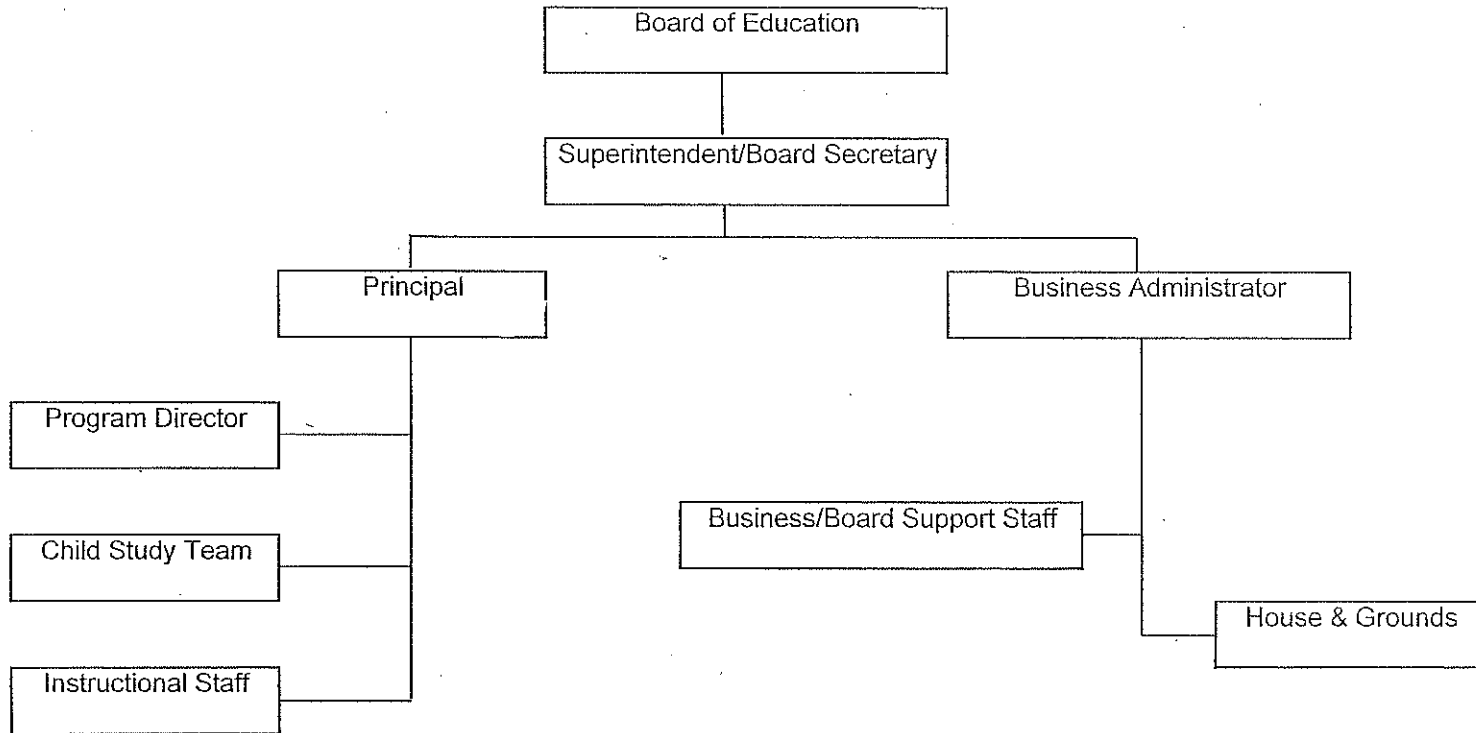
Dr. Adam Fried

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

Bryan Jursca

Bryan Jursca
Business Administrator

HARRINGTON PARK BOARD OF EDUCATION



Harrington Park Board of Education

Roster of Officials

June 30, 2017

Members of the Board of Education

Term Expires

Eric Fishbein, President

2020

Dianne Smith, Vice President

2020

Brenda Cho, Trustee

2019

Tsampicos Perides, Trustee

2018

Laura Wood, Trustee

2019

Other Officials

Adam Fried, PhD., Superintendent/Board Secretary

Bryan Jursca, Business Administrator

John Dineen, Esq., Attorney

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

Audit Firm

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

Attorney

Netchert, Dineen & Hillman, Esq.
294 Harrington Ave., Suite 3
Closter, NJ 07624

Official Depository

Capital One Bank
600 Piermont Rd.
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, PSA

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, 2017 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2017, 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.

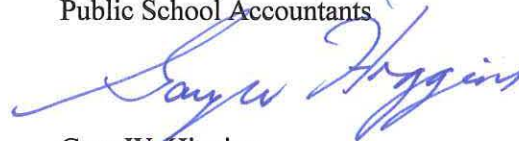
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2017 on our consideration of the Harrington Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Harrington Park Board of Education's 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 4, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

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, 2017. 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 (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 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 \$3,069,455 (net position).
- The District's total net position decreased \$611,875.
- Overall District revenues were \$16,686,470 which were \$611,875 less than overall District expenses of \$17,298,345. General revenues accounted for \$11,807,206 or 71% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$4,879,264 or 29% of total revenues.
- The School District had \$17,283,912 in expenses for governmental activities; only \$4,860,018 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$11,807,206 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 \$1,149,946. Of that amount, \$82,824 (7%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$82,824 at June 30, 2017, is a decrease of \$141,535 when compared with the beginning balance at July 1, 2016.
- The General Fund unassigned budgetary basis fund balance at June 30, 2017 was \$422,403 which represents a decrease of \$186,696 compared to the ending budgetary basis fund balance at June 30, 2016 of \$609,099.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

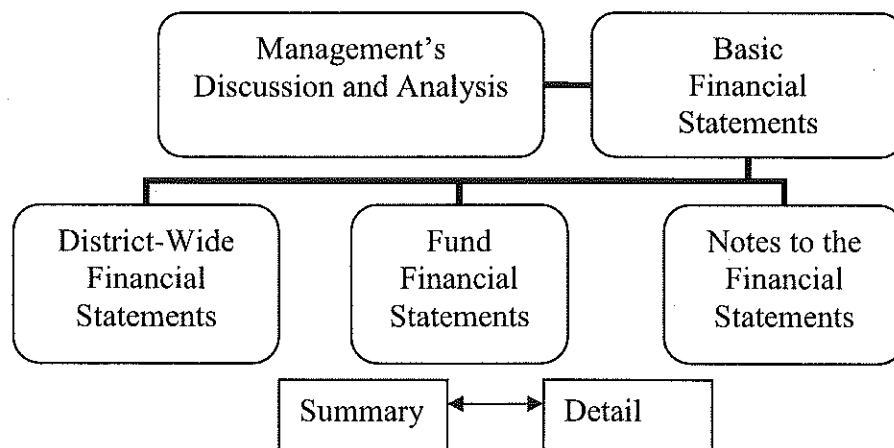
Year Ended June 30, 2017

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, 2017

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service.	Instances in which the district administers resources on behalf of someone else, such as scholarship, donations, student activities, and payroll deductions.
Required Financial Statements	Statements of Net 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
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, 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
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions 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, 2017

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, 2017

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, 2017

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 \$3,069,455 and \$3,681,330 on June 30, 2017 and 2016, respectively.

Table 1
Net Position

	Governmental Types		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 1,251,443	\$ 1,466,266	\$ 7,124	\$ 9,532	\$ 1,258,567	\$ 1,475,798
Capital assets	8,432,579	7,735,714	9,129	1,908	8,441,708	7,737,622
Total assets	<u>9,684,022</u>	<u>9,201,980</u>	<u>16,253</u>	<u>11,440</u>	<u>9,700,275</u>	<u>9,213,420</u>
Deferred Outflow of Resources	<u>2,048,854</u>	<u>760,100</u>	<u>-</u>	<u>-</u>	<u>2,048,854</u>	<u>760,100</u>
Total Assets and Deferred Outflows of Resources	<u>11,732,876</u>	<u>9,962,080</u>	<u>16,253</u>	<u>11,440</u>	<u>11,749,129</u>	<u>9,973,520</u>
Liabilities						
Current liabilities	150,540	53,476			150,540	53,476
Noncurrent liabilities	8,529,134	6,174,419	-	-	8,529,134	6,174,419
Total liabilities	<u>8,679,674</u>	<u>6,227,895</u>	<u>-</u>	<u>-</u>	<u>8,679,674</u>	<u>6,227,895</u>
Deferred Inflow of Resources	<u>-</u>	<u>64,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,295</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,679,674</u>	<u>6,292,190</u>	<u>-</u>	<u>-</u>	<u>8,679,674</u>	<u>6,292,190</u>
Net Position						
Net Investment in Capital Assets	5,936,091	5,714,553	9,129	1,908	5,945,220	5,716,461
Restricted	177,707	227,582			177,707	227,582
Unrestricted	(3,060,596)	(2,272,245)	7,124	9,532	(3,053,472)	(2,262,713)
Total net position	<u>\$ 3,053,202</u>	<u>\$ 3,669,890</u>	<u>\$ 16,253</u>	<u>\$ 11,440</u>	<u>\$ 3,069,455</u>	<u>\$ 3,681,330</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, 2017

The following shows changes in net position for fiscal years 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Types		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services and sales	\$ 281,372	\$ 46,077	\$ 13,932	\$ 14,045	\$ 295,304	\$ 60,122
Operating grants and contributions	4,578,646	3,326,350	5,314	7,106	4,583,960	3,333,456
Capital grants and contributions		148,240			-	148,240
General revenues						
Property taxes, levied for general purposes	11,198,697	10,833,817			11,198,697	10,833,817
Property taxes levied for debt service	400,358	402,586			400,358	402,586
Federal and State Aid Not Restricted	31,547	29,419			31,547	29,419
Other	176,604	136,252	-	-	176,604	136,252
Total revenues	<u>16,667,224</u>	<u>14,922,741</u>	<u>19,246</u>	<u>21,151</u>	<u>16,686,470</u>	<u>14,943,892</u>
Program Expenses						
Instruction						
Regular	7,141,163	6,066,453			7,141,163	6,066,453
Special Education	4,425,278	3,925,687			4,425,278	3,925,687
Other Instruction	199,831	118,783			199,831	118,783
School Sponsored Activities and Athletics	167,867	147,668			167,867	147,668
Support services						
Student and Instruction Related Services	2,236,932	1,881,192			2,236,932	1,881,192
General Administration Services	509,829	489,569			509,829	489,569
School Administration Services	425,910	395,522			425,910	395,522
Business/Central Services	402,902	337,395			402,902	337,395
Administrative Information Technology	69,840	21,130			69,840	21,130
Operation and Maintenance of Facilities	1,445,590	1,263,620			1,445,590	1,263,620
Pupil Transportation	168,198	104,020			168,198	104,020
Debt Service						
Interest and Other Charges	90,572	91,444			90,572	91,444
Food Service	-	-	14,433	15,313	14,433	15,313
Total expenses	<u>17,283,912</u>	<u>14,842,483</u>	<u>14,433</u>	<u>15,313</u>	<u>17,298,345</u>	<u>14,857,796</u>
Change in Net Position	(616,688)	80,258	4,813	5,838	(611,875)	86,096
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 3,053,202</u>	<u>\$ 3,669,890</u>	<u>\$ 16,253</u>	<u>\$ 11,440</u>	<u>\$ 3,069,455</u>	<u>\$ 3,681,330</u>

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

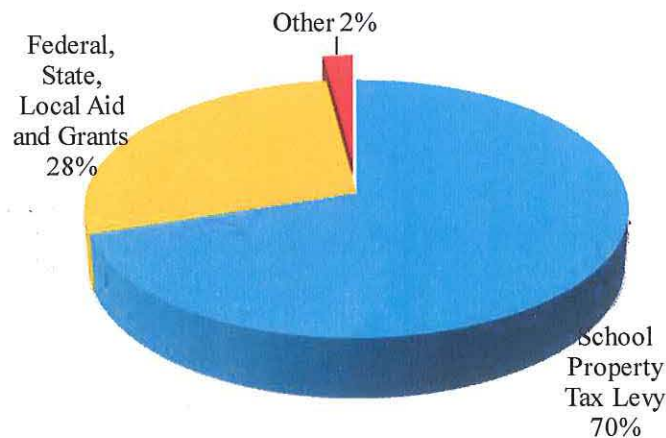
Year Ended June 30, 2017

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$16,667,224 for the year ended June 30, 2017, property taxes of \$11,599,055 represented 70% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$4,610,193 and represented 28% 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 \$17,283,912. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$11,934,139 (69%) of total expenses. Support services, total \$5,259,201 (30%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding.

