

**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, 2020**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Harrington Park Board of Education**

**Harrington Park, New Jersey**

**For The Fiscal Year Ended June 30, 2020**

**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**

February 9, 2021

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, 2020 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 2019-20 fiscal year enrollment was 609 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>
2019-20	609.0	- 0.70
2018-19	613.0	- 1.63
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

**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 2019-20 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, 2020.

**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,

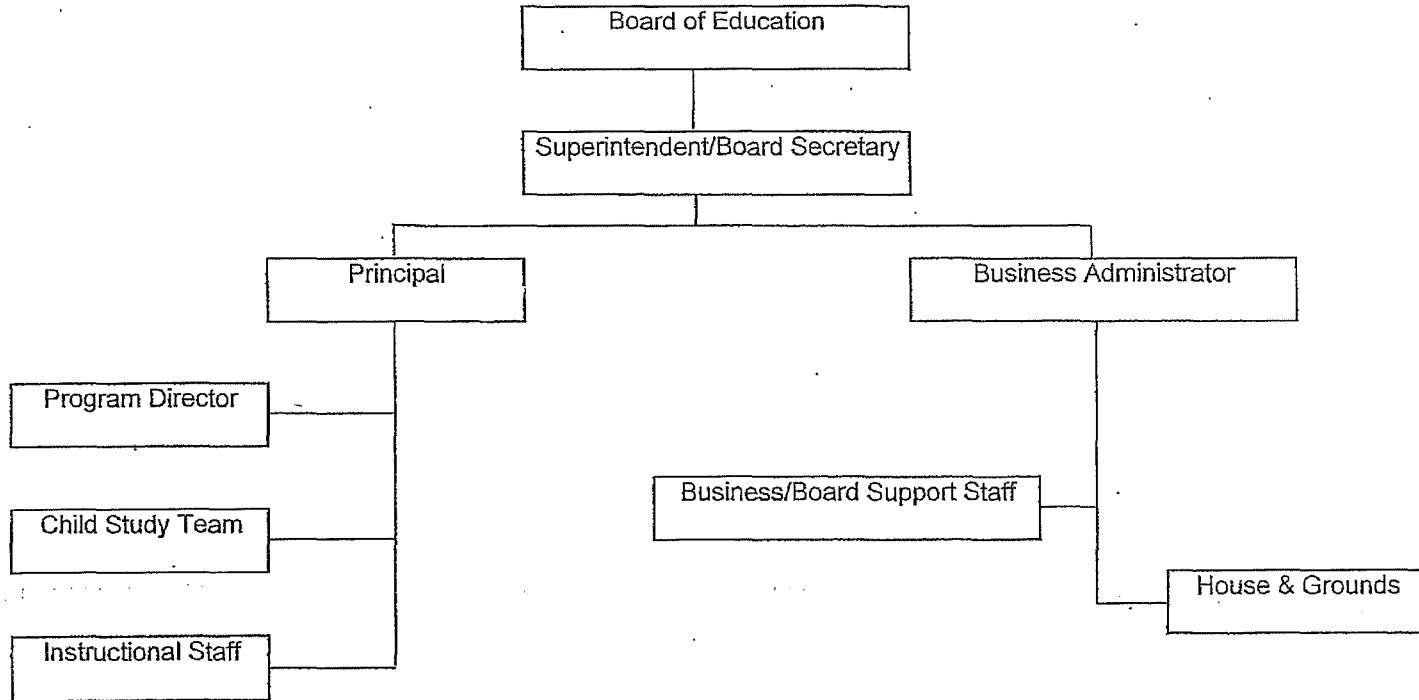
*Dr. Adam Fried*

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, 2020

### Members of the Board of Education

### Term Expires

Brenda Cho, President	2022
Tsampicos Perides, Vice President	2021
Stephen Levine, Trustee	2020
Dianne Smith, Trustee	2020
Laura Tebo, Trustee	2022

### 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  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 February 9, 2021 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 solely 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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
February 9, 2021

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

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2020

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, 2020. 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 (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Harrington Park Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,070,542 (net position).
- The District's total net position increased \$127,915.
- Overall District revenues were \$17,012,124 which were \$127,915 more than overall District expenses of \$16,884,209. General revenues accounted for \$12,736,200 or 75% of all revenues. Program specific revenues in the form of charges for services, grants and contributions account for \$4,275,924 or 25% of total revenues.
- The School District had \$16,867,166 in expenses for governmental activities; only \$4,255,600 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$12,736,200 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 \$1,240,780. Of that amount, \$52,010 (4%) is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned fund balance was \$52,010 at June 30, 2020, which is a decrease of \$9,290 when compared with the beginning balance at July 1, 2019.
- The General Fund unassigned budgetary basis fund balance at June 30, 2020 was \$445,978 which represents a decrease of \$6,760 compared to the ending budgetary basis fund balance at June 30, 2019 of \$452,738.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

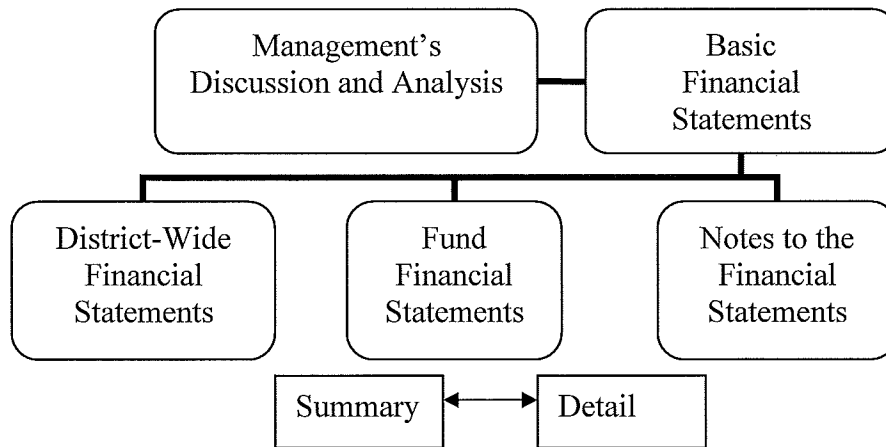
Year Ended June 30, 2020

### 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, 2020

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

### Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; food service, lap top program	Instances in which the district administers resources on behalf of someone else, such as scholarship, donations, student activities, and payroll deductions.
<b>Required Financial Statements</b>	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets, liabilities, and deferred outflows/inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, liabilities and deferred outflows/inflows of resources, both financial and capital, short-term and long-term	All assets and liabilities both short and long-term funds do not currently contain capital assets although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and 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, 2020

### 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, 2020

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, 2020

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

The following provides a summary of the school district's net position. The District's *combined* net position were \$3,070,542 and \$2,942,627 on June 30, 2020 and 2019, respectively.

