

**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, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Harrington Park Board of Education

Harrington Park, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

**Harrington Park Board of Education
Finance Department**

**HARRINGTON PARK BOARD OF EDUCATION
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INTRODUCTORY SECTION

**HARRINGTON PARK
SCHOOL DISTRICT
BOARD OF EDUCATION**

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

Bryan Jursca
Business Administrator

January 25, 2019

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, 2018 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 2017-18 fiscal year enrollment was 623 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>
2017-18	623.0	- 1.28
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

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 2017-18 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, 2018.

6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "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,

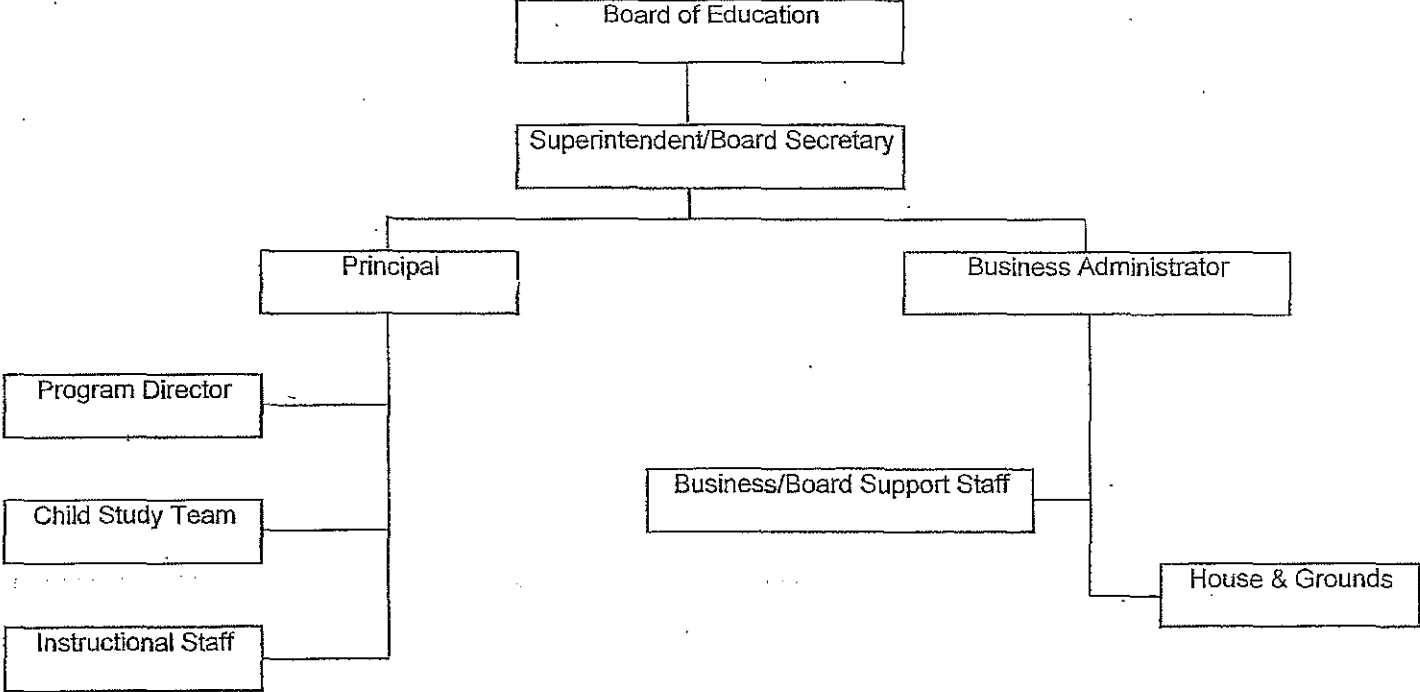
Dr. Adam Fried

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, 2018

Members of the Board of Education

Term Expires

Dianne Smith, President

2020

Laura Wood, Vice President

2019

Brenda Cho, Trustee

2019

Eric Fishbein, Trustee

2020

Tsampicos Perides, Trustee

2018

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2018 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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Harrington Park Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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, pension information and other postemployment benefits 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

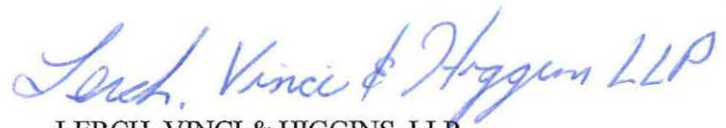
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harrington Park Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of 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.

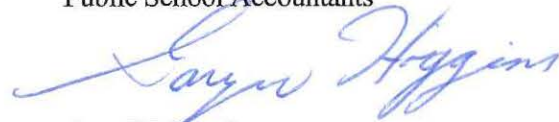
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2019 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
January 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2018

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, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 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 \$2,977,023 (net position).
- The District's total net position decreased \$92,432.
- Overall District revenues were \$17,518,639 which were \$92,432 less than overall District expenses of \$17,611,071. General revenues accounted for \$12,247,378 or 70% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$5,271,261 or 30% of total revenues.
- The School District had \$17,593,707 in expenses for governmental activities; only \$5,244,288 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$12,247,378 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 \$1,088,612. Of that amount, \$87,083 (8%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$87,083 at June 30, 2018, is an increase of \$4,259 when compared with the beginning balance at July 1, 2017.
- The General Fund unassigned budgetary basis fund balance at June 30, 2018 was \$447,788 which represents an increase of \$25,385 compared to the ending budgetary basis fund balance at June 30, 2017 of \$422,403.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

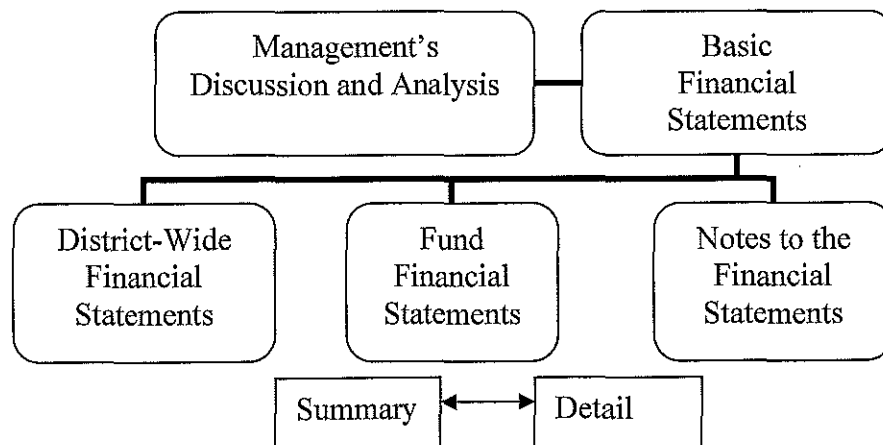
Year Ended June 30, 2018

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, 2018

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, 2018

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 and the Laptop Fund are 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, 2018

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 two enterprise funds for its food service operations and laptop program.
- *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, 2018

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 \$2,977,023 and \$3,069,455 on June 30, 2018 and 2017, respectively.

Table 1
Net Position

	Governmental Types		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 1,125,879	\$ 1,251,443	\$ 17,889	\$ 7,124	\$ 1,143,768	\$ 1,258,567
Capital assets	8,166,516	8,432,579	15,865	9,129	8,182,381	8,441,708
Total assets	<u>9,292,395</u>	<u>9,684,022</u>	<u>33,754</u>	<u>16,253</u>	<u>9,326,149</u>	<u>9,700,275</u>
Deferred Outflow of Resources	<u>1,448,465</u>	<u>2,048,854</u>	<u>-</u>	<u>-</u>	<u>1,448,465</u>	<u>2,048,854</u>
Total Assets and Deferred Outflows of Resources	<u>10,740,860</u>	<u>11,732,876</u>	<u>33,754</u>	<u>16,253</u>	<u>10,774,614</u>	<u>11,749,129</u>
Liabilities						
Current liabilities	58,181	150,540	7,892	-	66,073	150,540
Noncurrent liabilities	6,807,281	8,529,134	-	-	6,807,281	8,529,134
Total liabilities	<u>6,865,462</u>	<u>8,679,674</u>	<u>7,892</u>	<u>-</u>	<u>6,873,354</u>	<u>8,679,674</u>
Deferred Inflow of Resources	<u>924,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>924,237</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,789,699</u>	<u>8,679,674</u>	<u>7,892</u>	<u>-</u>	<u>7,797,591</u>	<u>8,679,674</u>
Net Position						
Net Investment in Capital Assets	6,149,293	5,936,091	15,865	9,129	6,165,158	5,945,220
Restricted	177,883	177,707	-	-	177,883	177,707
Unrestricted	(3,376,015)	(3,060,596)	9,997	7,124	(3,366,018)	(3,053,472)
Total net position	<u>\$ 2,951,161</u>	<u>\$ 3,053,202</u>	<u>\$ 25,862</u>	<u>\$ 16,253</u>	<u>\$ 2,977,023</u>	<u>\$ 3,069,455</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, 2018

The following shows changes in net position for fiscal years 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Types		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services and sales	\$ 384,290	\$ 281,372	\$ 22,161	\$ 13,932	\$ 406,451	\$ 295,304
Operating grants and contributions	4,859,998	4,578,646	4,812	5,314	4,864,810	4,583,960
Capital grants and contributions					-	-
General revenues						
Property taxes, levied for general purposes	11,534,776	11,198,697			11,534,776	11,198,697
Property taxes levied for debt service	384,291	400,358			384,291	400,358
Federal and State Aid Not Restricted	37,012	31,547			37,012	31,547
Other	291,299	176,604	-	-	291,299	176,604
Total revenues	<u>17,491,666</u>	<u>16,667,224</u>	<u>26,973</u>	<u>19,246</u>	<u>17,518,639</u>	<u>16,686,470</u>
Program Expenses						
Instruction						
Regular	7,097,976	7,141,163			7,097,976	7,141,163
Special Education	4,769,656	4,425,278			4,769,656	4,425,278
Other Instruction	208,117	199,831			208,117	199,831
School Sponsored Activities and Athletics	141,065	167,867			141,065	167,867
Support services						
Student and Instruction Related Services	2,155,585	2,236,932			2,155,585	2,236,932
General Administration Services	568,788	509,829			568,788	509,829
School Administration Services	444,560	425,910			444,560	425,910
Business/Central Services	439,495	402,902			439,495	402,902
Administrative Information Technology	52,424	69,840			52,424	69,840
Operation and Maintenance of Facilities	1,469,804	1,445,590			1,469,804	1,445,590
Pupil Transportation	232,525	168,198			232,525	168,198
Debt Service						
Interest and Other Charges	13,712	90,572			13,712	90,572
Food Service			10,904		10,904	-
Laptop Fund	-	-	6,460	14,433	6,460	14,433
Total expenses	<u>17,593,707</u>	<u>17,283,912</u>	<u>17,364</u>	<u>14,433</u>	<u>17,611,071</u>	<u>17,298,345</u>
Change in Net Position	(102,041)	(616,688)	9,609	4,813	(92,432)	(611,875)
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 2,951,161</u>	<u>\$ 3,053,202</u>	<u>\$ 25,862</u>	<u>\$ 16,253</u>	<u>\$ 2,977,023</u>	<u>\$ 3,069,455</u>