Total governmental activities expenses exceeded revenues, decreasing net position by \$616,688 from the previous year.

Revenues by Type – Governmental Activities
For Fiscal Year 2017

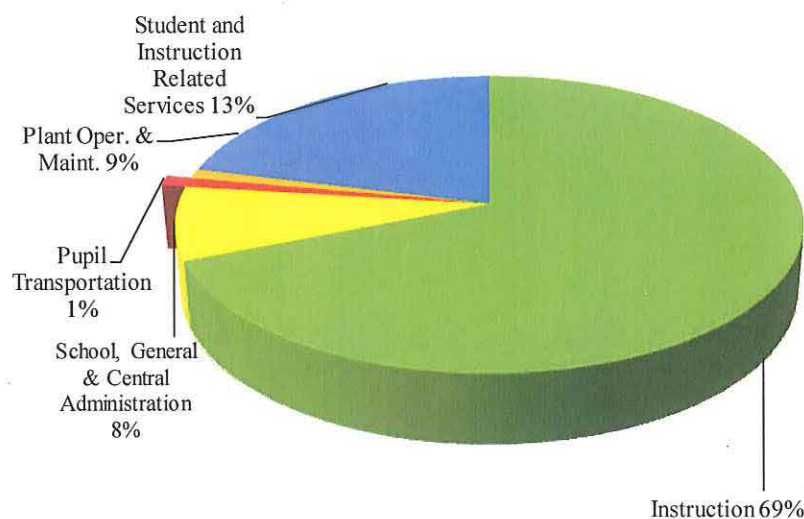


HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

Expenses by Type – Governmental Activities
For Fiscal Year 2017



Net Cost of Governmental Activities. The District's total cost of services for the fiscal year ended June 30, 2017 was \$17,283,912. After applying program revenues, derived from operating grants and contributions of \$4,860,018 the net cost of services of the District for the fiscal year ended June 30, 2017 is \$12,423,894.

Total and Net Cost of Governmental Activities for the Fiscal Years Ended June 30, 2017 and 2016

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction				
Regular	\$ 7,141,163	\$ 6,066,453	\$ 4,471,145	\$ 4,166,542
Special Education	4,425,278	3,925,687	3,202,406	2,940,080
Other Instruction	199,831	118,783	107,941	79,262
School Sponsored Activities and Athletics	167,867	147,668	167,867	147,668
Support Services				
Student and Instruction Related Services	2,236,932	1,881,192	1,751,588	1,556,363
General Administration Services	509,829	489,569	509,829	489,569
School Administration Services	425,910	395,522	299,702	295,525
Central Services	402,902	337,395	402,902	337,395
Administrative Info Tech	69,840	21,130	69,840	21,130
Operation and Maintenance of Facilities	1,445,590	1,263,620	1,194,783	1,105,852
Pupil Transportation	168,198	104,020	162,009	98,721
Interest on Debt	90,572	91,444	83,882	83,709
Total	\$ 17,283,912	\$ 14,842,483	\$ 12,423,894	\$ 11,321,816

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$14,433. These costs were funded by charges for services of \$13,932 (72%) and operating grants of \$5,314 (28%), as detailed in the change in net position schedule.

Total business-type activities revenues exceeded expenses, increasing net position by \$4,813 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 \$1,149,946 at June 30, 2017 compared to a combined fund balance of \$1,453,128 at June 30, 2016.

Revenues for the District's governmental funds were \$14,246,235, while total expenditures were \$15,604,265.

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, 2017 and 2016.

<u>Revenues</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2017</u>	<u>2016</u>		
Local Sources	\$ 11,653,057	\$ 11,016,146	\$ 636,911	5.78%
State Sources	<u>1,961,032</u>	<u>1,755,792</u>	<u>205,240</u>	11.69%
Total	<u>\$ 13,614,089</u>	<u>\$ 12,771,938</u>	<u>\$ 842,151</u>	6.59%

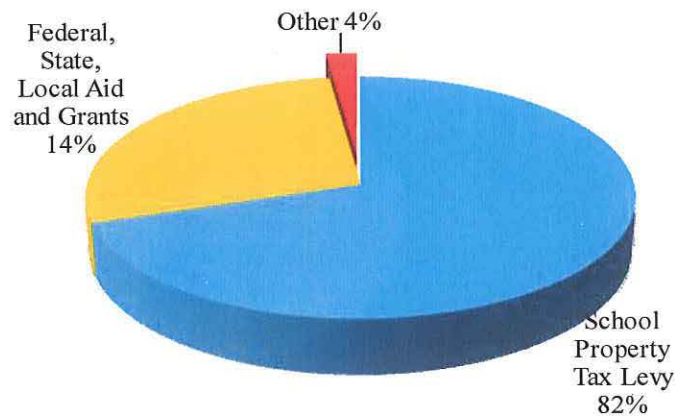
The majority of revenues come from property taxes which accounted for 82% and 85% of total revenue for the years ended June 30, 2017 and 2016, respectively. State sources represented 14% and 14% of total revenue for the fiscal years 2017 and 2016, respectively.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

General Fund Revenues by Source



The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2017 and 2016.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2017</u>	<u>2016</u>		
Current:				
Instruction	\$ 9,494,585	\$ 8,857,591	\$ 636,994	7.19%
Support Services	4,199,639	3,871,560	328,079	8.47%
Debt Service	200,031	10,032	189,999	1893.93%
Capital outlay	1,021,864	86,194	935,670	1085.54%
Total	<u>\$ 14,916,119</u>	<u>\$ 12,825,377</u>	<u>\$ 2,090,742</u>	16.30%

Total General Fund expenditures increased \$2,090,742 or 16% from the previous year.

For the 2016-2017 school year general expenditures and other financing uses exceeded revenues by \$303,182. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$224,359 at June 30, 2016 to \$82,824 at June 30, 2017. In addition, the district ended the year with \$407,171 of excess surplus of which \$55,106 was designated for the 2017/2018 school year budget. The remaining excess surplus balance of \$352,065 is required to be appropriated in the 2018/2019 school year budget.

The primary reason for the increase in General Fund expenditures was the acquisition of modular classrooms through a lease purchase agreement in the amount of \$972,663.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2017 and 2016, the school district had invested in land, buildings and improvements, furniture, machinery and vehicles as follows:

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 504,400	\$ 504,400			\$ 504,400	\$ 504,400
Buildings and Improvements	15,914,018	14,941,355			15,914,018	14,941,355
Furniture, Equipment and Vehicles	<u>700,266</u>	<u>656,837</u>	\$ 15,490	\$ 7,828	<u>715,756</u>	<u>664,665</u>
	17,118,684	16,102,592	15,490	7,828	17,134,174	16,110,420
Less Depreciation	<u>(8,686,105)</u>	<u>(8,366,878)</u>	<u>(6,361)</u>	<u>(5,920)</u>	<u>(8,692,466)</u>	<u>(8,372,798)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 8,432,579</u>	<u>\$ 7,735,714</u>	<u>\$ 9,129</u>	<u>\$ 1,908</u>	<u>\$ 8,441,708</u>	<u>\$ 7,737,622</u>

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

Debt Administration. As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,529,134 and \$6,174,419 as follows:

Outstanding Long-Term Liabilities As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Serial Bonds Payable	\$ 1,703,000	\$ 2,002,000
Capital Leases Payable	818,576	19,161
Net Pension Liability	5,827,841	3,998,922
Compensated Absences	<u>179,717</u>	<u>154,336</u>
Total	<u>\$ 8,529,134</u>	<u>\$ 6,174,419</u>

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

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund budgetary basis expenditures and other financing uses exceeded budgetary basis revenues and other financing sources decreasing budgetary basis fund balance by \$348,343 from the previous year. After deducting restricted and designated fund balances, the unassigned budgetary fund balance decreased \$186,696 from \$609,099 at June 30, 2016 to \$422,403 at June 30, 2017. In addition, the District has established a capital reserve and a maintenance reserve in the amounts of \$50,100 and \$176,994, respectively. In addition, the District ended the year with excess surplus of \$407,171. Of this amount, \$55,106 was the excess resulting from the prior 2015/2016 school year and the remaining \$352,065 was the excess resulting from the current 2016/2017 school year. In accordance with State regulations, the District appropriated the \$55,106 of excess surplus for use in the 2017/2018 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 2017-2018 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 2017-2018. Budgeted expenditures in the General Fund increased approximately 2% to \$12,680,261 for fiscal year 2017-2018.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2017

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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,191,476	\$ 6,712	\$ 1,198,188
Receivables, net	50,211	412	50,623
Prepaid Items	9,756		9,756
Capital Assets, net			
Not Being Depreciated	504,400		504,400
Being Depreciated	<u>7,928,179</u>	<u>9,129</u>	<u>7,937,308</u>
Total Assets	<u>9,684,022</u>	<u>16,253</u>	<u>9,700,275</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	25,088		25,088
Deferred Amounts on Net Pension Liability	<u>2,023,766</u>	<u>-</u>	<u>2,023,766</u>
Total Deferred Outflows of Resources	<u>2,048,854</u>	<u>-</u>	<u>2,048,854</u>
Total Assets and Deferred Outflows of Resources	<u>11,732,876</u>	<u>16,253</u>	<u>11,749,129</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	100,220		100,220
Accrued Interest Payable	49,043		49,043
Unearned Revenue	1,277		1,277
Noncurrent Liabilities			
Due within one year	615,210		615,210
Due beyond one year	<u>7,913,924</u>	<u>-</u>	<u>7,913,924</u>
Total Liabilities	<u>8,679,674</u>	<u>-</u>	<u>8,679,674</u>
NET POSITION			
Net Investment in Capital Assets	5,936,091	9,129	5,945,220
Restricted for			
Capital Projects	52,457		52,457
Maintenance Reserve	125,250		125,250
Unrestricted	<u>(3,060,596)</u>	<u>7,124</u>	<u>(3,053,472)</u>
Total Net Position	<u>\$ 3,053,202</u>	<u>\$ 16,253</u>	<u>\$ 3,069,455</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, 2017**