Table 1  
Net Position

	Governmental Types		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 1,571,422	\$ 1,256,370	\$ 9,423	\$ 3,568	\$ 1,580,845	\$ 1,259,938
Capital assets	<u>7,525,981</u>	<u>7,836,717</u>	<u>19,709</u>	<u>21,208</u>	<u>7,545,690</u>	<u>7,857,925</u>
<b>Total assets</b>	<u>9,097,403</u>	<u>9,093,087</u>	<u>29,132</u>	<u>24,776</u>	<u>9,126,535</u>	<u>9,117,863</u>
<b>Deferred Outflow of Resources</b>	<u>828,249</u>	<u>1,367,557</u>	<u>-</u>	<u>-</u>	<u>828,249</u>	<u>1,367,557</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>9,925,652</u>	<u>10,460,644</u>	<u>29,132</u>	<u>24,776</u>	<u>9,954,784</u>	<u>10,485,420</u>
<b>Liabilities</b>						
Current liabilities	341,520	100,314	3,155	2,080	344,675	102,394
Noncurrent liabilities	<u>4,989,482</u>	<u>6,026,041</u>	<u>-</u>	<u>-</u>	<u>4,989,482</u>	<u>6,026,041</u>
<b>Total liabilities</b>	<u>5,331,002</u>	<u>6,126,355</u>	<u>3,155</u>	<u>2,080</u>	<u>5,334,157</u>	<u>6,128,435</u>
<b>Deferred Inflow of Resources</b>	<u>1,550,085</u>	<u>1,414,358</u>	<u>-</u>	<u>-</u>	<u>1,550,085</u>	<u>1,414,358</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>6,881,087</u>	<u>7,540,713</u>	<u>3,155</u>	<u>2,080</u>	<u>6,884,242</u>	<u>7,542,793</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,477,605	6,353,335	19,709	21,208	6,497,314	6,374,543
Restricted	178,251	178,077			178,251	178,077
Unrestricted	<u>(3,611,291)</u>	<u>(3,611,481)</u>	<u>6,268</u>	<u>1,488</u>	<u>(3,605,023)</u>	<u>(3,609,993)</u>
<b>Total net position</b>	<u>\$ 3,044,565</u>	<u>\$ 2,919,931</u>	<u>\$ 25,977</u>	<u>\$ 22,696</u>	<u>\$ 3,070,542</u>	<u>\$ 2,942,627</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, 2020

The following shows changes in net position for fiscal years 2020 and 2019.

Table 2  
Changes in Net Position

	Governmental Types		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues						
Charges for services and sales	\$ 405,952	\$ 470,349	\$ 17,799	\$ 19,025	\$ 423,751	\$ 489,374
Operating grants and contributions	3,849,648	4,118,193	2,525	4,505	3,852,173	4,122,698
Capital grants and contributions		13,566			-	13,566
General revenues						
Property taxes, levied for						
general purposes	12,321,623	11,980,421			12,321,623	11,980,421
Property taxes levied for debt service	165,079	159,467			165,079	159,467
Federal and State Aid Not Restricted	81,876	70,368			81,876	70,368
Other	167,622	205,183	-	-	167,622	205,183
Total revenues	<u>16,991,800</u>	<u>17,017,547</u>	<u>20,324</u>	<u>23,530</u>	<u>17,012,124</u>	<u>17,041,077</u>
<b>Program Expenses</b>						
Instruction						
Regular	6,491,010	6,660,230			6,491,010	6,660,230
Special Education	4,407,353	4,412,156			4,407,353	4,412,156
Other Instruction	251,823	217,300			251,823	217,300
School Sponsored Activities and Athletics	123,544	157,392			123,544	157,392
Support services						
Student and Instruction Related Services	2,457,438	2,350,986			2,457,438	2,350,986
General Administration Services	632,311	584,760			632,311	584,760
School Administration Services	434,117	439,915			434,117	439,915
Business/Central Services	427,850	445,322			427,850	445,322
Administrative Information Technology	54,562	37,010			54,562	37,010
Operation and Maintenance of Facilities	1,405,566	1,504,413			1,405,566	1,504,413
Pupil Transportation	156,592	206,051			156,592	206,051
Debt Service						
Interest and Other Charges	25,000	33,242			25,000	33,242
Food Service			12,768	15,959	12,768	15,959
Laptop Fund	-	-	4,275	10,737	4,275	10,737
Total expenses	<u>16,867,166</u>	<u>17,048,777</u>	<u>17,043</u>	<u>26,696</u>	<u>16,884,209</u>	<u>17,075,473</u>
Change in Net Position	124,634	(31,230)	3,281	(3,166)	127,915	(34,396)
Net Position, Beginning of Year	<u>2,919,931</u>	<u>2,951,161</u>	<u>22,696</u>	<u>25,862</u>	<u>2,942,627</u>	<u>2,977,023</u>
Net Position, End of Year	<u>\$ 3,044,565</u>	<u>\$ 2,919,931</u>	<u>\$ 25,977</u>	<u>\$ 22,696</u>	<u>\$ 3,070,542</u>	<u>\$ 2,942,627</u>

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

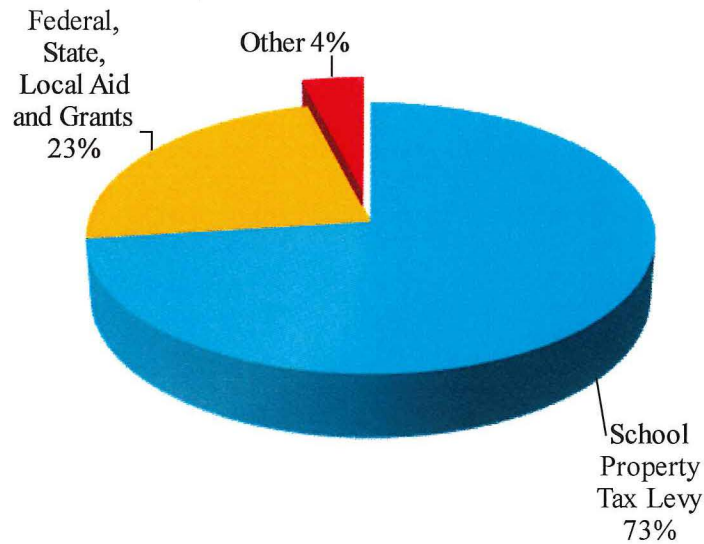
### Year Ended June 30, 2020

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$16,991,800 for the year ended June 30, 2020, property taxes of \$12,486,702 represented 73% of revenues. Another significant portion of revenues came from State aid; total State, Federal and Local Aid and Grants were \$3,931,524 and represented 23% 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 \$16,867,166. The district's expenses are predominantly related to educating and caring for students. Instruction totaled \$11,273,730 (67%) of total expenses. Support services, totaled \$5,568,436 (33%) of total expenses. The remaining expenses were for interest costs on long-term debt outstanding.

Total governmental activities revenues exceeded expenses, increasing net position by \$124,634 from the previous year.