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

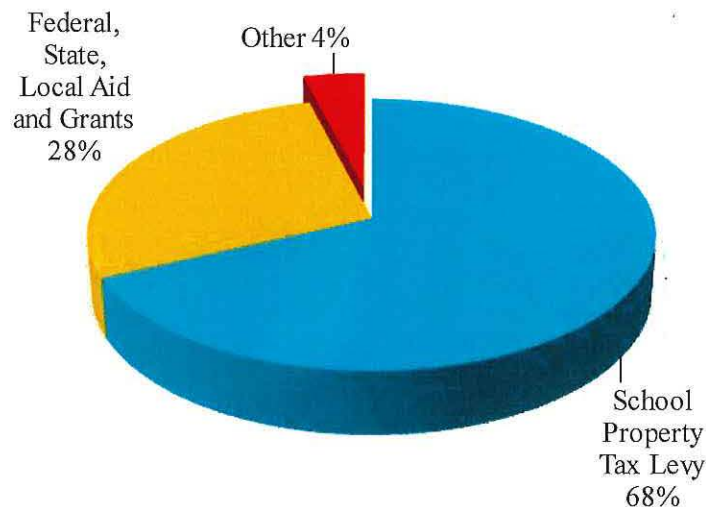
Year Ended June 30, 2018

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$17,491,666 for the year ended June 30, 2018, property taxes of \$11,919,067 represented 68% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$4,897,010 and represented 28% of revenues. In addition, revenue is earned from tuition, rental agreements 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 \$17,593,707. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$12,216,814 (69%) of total expenses. Support services, totaled \$5,363,181 (31%) 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 \$102,041 from the previous year.

**Revenues by Type – Governmental Activities
For Fiscal Year 2018**

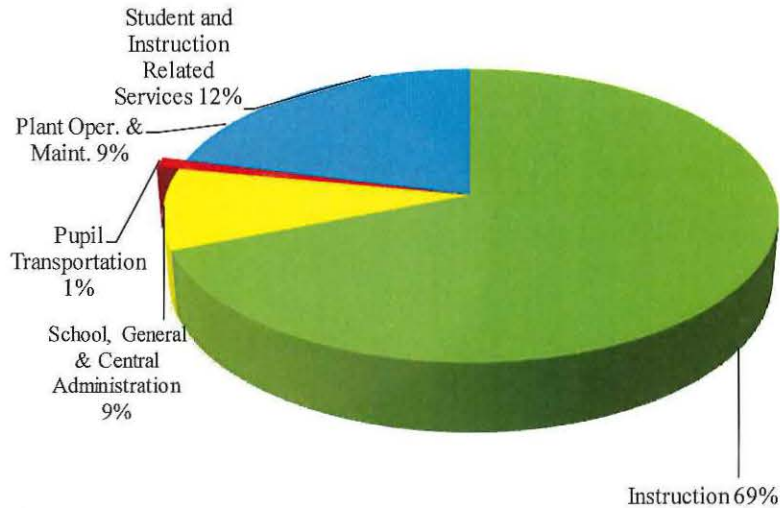


HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2018

Expenses by Type – Governmental Activities
For Fiscal Year 2018



Net Cost of Governmental Activities. The District's total cost of services for the fiscal year ended June 30, 2018 was \$17,593,707. After applying program revenues, derived from charges for services and operating grants and contributions of \$5,244,288 the net cost of services of the District for the fiscal year ended June 30, 2018 is \$12,349,419.

Total and Net Cost of Governmental Activities for the Fiscal Years Ended June 30, 2018 and 2017

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction				
Regular	\$ 7,097,976	\$ 7,141,163	\$ 4,354,714	\$ 4,471,145
Special Education	4,769,656	4,425,278	3,428,628	3,202,406
Other Instruction	208,117	199,831	115,029	107,941
School Sponsored Activities and Athletics	141,065	167,867	128,739	167,867
Support Services				
Student and Instruction Related Services	2,155,585	2,236,932	1,661,489	1,751,588
General Administration Services	568,788	509,829	528,006	509,829
School Administration Services	444,560	425,910	303,199	299,702
Central Services	439,495	402,902	400,526	402,902
Administrative Info Tech	52,424	69,840	52,424	69,840
Operation and Maintenance of Facilities	1,469,804	1,445,590	1,140,996	1,194,783
Pupil Transportation	232,525	168,198	224,267	162,009
Interest on Debt	13,712	90,572	11,402	83,882
Total	\$ 17,593,707	\$ 17,283,912	\$ 12,349,419	\$ 12,423,894

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2018

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$17,364. These costs were funded by charges for services of \$22,161 (82%) and operating grants of \$4,812 (18%), as detailed in the change in net position schedule.

Total business-type activities revenues exceeded expenses, increasing net position by \$9,609 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 \$1,088,612 at June 30, 2018 compared to a combined fund balance of \$1,149,946 at June 30, 2017.

Revenues for the District's governmental funds were \$14,847,813, while total expenditures were \$15,064,457.

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, 2018 and 2017.

<u>Revenues</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2018</u>	<u>2017</u>		
Local Sources	\$ 12,135,472	\$ 11,653,057	\$ 482,415	4.14%
State Sources	<u>2,097,133</u>	<u>1,961,032</u>	<u>136,101</u>	6.94%
Total	<u>\$ 14,232,605</u>	<u>\$ 13,614,089</u>	<u>\$ 618,516</u>	4.54%

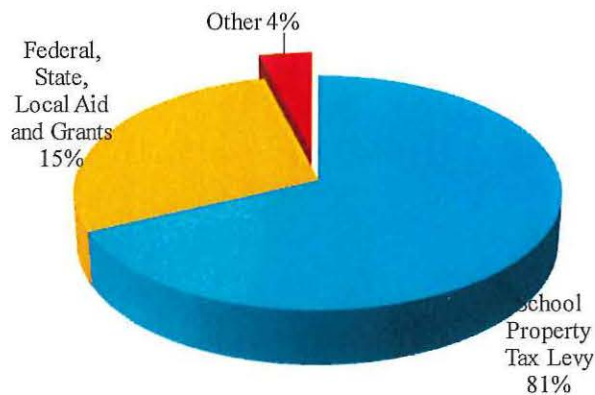
The majority of revenues come from property taxes which accounted for 81% and 82% of total revenues for the years ended June 30, 2018 and 2017, respectively. State sources represented 15% and 14% of total revenue for the fiscal years 2018 and 2017, respectively.

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2018

General Fund Revenues by Source



The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2018 and 2017.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2018</u>	<u>2017</u>		
Current:				
Instruction	\$ 9,912,396	\$ 9,494,585	\$ 417,811	4.40%
Support Services	4,295,361	4,199,639	95,722	2.28%
Debt Service	193,621	200,031	(6,410)	-3.20%
Capital outlay	47,872	1,021,864	(973,992)	-95.32%
Total	<u>\$ 14,449,250</u>	<u>\$ 14,916,119</u>	<u>\$ (466,869)</u>	-3.13%

Total General Fund expenditures decreased \$466,869 or 3% from the previous year.

For the 2017-2018 school year general expenditures exceeded revenues and other financing sources by \$61,335. After adjusting for restricted and assigned fund balances, the unassigned fund balance increased from \$82,824 at June 30, 2017 to \$87,083 at June 30, 2018. In addition, the district ended the year with \$569,705 of excess surplus of which \$352,065 was designated for the 2018/2019 school year budget. The remaining excess surplus balance of \$217,640 is required to be appropriated in the 2019/2020 school year budget.

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

HARRINGTON PARK BOARD OF EDUCATION

Management's Discussion and Analysis

Year Ended June 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of fiscal years 2018 and 2017, the school district had invested in land, buildings and improvements, furniture, machinery and vehicles as follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 504,400	\$ 504,400			\$ 504,400	\$ 504,400
Land Improvements	39,400				39,400	-
Buildings and Improvements	15,877,518	15,914,018			15,877,518	15,914,018
Furniture, Equipment and Vehicles	<u>766,873</u>	<u>700,266</u>	\$ 23,382	\$ 15,490	<u>790,255</u>	<u>715,756</u>
	17,188,191	17,118,684	23,382	15,490	17,211,573	17,134,174
Less Depreciation	<u>(9,021,675)</u>	<u>(8,686,105)</u>	<u>(7,517)</u>	<u>(6,361)</u>	<u>(9,029,192)</u>	<u>(8,692,466)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 8,166,516</u>	<u>\$ 8,432,579</u>	<u>\$ 15,865</u>	<u>\$ 9,129</u>	<u>\$ 8,182,381</u>	<u>\$ 8,441,708</u>

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

Debt Administration. As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$6,807,281 and \$8,529,134 as follows:

Outstanding Long-Term Liabilities As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Serial Bonds Payable	\$ 1,308,000	\$ 1,703,000
Capital Leases/Lease Purchases Payable	731,200	818,576
Net Pension Liability	4,572,063	5,827,841
Compensated Absences	<u>196,018</u>	<u>179,717</u>
Total	<u>\$ 6,807,281</u>	<u>\$ 8,529,134</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, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund budgetary basis expenditures exceeded budgetary basis revenues and other financing sources decreasing budgetary basis fund balance by \$40,209 from the previous year. After deducting restricted and designated fund balances, the unassigned budgetary fund balance increased \$25,385 from \$422,403 at June 30, 2017 to \$447,788 at June 30, 2018. In addition, the District has established a capital reserve and a maintenance reserve in the amounts of \$50,150 and \$125,375, respectively. In addition, the District ended the year with excess surplus of \$569,705. Of this amount, \$352,065 was the excess resulting from the prior 2016/2017 school year and the remaining \$217,640 was the excess resulting from the current 2017/2018 school year. In accordance with State regulations, the District appropriated the \$352,065 of excess surplus for use in the 2018/2019 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 2018-2019 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 2018-2019. Budgeted expenditures in the General Fund increased approximately 2.6% to \$13,443,748 for fiscal year 2018-2019.