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
Governmental Activities							
Instruction							
Regular	\$ 7,141,163	\$ 41,372	\$ 2,628,646		\$ (4,471,145)		\$ (4,471,145)
Special Education	4,425,278		1,222,872		(3,202,406)		(3,202,406)
Other Instruction	199,831		91,890		(107,941)		(107,941)
School Sponsored Activities and Athletics	167,867				(167,867)		(167,867)
Support Services							
Student and Instruction Related Services	2,236,932		485,344		(1,751,588)		(1,751,588)
General Administration Services	509,829				(509,829)		(509,829)
School Administration Services	425,910		126,208		(299,702)		(299,702)
Business/Central Services	402,902				(402,902)		(402,902)
Administrative Info Tech	69,840				(69,840)		(69,840)
Operation and Maintenance of Facilities	1,445,590	240,000	10,807		(1,194,783)		(1,194,783)
Pupil Transportation	168,198		6,189		(162,009)		(162,009)
Interest on Debt	90,572	-	6,690	\$ -	(83,882)	-	(83,882)
Total Governmental Activities	17,283,912	281,372	4,578,646	-	(12,423,894)	-	(12,423,894)
Business-Type Activities							
Food Service	14,433	13,932	5,314	-	-	\$ 4,813	4,813
Total Business-Type Activities	14,433	13,932	5,314	-	-	4,813	4,813
Total Primary Government	\$ 17,298,345	\$ 295,304	\$ 4,583,960	\$ -	(12,423,894)	4,813	(12,419,081)
General Revenues							
Property Taxes, Levied for General purposes					11,198,697		11,198,697
Property Taxes Levied for Debt Service					400,358		400,358
State Aid - Unrestricted					31,547		31,547
Miscellaneous Revenues					172,988		172,988
Gain on Disposal of Capital Assets					3,616		3,616
Total General Revenues and Other Items					11,807,206	-	11,807,206
Change in Net Position					(616,688)	4,813	(611,875)
Net Position, Beginning of Year					3,669,890	11,440	3,681,330
Net Position, End of Year					\$ 3,053,202	\$ 16,253	\$ 3,069,455

FUND FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,187,842	\$ 1,277	\$ 2,357		\$ 1,191,476
Receivables from:					
Intergovernmental	18,538				18,538
Other	12,922				12,922
Due from Other Funds	18,751				18,751
Prepaid Items	9,756	-	-	\$ -	9,756
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 1,247,809	\$ 1,277	\$ 2,357	\$ -	\$ 1,251,443
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 91,036				\$ 91,036
Due to Other Funds	9,184				9,184
Unearned Revenue	-	\$ 1,277	-	\$ -	1,277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	100,220	1,277	-	-	101,497
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	352,065				352,065
Excess Surplus - Designated for Subsequent Year's Expenditures	55,106				55,106
Capital Reserve	50,100				50,100
Emergency Reserve	176,994				176,994
Maintenance Reserve	125,250				125,250
Capital Projects			\$ 2,357		2,357
Assigned					
Year Encumbrances	90,322				90,322
Designated for Subsequent Year's Expenditures	214,928				214,928
Unassigned	82,824	-	-	-	82,824
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	1,147,589	-	2,357	-	1,149,946
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 1,247,809	\$ 1,277	\$ 2,357	\$ -	\$ 1,251,443
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balances (Exhibit B-1)	\$	1,149,946
Amounts reported for <i>governmental activities</i> 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 \$17,118,684 and the accumulated depreciation is \$8,686,105.		8,432,579
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		2,023,766
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(49,043)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		25,088
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	(1,703,000)	
Capital Leases Payable	(818,576)	
Compensated Absences Payable	(179,717)	
Net Pension Liability	<u>(5,827,841)</u>	
		<u>(8,529,134)</u>
 Net position of governmental activities	 \$	 <u>3,053,202</u>

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,198,697			\$ 400,358	\$ 11,599,055
Rentals	240,000				240,000
Miscellaneous	214,360	\$ 33,166	-	-	247,526
Total - Local Sources	11,653,057	33,166	-	400,358	12,086,581
State Sources	1,961,032	-	-	35,911	1,996,943
Federal Sources	-	162,711	-	-	162,711
Total Revenues	13,614,089	195,877	-	436,269	14,246,235
EXPENDITURES					
Current					
Regular Instruction	5,428,847	-			5,428,847
Special Education Instruction	3,793,034	111,151			3,904,185
Other Instruction	129,774	28,800			158,574
School-Sponsored Activities and Athletics	142,930				142,930
Support Services					
Student and Instruction Related Services	1,788,051	55,926			1,843,977
General Administration Services	410,063				410,063
School Administration Services	333,946				333,946
Central Services	348,545				348,545
Administrative Info Tech	69,840				69,840
Plant Operations and Maintenance	1,085,259				1,085,259
Pupil Transportation	163,935				163,935
Debt Service					
Principal	199,433			355,000	554,433
Interest and Other Charges	598			81,269	81,867
Cost of Issuance				30,912	30,912
Advanced Refunding Escrow				25,088	25,088
Capital Outlay	1,021,864	-	-	-	1,021,864
Total Expenditures	14,916,119	195,877	-	492,269	15,604,265
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,302,030)	-	-	(56,000)	(1,358,030)
OTHER FINANCING SOURCES (USES)					
Payment to Refunding Bond Escrow Agent				(1,277,000)	(1,277,000)
Refunding Bond Proceeds				1,333,000	1,333,000
Capital Leases	998,848	-	-	-	998,848
Total Other Financing Sources and Uses	998,848	-	-	56,000	1,054,848
Net Change in Fund Balances	(303,182)	-	-	-	(303,182)
Fund Balance, Beginning of Year	1,450,771	-	\$ 2,357	-	1,453,128
Fund Balance, End of Year	\$ 1,147,589	\$ -	\$ 2,357	\$ -	\$ 1,149,946

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, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (303,182)

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 the capital outlay additions exceed depreciation in the period

Depreciation Expense	\$ (328,615)	
Capital Outlays	<u>1,021,864</u>	693,249

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

Gain on Disposal of Capital Assets		3,616
------------------------------------	--	-------

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.

Payments to Escrow Agent for Refunding	1,277,000	
Principal Repayments:		
Serial Bonds Payable	355,000	
Capital Leases Payable	<u>199,433</u>	1,831,433
Debt Issued:		
Refunding Bonds		(1,333,000)
Capital Leases		(998,848)

Governmental funds report the effect of discounts and losses on the refunding of debt when debt is first issued whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

Deferred Amounts on Refunding of Debt - Net of Amortization		25,088
---	--	--------

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 (+).

Increase in Compensated Absences	(25,381)	
Increase in Pension Expense	<u>(500,958)</u>	(526,339)

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.

Increase in Accrued Interest		<u>(8,705)</u>
------------------------------	--	----------------

Change in net position of governmental activities \$ (616,688)

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, 2017**

	<u>Special Milk Program</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 6,712
Intergovernmental Receivable Federal	<u>412</u>
Total Current Assets	<u>7,124</u>
Capital Assets	
Equipment	15,490
Less: Accumulated Depreciation	<u>(6,361)</u>
Total Capital Assets	<u>9,129</u>
Total Assets	<u>16,253</u>
NET POSITION	
Net Investment in Capital Assets	9,129
Unrestricted	<u>7,124</u>
Total Net Position	<u>\$ 16,253</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 REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Special Milk Program</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 13,932
Total Operating Revenues	<u>13,932</u>
 OPERATING EXPENSES	
Salaries, Wages and Payroll Taxes	4,789
Cost of Sales	8,481
Supplies	722
Depreciation	<u>441</u>
Total Operating Expenses	<u>14,433</u>
Operating Loss	<u>(501)</u>
 NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	<u>5,314</u>
Total Nonoperating Revenues	<u>5,314</u>
Change in Net Position	4,813
Net Position, Beginning of Year	<u>11,440</u>
Net Position, End of Year	<u>\$ 16,253</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, 2017**

	<u>Special Milk Program</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 13,932
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(4,789)
Cash Payments to Suppliers for Goods and Services	<u>(9,203)</u>
Net Cash Used by Operating Activities	<u>(60)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>6,176</u>
Net Cash Provided by Noncapital Financing Activities	<u>6,176</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(7,662)</u>
Net Cash Used by Investing Activities	<u>(7,662)</u>
Net Decrease in Cash and Cash Equivalents	(1,546)
Cash and Cash Equivalents, Beginning of Year	<u>8,258</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,712</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (501)</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>\$ (60)</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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 78,331	\$ 7,711	\$ 65,034
Due from Other Funds	9,184	-	5,712
	<hr/>	<hr/>	<hr/>
Total Assets	87,515	7,711	\$ 70,746
LIABILITIES			
Accounts Payable	4,512	149	
Payroll Deductions and Withholdings			23,526
Flexible Spending Benefits			18,446
Due to Student Groups			10,023
Due to Other Funds	5,712	-	18,751
	<hr/>	<hr/>	<hr/>
Total Liabilities	10,224	149	\$ 70,746
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ 77,291	\$ 7,562	
	<hr/>	<hr/>	

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 11,259	
District	261	
Member Entities		\$ 10,584
Miscellaneous	-	2,772
	<hr/>	<hr/>
Total Additions	11,520	13,356
	<hr/>	<hr/>
DEDUCTIONS		
Lightning Detection Expenditures		8,279
Unemployment Claims and Contributions	4,773	-
	<hr/>	<hr/>
Total Deductions	4,773	8,279
	<hr/>	<hr/>
Change in Net Position	6,747	5,077
Net Position, Beginning of Year	70,544	2,485
	<hr/>	<hr/>
Net Position, End of Year	\$ 77,291	\$ 7,562
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017

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, 2017**

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 purchase 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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*

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

6. *Deferred Outflows 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 two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other 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.

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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. Losses resulting from debt refundings are reported as deferred outflows of resources. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. Deferred outflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 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, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes (See Note 2E).

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 (See Note 2D).

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 (See Note 2C).

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *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 2015-2016 and 2016-2017 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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.

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$362,413. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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. 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, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

There was no activity in the capital reserve for the fiscal year ended June 30, 2017.

Balance July 1, 2016	<u>\$50,100</u>
Balance June 30, 2017	<u>\$50,100</u>

C. 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, 2017 is as follows:

Balance, July 1, 2016	\$ 125,125
Increased by Interest Earnings	<u>125</u>
Balance, June 30, 2017	<u>\$ 125,250</u>

D. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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, 2017 is as follows:

Balance, July 1, 2016	\$ 176,819
Increased by Interest Earnings	<u>175</u>
Balance, June 30, 2017	<u>\$ 176,994</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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 \$407,171. Of this amount, \$55,106 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$352,065 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$1,349,264 and bank and brokerage firm balances of the Board's deposits amounted to \$1,482,084. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>1,482,084</u>
---------	---------------------

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, 2017 none of the Board's bank balances were exposed to custodial credit risk.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2017, 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.