**Revenues by Type – Governmental Activities  
For Fiscal Year 2020**

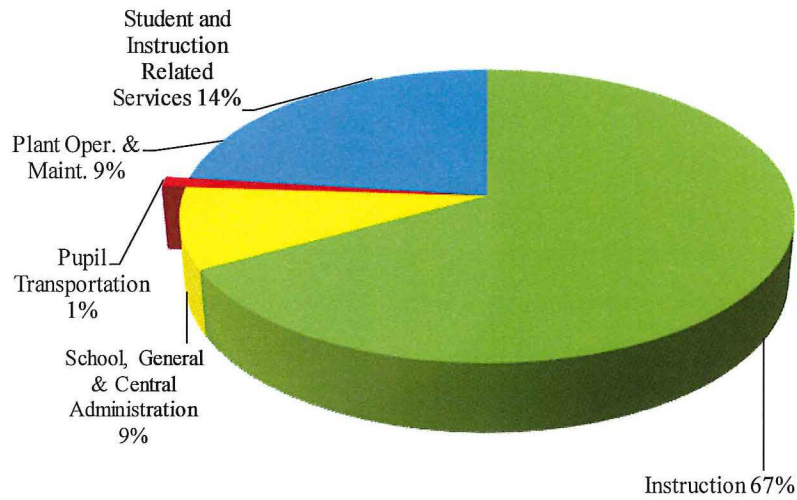


# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2020

Expenses by Type – Governmental Activities  
For Fiscal Year 2020



**Net Cost of Governmental Activities.** The District's total cost of services for the fiscal year ended June 30, 2020 was \$16,867,166. After applying program revenues, derived from charges for services and operating grants and contributions of \$4,255,600 the net cost of services of the District for the fiscal year ended June 30, 2020 is \$12,611,566.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2020

#### Total and Net Cost of Governmental Activities for the Fiscal Years Ended June 30, 2020 and 2019

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$ 6,491,010	\$ 6,660,230	\$ 4,434,254	\$ 4,365,841
Special Education	4,407,353	4,412,156	3,211,398	3,177,920
Other Instruction	251,823	217,300	149,914	126,905
School Sponsored Activities and Athletics	123,544	157,392	120,310	148,836
Support Services				
Student and Instruction Related Services	2,457,438	2,350,986	2,078,491	1,940,915
General Administration Services	632,311	584,760	616,577	558,370
School Administration Services	434,117	439,915	329,223	326,853
Central Services	427,850	445,322	415,036	419,352
Administrative Info Tech	54,562	37,010	54,562	37,010
Operation and Maintenance of Facilities	1,405,566	1,504,413	1,101,537	1,184,332
Pupil Transportation	156,592	206,051	80,745	133,388
Interest on Debt	25,000	33,242	19,519	26,947
<b>Total</b>	<b>\$ 16,867,166</b>	<b>\$ 17,048,777</b>	<b>\$ 12,611,566</b>	<b>\$ 12,446,669</b>

### Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$17,043. These costs were funded by charges for services of \$17,799 (88%) and operating grants of \$2,525 (12%), as detailed in the change in net position schedule.

Total business-type activities revenues exceeded expenses, increasing net position by \$3,281 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 \$1,240,780 at June 30, 2020 compared to a combined fund balance of \$1,172,102 at June 30, 2019.

Revenues for the District's governmental funds were \$15,928,112, while total expenditures were \$15,859,434.

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

Year Ended June 30, 2020

### GENERAL FUND

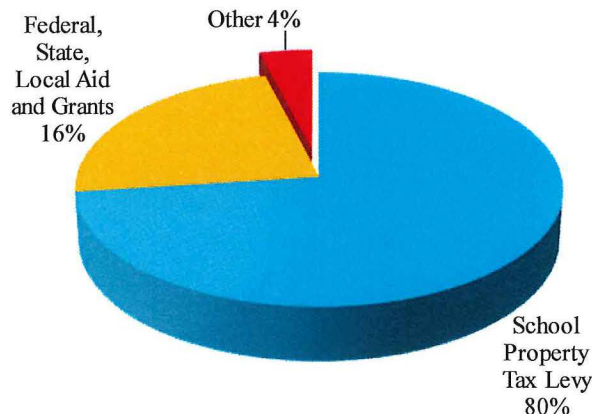
The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation, activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2020 and 2019.

<u>Revenues</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2020</u>	<u>2019</u>		
Local Sources	\$ 12,895,197	\$ 12,655,953	\$ 239,244	1.89%
State Sources	<u>2,543,004</u>	<u>2,454,036</u>	<u>88,968</u>	3.63%
Total	<u>\$ 15,438,201</u>	<u>\$ 15,109,989</u>	<u>\$ 328,212</u>	2.17%

The majority of revenues come from property taxes which accounted for 80% and 79% of total revenues for the years ended June 30, 2020 and 2019, respectively. State sources represented 16% and 16% of total revenue for the fiscal years 2020 and 2019, respectively.

**General Fund  
Revenues by Source**



# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2020

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2020 and 2019.

<u>Expenditures</u>	<u>Amount</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2020</u>	<u>2019</u>		
Current:				
Instruction	\$ 10,205,991	\$ 10,055,973	\$ 150,018	1.49%
Support Services	4,896,419	4,696,585	199,834	4.25%
Debt Service	220,090	220,089	1	0.00%
Capital outlay	<u>47,022</u>	<u>53,871</u>	<u>(6,849)</u>	-12.71%
Total	<u>\$ 15,369,522</u>	<u>\$ 15,026,518</u>	<u>\$ 343,004</u>	2.28%

Total General Fund expenditures increased \$343,004 or 2% from the previous year.

For the 2019-2020 school year revenues exceeded general expenditures by \$68,679. After adjusting for restricted and assigned fund balances, the unassigned fund balance decreased from \$61,300 at June 30, 2019 to \$52,010 at June 30, 2020.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** At the end of fiscal years 2020 and 2019, the school district had invested in land, buildings and improvements, furniture, machinery and vehicles as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 504,400	\$ 504,400			\$ 504,400	\$ 504,400
Land Improvements	39,400	39,400			39,400	39,400
Buildings and Improvements	15,917,418	15,917,418			15,917,418	15,917,418
Furniture, Equipment and Vehicles	<u>797,646</u>	<u>753,652</u>	<u>\$ 28,511</u>	<u>\$ 31,511</u>	<u>826,157</u>	<u>785,163</u>
	17,258,864	17,214,870	28,511	31,511	17,287,375	17,246,381
Less Depreciation	<u>(9,732,883)</u>	<u>(9,378,153)</u>	<u>(8,802)</u>	<u>(10,303)</u>	<u>(9,741,685)</u>	<u>(9,388,456)</u>
Total Capital Assets, Net of Depreciation	<u>\$ 7,525,981</u>	<u>\$ 7,836,717</u>	<u>\$ 19,709</u>	<u>\$ 21,208</u>	<u>\$ 7,545,690</u>	<u>\$ 7,857,925</u>

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

# HARRINGTON PARK BOARD OF EDUCATION

## Management's Discussion and Analysis

### Year Ended June 30, 2020

**Debt Administration.** As of June 30, 2020 and 2019 the school district had long-term debt and outstanding long-term liabilities in the amount of \$4,989,482 and \$6,026,041 as follows:

#### Outstanding Long-Term Liabilities As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Serial Bonds Payable	\$ 860,000	\$ 1,094,000
Capital Leases/Lease Purchases Payable	263,231	499,144
Net Pension Liability	3,658,582	4,215,912
Compensated Absences	<u>207,669</u>	<u>216,985</u>
 Total	 <u>\$ 4,989,482</u>	 <u>\$ 6,026,041</u>

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

#### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund budgetary basis revenues exceeded budgetary basis expenditures increasing budgetary basis fund balance by \$71,209 from the previous year. After deducting restricted and designated fund balances, the unassigned budgetary fund balance decreased \$6,760 from \$452,738 at June 30, 2019 to \$445,978 at June 30, 2020. In addition, the District has established a capital reserve and a maintenance reserve in the amounts of \$50,250 and \$125,625, respectively. In addition, the District ended the year with excess surplus of \$780,491. Of this amount, \$470,856 was the excess resulting from the prior 2018/2019 school year and the remaining \$309,635 was the excess resulting from the current 2019/2020 school year. In accordance with State regulations, the District appropriated the \$470,856 of excess surplus for use in the 2020/2021 school year budget as required and will be required to appropriate the \$309,635 in the 2021/2022.