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, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,004,481	\$ 17,622	\$ 1,022,103
Receivables, net	111,487	267	111,754
Prepaid Items	9,911		9,911
Capital Assets, net			
Not Being Depreciated	504,400		504,400
Being Depreciated	<u>7,662,116</u>	<u>15,865</u>	<u>7,677,981</u>
Total Assets	<u>9,292,395</u>	<u>33,754</u>	<u>9,326,149</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	21,977		21,977
Deferred Amounts on Net Pension Liability	<u>1,426,488</u>	<u>-</u>	<u>1,426,488</u>
Total Deferred Outflows of Resources	<u>1,448,465</u>	<u>-</u>	<u>1,448,465</u>
Total Assets and Deferred Outflows of Resources	<u>10,740,860</u>	<u>33,754</u>	<u>10,774,614</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	9,184	7,892	17,076
Accrued Interest Payable	20,914		20,914
Unearned Revenue	28,083		28,083
Noncurrent Liabilities			
Due within one year	446,056		446,056
Due beyond one year	<u>6,361,225</u>	<u>-</u>	<u>6,361,225</u>
Total Liabilities	<u>6,865,462</u>	<u>7,892</u>	<u>6,873,354</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>924,237</u>	<u>-</u>	<u>924,237</u>
Total Deferred Inflows of Resources	<u>924,237</u>	<u>-</u>	<u>924,237</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,789,699</u>	<u>7,892</u>	<u>7,797,591</u>
NET POSITION			
Net Investment in Capital Assets	6,149,293	15,865	6,165,158
Restricted for			
Capital Projects	52,507		52,507
Maintenance Reserve	125,375		125,375
Other Purposes	1		1
Unrestricted	<u>(3,376,015)</u>	<u>9,997</u>	<u>(3,366,018)</u>
Total Net Position	<u>\$ 2,951,161</u>	<u>\$ 25,862</u>	<u>\$ 2,977,023</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, 2018

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	\$ 7,097,976	\$ 120,290	\$ 2,622,972		\$ (4,354,714)		\$ (4,354,714)
Special Education	4,769,656		1,341,028		(3,428,628)		(3,428,628)
Other Instruction	208,117		93,088		(115,029)		(115,029)
School Sponsored Activities and Athletics	141,065		12,326		(128,739)		(128,739)
Support Services							
Student and Instruction Related Services	2,155,585		494,096		(1,661,489)		(1,661,489)
General Administration Services	568,788		40,782		(528,006)		(528,006)
School Administration Services	444,560		141,361		(303,199)		(303,199)
Business/Central Services	439,495		38,969		(400,526)		(400,526)
Administrative Info Tech	52,424				(52,424)		(52,424)
Operation and Maintenance of Facilities	1,469,804	264,000	64,808		(1,140,996)		(1,140,996)
Pupil Transportation	232,525		8,258		(224,267)		(224,267)
Interest on Debt	13,712	-	2,310		(11,402)		(11,402)
Total Governmental Activities	<u>17,593,707</u>	<u>384,290</u>	<u>4,859,998</u>	<u>-</u>	<u>(12,349,419)</u>	<u>-</u>	<u>(12,349,419)</u>
Business-Type Activities							
Food Service	10,904	12,011	4,812			\$ 5,919	5,919
Laptop Fund	6,460	10,150	-			3,690	3,690
Total Business-Type Activities	<u>17,364</u>	<u>22,161</u>	<u>4,812</u>	<u>-</u>	<u>-</u>	<u>9,609</u>	<u>9,609</u>
Total Primary Government	<u>\$ 17,611,071</u>	<u>\$ 406,451</u>	<u>\$ 4,864,810</u>	<u>\$ -</u>	<u>(12,349,419)</u>	<u>9,609</u>	<u>(12,339,810)</u>
General Revenues							
Property Taxes, Levied for General purposes					11,534,776		11,534,776
Property Taxes Levied for Debt Service					384,291		384,291
State Aid - Unrestricted					37,012		37,012
Miscellaneous Revenues					291,299		291,299
Total General Revenues and Other Items					<u>12,247,378</u>	<u>-</u>	<u>12,247,378</u>
Change in Net Position					<u>(102,041)</u>	<u>9,609</u>	<u>(92,432)</u>
Net Position, Beginning of Year					<u>3,053,202</u>	<u>16,253</u>	<u>3,069,455</u>
Net Position, End of Year					<u>\$ 2,951,161</u>	<u>\$ 25,862</u>	<u>\$ 2,977,023</u>

FUND FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<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	\$ 1,002,123		\$ 2,357	\$ 1	\$ 1,004,481
Receivables from:					
Intergovernmental	22,850	\$ 36,411			59,261
Other	25,199				25,199
Due from Other Funds	62,355				62,355
Prepaid Items	9,911	-	-	-	9,911
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,122,438</u>	<u>\$ 36,411</u>	<u>\$ 2,357</u>	<u>\$ 1</u>	<u>\$ 1,161,207</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 9,184	\$ 35,328			44,512
Unearned Revenue	27,000	1,083	-	-	28,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>36,184</u>	<u>36,411</u>	<u>-</u>	<u>-</u>	<u>72,595</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	217,640				217,640
Excess Surplus - Designated for Subsequent Year's Expenditures	352,065				352,065
Capital Reserve	50,150				50,150
Maintenance Reserve	125,375				125,375
Emergency Reserve	177,169				177,169
Capital Projects			\$ 2,357		2,357
Debt Service				\$ 1	1
Assigned					
Year End Encumbrances	76,772				76,772
Unassigned	87,083	-	-	-	87,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,086,254</u>	<u>-</u>	<u>2,357</u>	<u>1</u>	<u>1,088,612</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,122,438</u>	<u>\$ 36,411</u>	<u>\$ 2,357</u>	<u>\$ 1</u>	<u>\$ 1,161,207</u>

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances (Exhibit B-1)	\$	1,088,612
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 \$17,188,191 and the accumulated depreciation is \$9,021,675.		8,166,516
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	\$ 1,426,488
	Deferred Inflows of Resources	<u>(924,237)</u>
		502,251
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(20,914)
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.		21,977
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	(1,308,000)	
Capital Leases/Lease Purchases Payable	(731,200)	
Compensated Absences Payable	(196,018)	
Net Pension Liability	<u>(4,572,063)</u>	<u>(6,807,281)</u>
Net position of governmental activities	\$	<u>2,951,161</u>

**HARRINGTON PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 11,534,776			\$ 384,291	\$ 11,919,067
Tuition	120,290				120,290
Rentals	264,000				264,000
Miscellaneous	216,406	\$ 28,147	-	-	244,553
Total - Local Sources	12,135,472	28,147	-	384,291	12,547,910
State Sources	2,097,133		-	37,005	2,134,138
Federal Sources	-	165,765	-	-	165,765
Total Revenues	14,232,605	193,912	-	421,296	14,847,813
EXPENDITURES					
Current					
Regular Instruction	5,530,501	700			5,531,201
Special Education Instruction	4,124,576	111,082			4,235,658
Other Instruction	138,266	26,437			164,703
School-Sponsored Activities and Athletics	119,053				119,053
Support Services					
Student and Instruction Related Services	1,755,430	30,693			1,786,123
General Administration Services	476,668				476,668
School Administration Services	351,135				351,135
Central Services	369,904				369,904
Administrative Info Tech	52,424				52,424
Plant Operations and Maintenance	1,061,538				1,061,538
Pupil Transportation	228,262				228,262
Debt Service					
Principal	181,186	25,000		395,000	601,186
Interest and Other Charges	12,435			26,295	38,730
Capital Outlay	47,872	-	-	-	47,872
Total Expenditures	14,449,250	193,912	-	421,295	15,064,457
Excess (Deficit) of Revenues Over (Under) Expenditures	(216,645)	-	-	1	(216,644)
OTHER FINANCING SOURCES					
Lease Purchase Proceeds	155,310	-	-	-	155,310
Total Other Financing Sources	155,310	-	-	-	155,310
Net Change in Fund Balances	(61,335)	-	-	1	(61,334)
Fund Balance, Beginning of Year	1,147,589	-	\$ 2,357	-	1,149,946
Fund Balance, End of Year	\$ 1,086,254	\$ -	\$ 2,357	\$ 1	\$ 1,088,612

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, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (61,334)

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 depreciation expense exceeded the capital outlay additions in the period

	Depreciation Expense	\$ (350,652)	
	Capital Outlays	<u>47,872</u>	
			(302,780)

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

	Loss on Disposal of Capital Assets	(1,676)	
	Donated Capital Assets	<u>74,893</u>	
			73,217

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments:			
	Serial Bonds Payable	395,000	
	Capital Leases/Lease Purchases Payable	<u>206,186</u>	
			601,186
Debt Issued:			
	Capital Leases/Lease Purchases Payable		(155,310)

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.

	Amortization of Deferred Amounts on Refunding		(3,111)
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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	(16,301)	
	Increase in Pension Expense	<u>(265,737)</u>	
			(282,038)

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.

	Decrease in Accrued Interest		<u>28,129</u>
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Change in net position of governmental activities \$ (102,041)

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

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	<u>Special Milk Program</u>	<u>Laptop Program</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 13,932	\$ 3,690	\$ 17,622
Intergovernmental Receivable Federal	<u>267</u>	<u>-</u>	<u>267</u>
Total Current Assets	<u>14,199</u>	<u>3,690</u>	<u>17,889</u>
Capital Assets			
Equipment	23,382		23,382
Less: Accumulated Depreciation	<u>(7,517)</u>	<u>-</u>	<u>(7,517)</u>
Total Capital Assets	<u>15,865</u>	<u>-</u>	<u>15,865</u>
Total Assets	<u>30,064</u>	<u>3,690</u>	<u>33,754</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>7,892</u>	<u>-</u>	<u>7,892</u>
Total Current Liabilities	<u>7,892</u>	<u>-</u>	<u>7,892</u>
NET POSITION			
Net Investment in Capital Assets	15,865	-	15,865
Unrestricted	<u>6,307</u>	<u>3,690</u>	<u>9,997</u>
Total Net Position	<u>\$ 22,172</u>	<u>\$ 3,690</u>	<u>\$ 25,862</u>

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

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Special Milk Program	Laptop Program	Totals
OPERATING REVENUES			
Charges for Services			
Program Fees		\$ 10,150	\$ 10,150
Daily Sales	\$ 12,011	-	12,011
	<u>12,011</u>	<u>10,150</u>	<u>22,161</u>
Total Operating Revenues			
	<u>12,011</u>	<u>10,150</u>	<u>22,161</u>
OPERATING EXPENSES			
Salaries, Wages and Payroll Taxes	2,364		2,364
Cost of Sales	7,099		7,099
Maintenance & Repairs		3,805	3,805
Supplies	285	2,655	2,940
Depreciation	1,156	-	1,156
	<u>10,904</u>	<u>6,460</u>	<u>17,364</u>
Total Operating Expenses			
	<u>10,904</u>	<u>6,460</u>	<u>17,364</u>
Operating Income	<u>1,107</u>	<u>3,690</u>	<u>4,797</u>
NONOPERATING REVENUES			
Federal Sources			
Special Milk Program	4,812	-	4,812
	<u>4,812</u>	<u>-</u>	<u>4,812</u>
Total Nonoperating Revenues			
	<u>4,812</u>	<u>-</u>	<u>4,812</u>
Change in Net Position	5,919	3,690	9,609
Net Position, Beginning of Year	<u>16,253</u>	<u>-</u>	<u>16,253</u>
Net Position, End of Year	<u>\$ 22,172</u>	<u>\$ 3,690</u>	<u>\$ 25,862</u>