B. Receivables

Receivables as of June 30, 2017 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>Food Service Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 412	\$ 412
State	\$ 18,538		18,538
Other	12,922	-	12,922
Gross Receivables	31,460	412	31,872
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 31,460</u>	<u>\$ 412</u>	<u>\$ 31,872</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ <u>1,277</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>1,277</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 504,400	-	-	\$ 504,400
Total capital assets, not being depreciated	<u>504,400</u>	<u>-</u>	<u>-</u>	<u>504,400</u>
 Capital assets, being depreciated:				
Buildings and Building Improvements	14,941,355	\$ 972,663		15,914,018
Machinery and Equipment	656,837	49,201	\$ (5,772)	700,266
Total capital assets being depreciated	<u>15,598,192</u>	<u>1,021,864</u>	<u>(5,772)</u>	<u>16,614,284</u>
 Less accumulated depreciation for:				
Buildings and Building Improvements	(7,986,382)	(273,716)		(8,260,098)
Machinery and equipment	(380,496)	(54,899)	9,388	(426,007)
Total accumulated depreciation	<u>(8,366,878)</u>	<u>(328,615)</u>	<u>9,388</u>	<u>(8,686,105)</u>
 Total capital assets, being depreciated, net	 <u>7,231,314</u>	 <u>693,249</u>	 <u>3,616</u>	 <u>7,928,179</u>
 Government activities capital assets, net	 <u>\$ 7,735,714</u>	 <u>\$ 693,249</u>	 <u>\$ 3,616</u>	 <u>\$ 8,432,579</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 7,828	\$ 7,662	-	\$ 15,490
Total capital assets being depreciated	<u>7,828</u>	<u>7,662</u>	<u>-</u>	<u>15,490</u>
Less accumulated depreciation for:				
Machinery and equipment	(5,920)	(441)	-	(6,361)
Total accumulated depreciation	<u>(5,920)</u>	<u>(441)</u>	<u>-</u>	<u>(6,361)</u>
Total capital assets, being depreciated, net	<u>1,908</u>	<u>7,221</u>	<u>-</u>	<u>9,129</u>
Business-type activities capital assets, net	<u>\$ 1,908</u>	<u>\$ 7,221</u>	<u>\$ -</u>	<u>\$ 9,129</u>

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

Governmental activities:

Instruction

Regular	\$ 1,773
School-Sponsored/Other Instructional	<u>3,203</u>
Total Instruction	<u>4,976</u>

Support Services

Student and Instruction Related Services	13,342
General Administration Services	20,137
School Administration Services	251
Operation and Maintenance of Facilities	285,646
Pupil Transportation	<u>4,263</u>
Total Support Services	<u>323,639</u>

Total Depreciation Expense - Governmental Activities \$ 328,615

Business-Type Activities:

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

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 18,751
Unemployment Compensation Trust Fund	General Fund	9,184
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>5,712</u>
Total		<u>\$ 33,647</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.

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

F. Leases

Operating Leases

The District leases copier equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2017 were \$15,564. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 15,564
2019	15,564
2020	<u>15,564</u>
Total	<u>\$ 46,692</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing one school bus, modular classrooms, and a tractor totaling \$1,046,060 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ <u>1,046,060</u>
Total	\$ <u>1,046,060</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	Governmental <u>Activities</u>
2018	\$ 222,066
2019	212,034
2020	212,035
2021	<u>203,306</u>
Total minimum lease payments	849,441
Less: amount representing interest	<u>(30,865)</u>
Present value of minimum lease payments	\$ <u>818,576</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2017 are comprised of the following issues:

\$3,465,000, 2001 Bonds , due in an annual installment of \$320,000 through August 1, 2017, interest at 4.75%	\$ 320,000
\$1,552,000, 2007 Bonds , due in an annual installment of \$50,000 through July 15, 2017, interest at 4.25%	50,000
\$1,333,000, 2017 Refunding Bonds , due in annual installments of \$25,000 to \$308,000 through July 15, 2022, interest at 1.65%	<u>1,333,000</u>
	<u>\$ 1,703,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 395,000	\$ 26,297	\$ 421,297
2019	214,000	19,817	233,817
2020	234,000	16,121	250,121
2021	267,000	11,987	278,987
2022	285,000	7,433	292,433
2023-2024	<u>308,000</u>	<u>2,540</u>	<u>310,540</u>
	<u>\$ 1,703,000</u>	<u>\$ 84,195</u>	<u>\$ 1,787,195</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 29,290,877
Less: Net Debt	<u>1,703,000</u>
Remaining Borrowing Power	<u>\$ 27,587,877</u>

Advance Refunding of Debt

On March 23, 2017, the District issued \$1,333,000 in Refunding School Bonds having an interest rate of 1.65%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2007 School Bonds of the District. The total bond principal defeased was \$1,277,000 and the total interest payments defeased to the call date was \$27,813. The net proceeds of \$1,302,088 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$25,088. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by \$77,162 and resulted in an economic gain of \$74,152.

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Serial Bonds Payable	\$ 2,002,000	\$ 1,333,000	\$ 1,632,000	\$ 1,703,000	\$ 395,000
Capital Leases Payable	19,161	998,848	199,433	818,576	209,631
Compensated Absences Payable	154,336	25,381		179,717	10,579
Net Pension Liability	<u>3,998,922</u>	<u>2,003,729</u>	<u>174,810</u>	<u>5,827,841</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 6,174,419</u>	<u>\$ 4,360,958</u>	<u>\$ 2,006,243</u>	<u>\$ 8,529,134</u>	<u>\$ 615,210</u>

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

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

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>
2017	\$ 261	\$ 11,259	\$ 4,773	\$ 77,291
2016	3,401	10,693	3,401	70,544
2015	4,904	10,719	4,904	59,851

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, 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, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

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.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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
2017	\$ 174,810	\$ 514,976	\$ 2,380
2016	153,154	397,205	3,155
2015	146,783	253,146	2,029

In addition for fiscal year 2016/2017 the District contributed \$811 for PERS and the State contributed \$955 for TPAF for Long Term Disability Insurance Premium (LTDI).

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

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 \$361,235 during the fiscal year ended June 30, 2017 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.

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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$5,827,841 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .01968 percent, which was an increase of .00187 percent from its proportionate share measured as of June 30, 2015 of .01781 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$675,768 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 108,380	
Changes of Assumptions	1,207,217	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	222,221	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>485,948</u>	<u>\$ -</u>
Total	<u>\$ 2,023,766</u>	<u>\$ -</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 465,347
2019	465,347
2020	514,960
2021	427,604
2022	150,508
Thereafter	<u>-</u>
	<u>\$ 2,023,766</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,141,339</u>	<u>\$ 5,827,841</u>	<u>\$ 4,743,435</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS 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.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,932,349 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$39,027,179. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .04961 percent, which was an increase of .00279 percent from its proportionate share measured as of June 30, 2015 of .04682 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 46,607,173</u>	<u>\$ 39,027,179</u>	<u>\$ 32,837,135</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 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, 2017**

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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$429,093, \$472,963 and \$401,869, 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.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Harrington Park Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 11,198,697		\$ 11,198,697	\$ 11,198,697	
Rentals	240,000		240,000	240,000	
Miscellaneous	278,478	-	278,478	214,360	\$ (64,118)
Total Local Sources	11,717,175	-	11,717,175	11,653,057	(64,118)
State Sources					
Special Education Aid	258,871	-	258,871	258,871	-
Transportation Aid	5,070	-	5,070	5,070	-
Equalization Aid	2,317	-	2,317	2,317	-
Security Aid	10,942	-	10,942	10,942	-
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	-
Prof Learning Comm Aid	6,450	-	6,450	6,450	-
Extraordinary Aid	142,898	-	142,898	311,863	168,965
Non Public Transportation Aid		-		1,218	1,218
On-behalf TPAF Pension System Payments(Non-Budget)					-
Normal Cost				496,970	496,970
NCGI				18,006	18,006
Long Term Disability Insurance				955	955
Post Retirement Medical Contribution				429,093	429,093
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	361,235	361,235
Total State Sources	439,429	-	439,429	1,915,871	1,476,442
Total Revenues	12,156,604	-	12,156,604	13,568,928	1,412,324
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	341,235	\$ (45,245)	295,990	284,598	11,392
Grades 1-5	1,875,654	176,396	2,052,050	2,043,946	8,104
Grades 6-8	1,236,834	(140,069)	1,096,765	1,096,765	-
Regular Program - Home Instruction					
Salaries of Teachers	-	76	76	76	-
Purchased Professional-Educational Services	-	3,965	3,965	3,965	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	4,200	(54)	4,146	3,113	1,033
Other Purchased Services	68,882	(12,986)	55,896	53,018	2,878
General Supplies	75,000	20,515	95,515	90,387	5,128
Textbooks	35,000	(14,604)	20,396	18,520	1,876
Total Regular Programs	3,636,805	(12,006)	3,624,799	3,594,388	30,411
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	637,436	14,711	652,147	652,147	-
Other Salaries for Instruction	739,429	95,371	834,800	834,800	-
Purchased Professional Educational Services	5,000	(5,000)	-	-	-
General Supplies	-	2,966	2,966	2,926	40
Total Resource Room/Resource Center	1,381,865	108,048	1,489,913	1,489,873	40

**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, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Autism					
Other Purchased Services	\$ 190,000	-	\$ 190,000	\$ 190,000	-
Total Autism	190,000	-	190,000	190,000	-
Home Instruction					
Purchased Professional Educational Services	37,000	\$ (19,781)	17,219	17,120	\$ 99
Total Home Instruction	37,000	(19,781)	17,219	17,120	99
Total Special Education	1,608,865	88,267	1,697,132	1,696,993	139
Basic Skills/Remedial					
General Supplies	-	279	279	279	-
Total Basic Skills/Remedial	-	279	279	279	-
Bilingual Education - Instruction					
Salaries of Teachers	81,266	1,855	83,121	83,121	-
General Supplies	-	2,015	2,015	1,998	17
Total Bilingual Education - Instruction	81,266	3,870	85,136	85,119	17
School Sponsored Co/Extra Curricular Activities					
Salaries	60,919	10,143	71,062	71,062	-
Purchased Services	3,000	1,760	4,760	4,760	-
Supplies and Materials	500	(500)	-	-	-
Total School Sponsored Co/Extra Curricular Activities	64,419	11,403	75,822	75,822	-
School Sponsored Athletics					
Salaries	25,572	(4,721)	20,851	20,851	-
Purchased Services	4,500	885	5,385	5,385	-
Supplies and Materials	3,000	(2,658)	342	337	5
Total School Sponsored Athletics	33,072	(6,494)	26,578	26,573	5
Total Instruction	5,424,427	85,319	5,509,746	5,479,174	30,572
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,424,141	16,891	1,441,032	1,325,416	115,616
Tuition to Priv. School for the Disable W/I State	212,381	39,899	252,280	244,305	7,975
Total Undistributed Expenditures - Instruction	1,636,522	56,790	1,693,312	1,569,721	123,591
Attendance and Social Work					
Salaries	48,002	5,789	53,791	53,791	-
Total Attendance and Social Work	48,002	5,789	53,791	53,791	-
Health Services					
Salaries	79,952	13,933	93,885	93,885	-
Purchased Professional and Technical Services	7,500	(3,857)	3,643	3,643	-
Supplies and Materials	4,600	(1,279)	3,321	3,243	78
Total Health Services	92,052	8,797	100,849	100,771	78