# **HARRINGTON PARK BOARD OF EDUCATION**

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

**Year Ended June 30, 2020**

### **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 2020-2021 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 2020-2021. Budgeted expenditures in the General Fund increased approximately 1.49% to \$14,087,120 for fiscal year 2020-2021.

### **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, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 1,456,747	\$ 9,423	\$ 1,466,170
Receivables, net	114,675	-	114,675
Capital Assets, net			
Not Being Depreciated	504,400		504,400
Being Depreciated	<u>7,021,581</u>	<u>19,709</u>	<u>7,041,290</u>
Total Assets	<u>9,097,403</u>	<u>29,132</u>	<u>9,126,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	11,827		11,827
Deferred Amounts on Net Pension Liability	<u>816,422</u>	<u>-</u>	<u>816,422</u>
Total Deferred Outflows of Resources	<u>828,249</u>	<u>-</u>	<u>828,249</u>
Total Assets and Deferred Outflows of Resources	<u>9,925,652</u>	<u>29,132</u>	<u>9,954,784</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	295,169	3,155	298,324
Accrued Interest Payable	10,878		10,878
Unearned Revenue	35,473		35,473
Noncurrent Liabilities			
Due within one year	498,214		498,214
Due beyond one year	<u>4,491,268</u>	<u>-</u>	<u>4,491,268</u>
Total Liabilities	<u>5,331,002</u>	<u>3,155</u>	<u>5,334,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,550,085</u>	<u>-</u>	<u>1,550,085</u>
Total Deferred Inflows of Resources	<u>1,550,085</u>	<u>-</u>	<u>1,550,085</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,881,087</u>	<u>3,155</u>	<u>6,884,242</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,477,605	19,709	6,497,314
Restricted for			
Capital Projects	52,607		52,607
Maintenance Reserve	125,625		125,625
Other Purposes	19		19
Unrestricted	<u>(3,611,291)</u>	<u>6,268</u>	<u>(3,605,023)</u>
Total Net Position	<u>\$ 3,044,565</u>	<u>\$ 25,977</u>	<u>\$ 3,070,542</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, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,491,010	\$ 141,952	\$ 1,914,804		\$ (4,434,254)		\$ (4,434,254)
Special Education	4,407,353		1,195,955		(3,211,398)		(3,211,398)
Other Instruction	251,823		101,909		(149,914)		(149,914)
School Sponsored Activities and Athletics	123,544		3,234		(120,310)		(120,310)
Support Services							
Student and Instruction Related Services	2,457,438		378,947		(2,078,491)		(2,078,491)
General Administration Services	632,311		15,734		(616,577)		(616,577)
School Administration Services	434,117		104,894		(329,223)		(329,223)
Business/Central Services	427,850		12,814		(415,036)		(415,036)
Administrative Info Tech	54,562				(54,562)		(54,562)
Operation and Maintenance of Facilities	1,405,566	264,000	40,029		(1,101,537)		(1,101,537)
Pupil Transportation	156,592		75,847		(80,745)		(80,745)
Interest on Debt	25,000	-	5,481	-	(19,519)	-	(19,519)
<b>Total Governmental Activities</b>	<b>16,867,166</b>	<b>405,952</b>	<b>3,849,648</b>	<b>-</b>	<b>(12,611,566)</b>	<b>-</b>	<b>(12,611,566)</b>
<b>Business-Type Activities</b>							
Food Service	12,768	8,456	2,525			\$ (1,787)	(1,787)
Laptop Fund	4,275	9,343	-	-	-	5,068	5,068
<b>Total Business-Type Activities</b>	<b>17,043</b>	<b>17,799</b>	<b>2,525</b>	<b>-</b>	<b>-</b>	<b>3,281</b>	<b>3,281</b>
<b>Total Primary Government</b>	<b>\$ 16,884,209</b>	<b>\$ 423,751</b>	<b>\$ 3,852,173</b>	<b>\$ -</b>	<b>(12,611,566)</b>	<b>3,281</b>	<b>(12,608,285)</b>
<b>General Revenues</b>							
Property Taxes, Levied for General purposes					12,321,623		12,321,623
Property Taxes Levied for Debt Service					165,079		165,079
State Aid - Unrestricted					81,876		81,876
Miscellaneous Revenues					167,622		167,622
<b>Total General Revenues and Other Items</b>					<b>12,736,200</b>	<b>-</b>	<b>12,736,200</b>
<b>Change in Net Position</b>					<b>124,634</b>	<b>3,281</b>	<b>127,915</b>
<b>Net Position, Beginning of Year</b>					<b>2,919,931</b>	<b>22,696</b>	<b>2,942,627</b>
<b>Net Position, End of Year</b>					<b>\$ 3,044,565</b>	<b>\$ 25,977</b>	<b>\$ 3,070,542</b>

**FUND FINANCIAL STATEMENTS**

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 1,454,371		\$ 2,357	\$ 19	\$ 1,456,747
Receivables from:					
Intergovernmental	23,764	\$ 48,484			72,248
Due from Other Funds	<u>69,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,263</u>
 Total Assets	 <u>\$ 1,547,398</u>	 <u>\$ 48,484</u>	 <u>\$ 2,357</u>	 <u>\$ 19</u>	 <u>\$ 1,598,258</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 278,154				\$ 278,154
Other Liabilities	8,325				8,325
Due to Other Funds	8,690	\$ 26,836			35,526
Unearned Revenue	<u>13,825</u>	<u>21,648</u>	<u>-</u>	<u>-</u>	<u>35,473</u>
 Total Liabilities	 <u>308,994</u>	 <u>48,484</u>	 <u>-</u>	 <u>-</u>	 <u>357,478</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus	309,635				309,635
Excess Surplus - Designated for Subsequent Year's Expenditures	470,856				470,856
Capital Reserve	50,250				50,250
Maintenance Reserve	125,625				125,625
Emergency Reserve	110,619				110,619
Capital Projects			\$ 2,357		2,357
Debt Service				\$ 19	19
Assigned					
Year End Encumbrances	119,409				119,409
Unassigned	<u>52,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,010</u>
 Total Fund Balances	 <u>1,238,404</u>	 <u>-</u>	 <u>2,357</u>	 <u>19</u>	 <u>1,240,780</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,547,398</u>	 <u>\$ 48,484</u>	 <u>\$ 2,357</u>	 <u>\$ 19</u>	 <u>\$ 1,598,258</u>

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2020**

**Total Fund Balances (Exhibit B-1)** **\$ 1,240,780**

Amounts reported for *governmental activities* in the statement of net position (A-I) 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 \$17,258,864 and the accumulated depreciation is \$9,732,883.