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

**HARRINGTON PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 ENTERPRISE FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Special Milk Program</u>	<u>Laptop Program</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 12,011	\$ 10,150	\$ 22,161
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(2,364)	-	(2,364)
Cash Payments to Suppliers for Goods and Services	<u>(7,384)</u>	<u>(6,460)</u>	<u>(13,844)</u>
Net Cash Provided by Operating Activities	<u>2,263</u>	<u>3,690</u>	<u>5,953</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>4,957</u>	<u>-</u>	<u>4,957</u>
Net Cash Provided by Noncapital Financing Activities	<u>4,957</u>	<u>-</u>	<u>4,957</u>
Net Increase in Cash and Cash Equivalents	7,220	3,690	10,910
Cash and Cash Equivalents, Beginning of Year	<u>6,712</u>	<u>-</u>	<u>6,712</u>
Cash and Cash Equivalents, End of Year	<u>\$ 13,932</u>	<u>\$ 3,690</u>	<u>\$ 17,622</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities			
Operating Income	<u>\$ 1,107</u>	<u>\$ 3,690</u>	<u>\$ 4,797</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	<u>1,156</u>	<u>-</u>	<u>1,156</u>
Total Adjustments	<u>1,156</u>	<u>-</u>	<u>1,156</u>
Net Cash Provided by Operating Activities	<u>\$ 2,263</u>	<u>\$ 3,690</u>	<u>\$ 5,953</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, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 62,595	\$ 5,006	\$ 63,974
Receivables from Other Governments		2,844	
Due from Other Funds	<u>9,184</u>	<u>-</u>	<u>2,202</u>
Total Assets	<u>71,779</u>	<u>7,850</u>	<u>\$ 66,176</u>
LIABILITIES			
Accounts Payable	254	4,809	
Payroll Deductions and Withholdings			203
Flexible Spending Benefits			31,583
Due to Student Groups			7,363
Due to Other Funds	<u>2,202</u>	<u>-</u>	<u>27,027</u>
Total Liabilities	<u>2,456</u>	<u>4,809</u>	<u>\$ 66,176</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 69,323</u>	<u>\$ 3,041</u>	

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 10,408	
Member Entities	-	\$ 23,689
	<hr/>	<hr/>
Total Additions	10,408	23,689
	<hr/>	<hr/>
DEDUCTIONS		
Lightning Detection Expenditures		28,210
Unemployment Claims and Contributions	18,376	-
	<hr/>	<hr/>
Total Deductions	18,376	28,210
	<hr/>	<hr/>
Change in Net Position	(7,968)	(4,521)
Net Position, Beginning of Year	77,291	7,562
	<hr/>	<hr/>
Net Position, End of Year	\$ 69,323	\$ 3,041
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, laptop initiative 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 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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, 2018**

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, 2018**

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 funds which are 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.

The *laptop fund* accounts for the activities of the District's non refundable deposits charged to repair and replenish the districts chromebooks which are provided to students.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and joint purchase contributions for the early warning lightning detection system. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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, 2018**

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, 2018**

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/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods 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 amount 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.

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

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Compensated Absences*

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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*

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 and deferred inflows 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.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 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, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

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).

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).

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2016-2017 and 2017-2018 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 enterprise fund and of the laptop enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. 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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$472,434. The increase was funded by additional surplus appropriated, additional state aid, additional grant awards and the reappropriation of prior year general fund encumbrances. The Board authorized and approved the additional fund balance of \$168,965 from the General Fund on January 18, 2018. In addition the Board authorized and approved the utilization of the additional state aid in the amount of \$22,888 and \$142,898 on August 24, 2017 and January 18, 2018, respectively.

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.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 50,100
Increased by Interest Earnings	<u>50</u>
Balance, June 30, 2018	<u>\$ 50,150</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, 2018 is as follows:

Balance, July 1, 2017	\$ 125,250
Increased by Interest Earnings	<u>125</u>
Balance, June 30, 2018	<u>\$ 125,375</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$533,218.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2018 is as follows:

Balance, July 1, 2017	\$ 176,994
Increased by Interest Earnings	<u>175</u>
Balance, June 30, 2018	<u>\$ 177,169</u>

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 amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$569,705. Of this amount, \$352,065 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$217,640 will be appropriated in the 2019/2020 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 and NCUSIF.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. 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, 2018, the book value of the Board's deposits were \$1,153,678 and bank and brokerage firm balances of the Board's deposits amounted to \$1,485,303. 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>\$ 1,485,303</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Lightning Detection Trust Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 36,411	\$ 267		\$ 36,678
State	\$ 22,850				22,850
Other	25,199	-	-	\$ 2,844	28,043
Gross Receivables	48,049	36,411	267	2,844	87,571
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 48,049</u>	<u>\$ 36,411</u>	<u>\$ 267</u>	<u>\$ 2,844</u>	<u>\$ 87,571</u>

C. Unearned Revenue

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

General Fund	
Prepaid Tuition	\$ 27,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	788
Grant Draw Downs Reserved for Encumbrances	<u>295</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 28,083</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017	Increases	Decreases/ Adjustments	Balance, June 30, 2018
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:				
Land Improvements		\$ 39,400		39,400
Buildings and Building Improvements	15,914,018		\$ (36,500)	15,877,518
Machinery and Equipment	<u>700,266</u>	<u>83,365</u>	<u>(16,758)</u>	<u>766,873</u>
Total capital assets being depreciated	<u>16,614,284</u>	<u>122,765</u>	<u>(53,258)</u>	<u>16,683,791</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(8,260,098)	(303,984)		(8,564,082)
Machinery and equipment	<u>(426,007)</u>	<u>(46,668)</u>	<u>15,082</u>	<u>(457,593)</u>
Total accumulated depreciation	<u>(8,686,105)</u>	<u>(350,652)</u>	<u>15,082</u>	<u>(9,021,675)</u>
Total capital assets, being depreciated, net	<u>7,928,179</u>	<u>(227,887)</u>	<u>(38,176)</u>	<u>7,662,116</u>
Government activities capital assets, net	<u>\$ 8,432,579</u>	<u>\$ (227,887)</u>	<u>\$ (38,176)</u>	<u>\$ 8,166,516</u>
	Balance, July 1, 2017	Increases	Decreases	Balance, June 30, 2018
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 15,490	\$ 7,892	-	\$ 23,382
Total capital assets being depreciated	<u>15,490</u>	<u>7,892</u>	<u>-</u>	<u>23,382</u>
Less accumulated depreciation for:				
Machinery and equipment	(6,361)	(1,156)	-	(7,517)
Total accumulated depreciation	<u>(6,361)</u>	<u>(1,156)</u>	<u>-</u>	<u>(7,517)</u>
Total capital assets, being depreciated, net	<u>9,129</u>	<u>6,736</u>	<u>-</u>	<u>15,865</u>
Business-type activities capital assets, net	<u>\$ 9,129</u>	<u>\$ 6,736</u>	<u>\$ -</u>	<u>\$ 15,865</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction

Regular	\$ 406
School-Sponsored/Other Instructional	3,023
Total Instruction	<u>3,429</u>

Support Services

Student and Instruction Related Services	8,885
General Administration Services	19,292
School Administration Services	251
Operation and Maintenance of Facilities	314,532
Pupil Transportation	4,263
Total Support Services	<u>347,223</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 350,652</u>
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Business-Type Activities:

Food Service Fund	\$ 1,156
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,156</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 35,328
General Fund	Payroll Agency Fund	27,027
Unemployment Compensation Trust Fund	General Fund	9,184
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>2,202</u>
Total		<u>\$ 73,741</u>

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

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

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copier equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 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>
2019	\$ 15,564
2020	<u>15,564</u>
Total	<u>\$ 31,128</u>

Capital Leases

The District is leasing modular classrooms, a tractor, technology equipment and chromebooks totaling \$1,154,158 under capital leases and lease purchasing agreements. The leases are for terms of 3 to 5 years.

The capital assets and supplies acquired through the leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 1,044,221
Supplies	<u>109,937</u>
Total	<u>\$ 1,154,158</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 245,089
2020	245,090
2021	236,361
2022	<u>33,055</u>
Total minimum lease payments	759,595
Less: amount representing interest	<u>(28,395)</u>
Present value of minimum lease payments	<u>\$ 731,200</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 is comprised of the following issue:

\$1,333,000, 2017 Refunding Bonds, due in annual installments of \$214,000 to \$308,000 through July 15, 2022, interest at 1.65% \$1,308,000

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
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	308,000	2,541	310,541
	<u>\$ 1,308,000</u>	<u>\$ 57,899</u>	<u>\$ 1,365,899</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 29,644,533
Less: Net Debt	<u>1,308,000</u>
Remaining Borrowing Power	<u>\$ 28,336,533</u>

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Serial Bonds Payable	\$ 1,703,000		\$ 395,000	\$ 1,308,000	\$ 214,000
Capital Leases/Lease Purchases Payable	818,576	\$ 155,310	242,686	731,200	232,056
Compensated Absences Payable	179,717	16,301		196,018	
Net Pension Liability	<u>5,827,841</u>	<u>-</u>	<u>1,255,778</u>	<u>4,572,063</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 8,529,134</u>	<u>\$ 171,611</u>	<u>\$ 1,893,464</u>	<u>\$ 6,807,281</u>	<u>\$ 446,056</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). 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.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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>
2018		\$ 10,408	\$ 18,376	\$ 69,323
2017	\$ 261	11,259	4,773	77,291
2016	3,401	10,693	3,401	70,544

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, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 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 7.00 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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 181,951	\$ 680,773	\$ 3,594
2017	174,810	514,976	2,380
2016	153,154	397,205	3,155

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$1,966 and \$811, respectively for PERS and the State contributed \$1,003 and \$955, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$343,226 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**HARRINGTON PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$4,572,063 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .01964 percent, which was a decrease of .00004 percent from its proportionate share measured as of June 30, 2016 of .01968 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$447,688 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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	\$ 107,656	
Changes of Assumptions	921,113	\$ 917,736
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,133	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>366,586</u>	<u>6,501</u>
Total	<u>\$ 1,426,488</u>	<u>\$ 924,237</u>

**HARRINGTON PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 211,555
2020	261,168
2021	173,807
2022	(47,732)
2023	(96,547)
Thereafter	-
	<u>\$ 502,251</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>5,671,954</u>	\$ <u>4,572,063</u>	\$ <u>3,655,717</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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.