**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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech, OT, PT & Related Services					
Salaries	\$ 133,277	\$ 3,766	\$ 137,043	\$ 137,043	-
Purchased Professional-Educational Services	72,000	5,204	77,204	77,105	\$ 99
Supplies and Materials	1,500	412	1,912	1,912	-
Total Speech, OT, PT & Related Services	<u>206,777</u>	<u>9,382</u>	<u>216,159</u>	<u>216,060</u>	<u>99</u>
Guidance					
Salaries of Other Professional Staff	125,401	2,847	128,248	128,248	-
Salaries of Secretarial and Clerical Assistants	16,549	90	16,639	16,639	-
Other Purchased Services	500	(500)	-	-	-
Supplies and Materials	500	3	503	503	-
Total Guidance	<u>142,950</u>	<u>2,440</u>	<u>145,390</u>	<u>145,390</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	345,162	7,996	353,158	353,158	-
Salaries of Secretarial and Clerical Assistants	40,881	1,256	42,137	42,137	-
Purchased Professional-Educational Services	38,000	7,028	45,028	44,152	876
Other Purchased Services	1,800	-	1,800	1,603	197
Supplies and Materials	4,500	1,543	6,043	5,912	131
Total Child Study Teams	<u>430,343</u>	<u>17,823</u>	<u>448,166</u>	<u>446,962</u>	<u>1,204</u>
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	72,360	4,288	76,648	76,641	7
Total Improvement of Inst. Serv.	<u>72,360</u>	<u>4,288</u>	<u>76,648</u>	<u>76,641</u>	<u>7</u>
Educational Media Services/School Library					
Salaries	83,230	7,276	90,506	90,506	-
Purchased Professional and Technical Services	77,700	17,150	94,850	94,850	-
Other Purchased Services	9,240	-	9,240	8,361	879
Supplies and Materials	23,300	(6,636)	16,664	12,737	3,927
Total Educational Media Serv./School Library	<u>193,470</u>	<u>17,790</u>	<u>211,260</u>	<u>206,454</u>	<u>4,806</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	17,260	(17,260)	-	-	-
Purchased Professional - Educational Services	54,000	(1,700)	52,300	51,722	578
Other Purchased Services	1,200	391	1,591	934	657
Other Objects	250	(135)	115	-	115
Total Instructional Staff Training Services	<u>72,710</u>	<u>(18,704)</u>	<u>54,006</u>	<u>52,656</u>	<u>1,350</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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 238,553	\$ (6,343)	\$ 232,210	\$ 206,026	\$ 26,184
Legal Services	16,000	(3,425)	12,575	8,907	3,668
Audit	18,000	21,965	39,965	21,415	18,550
Architectural/Engineering Services	3,000	-	3,000	2,410	590
Communications/Telephone	25,000	(910)	24,090	23,885	205
BOE Other Purchased Services	5,000	1,760	6,760	5,552	1,208
Miscellaneous Purchased Services	12,222	(4,200)	8,022	6,672	1,350
General Supplies	1,000	(154)	846	808	38
Miscellaneous Expenditures	10,000	(2,111)	7,889	7,810	79
BOE Membership Dues and Fees	10,500	6,130	16,630	16,330	300
Total Support Services General Administration	<u>339,275</u>	<u>12,712</u>	<u>351,987</u>	<u>299,815</u>	<u>52,172</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	163,640	2,641	166,281	166,278	3
Salaries of Secretarial and Clerical Assistants	37,682	1,141	38,823	38,823	-
Other Purchased Services	5,300	373	5,673	5,366	307
Supplies and Materials	9,000	1,520	10,520	10,520	-
Other Objects	6,000	1,130	7,130	7,066	64
Total Support Services School Administration	<u>221,622</u>	<u>6,805</u>	<u>228,427</u>	<u>228,053</u>	<u>374</u>
Central Services					
Salaries	220,841	9,035	229,876	229,876	-
Miscellaneous Purchased Services	16,000	(3,050)	12,950	11,118	1,832
Supplies and Materials	3,500	(1,035)	2,465	1,945	520
Miscellaneous Expenditures	3,500	728	4,228	4,228	-
Total Central Services	<u>243,841</u>	<u>5,678</u>	<u>249,519</u>	<u>247,167</u>	<u>2,352</u>
Admin. Info. Tech.					
Purchased Technical Serv.	30,000	12,754	42,754	42,754	-
Supplies and Materials	18,574	18,111	36,685	27,086	9,599
Total Admin. Info. Tech.	<u>48,574</u>	<u>30,865</u>	<u>79,439</u>	<u>69,840</u>	<u>9,599</u>
Required Maintenance for School Facilities					
Salaries	116,082	11,180	127,262	127,262	-
Cleaning, Repair and Maintenance	115,000	11,786	126,786	124,886	1,900
Lead Testing of Drinking Water	-	2,040	2,040	2,040	-
General Supplies	10,000	(943)	9,057	9,057	-
Other Objects	1,550	(152)	1,398	1,217	181
Total Required Maintenance for School Fac.	<u>242,632</u>	<u>23,911</u>	<u>266,543</u>	<u>264,462</u>	<u>2,081</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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 125,030	\$ (15,595)	\$ 109,435	\$ 109,435	-
Salaries of Non-Instructional Aides	90,000	(10,855)	79,145	79,145	-
Cleaning, Repair and Maint. Serv.	122,933	36,067	159,000	154,214	\$ 4,786
Other Purchased Property Services	32,000	3,183	35,183	34,192	991
Insurance	94,000	(1,203)	92,797	92,595	202
General Supplies	40,000	10,647	50,647	45,864	4,783
Energy (Natural Gas)	55,000	(23,948)	31,052	31,052	-
Energy (Electricity)	111,000	21,908	132,908	132,908	-
Other Objects	1,500	603	2,103	2,103	-
Total Custodial Services	671,463	20,807	692,270	681,508	10,762
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments- Non-Public Schools					
	6,188	664	6,852	6,852	-
Contracted Services (Between Home and School)- Vendors					
	1,500	(1,500)	-	-	-
Contracted Services (Other than Between Home and School)-Vendors					
	15,500	(1,257)	14,243	14,243	-
Contracted Services (Between Home and School)- Joint Agreements					
	500	(500)	-	-	-
Contracted Services (Sp. Ed. Students) Joint Agreements					
	90,000	52,814	142,814	142,814	-
Lease Purchase Payments - School Buses	10,031	1	10,032	10,032	-
Misc. Purchased Services - Transportation	500	(475)	25	25	-
Total Student Transportation Services	124,219	49,747	173,966	173,966	-
Unallocated Benefits - Employee Benefits					
Social Security Contributions	150,000	-	150,000	147,242	2,758
Other Retirement Contributions -PERS	180,000	(4,339)	175,661	175,661	-
Other Retirement Contributions - Regular	3,500	-	3,500	2,380	1,120
Unemployment Compensation	14,600	(14,339)	261	261	-
Workmen's Compensation	63,000	(8,504)	54,496	48,271	6,225
Health Benefits	1,916,217	242	1,916,459	1,821,661	94,798
Tuition Reimbursement	17,500	(4,569)	12,931	9,000	3,931
Other Employee Benefits	65,000	357	65,357	51,700	13,657
Total Unallocated Benefits - Employee Benefits	2,409,817	(31,152)	2,378,665	2,256,176	122,489
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				496,970	(496,970)
NCGI				18,006	(18,006)
Long Term Disability Insurance				955	(955)
Post Retirement Medical Contribution				429,093	(429,093)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	361,235	(361,235)
Total Undistributed Expenditures	7,196,629	223,768	7,420,397	8,395,692	(975,295)
Interest - Deposit into Maintenance Reserve	125		125		125
Interest - Deposit into Emergency Reserve	175		175		175
	300		300		300
Total Expenditures - Current Expenditures	12,621,356	309,087	12,930,443	13,874,866	(944,423)

**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, 2017**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
CAPITAL OUTLAY					
Equipment					
Admin. Info. Tech.	-	\$ 23,182	\$ 23,182	\$ 23,016	\$ 166
Custodial Services	-	2,852	2,852	-	2,852
Total Equipment	-	26,034	26,034	23,016	3,018
Facilities Acquisition and Construction Services					
Assessment for Debt Serv on SDA Funding	\$ 19,389	-	19,389	19,389	-
Total Facilities Acquisition and Construction Services	19,389	-	19,389	19,389	-
Assets Acquired Under Capital Leases (Non-Budget)					
Equipment	-	-	-	998,848	(998,848)
Total Capital Outlay	19,389	26,034	45,423	1,041,253	(995,830)
Total Expenditures	12,640,745	335,121	12,975,866	14,916,119	(1,940,253)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(484,141)	(335,121)	(819,262)	(1,347,191)	(527,929)
Other Financing Sources					
Capital Leases	-	-	-	998,848	998,848
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(484,141)	(335,121)	(819,262)	(348,343)	470,919
Fund Balance, Beginning of Year	1,835,511	-	1,835,511	1,835,511	-
Fund Balance, End of Year	\$ 1,351,370	\$ (335,121)	\$ 1,016,249	\$ 1,487,168	\$ 470,919
Recapitulation of Fund Balance					
Restricted Fund Balance					
Excess Surplus				352,065	
Excess Surplus - Designated for Subsequent Year's Expenditures				55,106	
Capital Reserve				50,100	
Emergency Reserve				176,994	
Maintenance Reserve				125,250	
Assigned					
Year Encumbrances				90,322	
Designated for Subsequent Year's Expenditures				214,928	
Unassigned				422,403	
Reconciliation to Governmental Funds Statements (GAAP):				1,487,168	
Less: State Aid Payments Not Recognized on GAAP Basis				(339,579)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,147,589	

**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, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 168,675	\$ (6,475)	\$ 162,200	\$ 162,183	\$ (17)
Other	-	33,767	33,767	33,166	(601)
Total Revenues	<u>168,675</u>	<u>27,292</u>	<u>195,967</u>	<u>195,349</u>	<u>(618)</u>
EXPENDITURES					
Instruction					
Salaries	\$ 30,000	\$ (9,154)	\$ 20,846	\$ 20,846	\$ -
Tuition	115,915	(4,764)	111,151	111,151	-
General Supplies	-	7,443	7,443	7,426	17
Total Instruction	<u>145,915</u>	<u>(6,475)</u>	<u>139,440</u>	<u>139,423</u>	<u>17</u>
Support Services					
Other Purchased Services	22,760		22,760	22,760	-
General Supplies	-	33,767	33,767	33,166	601
Total Support Services	<u>22,760</u>	<u>33,767</u>	<u>56,527</u>	<u>55,926</u>	<u>601</u>
Total Expenditures	<u>168,675</u>	<u>27,292</u>	<u>195,967</u>	<u>195,349</u>	<u>618</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules (Exhibits C-1, C-2)	\$ 13,568,928	\$ 195,349
Difference - budget to GAAP:		
State Aid payments not recognized for budgetary purposes, recognized for GAAP purposes, 2015/2016 State Aid	384,740	
State Aid payments recognized for budgetary purposes, not recognized for GAAP purposes, 2016/2017 State Aid	(339,579)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, Prior Year		528
Encumbrances, Current Year	-	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 13,614,089</u>	<u>\$ 195,877</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibit C-1, C-2)	\$ 14,916,119	\$ 195,349
 Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, Prior Year		528
Encumbrances, Current Year	-	-
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 14,916,119</u>	<u>\$ 195,877</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 Four Fiscal Years*
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01968%	0.01781%	0.01779%	0.01603%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 5,827,841</u>	<u>\$ 3,998,922</u>	<u>\$ 3,330,066</u>	<u>\$ 3,064,520</u>
District's Covered-Employee Payroll	<u>\$ 1,337,703</u>	<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	435.66%	303.33%	280.65%	255.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 174,810	\$ 153,154	\$ 146,783	\$ 124,880
Contributions in Relation to the Contractually Required Contribution	<u>174,810</u>	<u>153,154</u>	<u>146,783</u>	<u>124,880</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,337,703</u>	<u>\$1,318,357</u>	<u>\$1,186,541</u>	<u>\$ 1,198,576</u>
Contributions as a Percentage of Covered-Employee Payroll	13.07%	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. 68. 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 Four Fiscal Years*
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 39,027,179</u>	<u>\$ 29,594,571</u>	<u>\$ 24,817,038</u>	<u>\$ 24,096,592</u>
Total	<u>\$ 39,027,179</u>	<u>\$ 29,594,571</u>	<u>\$ 24,817,038</u>	<u>\$ 24,096,592</u>
District's Covered-Employee Payroll	<u>\$ 4,632,016</u>	<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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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. 68. 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, 2017**