7,525,981

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

Deferred Outflows of Resources  
Deferred Inflows of Resources

\$ 816,422  
(1,550,085)

(733,663)

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

(10,878)

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.

11,827

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

(860,000)

Capital Leases/Lease Purchases Payable

(263,231)

Compensated Absences Payable

(207,669)

Net Pension Liability

(3,658,582)

(4,989,482)

Net position of governmental activities

\$ 3,044,565

**HARRINGTON PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 12,321,623			\$ 165,079	\$ 12,486,702
Tuition	141,952				141,952
Rentals	264,000				264,000
Miscellaneous	<u>167,622</u>	<u>\$ 29,766</u>	<u>-</u>	<u>-</u>	<u>197,388</u>
Total - Local Sources	12,895,197	29,766	-	165,079	13,090,042
State Sources	2,543,004		-	85,041	2,628,045
Federal Sources	<u>-</u>	<u>210,025</u>	<u>-</u>	<u>-</u>	<u>210,025</u>
Total Revenues	<u>15,438,201</u>	<u>239,791</u>	<u>-</u>	<u>250,120</u>	<u>15,928,112</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	5,836,107				5,836,107
Special Education Instruction	4,080,009	116,318			4,196,327
Other Instruction	172,587	51,975			224,562
School-Sponsored Activities and Athletics	117,288				117,288
Support Services					
Student and Instruction Related Services	2,253,446	46,498			2,299,944
General Administration Services	580,043				580,043
School Administration Services	394,326				394,326
Central Services	403,065				403,065
Administrative Info Tech	54,562				54,562
Plant Operations and Maintenance	1,058,648				1,058,648
Pupil Transportation	152,329				152,329
Debt Service					
Principal	210,913	25,000		234,000	469,913
Interest and Other Charges	9,177			16,121	25,298
Capital Outlay	<u>47,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,022</u>
Total Expenditures	<u>15,369,522</u>	<u>239,791</u>	<u>-</u>	<u>250,121</u>	<u>15,859,434</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>68,679</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>68,678</u>
Net Change in Fund Balances	<u>68,679</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>68,678</u>
Fund Balance, Beginning of Year	<u>1,169,725</u>	<u>-</u>	<u>\$ 2,357</u>	<u>20</u>	<u>1,172,102</u>
Fund Balance, End of Year	<u>\$ 1,238,404</u>	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ 19</u>	<u>\$ 1,240,780</u>

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

**HARRINGTON PARK BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 68,678**

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	\$ (357,758)	
	Capital Outlays	<u>47,022</u>	
			(310,736)

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	234,000	
	Capital Leases/Lease Purchases Payable	<u>235,913</u>	
			469,913

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.

			(4,870)
	Amortization of Deferred Amounts on Refunding		

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 (+).

	Decrease in Compensated Absences	9,316	
	Increase in Pension Expense	<u>(112,835)</u>	
			(103,519)

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>5,168</u>
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Change in net position of governmental activities \$ 124,634



**HARRINGTON PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 ENTERPRISE FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2020**

	<u>Special Milk Program</u>	<u>Laptop Program</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 27	\$ 9,396	\$ 9,423
Total Current Assets	<u>27</u>	<u>9,396</u>	<u>9,423</u>
Capital Assets			
Equipment	28,511		28,511
Less: Accumulated Depreciation	<u>(8,802)</u>	<u>-</u>	<u>(8,802)</u>
Total Capital Assets	<u>19,709</u>	<u>-</u>	<u>19,709</u>
Total Assets	<u>19,736</u>	<u>9,396</u>	<u>29,132</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	<u>-</u>	<u>3,155</u>	<u>3,155</u>
Total Current Liabilities	<u>-</u>	<u>3,155</u>	<u>3,155</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	19,709	-	19,709
Unrestricted	<u>27</u>	<u>6,241</u>	<u>6,268</u>
Total Net Position	<u>\$ 19,736</u>	<u>\$ 6,241</u>	<u>\$ 25,977</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, 2020**

	<b>Special Milk Program</b>	<b>Laptop Program</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for Services			
Program Fees		\$ 9,343	\$ 9,343
Daily Sales	\$ 8,456	-	8,456
	<u>8,456</u>	<u>9,343</u>	<u>17,799</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries, Wages and Payroll Taxes	7,230		7,230
Cost of Sales	4,039		4,039
Maintenance & Repairs		3,814	3,814
Supplies		461	461
Depreciation	1,499	-	1,499
	<u>12,768</u>	<u>4,275</u>	<u>17,043</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(4,312)</u>	<u>5,068</u>	<u>756</u>
<b>NONOPERATING REVENUES</b>			
Federal Sources			
Special Milk Program	2,525	-	2,525
	<u>2,525</u>	<u>-</u>	<u>2,525</u>
Total Nonoperating Revenues			
Change in Net Position	(1,787)	5,068	3,281
Net Position, Beginning of Year	<u>21,523</u>	<u>1,173</u>	<u>22,696</u>
Net Position, End of Year	<u>\$ 19,736</u>	<u>\$ 6,241</u>	<u>\$ 25,977</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, 2020**

	<u>Special Milk Program</u>	<u>Laptop Program</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 8,456	\$ 9,343	\$ 17,799
Cash Payments to Suppliers for Salaries and Wages, and Benefits	(7,230)	-	(7,230)
Cash Payments to Suppliers for Goods and Services	<u>(4,039)</u>	<u>(3,200)</u>	<u>(7,239)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,813)</u>	<u>6,143</u>	<u>3,330</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	<u>2,840</u>	<u>-</u>	<u>2,840</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,840</u>	<u>-</u>	<u>2,840</u>
Net Increase in Cash and Cash Equivalents	27	6,143	6,170
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>3,253</u>	<u>3,253</u>
Cash and Cash Equivalents, End of Year	<u>\$ 27</u>	<u>\$ 9,396</u>	<u>\$ 9,423</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>\$ (4,312)</u>	<u>\$ 5,068</u>	<u>\$ 756</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	1,499	-	1,499
Change in Assets and Liabilities Increase/(Decrease) in Accounts Payable	<u>-</u>	<u>1,075</u>	<u>1,075</u>
Total Adjustments	<u>1,499</u>	<u>1,075</u>	<u>2,574</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,813)</u>	<u>\$ 6,143</u>	<u>\$ 3,330</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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash	\$ 81,952	\$ 11,160	\$ 72,582
Receivables from Other Governments		890	
Due from Other Funds	<u>9,392</u>	<u>-</u>	<u>-</u>
Total Assets	<u>91,344</u>	<u>12,050</u>	<u>\$ 72,582</u>
<b>LIABILITIES</b>			
Accounts Payable	5,938		
Payroll Deductions and Withholdings			\$ 4,475
Flexible Spending Benefits			15,234
Due to Student Groups			9,744
Due to Other Funds	<u>-</u>	<u>-</u>	<u>43,129</u>
Total Liabilities	<u>5,938</u>	<u>-</u>	<u>\$ 72,582</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 85,406</u>	<u>\$ 12,050</u>	

**HARRINGTON PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Lightning Detection Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 11,414	
Member Entities	-	\$ 12,460
	<hr/>	<hr/>
Total Additions	11,414	12,460
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Lightning Detection Expenditures		8,760
Unemployment Claims and Contributions	5,947	-
	<hr/>	<hr/>
Total Deductions	5,947	8,760
	<hr/>	<hr/>
Change in Net Position	5,467	3,700
Net Position, Beginning of Year	79,939	8,350
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 85,406</u>	<u>\$ 12,050</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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/Board Secretary is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade eight (8) school district.