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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,138,449 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$30,869,020. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .04578 percent, which was a decrease of .00383 percent from its proportionate share measured as of June 30, 2016 of .04961 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2018	June 30, 2017	4.25%
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, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 36,673,364</u>	<u>\$ 30,869,020</u>	<u>\$ 26,087,376</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>\$366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

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

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$439,697, \$429,093 and \$472,963, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,550,981. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$21,278,296. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .03967 percent, which was an increase of .00009 percent from its proportionate share measured as of June 30, 2016 of .03958 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

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

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**HARRINGTON PARK BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>22,887,768</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,173,074
Interest on the Total OPEB Liability	672,579
Changes of Assumptions	(2,811,171)
Gross Benefit Payments	(668,573)
Contributions from the Member	24,619
Net Changes	<u>\$ (1,609,472)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>21,278,296</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>25,258,873</u>	\$ <u>21,278,296</u>	\$ <u>18,120,865</u>

**HARRINGTON PARK BOARD OF EDUCATION
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NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>17,499,341</u>	\$ <u>21,278,296</u>	\$ <u>26,296,703</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

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, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 11,534,776		\$ 11,534,776	\$ 11,534,776	
Tuition from Individuals	135,000		135,000	120,290	\$ (14,710)
Rentals	264,000		264,000	264,000	
Interest	350		350	3,387	3,037
Unrestricted Miscellaneous Revenues	179,570	-	179,570	213,019	33,449
Total Local Sources	12,113,696	-	12,113,696	12,135,472	21,776
State Sources					
Special Education Aid	258,871	\$ 20,888	279,759	279,759	-
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	330,911	188,013
Non Public Transportation Aid		-		3,190	3,190
Reimbursement for Lead Testing				2,040	2,040
On-behalf TPAF Pension System Payments(Non-Budget)					-
Normal Cost				664,644	664,644
NCGI				16,129	16,129
Long Term Disability Insurance				1,003	1,003
Post Retirement Medical Contribution				439,697	439,697
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	343,226	343,226
Total State Sources	296,531	163,786	460,317	2,118,259	1,657,942
Total Revenues	12,410,227	163,786	12,574,013	14,253,731	1,679,718
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	53,655	(5,365)	48,290	48,290	-
Kindergarten	336,511	(54,181)	282,330	282,330	-
Grades 1-5	1,853,493	168,950	2,022,443	2,022,443	-
Grades 6-8	1,135,632	(216,343)	919,289	919,288	1
Regular Program - Home Instruction					
Purchased Professional-Educational Services		650	650	650	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	4,200	8,536	12,736	12,689	47
Other Purchased Services	68,882	(16,803)	52,079	50,852	1,227
General Supplies	75,000	23,706	98,706	90,626	8,080
General Supplies (Non Budgeted - Lease Purchase)				109,937	(109,937)
Textbooks	35,000	(11,928)	23,072	21,150	1,922
Total Regular Programs	3,562,373	(102,778)	3,459,595	3,558,255	(98,660)
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	656,098	2,280	658,378	658,378	-
Other Salaries for Instruction	777,528	(18,503)	759,025	758,290	735
Purchased Professional Educational Services	5,000	244	5,244	5,244	-
General Supplies	-	4,470	4,470	4,470	-
Total Resource Room/Resource Center	1,438,626	(11,509)	1,427,117	1,426,382	735

Continued

**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, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Autism					
Other Purchased Services	\$ 190,000	\$ (23,342)	\$ 166,658	\$ 166,658	-
Total Autism	190,000	(23,342)	166,658	166,658	-
Home Instruction					
Purchased Professional Educational Services	27,000	(14,808)	12,192	7,718	\$ 4,474
Total Home Instruction	27,000	(14,808)	12,192	7,718	4,474
Total Special Education	1,655,626	(49,659)	1,605,967	1,600,758	5,209
Bilingual Education - Instruction					
Salaries of Teachers	84,355	570	84,925	84,925	-
General Supplies	-	2,259	2,259	2,255	4
Textbooks	-	72	72	72	-
Total Bilingual Education - Instruction	84,355	2,901	87,256	87,252	4
School Sponsored Co/Extra Curricular Activities					
Salaries	40,230	10,732	50,962	50,962	-
Purchased Services	3,000	(1,185)	1,815	1,130	685
Supplies and Materials	500	(380)	120	120	-
Total School Sponsored Co/Extra Curricular Activities	43,730	9,167	52,897	52,212	685
School Sponsored Athletics					
Salaries	23,479	1,131	24,610	24,610	-
Purchased Services	4,500	385	4,885	4,885	-
Supplies and Materials	3,000	(2,055)	945	936	9
Total School Sponsored Athletics	30,979	(539)	30,440	30,431	9
Total Instruction	5,377,063	(140,908)	5,236,155	5,328,908	(92,753)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,299,095	300,431	1,599,526	1,599,526	-
Tuition to Priv. School for the Disable W/ State	273,135	65,866	339,001	339,001	-
Total Undistributed Expenditures - Instruction	1,572,230	366,297	1,938,527	1,938,527	-
Attendance and Social Work					
Salaries	48,934	4,590	53,524	53,524	-
Total Attendance and Social Work	48,934	4,590	53,524	53,524	-
Health Services					
Salaries	94,456	(730)	93,726	93,726	-
Purchased Professional and Technical Services	3,500	(368)	3,132	3,132	-
Supplies and Materials	4,600	(873)	3,727	3,680	47
Total Health Services	102,556	(1,971)	100,585	100,538	47

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, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Speech, OT, PT & Related Services					
Salaries	\$ 136,557	\$ 400	\$ 136,957	\$ 136,957	-
Purchased Professional-Educational Services	82,000	6,485	88,485	86,545	\$ 1,940
Supplies and Materials	1,500	420	1,920	1,884	36
Total Speech, OT, PT & Related Services	220,057	7,305	227,362	225,386	1,976
Guidance					
Salaries of Other Professional Staff	129,010	(17,644)	111,366	111,366	-
Salaries of Secretarial and Clerical Assistants	17,002	-	17,002	16,722	280
Other Purchased Services	500	(500)	-	-	-
Supplies and Materials	500	(34)	466	330	136
Total Guidance	147,012	(18,178)	128,834	128,418	416
Child Study Teams					
Salaries of Other Professional Staff	255,590	44,469	300,059	300,059	-
Salaries of Secretarial and Clerical Assistants	42,026	883	42,909	42,909	-
Purchased Professional-Educational Services	42,000	10,528	52,528	43,673	8,855
Other Purchased Services	1,800	687	2,487	2,139	348
Supplies and Materials	4,500	(687)	3,813	3,480	333
Total Child Study Teams	345,916	55,880	401,796	392,260	9,536
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	81,247	-	81,247	80,791	456
Total Improvement of Inst. Serv.	81,247	-	81,247	80,791	456
Educational Media Services/School Library					
Salaries	91,849	(2,500)	89,349	89,349	-
Purchased Professional and Technical Services	97,700	-	97,700	97,700	-
Other Purchased Services	9,240	4,437	13,677	13,178	499
Supplies and Materials	23,300	(3,164)	20,136	18,216	1,920
Total Educational Media Serv./School Library	222,089	(1,227)	220,862	218,443	2,419
Instructional Staff Training Services					
Salaries of Other Professional Staff	5,000	(5,000)	-	-	-
Purchased Professional - Educational Services	54,000	(2,825)	51,175	51,175	-
Other Purchased Services	1,200	357	1,557	516	1,041
Other Objects	250	-	250	-	250
Total Instructional Staff Training Services	60,450	(7,468)	52,982	51,691	1,291

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, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Support Services General Administration					
Salaries	\$ 241,078	\$ 29,073	\$ 270,151	\$ 250,036	\$ 20,115
Legal Services	16,000	(7,873)	8,127	7,260	867
Audit	18,000	21,065	39,065	19,815	19,250
Architectural/Engineering Services	3,000	(3,000)			-
Communications/Telephone	25,000	4,634	29,634	27,353	2,281
BOE Other Purchased Services	5,000	1,668	6,668	3,993	2,675
Miscellaneous Purchased Services	11,222	(2,776)	8,446	4,648	3,798
General Supplies	1,000	-	1,000	270	730
Miscellaneous Expenditures	10,000	500	10,500	9,858	642
BOE Membership Dues and Fees	10,500	3,079	13,579	13,579	-
Total Support Services General Administration	340,800	46,370	387,170	336,812	50,358
Support Services School Administration					
Salaries of Principal/Asst. Principals	172,236	-	172,236	172,011	225
Salaries of Secretarial and Clerical Assistants	38,737	280	39,017	39,017	-
Other Purchased Services	5,300	-	5,300	4,671	629
Supplies and Materials	9,000	(2,650)	6,350	5,955	395
Other Objects	6,000	1,357	7,357	7,357	-
Total Support Services School Administration	231,273	(1,013)	230,260	229,011	1,249
Central Services					
Salaries	231,201	7,721	238,922	238,922	-
Miscellaneous Purchased Services	16,000	(2)	15,998	13,396	2,602
Supplies and Materials	3,500	(2,301)	1,199	1,199	-
Miscellaneous Expenditures	3,500	(2,005)	1,495	1,275	220
Total Central Services	254,201	3,413	257,614	254,792	2,822
Admin. Info. Tech.					
Purchased Technical Serv.	30,000	(2,798)	27,202	26,808	394
Supplies and Materials	18,574	15,097	33,671	33,671	-
Total Admin. Info. Tech.	48,574	12,299	60,873	60,479	394
Required Maintenance for School Facilities					
Salaries	118,403	5,310	123,713	123,713	-
Cleaning, Repair and Maintenance	115,000	(24,925)	90,075	87,075	3,000
General Supplies	10,000	-	10,000	7,700	2,300
Other Objects	1,550	(935)	615	615	-
Total Required Maintenance for School Fac.	244,953	(20,550)	224,403	219,103	5,300

**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, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 126,431	\$ (12,723)	\$ 113,708	\$ 112,183	\$ 1,525
Salaries of Non-Instructional Aides	90,000	(6,229)	83,771	81,877	1,894
Cleaning, Repair and Maint. Serv.	132,493	33,323	165,816	160,816	5,000
Other Purchased Property Services	32,000	2,992	34,992	34,528	464
Insurance	94,000	2,429	96,429	96,429	-
General Supplies	40,000	(7,592)	32,408	31,101	1,307
Energy (Natural Gas)	55,000	(15,970)	39,030	39,030	-
Energy (Electricity)	111,000	21,996	132,996	132,996	-
Other Objects	1,500	(74)	1,426	372	1,054
Total Custodial Services	682,424	18,152	700,576	689,332	11,244
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments- Non-Public Schools	6,188	3,928	10,116	10,116	-
Contracted Services (Between Home and School)- Vendors	1,500	(386)	1,114	1,114	-
Contracted Services (Other than Between Home and School)-Vendors	15,500	(207)	15,293	15,293	-
Contracted Services (Between Home and School)- Joint Agreements	500	(500)	-	-	-
Contracted Services (Sp. Ed. Students) Joint Agreements	99,500	102,239	201,739	201,739	-
Lease Purchase Payments - School Buses	10,031	1	10,032	10,032	-
Misc. Purchased Services - Transportation	500	(500)	-	-	-
Total Student Transportation Services	133,719	104,575	238,294	238,294	-
Unallocated Benefits - Employee Benefits					
Social Security Contributions	150,000	2,804	152,804	146,252	6,552
Other Retirement Contributions -PERS	182,000	9,599	191,599	191,599	-
Other Retirement Contributions - Regular	3,500	94	3,594	3,594	-
Unemployment Compensation	14,600	(7,092)	7,508	7	7,501
Workmen's Compensation	63,000	(28,048)	34,952	34,688	264
Health Benefits	2,067,692	1,831	2,069,523	1,917,641	151,882
Tuition Reimbursement	17,500	(9,575)	7,925	7,925	-
Other Employee Benefits	48,732	20,543	69,275	69,275	-
Total Unallocated Benefits - Employee Benefits	2,547,024	(9,844)	2,537,180	2,370,981	166,199
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				664,644	(664,644)
NCGI				16,129	(16,129)
Long Term Disability Insurance				1,003	(1,003)
Post Retirement Medical Contribution				439,697	(439,697)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	343,226	(343,226)
Total Undistributed Expenditures	7,283,459	558,630	7,842,089	9,053,081	(1,210,992)
Interest - Earned on Maintenance Reserve	125		125		125
Interest - Earned on Emergency Reserve	175		175		175
	300		300		300
Total Expenditures - Current Expenditures	12,660,822	417,722	13,078,544	14,381,989	(1,303,445)