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, 2017**

	<u>Title I</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Other Programs</u>	<u>2017</u>
REVENUES							
Intergovernmental							
Federal	\$ 20,846	\$ 5,220	\$ 2,206	\$ 122,760	\$ 11,151		\$ 162,183
Other	-	-	-	-	-	\$ 33,166	33,166
Total Revenues	<u>\$ 20,846</u>	<u>\$ 5,220</u>	<u>\$ 2,206</u>	<u>\$ 122,760</u>	<u>\$ 11,151</u>	<u>\$ 33,166</u>	<u>\$ 195,349</u>
EXPENDITURES							
Instruction							
Salaries	\$ 20,846						\$ 20,846
Tuition				\$ 100,000	\$ 11,151		111,151
General Supplies	-	\$ 5,220	\$ 2,206	-	-	\$ -	7,426
Total Instruction	<u>20,846</u>	<u>5,220</u>	<u>2,206</u>	<u>100,000</u>	<u>11,151</u>	<u>-</u>	<u>139,423</u>
Support Services							
Other Purchased Services				22,760			22,760
General Supplies	-	-	-	-	-	33,166	33,166
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,760</u>	<u>-</u>	<u>33,166</u>	<u>55,926</u>
Total Expenditures	<u>\$ 20,846</u>	<u>\$ 5,220</u>	<u>\$ 2,206</u>	<u>\$ 122,760</u>	<u>\$ 11,151</u>	<u>\$ 33,166</u>	<u>\$ 195,349</u>

**HARRINGTON PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2017</u>
Boiler Replacement at the Harrington Park High Public School	\$ 705,000	\$ 702,643	\$ -	\$ 2,357
	<u>\$ 705,000</u>	<u>\$ 702,643</u>	<u>\$ -</u>	<u>\$ 2,357</u>
<u>Reconciliation to GAAP</u>				
				Project Balance - Budgetary Basis/ GAAP Basis, June 30, 2017
				<u>\$ 2,357</u>
<u>Recapitulation of Fund Balance</u>				
				Restricted for Capital Projects: Available for Capital Projects
				<u>\$ 2,357</u>
				Total Fund Balance - Restricted for Capital Projects
				<u>\$ 2,357</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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 226,000		\$ 226,000	\$ 226,000
Other Local Sources - Capital Reserve	479,000	\$ -	479,000	479,000
	<u>705,000</u>	<u>-</u>	<u>705,000</u>	<u>705,000</u>
Expenditures and Other Financing Uses				
Construction Services	657,984	-	657,984	638,554
Purchased Professional and Technical Services	44,659	-	44,659	66,446
Unallocated	-	-	-	-
	<u>702,643</u>	<u>-</u>	<u>702,643</u>	<u>705,000</u>
Excess of Revenue Over Expenditures	<u>\$ 2,357</u>	<u>\$ -</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, 2017**

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, 2017**

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, 2017**

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, 2017**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 10,023	\$ 55,011	\$ 65,034
Due from Other Funds	-	5,712	5,712
	<u>10,023</u>	<u>60,723</u>	<u>70,746</u>
Total Assets	<u>\$ 10,023</u>	<u>\$ 60,723</u>	<u>\$ 70,746</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 23,526	\$ 23,526
Due to Other Funds		18,751	18,751
Flexible Spending Benefits		18,446	18,446
Due to Student Groups	\$ 10,023	-	10,023
	<u>10,023</u>	<u>-</u>	<u>10,023</u>
Total Liabilities	<u>\$ 10,023</u>	<u>\$ 60,723</u>	<u>\$ 70,746</u>

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
Student Activity Account	\$ 5,817	\$ 48,670	\$ 44,464	\$ 10,023
Total All Schools	<u>\$ 5,817</u>	<u>\$ 48,670</u>	<u>\$ 44,464</u>	<u>\$ 10,023</u>

**HARRINGTON PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 2,546	\$ 3,581,440	\$ 3,560,460	\$ 23,526
Due from Other Funds	(5,712)	11,259	11,259	(5,712)
Due to Other Funds	26,288	446,972	454,509	18,751
Flexible Spending Benefits	7,040	57,877	46,471	18,446
Accrued Salaries and Wages	<u>2,633</u>	<u>4,229,898</u>	<u>4,232,531</u>	<u>-</u>
 Total	 <u>\$ 32,795</u>	 <u>\$ 8,327,446</u>	 <u>\$ 8,305,230</u>	 <u>\$ 55,011</u>

LONG-TERM DEBT

HARRINGTON PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
School Improvement Bonds	8/1/2001	\$ 3,465,000	8/1/2017	\$ 320,000	4.75%	\$ 630,000		\$ 310,000	\$ 320,000
School Improvement Bonds	7/15/2007	1,552,000	7/15/2017	50,000	4.250%	1,372,000		1,322,000	50,000
School Refunding Bonds	3/23/2017	1,333,000	7/15/2017	25,000	1.650%				
			7/15/2018	214,000	1.650%				
			7/15/2019	234,000	1.650%				
			7/15/2020	267,000	1.650%				
			7/15/2021	285,000	1.650%				
			7/15/2022	308,000	1.650%				
						-	\$ 1,333,000	-	1,333,000
						<u>\$ 2,002,000</u>	<u>\$ 1,333,000</u>	<u>\$ 1,632,000</u>	<u>\$ 1,703,000</u>
							Refunded	\$ 1,277,000	
							Paid	355,000	
								<u>\$ 1,632,000</u>	

**HARRINGTON PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
School Bus	\$ 47,212	3.12%	\$ 19,161		\$ 9,433	\$ 9,728
Modular Classrooms	972,663	1.52%		\$ 972,663	190,000	782,663
Tractor	26,185	N/A	-	26,185	-	26,185
			<u>\$ 19,161</u>	<u>\$ 998,848</u>	<u>\$ 199,433</u>	<u>\$ 818,576</u>

**HARRINGTON PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 400,358	-	\$ 400,358	\$ 400,358	\$ -
State Sources					
Debt Service Aid	<u>35,911</u>	<u>-</u>	<u>35,911</u>	<u>35,911</u>	<u>-</u>
Total Revenues	<u>436,269</u>	<u>-</u>	<u>436,269</u>	<u>436,269</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	355,000		355,000	355,000	
Interest	<u>81,269</u>	<u>-</u>	<u>81,269</u>	<u>81,269</u>	<u>-</u>
Total Expenditures	<u>436,269</u>	<u>-</u>	<u>436,269</u>	<u>436,269</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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)

	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 5,936,091
Restricted	237,730	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582	177,707
Unrestricted	66,017	129,454	86,282	294,672	879,470	1,068,386	(2,132,561)	(2,032,786)	(2,222,245)	(3,060,596)
Total Governmental Activities Net Position	<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>	<u>\$ 3,053,202</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 4,556	\$ 6,284	\$ 5,489	\$ 5,028	\$ 4,054	\$ 3,422	\$ 2,790	\$ 2,349	\$ 1,908	\$ 9,129
Unrestricted	9,616	19,884	23,122	10,916	5,517	5,588	3,303	3,253	9,532	7,124
Total Business-Type Activities Net Position	<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>	<u>\$ 16,253</u>
District-Wide										
Net Investment In Capital Assets	\$ 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	\$ 5,945,220
Restricted	237,730	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582	177,707
Unrestricted	75,633	149,338	109,404	305,588	884,987	1,073,974	(2,129,258)	(2,029,533)	(2,212,713)	(3,053,472)
Total District Net Position	<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>	<u>\$ 3,069,455</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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 7,141,163
Special education	902,639	1,184,861	1,317,979	1,302,010	2,454,921	2,630,838	2,853,907	3,266,950	3,923,687	4,425,278
Other special education	111,175	114,996	35,256	32,638		103,354				
Other instruction	87,259	85,433	181,318	125,045	91,839	127,008	139,432	131,207	118,783	199,831
School Sponsored Activities and Athletics					112,742		153,697	144,791	147,668	167,867
Support Services:										
Tuition	715,008	721,994	630,014	615,603						
Student & instruction related services	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	2,236,932
General administration services	463,475	421,908	396,748	395,164	457,667	469,566	479,183	496,322	489,569	509,829
School Administrative services	280,042	290,799	289,736	271,855	224,550	256,315	280,728	338,671	395,522	425,910
Central Services	311,576	319,203	276,500	307,368	259,835	275,862	289,330	321,499	337,395	402,902
Business administrative services			15,769	50,626						
Administrative Information Technology			1,014,321	945,598	1,150,032	1,264,265	1,259,132	1,283,846	1,263,620	1,445,590
Operation and maintenance of Facilities	1,142,846	1,102,463	1,043,321	1,014,321	1,150,032	1,264,265	1,259,132	1,283,846	1,263,620	1,445,590
Pupil transportation	198,710	137,699	129,878	80,050	143,844	82,903	131,349	89,343	104,020	168,198
Unallocated Benefits	897,511	611,584	661,522	715,032						
Interest On Long-Term Debt	186,168	179,575	169,270	158,177	146,434	134,042	121,501	107,136	91,444	90,572
Unallocated Depreciation	185,178	173,286	195,574	227,708						
Capital Outlay - nondepreciable	48,778	14,482	64,608	15,993						
Total Governmental Activities Expenses	10,757,897	10,746,991	11,069,437	10,705,174	13,499,520	11,633,470	12,383,787	13,682,897	14,842,483	17,283,912
Business-Type Activities:										
Special milk fund	6,516	9,679	21,759	31,156	29,824	19,006	22,111	20,465	15,313	14,433
Total Business-Type Activities Expense	6,516	9,679	21,759	31,156	29,824	19,006	22,111	20,465	15,313	14,433
Total District Expenses	\$ 10,764,413	\$ 10,756,670	\$ 11,091,196	\$ 10,736,330	\$ 11,529,344	\$ 11,652,476	\$ 12,405,898	\$ 13,703,362	\$ 14,857,796	\$ 17,298,345
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction - Regular										
Support - Operation & Maintenance of Facilities										
Pupil transportation										
Operating Grants And Contributions	155,381	212,617	258,525	184,507	1,191,672	1,885,350	1,528,619	2,814,871	3,326,350	4,578,646
Capital Grants And Contributions									148,240	
Total Governmental Activities Program Revenues	155,381	212,617	258,525	184,507	1,191,672	1,885,350	1,542,211	2,924,234	3,520,667	4,860,018
Business-Type Activities:										
Charges For Services:										
Food service	8,817	15,423	18,032	10,330	14,700	12,025	12,180	12,673	14,045	15,932
Operating Grants And Contributions	5,733	6,113	6,042	8,080	8,692	6,385	7,014	7,301	7,106	5,314
Capital Grants And Contributions										
Total Business-Type Activities Program Revenues	14,550	21,536	24,074	18,410	23,392	18,410	19,194	19,974	21,151	21,246
Total District Program Revenues	\$ 169,931	\$ 234,153	\$ 282,599	\$ 202,917	\$ 1,215,064	\$ 1,903,760	\$ 1,561,405	\$ 2,944,208	\$ 3,541,818	\$ 4,881,264
Net (Expense)/Revenue	\$ (10,602,516)	\$ (10,534,374)	\$ (10,810,912)	\$ (10,520,667)	\$ (10,307,848)	\$ (9,748,120)	\$ (10,842,176)	\$ (10,758,663)	\$ (11,321,816)	\$ (12,423,894)
Business-Type Activities	8,634	11,857	2,315	(12,246)	(6,432)	(596)	(2,917)	(691)	5,838	4,813
Total District-Wide Net Expense	\$ (10,594,882)	\$ (10,522,517)	\$ (10,808,597)	\$ (10,533,413)	\$ (10,314,280)	\$ (9,748,716)	\$ (10,845,093)	\$ (10,759,354)	\$ (11,315,978)	\$ (12,419,081)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	8,575,323	9,016,820	9,163,968	9,738,527	9,738,527	9,913,820	10,112,096	10,511,796	10,833,317	11,198,697
Taxes Levied For Debt Services	367,321	370,797	392,562	386,966	386,966	391,991	399,006	398,722	402,586	400,358
State Aid - Levied For Debt Service										
Federal Aid State Aid - Unrestricted	1,381,566	1,147,732	1,322,683	938,155	24,013	20,720	24,967	27,218	29,419	31,547
Investment Earnings					115	3,228				
Miscellaneous Income	155,794	148,667	90,656	122,934	189,324	133,629	111,132	162,992	136,252	172,988
Gain on Disposal of Capital Assets							(2,367)			
Retirement of Loans Payable Refinancing Credit										
Remaining Balance of Loans Payable Cancelled										
Donations-Reconstruction of Harrington Park School Field										
State Aid - Capital Outlay Facilities Grant Cancelled										
Total Governmental Activities	10,480,204	10,684,022	10,959,855	11,186,582	10,338,945	10,465,388	10,644,834	11,100,728	11,402,074	11,807,206
Business-Type Activities:										
Investment Earnings	198	139	128	79	59	35				
Transfers										
Total Business-Type Activities	198	139	128	79	59	35				
Total District-Wide	\$ 10,480,402	\$ 10,684,161	\$ 10,959,983	\$ 11,186,661	\$ 10,339,004	\$ 10,465,423	\$ 10,644,834	\$ 11,100,728	\$ 11,402,074	\$ 11,807,206
Change In Net Position	\$ (122,312)	\$ 149,648	\$ 148,943	\$ 665,915	\$ 31,097	\$ 717,268	\$ 3,258	\$ 342,065	\$ 80,258	\$ (616,688)
Governmental Activities	8,232	11,996	7,443	(12,667)	(6,373)	(563)	(2,917)	(691)	5,838	4,813
Business-Type Activities	(11,464)	(10,104)	(13,186)	(63,248)	(24,724)	(716,707)	(341)	(341,574)	(86,096)	(611,875)
Total District	\$ (11,464)	\$ (10,104)	\$ (13,186)	\$ (63,248)	\$ (24,724)	\$ (716,707)	\$ (341)	\$ (341,574)	\$ (86,096)	\$ (611,875)