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 Superintendent/Board Secretary is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, 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**

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. 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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.



**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**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.

**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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**Fund Financial Statements (Continued)**

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.

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 District 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 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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

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

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

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.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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

**5. *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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

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 item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***6. 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.

***7. Pensions***

In the district-wide financial statements and proprietary fund types in the fund 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.

***8. 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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and 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, 2020**

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

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

***9. 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, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 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, 2019 audited excess surplus that was appropriated in the 2020/2021 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).

*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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

**Governmental Fund Statements (Continued)**

**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.

**10. *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. The District has no committed fund balances at year end.

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, 2020**

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

**3. *Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 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, 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, 2020**

**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 24, 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 2019/2020. Also, during 2019/2020 the Board increased the original budget by \$133,785. The increase was funded by the additional appropriation of emergency reserve and the reappropriation of prior year general fund encumbrances. The Board authorized and approved the utilization of emergency reserve funds in the amount of \$27,000 on December 5, 2019.

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, 2020**

**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, 2020 is as follows:

Balance, July 1, 2019	\$ 50,200
Increased by	
Deposits Approved by Board Resolution	
Interest Earnings	<u>50</u>
Balance, June 30, 2020	<u>\$ 50,250</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, 2020 is as follows:

Balance, July 1, 2019	\$ 125,500
Increased by	
Interest Earnings	<u>125</u>
Balance, June 30, 2020	<u>\$ 125,625</u>

The June 30, 2020 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, 2020**

**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, 2020 is as follows:

Balance, July 1, 2019	\$ 137,444
Increased by:	
Interest Earnings	<u>175</u>
	137,619
Decreased by:	
Withdrawal approved by Commissioner of Education	<u>27,000</u>
Balance, June 30, 2020	<u>\$ 110,619</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, 2020 is \$780,491. Of this amount, \$470,856 was designated and appropriated in the 2020/2021 original budget certified for taxes and the remaining amount of \$309,635 will be appropriated in the 2021/2022 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, 2020**

**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, 2020, the book value of the Board's deposits were \$1,631,864 and bank and brokerage firm balances of the Board's deposits amounted to \$1,938,072. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

**Depository Account**

Insured	\$ <u>1,938,072</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, 2020 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, 2020, 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, 2020**

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

**B. Receivables**

Receivables as of June 30, 2020 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>Lightning Detection Trust Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 48,484		\$ 48,484
State	\$ 23,764			23,764
Other	-	-	\$ 890	890
Gross Receivables	<u>23,764</u>	<u>48,484</u>	<u>890</u>	<u>73,138</u>
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 23,764</u>	<u>\$ 48,484</u>	<u>\$ 890</u>	<u>\$ 73,138</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	\$ 13,825
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>21,648</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 35,473</u>

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance, July 1, 2019	Increases	Decreases/ Adjustments	Balance, June 30, 2020
<b>Governmental activities:</b>				
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	15,917,418			15,917,418
Machinery and Equipment	753,652	\$ 47,022	\$ (3,028)	797,646
Total capital assets being depreciated	<u>16,710,470</u>	<u>47,022</u>	<u>(3,028)</u>	<u>16,754,464</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(8,864,762)	(303,588)		(9,168,350)
Machinery and equipment	(513,391)	(54,170)	3,028	(564,533)
Total accumulated depreciation	<u>(9,378,153)</u>	<u>(357,758)</u>	<u>3,028</u>	<u>(9,732,883)</u>
Total capital assets, being depreciated, net	<u>7,332,317</u>	<u>(310,736)</u>	<u>-</u>	<u>7,021,581</u>
Government activities capital assets, net	<u>\$ 7,836,717</u>	<u>\$ (310,736)</u>	<u>\$ -</u>	<u>\$ 7,525,981</u>
	Balance, July 1, 2019	Increases	Decreases	Balance, June 30, 2020
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 31,511	-	\$ (3,000)	\$ 28,511
Total capital assets being depreciated	<u>31,511</u>	<u>-</u>	<u>(3,000)</u>	<u>28,511</u>
Less accumulated depreciation for:				
Machinery and equipment	(10,303)	\$ (1,499)	3,000	(8,802)
Total accumulated depreciation	<u>(10,303)</u>	<u>(1,499)</u>	<u>3,000</u>	<u>(8,802)</u>
Total capital assets, being depreciated, net	<u>21,208</u>	<u>(1,499)</u>	<u>-</u>	<u>19,709</u>
Business-type activities capital assets, net	<u>\$ 21,208</u>	<u>\$ (1,499)</u>	<u>\$ -</u>	<u>\$ 19,709</u>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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	\$ 961
School-Sponsored/Other Instructional	9,982
Total Instruction	<u>10,943</u>
Support Services	
Student and Instruction Related Services	3,892
General Administration Services	21,835
School Administration Services	251
Operation and Maintenance of Facilities	316,574
Pupil Transportation	4,263
Total Support Services	<u>346,815</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 357,758</u>

**Business-Type Activities:**

Food Service Fund	\$ 1,499
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,499</u>

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

The composition of interfund balances as of June 30, 2020, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 26,836
General Fund	Payroll Agency Fund	42,427
Unemployment Compensation Trust Fund	General Fund	8,690
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>702</u>
Total		<u>\$ 78,655</u>

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

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

**F. Leases**

**Operating Leases**

The District leases copier equipment under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2020 were \$15,564. 2020 was the final year of the copier operating lease.

**Capital Leases**

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

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 998,848
Supplies	<u>155,310</u>
Total	<u>\$ 1,154,158</u>



**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**F. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Fiscal Year Ending June 30	Governmental Activities
2021	\$ 236,361
2022	<u>33,055</u>
Total minimum lease payments	269,416
Less: amount representing interest	<u>(6,185)</u>
Present value of minimum lease payments	<u>\$ 263,231</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. 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, 2020 are comprised of the following issues:

\$1,333,000, 2017 Refunding Bonds , due in annual installments of \$267,000 to \$308,000 through July 15, 2022, interest at 1.65%	<u>\$ 860,000</u>
	<u>\$ 860,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 267,000	\$ 11,987	\$ 278,987
2022	285,000	7,433	292,433
2023	<u>308,000</u>	<u>2,541</u>	<u>310,541</u>
	<u>\$ 860,000</u>	<u>\$ 21,961</u>	<u>\$ 881,961</u>

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 30,036,650
Less: Net Debt	<u>860,000</u>
Remaining Borrowing Power	<u>\$ 29,176,650</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2020</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Serial Bonds Payable	\$ 1,094,000		\$ 234,000	\$ 860,000	\$ 267,000
Capital Leases/Lease Purchases Payable	499,144		235,913	263,231	231,214
Compensated Absences Payable	216,985		9,316	207,669	
Net Pension Liability	<u>4,215,912</u>	<u>-</u>	<u>557,330</u>	<u>3,658,582</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 6,026,041</u>	<u>\$ -</u>	<u>\$ 1,036,559</u>	<u>\$ 4,989,482</u>	<u>\$ 498,214</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.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The relationship between the Board and the insurance Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to Group any deficit of the funds attributable to a membership year during which they were a member.