**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, 2018**

EXPENDITURES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
CAPITAL OUTLAY					
Equipment					
Grades 6-8	-	\$ 2,499	\$ 2,499	\$ 2,499	\$ -
Custodial Services	-	2,852	2,852	-	2,852
Total Equipment	-	5,351	5,351	2,499	2,852
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	-	-	-	45,373	(45,373)
Interest Deposit to Capital Reserve	50	-	50	-	50
Total Capital Outlay	19,439	5,351	24,790	67,261	(42,471)
Total Expenditures	12,680,261	423,073	13,103,334	14,449,250	(1,345,916)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(270,034)	(259,287)	(529,321)	(195,519)	333,802
Other Financing Sources					
Lease Purchase Proceeds	-	-	-	155,310	155,310
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(270,034)	(259,287)	(529,321)	(40,209)	489,112
Fund Balance, Beginning of Year	1,487,168	-	1,487,168	1,487,168	-
Fund Balance, End of Year	\$ 1,217,134	\$ (259,287)	\$ 957,847	\$ 1,446,959	\$ 489,112
Recapitulation of Fund Balance					
Restricted Fund Balance					
Excess Surplus				217,640	
Excess Surplus - Designated for Subsequent Year's Expenditures				352,065	
Capital Reserve				50,150	
Maintenance Reserve				125,375	
Emergency Reserve				177,169	
Assigned					
Year Encumbrances				76,772	
Unassigned				447,788	
Reconciliation to Governmental Funds Statements (GAAP):				1,446,959	
Less: State Aid Payments Not Recognized on GAAP Basis				(360,705)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,086,254	

**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, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 145,000	\$ 21,060	\$ 166,060	\$ 166,060	
Other	-	28,301	28,301	28,147	\$ (154)
Total Revenues	<u>145,000</u>	<u>49,361</u>	<u>194,361</u>	<u>194,207</u>	<u>(154)</u>
EXPENDITURES					
Instruction					
Salaries	15,000	5,642	20,642	20,642	-
Tuition	130,000	(18,918)	111,082	111,082	-
General Supplies	-	6,790	6,790	6,790	-
Total Instruction	<u>145,000</u>	<u>(6,486)</u>	<u>138,514</u>	<u>138,514</u>	<u>-</u>
Support Services					
Other Purchased Services		18,246	18,246	18,246	-
General Supplies	-	37,601	37,601	37,447	154
Total Support Services	<u>-</u>	<u>55,847</u>	<u>55,847</u>	<u>55,693</u>	<u>154</u>
Total Expenditures	<u>145,000</u>	<u>49,361</u>	<u>194,361</u>	<u>194,207</u>	<u>154</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, 2018**

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)	\$ 14,253,731	\$ 194,207
Difference - budget to GAAP:		
State Aid payments not recognized for budgetary purposes, recognized for GAAP purposes, 2016/2017 State Aid	339,579	
State Aid payments recognized for budgetary purposes, not recognized for GAAP purposes, 2017/2018 State Aid	(360,705)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, Current Year	-	(295)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	\$ 14,232,605	\$ 193,912
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibit C-1, C-2)	\$ 14,449,250	\$ 194,207
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, Current Year	-	(295)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 14,449,250	\$ 193,912

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS 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 Five Fiscal Years*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01964%	0.01968%	0.01781%	0.01779%	0.01603%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$4,572,063</u>	<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>\$1,413,427</u>	<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	323.47%	435.66%	303.33%	280.65%	255.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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 Five Fiscal Years
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 181,951	\$ 174,810	\$ 153,154	\$ 146,783	\$ 124,880
Contributions in Relation to the Contractually Required Contribution	<u>181,951</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,413,427</u>	<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	12.87%	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 Five Fiscal Years*
(Dollar amounts in thousands)

	<u>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 30,869,020</u>	<u>\$ 39,027,179</u>	<u>\$ 29,594,571</u>	<u>\$ 24,817,038</u>	<u>\$ 24,096,592</u>
Total	<u>\$ 30,869,020</u>	<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>\$ 4,907,351</u>	<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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018**

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 4D.

**HARRINGTON PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 1,173,074
Interest on Total OPEB Liability	672,579
Changes of Assumptions	(2,811,171)
Gross Benefit Payments	(668,573)
Contribution from the Member	<u>24,619</u>
Net Change in Total OPEB Liability	(1,609,472)
Total OPEB Liability - Beginning	<u>22,887,768</u>
Total OPEB Liability - Ending	<u>\$ 21,278,296</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>21,278,296</u>
Total OPEB Liability - Ending	<u>\$ 21,278,296</u>
District's Covered-Employee Payroll	<u>\$ 6,320,778</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2018**

	<u>Title I</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Other Programs</u>	<u>2018</u>
REVENUES								
Intergovernmental								
Federal	\$ 20,642	\$ 4,371	\$ 1,719	\$ 10,000	\$ 118,246	\$ 11,082		\$ 166,060
Other	-	-	-	-	-	-	\$ 28,147	28,147
Total Revenues	<u>\$ 20,642</u>	<u>\$ 4,371</u>	<u>\$ 1,719</u>	<u>\$ 10,000</u>	<u>\$ 118,246</u>	<u>\$ 11,082</u>	<u>\$ 28,147</u>	<u>\$ 194,207</u>
EXPENDITURES								
Instruction								
Salaries	\$ 20,642							\$ 20,642
Tuition					\$ 100,000	\$ 11,082		111,082
General Supplies	-	\$ 4,371	\$ 1,719	-	-	-	\$ 700	6,790
Total Instruction	<u>20,642</u>	<u>4,371</u>	<u>1,719</u>	<u>-</u>	<u>100,000</u>	<u>11,082</u>	<u>700</u>	<u>138,514</u>
Support Services								
Other Purchased Services					18,246			18,246
General Supplies	-	-	-	10,000	-	-	27,447	37,447
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>18,246</u>	<u>-</u>	<u>27,447</u>	<u>55,693</u>
Total Expenditures	<u>\$ 20,642</u>	<u>\$ 4,371</u>	<u>\$ 1,719</u>	<u>\$ 10,000</u>	<u>\$ 118,246</u>	<u>\$ 11,082</u>	<u>\$ 28,147</u>	<u>\$ 194,207</u>

**HARRINGTON PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2018</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, 2018
				<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
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues

Other Local Sources - Capital Reserve	-
Total Revenues	-

Expenditures

Construction Services	-
Purchased Professional and Technical Services	-
Total Expenditures	-

Excess (Deficiency) of Revenues over (under) Expenditures	-
---	---

Fund Balance - Beginning of Year	\$ 2,357
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Fund Balance - End of Year	\$ 2,357
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Reconciliation to GAAP

Fund Balance - Ending - Budgetary Basis/GAAP Basis	\$ 2,357
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**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, 2018**

	<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	<u>479,000</u>	<u>-</u>	<u>479,000</u>	<u>479,000</u>
 Total Revenues	 <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	660,341
Purchased Professional and Technical Services	44,659	-	44,659	44,659
Unallocated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <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, 2018**

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, 2018**

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, 2018**

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, 2018**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 7,363	\$ 56,611	\$ 63,974
Due from Other Funds	<u>-</u>	<u>2,202</u>	<u>2,202</u>
 Total Assets	 <u>\$ 7,363</u>	 <u>\$ 58,813</u>	 <u>\$ 66,176</u>
 LIABILITIES			
Payroll Deductions and Withholdings		\$ 203	\$ 203
Due to Other Funds		27,027	27,027
Flexible Spending Benefits		31,583	31,583
Due to Student Groups	<u>\$ 7,363</u>	<u>-</u>	<u>7,363</u>
 Total Liabilities	 <u>\$ 7,363</u>	 <u>\$ 58,813</u>	 <u>\$ 66,176</u>

**HARRINGTON PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
Student Activity Account	\$ 10,023	\$ 49,392	\$ 52,052	\$ 7,363
Total All Schools	<u>\$ 10,023</u>	<u>\$ 49,392</u>	<u>\$ 52,052</u>	<u>\$ 7,363</u>

**HARRINGTON PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 23,526	\$ 3,049,714	\$ 3,073,037	\$ 203
Due from Other Funds	(5,712)	10,408	6,898	(2,202)
Due to Other Funds	18,751	448,662	440,386	27,027
Flexible Spending Benefits	18,446	65,650	52,513	31,583
Accrued Salaries and Wages	<u>-</u>	<u>4,105,905</u>	<u>4,105,905</u>	<u>-</u>
 Total	 <u>\$ 55,011</u>	 <u>\$ 7,680,339</u>	 <u>\$ 7,678,739</u>	 <u>\$ 56,611</u>

LONG-TERM DEBT

HARRINGTON PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<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, 2017</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
School Improvement Bonds	8/1/2001	\$ 3,465,000			4.75%	\$ 320,000	\$ 320,000	
School Improvement Bonds	7/15/2007	1,552,000			4.250%	50,000	50,000	
School Refunding Bonds	3/23/2017	1,333,000	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%			
						<u>1,333,000</u>	<u>25,000</u>	<u>\$ 1,308,000</u>
						<u>\$ 1,703,000</u>	<u>\$ 395,000</u>	<u>\$ 1,308,000</u>
						Paid	<u>\$ 395,000</u>	
							<u>\$ 395,000</u>	

**HARRINGTON PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES/LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
<u>Capital Leases/Lease Purchase Agreements</u>						
School Bus	\$ 47,212	3.12%	\$ 9,728		\$ 9,728	
Modular Classrooms	972,663	1.52%	782,663		191,175	\$ 591,488
Tractor	26,185	N/A	26,185	-	8,728	17,457
Chromebooks and Other Equipment	155,310	3.24%	-	\$ 155,310	33,055	122,255
Total			\$ 818,576	\$ 155,310	\$ 242,686	\$ 731,200
				Paid 17/18	\$ 206,186	
				Reduced by Lessor	36,500	
					<u>\$ 242,686</u>	