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

	<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>	<u>2017</u>
General Fund										
Reserved	\$ 232,360	\$ 303,188	\$ 271,936							
Unreserved	248,015	314,031	258,464							
Restricted				\$ 508,809	\$ 508,809	\$ 1,102,119	\$ 1,287,753	\$ 1,421,420	\$ 891,291	\$ 759,515
Committed				134,631						
Assigned				61,800	394,836	354,687	151,198	337,486	335,121	305,250
Unassigned				461,700	207,642	225,590	226,064	224,304	224,359	82,824
Total General Fund	<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>	<u>\$ 1,147,589</u>
All Other Governmental Funds										
Reserved	\$ 7,700		\$ 139,653							
Unreserved	(2,330)	\$ (2,117)	7,513							
Restricted								\$ (116,641)	\$ 2,357	\$ 2,357
Assigned				\$ 6,876						
Unassigned				(2,363)	\$ (567)	\$ -	\$ -	-	-	-
Total All Other Governmental Funds	<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>	<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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 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	\$ 11,599,055
Tuition Charges	157,592	167,413	125,308	122,934						
Rentals										240,000
Interest Earnings					115	3,228				
Miscellaneous					233,747	136,743	158,343	194,632	185,829	247,526
County Sources			75,000							
State Sources	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	1,996,943
Federal Sources	153,583	151,441	331,666	173,429	199,339	153,491	140,110	143,705	151,369	162,711
Total Revenue	10,635,585	10,896,633	11,462,621	11,371,088	11,575,040	12,353,852	12,189,412	12,942,718	13,512,931	14,246,235
Expenditures										
Instruction										
Regular Instruction	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	5,428,847
Special Education Instruction	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	3,904,185
Other Special Instruction	89,501	94,599	12,702	14,954						
Other Instruction	70,658	70,649	166,240	112,997	92,184	103,185	139,166	113,173	99,935	158,574
School Sponsored Activities And Athletics					108,807	122,276	149,981	137,287	137,089	142,930
Support Services:										
Tuition	715,008	721,994	630,014	615,603						
Student & Inst. Related Services	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	1,843,977
General Administrative	396,515	357,790	333,858	322,737	447,025	467,415	461,001	468,193	453,465	410,063
School Administrative Services	227,695	239,627	237,929	217,741	225,354	255,917	280,046	299,531	338,640	333,946
Business and Other Support Services					260,754	275,413				
Central Administrative Services	258,733	269,864	235,186	164,759			288,637	312,244	320,385	348,545
Administrative Info Tech			15,769	50,626	53,940	42,939	41,786	46,408	21,130	69,840
Plant Operations And Maintenance	1,047,292	932,123	930,612	849,282	913,100	1,014,881	1,008,111	1,018,169	987,414	1,085,259
Pupil Transportation	198,710	137,699	129,878	80,050	143,844	82,903	131,349	84,980	99,757	163,935
Unallocated Employee Benefits	1,298,233	1,384,599	1,502,082	1,693,841						
TPAF Pension/Social Security	889,459	593,628	635,361	656,031						
Capital Outlay	302,928	91,837	119,459	44,325	91,941	138,245	57,488	218,392	594,436	1,021,864
Debt Service:										
Principal	217,407	229,401	240,000	255,000	270,000	285,000	315,032	328,871	349,148	554,433
Interest And Other Charges	159,121	183,613	173,657	162,844	151,381	139,269	126,225	113,405	98,222	81,867
Cost of Issuance										30,912
Advanced Refunding Escrow										25,088
Total Expenditures	10,995,243	10,759,576	11,155,916	10,737,548	11,635,773	11,782,176	12,254,005	12,741,164	13,926,372	15,604,265
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(359,658)	137,057	306,705	633,540	(60,733)	571,676	(64,593)	201,554	(413,441)	(1,358,030)
Other Financing Sources (Uses)										
Payment to Refunding Escrow Agent										(1,277,000)
Refunding Bond Proceeds										1,333,000
Capital Leases (Non-Budgeted)							47,212			
State Facilities Grant Cancelled			(244,241)							
Transfers In			274,467					479,000		-
Transfers Out			(274,467)					(479,000)		998,848
Total Other Financing Sources (Uses)	-	-	(244,241)	-	-	-	47,212	-	-	1,054,848
Net Change In Fund Balances	\$ (359,658)	\$ 137,057	\$ 62,464	\$ 633,540	\$ (60,733)	\$ 571,676	\$ (17,381)	\$ 201,554	\$ (413,441)	\$ (303,182)
Debt Service As A Percentage Of										
Noncapital Expenditures	3.5%	3.9%	3.7%	3.9%	3.7%	3.6%	3.6%	3.5%	3.4%	4.7%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest on Investments	Donations	Insurance Dividend	Refunds	Misc.	E-Rate Reimb	Facility Use	Accrued Interest Bond Sale	Trailer Rental	PY Void Checks	Tuition	NVR High School	Total
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
2017	3,651			3,581	65,074		50,682				41,372	50,000	214,360

**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)
2008	\$ 20,183,000	\$ 1,029,990,700	\$ 37,155,400	\$ 1,087,329,100		\$ 1,087,329,100	\$ 1,125,158,811	0.863
2009	16,477,300	1,035,505,100	37,155,400	1,089,137,800		1,089,137,800	1,160,438,606	0.895
2010	16,047,300	1,034,946,900	37,240,800	1,088,235,000		1,088,235,000	1,113,572,454	0.930
2011	15,178,500	1,025,271,300	38,617,600	1,079,067,400		1,079,067,400	1,036,552,493	0.937
2012	14,736,500	1,016,222,100	32,441,300	1,063,399,900	\$ 820,664	1,064,220,564	983,913,449	0.970
2013 (A)	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
2017	12,498,400	856,483,100	27,192,100	896,173,600	-	896,173,600	995,996,199	1.330

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 2013.

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

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	<u>Total Direct School Tax Rate</u>	<u>Northern Valley Regional H.S.</u>	<u>Harrington Park Borough</u>	<u>Bergen County</u>	
2008	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 (A)	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
2017	1.330	0.610	0.582	0.280	2.802

(A) 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	2017		2008	
	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%		
Quantmeyer	2,913,300	0.33%		
Rockland Electric	2,681,800	0.30%		
HGK Realty	1,900,000	0.21%		
Resident	1,389,800	0.16%		NOT AVAILABLE
Resident	1,379,900	0.15%		
Resident	1,203,000	0.13%		
Resident	1,182,300	0.13%		
Resident	1,153,500	0.13%		
Resident	1,120,800	0.13%		
	<u>\$ 35,708,900</u>	<u>3.98%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2017	11,599,055	11,599,055	100.00%	

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Loans Payable			
2008	\$ 4,182,000	\$ 64,407	\$ 4,246,407	4,849	\$ 876
2009	4,017,000		4,017,000	4,870	825
2010	3,777,000		3,777,000	4,674	809
2011	3,522,000		3,522,000	4,716	750
2012	3,252,000		3,252,000	4,739	686
2013	2,967,000		2,967,000	4,765	623
2014	2,662,000		2,662,000	4,786	556
2015	2,342,000		2,342,000	4,812	487
2016	2,002,000		2,002,000	4,806	417
2017	1,703,000		1,703,000	4,806 (1)	354

Source: District records

(1) Estimated

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

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
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%	556
2015	2,342,000		2,342,000	0.26%	487
2016	2,002,000		2,002,000	0.22%	417
2017	1,703,000		1,703,000	0.19%	354

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, 2016
 (Unaudited)**

	<u>Gross Debt</u>
Direct Debt: (1)	
Borough of Harrington Park	\$ 2,869,154
Local School District	1,647,000
Regional School District	<u>2,420,116</u>
	<u>\$ 6,936,270</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2) (A)	7,010,114
Bergen County Utilities Authority (BCUA) (3) (B)	<u>919,744</u>
	<u>7,929,858</u>
Total Direct and Overlapping Debt	<u>\$ 14,866,128</u>

Source:

- (1) Borough of Harrington Park's 2016 Annual Debt Statement
- (2) Bergen County Annual Debt Statement
- (3) BCUA 2016 Annual Audit

(A) The debt for this entity was apportioned to the Borough of Harrington Park by dividing the municipality's 2016 equalized value by the total 2016 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 2017

Equalized valuation basis	
2016	\$ 995,188,847
2015	975,944,075
2014	957,954,784
	<u>\$ 2,929,087,706</u>
Average equalized valuation of taxable property	\$ 976,362,569
Debt limit (3 % of average equalization value)	29,290,877
Total Net Debt Applicable to Limit	<u>1,703,000</u>
Legal debt margin	<u>\$ 27,587,877</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 29,290,877
Total net debt applicable to limit	<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>	<u>1,703,000</u>
Legal debt margin	<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>	<u>\$ 27,587,877</u>
Total net debt applicable to the limit as a percentage of debt limit	13.63%	11.36%	11.17%	10.62%	10.31%	9.92%	9.22%	8.22%	6.96%	5.81%

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>
2008	4,849	\$ 68,124	3.1%
2009	4,870	65,097	5.6%
2010	4,674	66,073	5.8%
2011	4,716	69,021	5.7%
2012	4,739	71,929	8.3%
2013	4,765	71,388	8.3%
2014	4,786	73,424	4.8%
2015	4,812	75,849	3.7%
2016	4,806	75,849 (1)	3.4%
2017	4,806 (1)	75,849 (1)	3.4% (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)

Employer	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

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>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>	<u>2017</u>
Instruction										
Regular	72.0	68.1	64.5	47.0	47.5	47.5	47.6	47.0	47.0	46.0
Special education	0.0	6.0	6.5	25.5	30.0	30.0	28.0	30.0	32.0	33.0
Support Services:										
Student & instruction related services	8.4	8.0	9.6	12.4	12.2	12.2	10.9	12.4	12.4	12.1
General administration services	2.0	2.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	3.5	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Business administrative services	3.0	3.0	3.0	2.5	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	2.5	2.5	2.5	8.0	5.0	5.0	5.0	5.0	4.0	4.0
Total	<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>	<u>103.1</u>