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds 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>
2020		\$ 11,414	\$ 5,947	\$ 85,406
2019		10,847	231	79,939
2018		10,408	18,376	69,323

**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, 2020, 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, 2020, 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, 2020**

**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 Board employees who are eligible for pension coverage:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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:

<b>Tier</b>	<b>Definition</b>
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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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, 2020**

**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:

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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](http://www.state.nj.us/treasury/pensions).

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

**Actuarial Methods and Assumptions**

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 197,505	\$ 1,017,155	\$ 3,819
2019	212,980	952,462	4,502
2018	181,951	680,773	3,594

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$563, \$772 and \$1,966, respectively for PERS and the State contributed \$731, \$932 and \$1,603, 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 \$374,607 during the fiscal year ended June 30, 2020 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 both 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. 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 measurement period July 1, 2018 through June 30, 2019. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$3,658,582 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .02030 percent, which was a decrease of .00111 percent from its proportionate share measured as of June 30, 2018 of .02141 percent.



**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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)**

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$310,340 for PERS. The pension contribution made by the District during the current 2019/2020 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, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. 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, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 65,667	\$ 16,162
Changes of Assumptions	365,323	1,269,882
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		57,752
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>385,432</u>	<u>206,289</u>
Total	<u>\$ 816,422</u>	<u>\$ 1,550,085</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2021	\$ (21,775)
2022	(243,314)
2023	(292,129)
2024	(152,433)
2025	(24,012)
Thereafter	<u>-</u>
	<u>\$ (733,663)</u>

**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)**

*Actuarial Assumptions*

The District’s total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 rates 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

***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>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 6.28%, 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 (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	<b>1% Decrease <u>5.28%</u></b>	<b>Current Discount Rate <u>6.28%</u></b>	<b>1% Increase <u>7.28%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,621,384</u>	<u>\$ 3,658,582</u>	<u>\$ 2,847,285</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 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](http://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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. 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, 2019, 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,717,066 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$29,111,357. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .04744 percent, which was an increase of .00231 percent from its proportionate share measured as of June 30, 2018 of .04513 percent.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**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**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Discount Rate*

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

\* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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 5.60%, 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 (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	<b>1% Decrease (4.60%)</b>	<b>Current Discount Rate (5.60%)</b>	<b>1% Increase (6.60%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 34,328,733	\$ 29,111,357	\$ 24,782,582

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.



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

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 for the fiscal year ended June 30, 2019. 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 Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**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)**

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

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
 Total	 <u>364,943</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.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through 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 Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$377,346, \$432,035 and \$439,697, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

**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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2018 through June 30, 2019. 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, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$741,123. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$17,824,962. 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, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .04272 percent, which was an increase of .00095 percent from its proportionate share measured as of June 30, 2018 of .04177 percent.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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**

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**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)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**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 2.00% as of June 30, 2019.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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  
 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)**

**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, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ <u>19,258,199</u>
Changes Recognized for the Fiscal Year:	
Service Cost	848,621
Interest on the Total OPEB Liability	767,958
Differences Between Expected and Actual Experience	(2,784,635)
Changes of Assumptions	265,772
Gross Benefit Payments	(547,173)
Contributions from the Member	16,220
<b>Net Changes</b>	<u>\$ (1,433,237)</u>
Balance, June 30, 2019 Measurement Date	\$ <u><u>17,824,962</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

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, 2019.

**HARRINGTON PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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**

*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 3.50%, 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	<b>1% Decrease <u>(2.50%)</u></b>	<b>Current Discount Rate <u>(3.50%)</u></b>	<b>1% Increase <u>(4.50%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 21,058,324	\$ 17,824,962	\$ 15,256,556

*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:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 14,686,974	\$ 17,824,962	\$ 21,979,014

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019 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.

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGET COMPARISON SCHEDULES**

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 12,321,623		\$ 12,321,623	\$ 12,321,623	
Tuition from Individuals	138,750		138,750	118,975	\$ (19,775)
Tuition from Other LEA's	58,468		58,468	22,977	(35,491)
Rentals	264,000		264,000	264,000	
Interest	350		350	8,043	7,693
Unrestricted Miscellaneous Revenues	170,821	-	170,821	159,579	(11,242)
<b>Total Local Sources</b>	<b>12,954,012</b>	<b>-</b>	<b>12,954,012</b>	<b>12,895,197</b>	<b>(58,815)</b>
State Sources					
Special Education Aid	319,628		319,628	319,628	
Transportation Aid	75,414		75,414	75,414	
Equalization Aid	2,317		2,317	2,317	
Security Aid	24,352		24,352	24,352	
Extraordinary Aid	180,000		180,000	353,735	173,735
Non Public Transportation Aid	-			249	249
On-behalf TPAF Pension System Payments(Non-Budget)				999,245	999,245
Normal Cost				17,910	17,910
NCGI				731	731
Long Term Disability Insurance				377,346	377,346
Post Retirement Medical Contribution				-	-
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	374,607	374,607
<b>Total State Sources</b>	<b>601,711</b>	<b>-</b>	<b>601,711</b>	<b>2,545,534</b>	<b>1,943,823</b>
<b>Total Revenues</b>	<b>13,555,723</b>	<b>-</b>	<b>13,555,723</b>	<b>15,440,731</b>	<b>1,885,008</b>
<b>EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	56,548	-	56,548	56,548	-
Kindergarten	377,637	\$ (74,404)	303,233	303,233	-
Grades 1-5	1,961,405	215,025	2,176,430	2,176,430	-
Grades 6-8	1,174,192	(278,198)	895,994	892,268	3,726
Regular Program - Home Instruction					
Salaries of Teachers		228	228	228	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	16,430	1,680	18,110	14,519	3,591
Other Purchased Services	70,747	(19,072)	51,675	51,432	243
General Supplies	80,000	20,087	100,087	91,199	8,888
Textbooks	35,000	(18,235)	16,765	15,675	1,090
<b>Total Regular Programs</b>	<b>3,771,959</b>	<b>(152,889)</b>	<b>3,619,070</b>	<b>3,601,532</b>	<b>17,538</b>
Special Education					
Resource Room/Resource Center					
Salaries of Teachers	692,211	(20,232)	671,979	671,979	-
Other Salaries for Instruction	855,197	33,031	888,228	888,228	-
Purchased Professional Educational Services	1,000	(1,000)			-
General Supplies	2,500	579	3,079	2,990	89
<b>Total Resource Room/Resource Center</b>	<b>1,550,908</b>	<b>12,378</b>	<b>1,563,286</b>	<b>1,563,197</b>	<b>89</b>