HARRINGTON PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 384,291	-	\$ 384,291	\$ 384,291	
State Sources					
Debt Service Aid	<u>37,005</u>	<u>-</u>	<u>37,005</u>	<u>37,005</u>	<u>-</u>
Total Revenues	<u>421,296</u>	<u>-</u>	<u>421,296</u>	<u>421,296</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	395,000		395,000	395,000	
Interest	<u>26,296</u>	<u>-</u>	<u>26,296</u>	<u>26,295</u>	\$ (1)
Total Expenditures	<u>421,296</u>	<u>-</u>	<u>421,296</u>	<u>421,295</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
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>\$ 1</u>	<u>\$ 1</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)

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 6,149,293
Restricted	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582	177,707	177,883
Unrestricted	129,454	86,282	294,672	879,470	1,068,386	(2,132,561)	(2,032,786)	(2,222,245)	(3,060,596)	(3,376,015)
Total Governmental Activities Net Position	<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>	<u>\$ 2,951,161</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 6,284	\$ 5,489	\$ 5,028	\$ 4,054	\$ 3,422	\$ 2,790	\$ 2,349	\$ 1,908	\$ 9,129	\$ 15,865
Unrestricted	19,884	23,122	10,916	5,517	5,588	3,303	3,253	9,532	7,124	9,997
Total Business-Type Activities Net Position	<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>	<u>\$ 25,862</u>
District-Wide										
Net Investment In Capital Assets	\$ 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	\$ 6,165,158
Restricted	301,071	419,102	709,753	102,434	475,001	575,001	558,360	177,582	177,707	177,883
Unrestricted	149,338	109,404	305,588	884,987	1,073,974	(2,129,258)	(2,029,533)	(2,212,713)	(3,053,472)	(3,366,018)
Total District Net Position	<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>	<u>\$ 2,977,023</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
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 303,188	\$ 271,936								
Unreserved	314,031	258,464								
Restricted			\$ 508,809	\$ 508,809	\$ 1,102,119	\$ 1,287,753	\$ 1,421,420	\$ 891,291	\$ 759,515	\$ 922,399
Committed			134,631							
Assigned			61,800	394,836	354,687	151,198	337,486	335,121	305,250	76,772
Unassigned			461,700	207,642	225,590	226,064	224,304	224,359	82,824	87,083
Total General Fund	<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>	<u>\$ 1,086,254</u>
All Other Governmental Funds										
Reserved		\$ 139,653								
Unreserved	\$ (2,117)	7,513								
Restricted							\$ (116,641)	\$ 2,357	\$ 2,357	\$ 2,358
Assigned			\$ 6,876							
Unassigned			(2,363)	\$ (567)	\$ -	\$ -	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 2,358</u>

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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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 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	\$ 11,919,067
Tuition Charges	167,413	125,308	122,934							120,290
Rentals									240,000	264,000
Interest Earnings				115	3,228					
Miscellaneous				233,747	136,743	158,343	194,632	185,829	247,526	244,553
County Sources		75,000								
State Sources	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	2,134,138
Federal Sources	151,441	331,666	173,429	199,339	153,491	140,110	145,705	151,369	162,711	165,765
Total Revenue	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	14,847,813
Expenditures										
Instruction										
Regular Instruction	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	5,531,201
Special Education Instruction	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	4,235,658
Other Special Instruction	94,599	12,702	14,954							
Other Instruction	70,649	166,240	112,997	92,184	103,185	139,166	113,173	99,935	158,574	164,703
School Sponsored Activities And Athletics				108,807	122,276	149,981	137,287	137,089	142,930	119,053
Support Services:										
Tuition	721,994	630,014	615,603							
Student & Inst. Related Services	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	1,786,123
General Administrative	357,790	333,858	322,737	447,025	467,415	461,001	468,193	453,465	410,063	476,668
School Administrative Services	239,627	237,929	217,741	225,354	255,917	280,046	299,531	338,640	333,946	351,135
Business and Other Support Services				260,754	275,413					
Central Administrative Services	269,864	235,186	164,759			288,637	312,244	320,385	348,545	369,904
Administrative Info Tech		15,769	50,626	53,940	42,939	41,786	46,408	21,130	69,840	52,424
Plant Operations And Maintenance	932,123	930,612	849,282	913,100	1,014,881	1,008,111	1,018,169	987,414	1,085,259	1,061,538
Pupil Transportation	137,699	129,878	80,050	143,844	82,903	131,349	84,980	99,757	163,935	228,262
Unallocated Employee Benefits	1,384,599	1,502,082	1,693,841							
TPAF Pension/Social Security	593,628	635,361	656,031							
Capital Outlay	91,837	119,459	44,325	91,941	138,245	57,488	218,392	594,436	1,021,864	47,872
Debt Service:										
Principal	229,401	240,000	255,000	270,000	285,000	315,032	328,871	349,148	554,433	601,186
Interest And Other Charges	183,613	173,657	162,844	151,381	139,269	126,225	113,405	98,222	81,867	38,730
Cost of Issuance									30,912	-
Advanced Refunding Escrow									25,088	-
Total Expenditures	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	15,064,457
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	137,057	306,705	633,540	(60,733)	571,676	(64,593)	201,554	(413,441)	(1,358,030)	(216,644)
Other Financing Sources (Uses)										
Payment to Refunding Escrow Agent									(1,277,000)	
Refunding Bond Proceeds									1,333,000	
Capital Leases (Non-Budgeted)						47,212				
Lease Purchases (Non-Budgeted)										155,310
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	155,310
Net Change In Fund Balances	\$ 137,057	\$ 62,464	\$ 633,540	\$ (60,733)	\$ 571,676	\$ (17,381)	\$ 201,554	\$ (413,441)	\$ (303,182)	\$ (61,334)
Debt Service As A Percentage Of										
Noncapital Expenditures	3.9%	3.7%	3.9%	3.7%	3.6%	3.6%	3.5%	3.4%	4.4%	4.3%

* 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	Rentals	Trailer Rental	PY Void Checks	Tuition	NVR High School	Total
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	\$ 240,000			41,372	50,000	454,360
2018	3,387			11,435	38,511	4,197	58,876	264,000				100,000	480,406

**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)
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
2018	12,498,400	856,504,400	27,192,100	896,194,900	-	896,194,900	993,808,185	1.355

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>	
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
2018	1.355	0.610	0.595	0.272	2.832

(A) The Borough had 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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water Resources	\$ 19,363,200	2.16%	\$ 31,683,700	2.96%
HGK Realty	1,900,000	0.21%		
Rockland Electric	1,561,300	0.17%	3,018,800	0.28%
Quantmeyer	1,539,300	0.17%	3,720,400	0.35%
Resident	1,389,800	0.16%		
Resident	1,379,900	0.15%	1,555,500	0.14%
Resident	1,203,000	0.13%		
Resident	1,188,700	0.13%		
Resident	1,182,300	0.13%		
Resident	1,159,900	0.13%		
Resident			1,602,700	0.15%
Resident			1,564,800	0.15%
Resident			1,369,200	0.13%
Resident			1,341,000	0.13%
Resident			1,327,700	0.12%
Resident			1,323,800	0.12%
	<u>\$ 31,867,400</u>	<u>3.56%</u>	<u>\$ 48,507,600</u>	<u>4.53%</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	
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%	
2018	11,919,067	11,919,067	100.00%	

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

<u>Governmental Activities</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Loans Payable	Total District	Population	Per Capita
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	4,719	750
2012	3,252,000		3,252,000	4,746	685
2013	2,967,000		2,967,000	4,774	621
2014	2,662,000		2,662,000	4,797	555
2015	2,342,000		2,342,000	4,824	485
2016	2,002,000		2,002,000	4,823	415
2017	1,703,000		1,703,000	4,846	351
2018	1,308,000		1,308,000	4,846	(1) 270

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			
2009	\$ 4,017,000		\$ 4,017,000	0.36%	\$ 825
2010	3,777,000		3,777,000	0.35%	809
2011	3,522,000		3,522,000	0.33%	750
2012	3,252,000		3,252,000	0.30%	688
2013	2,967,000		2,967,000	0.33%	623
2014	2,662,000		2,662,000	0.30%	555
2015	2,342,000		2,342,000	0.26%	485
2016	2,002,000		2,002,000	0.22%	415
2017	1,703,000		1,703,000	0.19%	351
2018	1,308,000		1,308,000	0.15%	270

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, 2017
 (Unaudited)**

	<u>Gross Debt</u>
Direct Debt: (1)	
Borough of Harrington Park	\$ 3,873,752
Local School District	1,308,000
Regional School District	<u>2,149,897</u>
	<u>\$ 7,331,649</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2) (A)	7,318,313
Bergen County Utilities Authority (BCUA) (3) (B)	<u>856,840</u>
	<u>8,175,153</u>
Total Direct and Overlapping Debt	<u>\$ 15,506,802</u>

Source:

- (1) Borough of Harrington Park's 2017 Annual Debt Statement
- (2) Bergen County Annual Debt Statement
- (3) BCUA 2017 Annual Audit

- (A) The debt for this entity was apportioned to the Borough of Harrington Park by dividing the municipality's 2017 equalized value by the total 2017 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 2018

Equalized valuation basis	
2017	\$ 993,320,328
2016	995,188,847
2015	975,944,075
	<u>\$ 2,964,453,250</u>
Average equalized valuation of taxable property	
	\$ 988,151,083
Debt limit (3 % of average equalization value)	
	29,644,533
Total Net Debt Applicable to Limit	
	<u>1,308,000</u>
Legal debt margin	
	<u>\$ 28,336,533</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 29,644,533
Total net debt applicable to limit	<u>4,017,000</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>	<u>1,308,000</u>
Legal debt margin	<u>\$ 29,218,912</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>	<u>\$ 28,336,533</u>
Total net debt applicable to the limit as a percentage of debt limit	12.09%	11.17%	10.62%	10.31%	9.92%	9.22%	8.22%	6.96%	5.81%	4.41%

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>
2009	4,870	\$ 65,097	5.6%
2010	4,674	66,080	5.8%
2011	4,719	69,044	5.7%
2012	4,746	71,953	8.3%
2013	4,774	71,449	8.3%
2014	4,797	73,293	4.8%
2015	4,824	76,388	3.7%
2016	4,823	77,187	3.4%
2017	4,846	77,187 (1)	3.2%
2018	4,846 (1)	77,187 (1)	3.2% (1)

Source: New Jersey State Department of Education

N/A - not available

(1) Estimated

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

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2018</u>
Instruction										
Regular	68.1	64.5	47.0	47.5	47.5	47.6	47.0	47.0	46.0	45.0
Special education	6.0	6.5	25.5	30.0	30.0	28.0	30.0	32.0	33.0	32.0
Support Services:										
Student & instruction related services	8.0	9.6	12.4	12.2	12.2	10.9	12.4	12.4	12.1	11.7
General administration services	2.0	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Business administrative services	3.0	3.0	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	2.5	2.5	8.0	5.0	5.0	5.0	5.0	4.0	4.0	3.5
Total	<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>	<u>100.2</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	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%
2018	623.0	14,376,669	23,077	4.83%	62	1:10.0	1:10.2	N/A	612	590	-1.92%	96.41%