Source: District Personnel Records

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	<u>Teacher/Pupil Ratio</u>			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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	3.42%	64	1:9.8	1:10.1	N/A	633	617	-0.47%	97.47%
2016	632.0	12,884,566	20,387	6.82%	64	1:9.8	1:10.1	N/A	628	608	-0.79%	96.82%
2017	631.0	13,890,101	22,013	7.98%	64	1:9.8	1:10.1	N/A	624	604	-0.64%	96.79%

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>School</u>										
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	738	726	712	687	691	648	637	633	632	631
<u>Other</u>										
Administration Trailer										
Square Feet										
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, 2017										
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-XXXX

School Facilities	Project # (s)	<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>	<u>2017</u>
Harrington Park School	NA	\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066	\$ 262,351	\$ 237,672	\$ 224,734	\$ 243,715	\$ 264,462
Total School Facilities		\$ 334,719	\$ 263,107	\$ 228,275	\$ 199,179	\$ 196,066	\$ 262,351	\$ 237,672	\$ 224,734	\$ 243,715	\$ 264,462

Source: District Records

HARRINGTON PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
(Unaudited)

	Coverage	Deductible
COMMERCIAL PROPERTY COVERAGE		
Flood & Earthquake	\$ 5,000,000	50,000
Flood Zone A	2,000,000	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	17,741,554	5,000
GENERAL LIABILITY		
General Aggregate	2,000,000	
Products & Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability Limit	1,000,000	
Medical Expense	5,000	
Employee Benefits Liability	1,000,000	1,000
COMMERCIAL AUTOMOBILE		
Liability	1,000,000	
Medical Payments	10,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
Computers and Schedule Equipment General Security		
Tuition and Fees	20,000	5,000
Contractors Equipment	250,000	5,000
Fine Arts	25,000	5,000
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
Crime Coverage		
Employee Dishonesty-Per Employee	100,000	5,000
Employee Dishonesty-Per Loss (Excess)	400,000	100,000
Forgery and Alteration	50,000	1,000

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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, PSA

**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, 2017 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 4, 2017.

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.

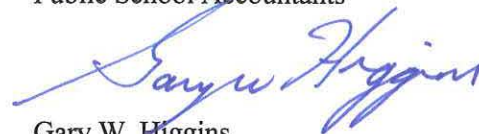
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Harrington Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 4, 2017.

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 4, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE 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, 2017. 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, 2017.

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.

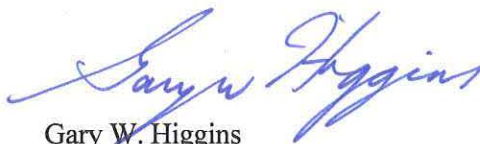
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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, 2017 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 4, 2017, 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 is 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 4, 2017

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2016				Cash Received	Budgetary Expenditures	Accounts Paid to Receivable Adjustment	Deferred Revenue Adjustment	Balance at June 30, 2017			Memo GAAP Receivable	
						(Account Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount					(Account Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education																		
Passed-through State Department of Education																		
Enterprise Fund																		
Special Milk Program for Children	10.556	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 5,314					\$ 4,902	\$ 5,314			\$ (412)			\$ (412)	
Special Milk Program for Children	10.556	16161NJ304N1099	N/A	7/1/15-6/30/16	7,106	\$ (1,274)	-	-	-	1,274	-	-	-	-	-	-	-	
Total U.S. Department of Agriculture - Enterprise Fund						(1,274)	-	-	-	6,176	5,314	-	-	(412)	-	-	(412)	
U.S. Department of Education																		
Passed-through State Department of Education																		
Special Revenue																		
IDEA Part B Basic Regular	84.027	H027A160100	FT-17	7/1/16-6/30/17	122,760					122,760	122,760							
IDEA Part B Preschool	84.173	H173A160114	PS-17	7/1/16-6/30/17	11,151	-	-	-	-	11,151	11,151	-	-	-	-	-	-	
Total Special Education(IDEA) Cluster						-	-	-	-	133,911	133,911	-	-	-	-	-	-	
Title I	84.010	S010A160030	NCLB-17	7/1/16-6/30/17	20,846					20,846	20,846							
Title III	84.365	S365A160030	NCLB-17	7/1/16-6/30/17	5,229					5,229	5,195				\$ 34			
Title III	84.365	S365A150030	NCLB-16	7/1/15-6/30/16	5,190	(104)	\$ 129			25	25	\$ 104	\$ (104)					
Title III, Immigrant	84.365	S365A160030	NCLB-16	7/1/16-6/30/17	2,214	-	-	-	-	2,214	2,206	-	-	-	8	-	-	
Total U.S. Department of Education - Special Revenue Fund						(104)	129	-	-	162,200	162,183	-	104	(104)	-	42	-	
Total Federal Financial Awards						\$ (1,378)	\$ 129	\$ -	\$ -	\$ 168,376	\$ 167,497	\$ -	\$ 104	\$ (104)	\$ (412)	\$ 42	\$ -	\$ (412)

111

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

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

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at July 1, 2016							Repayment of Prior Years' Balances	Balance at June 30, 2017			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment		(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
State Department of Education																
General Fund																
Special Educational Aid	17-495-034-5120-089	\$ 258,871	7/1/16-6/30/17					\$ 234,675	\$ 258,871			\$ (24,196)			\$ 258,871	
Special Educational Aid	16-495-034-5120-089	259,783	7/1/15-6/30/16	\$ (24,225)				24,225				-				
Security Aid	17-495-034-5120-084	10,942	7/1/16-6/30/17					9,919	10,942			(1,023)			10,942	
Security Aid	16-495-034-5120-084	9,328	7/1/15-6/30/16	(888)				888				-				
Equalization Aid	17-495-034-5120-078	2,317	7/1/16-6/30/17					2,101	2,317			(216)			2,317	
Equalization Aid	16-495-034-5120-078	2,401	7/1/15-6/30/16	(224)				224				-				
Additional Adjustment Aid	17-495-034-5120-085	1	7/1/16-6/30/17					1	1			-			1	
PARCC Readiness Aid	17-495-034-5120-098	6,440	7/1/16-6/30/17					5,838	6,440			(602)			6,440	
PARCC Readiness Aid	16-495-034-5120-098	6,440	7/1/15-6/30/16	(601)				601				-			-	
Per Pupil Growth Aid	17-495-034-5120-097	6,440	7/1/16-6/30/17					5,838	6,440			(602)			6,440	
Per Pupil Growth Aid	16-495-034-5120-097	6,440	7/1/15-6/30/16	(601)				601				-			-	
Professional Learning Comm Aid	17-495-034-5120-101	6,450	7/1/16-6/30/17					5,847	6,450			(603)			6,450	
Total State Aid Public Cluster				(26,539)	-	-	-	290,758	291,461	-	-	(27,242)	-	-	291,461	
Transportation Aid	17-495-034-5120-014	5,070	7/1/16-6/30/17					4,596	5,070			(474)			5,070	
Transportation Aid	16-495-034-5120-014	4,026	7/1/15-6/30/16	(375)				375				-			-	
Nonpublic Transportation Aid	17-495-034-5120-014	1,218	7/1/16-6/30/17						1,218			(1,218)		\$ (1,218)	1,218	
Nonpublic Transportation Aid	16-495-034-5120-014	1,273	7/1/15-6/30/16	(1,273)				1,273				-		-	-	
Total Transportation Aid Cluster				(1,648)	-	-	-	6,244	6,288	-	-	(1,692)	-	-	(1,218) 6,288	
Extraordinary Aid	17-100-034-5120-044	311,863	7/1/16-6/30/17						311,863			(311,863)			311,863	
Extraordinary Aid	16-100-034-5120-044	357,826	7/1/15-6/30/16	(357,826)				357,826				-			-	
TPAF Social Security Contrib.	17-495-034-5094-003	361,235	7/1/16-6/30/17					343,915	361,235			(17,320)		(17,320)	361,235	
TPAF Social Security Contrib.	16-495-034-5094-003	334,778	7/1/15-6/30/16	(18,284)				18,284				-			-	
TPAF Pension - NCGI	17-495-034-5094-004	18,006	7/1/16-6/30/17					18,006	18,006			-			18,006	
TPAF Pension - Normal Cost	17-495-034-5094-002	496,970	7/1/16-6/30/17					496,970	496,970			-			496,970	
TPAF Long-Term Disability Insurance	17-495-034-5094-001	955	7/1/16-6/30/17					955	955			-			955	
TPAF Pension Post Retirement Medical Contr.	17-495-034-5094-001	429,093	7/1/16-6/30/17					429,093	429,093			-			429,093	
Total General Fund				(404,297)	-	-	-	1,962,051	1,915,871	-	-	(358,117)	-	-	(18,538) 1,915,871	
Special Revenue Fund																
Anti Bullying	N/A	1,113	7/1/13-6/30/14	-	\$ 75	-	-	-	-	-	-	-	\$ 75	-	-	
Total Special Revenue Fund				-	75	-	-	-	-	-	-	-	75	-	-	
Capital Projects Fund																
SDA - Boiler Replacement at the Harrington Park Public School	2050-050-14-1001-G04	226,000	7/1/14-6/30/16	(45,200)	-	-	-	45,200	-	-	-	-	-	-	-	
Total Capital Projects Fund				(45,200)	-	-	-	45,200	-	-	-	-	-	-	-	
Debt Service Fund																
Debt Service Aid Type II	17-495-034-5120-017	35,911	7/1/16-6/30/17	-	-	-	-	35,911	35,911	-	-	-	-	-	35,911	
Total State Financial Assistance Subject to Single Audit Determination				(449,497)	75	-	-	2,043,162	1,951,782	-	-	(358,117)	75	-	(18,538) 1,951,782	
State Financial Assistance																
Not Subject to Single Audit Determination																
General Fund																
On-Behalf TPAF Pension System NCGI	17-495-034-5094-004	18,006	7/1/16-6/30/17					(18,006)	(18,006)			-			(18,006)	
On-Behalf TPAF Pension System Normal Cost	17-495-034-5094-002	496,970	7/1/16-6/30/17					(496,970)	(496,970)			-			(496,970)	
On-Behalf TPAF Long-Term Disability Insuar	17-495-034-5094-001	955	7/1/16-6/30/17					(955)	(955)			-			(955)	
On-Behalf TPAF Post-Retirement Medical Con	17-495-034-5094-001	429,093	7/1/16-6/30/17					(429,093)	(429,093)			-			(429,093)	
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (449,497)	\$ 75	\$ -	\$ -	\$ 1,098,138	\$ 1,006,758	\$ -	\$ -	\$ (358,117)	\$ 75	\$ -	\$ (18,538) \$ 1,006,758	

112

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

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 schedule 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 Title 2 U.S. Code of Federal Regulations Part 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 an increase of \$45,161 for the general fund and an increase of \$528 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		\$ 1,961,032	\$ 1,961,032
Special Revenue Fund	\$ 162,711	-	162,711
Debt Service Fund		35,911	35,911
Food Service Fund	5,314	-	5,314
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 168,025</u>	<u>\$ 1,996,943</u>	<u>\$ 2,164,968</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, 2017**

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 \$361,235 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$514,976, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$429,093 and TPAF Long-Term Disability Insurance in the amount of \$955 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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.

**HARRINGTON PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-078	Equalization Aid
17-495-034-5120-085	Additional Adjustment Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-101	Professional Learning Comm 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, 2017**

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, 2017**

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.

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, 2017**

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

There were none.