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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	726	712	687	691	648	637	633	632	631	623
<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, 2018										
Schools = 1										
Other = 1										

Source: District Records

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

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

School Facilities	Project # (s)	<u>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>	<u>2018</u>
Harrington Park School	NA	\$ <u>263,107</u>	\$ <u>228,275</u>	\$ <u>199,179</u>	\$ <u>196,066</u>	\$ <u>262,351</u>	\$ <u>237,672</u>	\$ <u>224,734</u>	\$ <u>243,715</u>	\$ <u>264,462</u>	\$ <u>219,103</u>
Total School Facilities		\$ <u>263,107</u>	\$ <u>228,275</u>	\$ <u>199,179</u>	\$ <u>196,066</u>	\$ <u>262,351</u>	\$ <u>237,672</u>	\$ <u>224,734</u>	\$ <u>243,715</u>	\$ <u>264,462</u>	\$ <u>219,103</u>

Source: District Records

HARRINGTON PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
(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	17,686,339	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	25,000	5,000
Crime Coverage		
Employee Dishonesty-Per Employee	100,000	5,000
Employee Dishonesty-Per Loss (Excess)	500,000	100,000
Forgery and Alteration	100,000	1,000

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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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
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2018 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 January 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

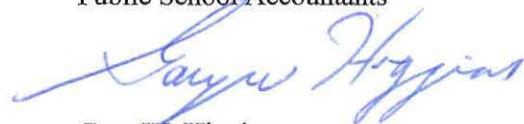
However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Harrington Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 25, 2019.

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
January 25, 2019



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
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CHRIS SOHN, CPA

**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 Education
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, 2018. 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, 2018.

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.

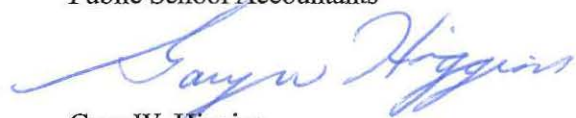
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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, 2018 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 January 25, 2019, 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 are presented for purposes of additional analysis and are 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
January 25, 2019

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/Program Title	Federal		Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2017				Cash Received	Budgetary Expenditures	Paid to Grantor	Deferred Revenue Adjustment	Balance at June 30, 2018			Memo GAAP Receivable
	CFDA Number	FAIN Number				(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	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 4,812					\$ 4,545	\$ 4,812			\$ (267)			\$ (267)
Special Milk Program for Children	10.556	171NJ304N1099	N/A	7/1/16-6/30/17	5,314	\$ (412)	-	-	-	412	-	-	-	-	-	-	-
Total U.S. Department of Agriculture - Enterprise Fund						(412)	-	-	-	4,957	4,812	-	-	(267)	-	-	(267)
U.S. Department of Education																	
Passed-through State Department of Education																	
Special Revenue																	
IDEA Part B Basic Regular	84.027	H027A170100	FT-18	7/1/17-6/30/18	118,246	-	-	-	-	118,246	118,246	-	-	-	-	-	-
IDEA Part B Preschool	84.173	H173A170114	PS-18	7/1/17-6/30/18	11,082	-	-	-	-	11,082	11,082	-	-	-	-	-	-
Total Special Education(IDEA) Cluster						-	-	-	-	129,328	129,328	-	-	-	-	-	-
Title I	84.010	S010A170030	NCLB-18	7/1/17-6/30/18	20,642						20,642			(20,642)			(20,642)
Title III	84.365	S365A170030	NCLB-17	7/1/17-6/30/18	4,371					87	4,371			(4,284)	\$ -		(4,284)
Title III	84.365	S365A160030	NCLB-17	7/1/16-6/30/17	5,229		\$ 34						\$ (34)				
Title III, Immigrant	84.365	S365A170030	NCLB-18	7/1/17-6/30/18	1,719					34	1,719			(1,685)			(1,685)
Title III, Immigrant	84.365	S365A160030	NCLB-17	7/1/16-6/30/17	2,214		8						(8)				
Title IV	84.424	S424A170031	NCLB-18	7/1/17-6/30/18	10,000					200	10,000			(9,800)			(9,800)
Total U.S. Department of Education - Special Revenue Fund						-	42	-	-	129,649	166,060	-	(42)	(36,411)	-	-	(36,411)
Total Federal Financial Awards						\$ (412)	\$ 42	\$ -	\$ -	\$ 134,606	\$ 170,872	\$ -	\$ (42)	\$ (36,678)	\$ -	\$ -	\$ (36,678)

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, 2018

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State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at July 1, 2017							Repayment of Prior Years' Balances	Balance at June 30, 2018			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	18-495-034-5120-089	\$ 279,759	7/1/17-6/30/18					\$ 253,500	\$ 279,759			\$ (26,259)			\$ 279,759	
Special Educational Aid	17-495-034-5120-089	258,871	7/1/16-6/30/17	\$ (24,196)				24,196				-				
Security Aid	18-495-034-5120-084	10,942	7/1/17-6/30/18					9,915	10,942			(1,027)		10,942		
Security Aid	17-495-034-5120-084	10,942	7/1/16-6/30/17	(1,023)				1,023				-				
Equalization Aid	18-495-034-5120-078	2,317	7/1/17-6/30/18					2,100	2,317			(217)		2,317		
Equalization Aid	17-495-034-5120-078	2,317	7/1/16-6/30/17	(216)				216				-				
Additional Adjustment Aid	18-495-034-5120-085	1	7/1/17-6/30/18					1	1					1		
PARCC Readiness Aid	18-495-034-5120-098	6,440	7/1/17-6/30/18					5,835	6,440			(605)		6,440		
PARCC Readiness Aid	17-495-034-5120-098	6,440	7/1/16-6/30/17	(602)				602				-				
Per Pupil Growth Aid	18-495-034-5120-097	6,440	7/1/17-6/30/18					5,835	6,440			(605)		6,440		
Per Pupil Growth Aid	17-495-034-5120-097	6,440	7/1/16-6/30/17	(602)				602				-				
Professional Learning Comm Aid	18-495-034-5120-101	6,450	7/1/17-6/30/18					5,845	6,450			(605)		6,450		
Professional Learning Comm Aid	17-495-034-5120-101	6,450	7/1/16-6/30/17	(603)				603				-				
Total State Aid Public Cluster				(27,242)	-	-	-	310,273	312,349	-	-	(29,318)	-	-	312,349	
Transportation Aid																
Transportation Aid	18-495-034-5120-014	5,070	7/1/17-6/30/18					4,594	5,070			(476)		5,070		
Transportation Aid	17-495-034-5120-014	5,070	7/1/16-6/30/17	(474)				474				-				
Nonpublic Transportation Aid	18-495-034-5120-014	3,190	7/1/17-6/30/18					3,190	3,190			(3,190)	\$ (3,190)	3,190		
Nonpublic Transportation Aid	17-495-034-5120-014	1,218	7/1/16-6/30/17	(1,218)				1,218				-				
Total Transportation Aid Cluster				(1,692)	-	-	-	6,286	8,260	-	-	(3,666)	-	-	8,260	
Extraordinary Aid																
Extraordinary Aid	18-100-034-5120-044	330,911	7/1/17-6/30/18						330,911			(330,911)		330,911		
Extraordinary Aid	17-100-034-5120-044	311,863	7/1/16-6/30/17	(311,863)				311,863				-				
Reimbursement for Lead Testing	18-495-034-5120-104	2,040	7/1/17-6/30/18					2,040	2,040					2,040		
TPAF Social Security Contrib.	18-495-034-5094-003	343,226	7/1/17-6/30/18					323,566	343,226			(19,660)	(19,660)	343,226		
TPAF Social Security Contrib.	17-495-034-5094-003	361,235	7/1/16-6/30/17	(17,320)				17,320				-				
TPAF Pension - NCGI	18-495-034-5094-004	16,129	7/1/17-6/30/18					16,129	16,129					16,129		
TPAF Pension - Normal Cost	18-495-034-5094-002	664,644	7/1/17-6/30/18					664,644	664,644					664,644		
TPAF Long-Term Disability Insurance	18-495-034-5094-001	1,003	7/1/17-6/30/18					1,003	1,003					1,003		
TPAF Pension Post Retirement Medical Contr.	18-495-034-5094-001	439,697	7/1/17-6/30/18					439,697	439,697					439,697		
Total General Fund				(358,117)	-	-	-	2,092,821	2,118,239	-	-	(383,555)	-	-	(22,850) 2,118,239	
Special Revenue Fund																
Anti Bullying	N/A	1,113	7/1/13-6/30/14	-	\$ 75	-	-	-	-	-	-	-	\$ 75	-	-	
Total Special Revenue Fund				-	75	-	-	-	-	-	-	-	75	-	-	
Debt Service Fund																
Debt Service Aid Type II	18-495-034-5120-017	37,005	7/1/17-6/30/18	-	-	-	-	37,005	37,005	-	-	-	-	-	37,005	
Total State Financial Assistance Subject to Single Audit Determination				(358,117)	75	-	-	2,129,826	2,155,264	-	-	(383,555)	75	-	(22,850) 2,155,264	
State Financial Assistance																
Not Subject to Single Audit Determination																
General Fund																
On-Behalf TPAF Pension System NCGI	18-495-034-5094-004	16,129	7/1/17-6/30/18					(16,129)	(16,129)						(16,129)	
On-Behalf TPAF Pension System Normal Cost	18-495-034-5094-002	664,644	7/1/17-6/30/18					(664,644)	(664,644)						(664,644)	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-001	1,003	7/1/17-6/30/18					(1,003)	(1,003)						(1,003)	
On-Behalf TPAF Post-Retirement Medical Contr.	18-495-034-5094-001	439,697	7/1/17-6/30/18					(439,697)	(439,697)						(439,697)	
Total State Financial Assistance Utilized for Calculation to Determine Major Programs				\$ (358,117)	\$ 75	\$ -	\$ -	\$ 1,008,353	\$ 1,033,791	\$ -	\$ -	\$ (383,555)	\$ 75	\$ -	\$ (22,850) \$ 1,033,791	

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, 2018**

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 a decrease of \$21,126 for the general fund and a decrease of \$295 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		\$ 2,097,133	\$ 2,097,133
Special Revenue Fund	\$ 165,765		165,765
Debt Service Fund		37,005	37,005
Food Service Fund	4,812	-	4,812
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 170,577	\$ 2,134,138	\$ 2,304,715

**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, 2018**

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 \$343,226 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$680,773, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$439,697 and TPAF Long-Term Disability Insurance in the amount of \$1,003 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

HARRINGTON PARK BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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
495-034-5094-003	Reimbursed TPAF

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, 2018**

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, 2018**

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, 2018**

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.