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Autism					
Other Purchased Services	\$ 203,306	-	\$ 203,306	\$ 203,306	-
Total Autism	203,306	-	203,306	203,306	-
Home Instruction					
Purchased Professional Educational Services	14,000	\$ (9,725)	4,275	4,275	-
Total Home Instruction	14,000	(9,725)	4,275	4,275	-
Total Special Education	1,768,214	2,653	1,770,867	1,770,778	\$ 89
Basic Skills/Remedial - Instruction					
General Supplies	-	348	348	348	-
Total Basic Skills/Remedial - Instruction	-	348	348	348	-
Bilingual Education - Instruction					
Salaries of Teachers	91,878	-	91,878	91,878	-
General Supplies	-	3,051	3,051	3,051	-
Total Bilingual Education - Instruction	91,878	3,051	94,929	94,929	-
School Sponsored Co/Extra Curricular Activities					
Salaries	44,786	3,222	48,008	48,008	-
Purchased Services	3,000	11,997	14,997	11,997	3,000
Supplies and Materials	500	(500)	-	-	-
Total School Sponsored Co/Extra Curricular Activities	48,286	14,719	63,005	60,005	3,000
School Sponsored Athletics					
Salaries	24,029	(6,391)	17,638	17,638	-
Purchased Services	4,500	(2,107)	2,393	2,393	-
Supplies and Materials	1,500	4,537	6,037	6,025	12
Total School Sponsored Athletics	30,029	(3,961)	26,068	26,056	12
Total Instruction	5,710,366	(136,079)	5,574,287	5,553,648	20,639
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,061,511	199,762	1,261,273	1,220,458	40,815
Tuition to APSSD W/I State	362,666	68,953	431,619	431,619	-
Total Undistributed Expenditures - Instruction	1,424,177	268,715	1,692,892	1,652,077	40,815
Attendance and Social Work					
Salaries	51,990	4,775	56,765	56,765	-
Total Attendance and Social Work	51,990	4,775	56,765	56,765	-
Health Services					
Salaries	100,307	(3,779)	96,528	96,528	-
Purchased Professional and Technical Services	3,500	-	3,500	3,428	72
Supplies and Materials	4,600	(917)	3,683	3,088	595
Total Health Services	108,407	(4,696)	103,711	103,044	667

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Speech, OT, PT & Related Services					
Salaries	\$ 171,045	-	\$ 171,045	\$ 171,045	-
Purchased Professional-Educational Services	211,301	\$ 149,536	360,837	360,507	\$ 330
Supplies and Materials	<u>1,500</u>	<u>334</u>	<u>1,834</u>	<u>1,792</u>	<u>42</u>
Total Speech, OT, PT & Related Services	<u>383,846</u>	<u>149,870</u>	<u>533,716</u>	<u>533,344</u>	<u>372</u>
Guidance					
Salaries of Other Professional Staff	138,196	-	138,196	138,196	-
Salaries of Secretarial and Clerical Assistants	18,038	-	18,038	17,758	280
Other Purchased Services	500	(500)	-	-	-
Supplies and Materials	<u>500</u>	<u>(68)</u>	<u>432</u>	<u>424</u>	<u>8</u>
Total Guidance	<u>157,234</u>	<u>(568)</u>	<u>156,666</u>	<u>156,378</u>	<u>288</u>
Child Study Teams					
Salaries of Other Professional Staff	338,384	-	338,384	338,195	189
Salaries of Secretarial and Clerical Assistants	44,650	9,330	53,980	53,980	-
Purchased Professional-Educational Services	50,000	2,703	52,703	48,718	3,985
Other Purchased Services	1,800	1,267	3,067	3,067	-
Supplies and Materials	<u>4,000</u>	<u>2,190</u>	<u>6,190</u>	<u>4,547</u>	<u>1,643</u>
Total Child Study Teams	<u>438,834</u>	<u>15,490</u>	<u>454,324</u>	<u>448,507</u>	<u>5,817</u>
Improvement of Inst. Serv.					
Salaries of Other Professional Staff	<u>88,705</u>	<u>1,926</u>	<u>90,631</u>	<u>90,631</u>	<u>-</u>
Total Improvement of Inst. Serv.	<u>88,705</u>	<u>1,926</u>	<u>90,631</u>	<u>90,631</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	101,613	-	101,613	96,721	4,892
Purchased Professional and Technical Services	103,618	(18)	103,600	103,600	-
Other Purchased Services	11,713	(2,020)	9,693	9,693	-
Supplies and Materials	<u>19,800</u>	<u>6,606</u>	<u>26,406</u>	<u>23,870</u>	<u>2,536</u>
Total Educational Media Serv./School Library	<u>236,744</u>	<u>4,568</u>	<u>241,312</u>	<u>233,884</u>	<u>7,428</u>
Instructional Staff Training Services					
Purchased Professional - Educational Services	44,000	(12,597)	31,403	26,108	5,295
Other Purchased Services	1,200	(75)	1,125	828	297
Other Objects	<u>250</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instructional Staff Training Services	<u>45,450</u>	<u>(12,922)</u>	<u>32,528</u>	<u>26,936</u>	<u>5,592</u>

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Support Services General Administration					
Salaries	\$ 300,705	\$ 19,528	\$ 320,233	\$ 319,337	\$ 896
Legal Services	16,000	(6,901)	9,099	6,265	2,834
Audit	20,000	26,358	46,358	22,858	23,500
Architectural/Engineering Services	3,000	(2,533)	467		467
Other Purchased Professional Services		2,567	2,567	2,567	-
Communications/Telephone	25,000	2,374	27,374	24,210	3,164
BOE Other Purchased Services	5,000	(909)	4,091	2,558	1,533
Miscellaneous Purchased Services	9,232	(1,040)	8,192	7,730	462
General Supplies	1,000	1,450	2,450	2,399	51
Miscellaneous Expenditures	9,000	165	9,165	8,225	940
BOE Membership Dues and Fees	9,500	3,378	12,878	12,602	276
<b>Total Support Services General Administration</b>	<b>398,437</b>	<b>44,437</b>	<b>442,874</b>	<b>408,751</b>	<b>34,123</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	184,167	5,079	189,246	189,246	-
Salaries of Secretarial and Clerical Assistants	41,156	280	41,436	41,436	-
Other Purchased Services	5,300	2,325	7,625	7,171	454
Supplies and Materials	9,000	(1,458)	7,542	7,459	83
Other Objects	6,000	-	6,000	5,967	33
<b>Total Support Services School Administration</b>	<b>245,623</b>	<b>6,226</b>	<b>251,849</b>	<b>251,279</b>	<b>570</b>
Central Services					
Salaries	259,435	629	260,064	260,064	-
Miscellaneous Purchased Services	14,000	2,034	16,034	14,434	1,600
Supplies and Materials	3,500	577	4,077	3,084	993
Miscellaneous Expenditures	2,500	(504)	1,996	1,774	222
<b>Total Central Services</b>	<b>279,435</b>	<b>2,736</b>	<b>282,171</b>	<b>279,356</b>	<b>2,815</b>
Admin. Info. Tech.					
Purchased Technical Serv.	38,669	(1,677)	36,992	33,121	3,871
Supplies and Materials	13,055	16,501	29,556	29,496	60
<b>Total Admin. Info. Tech.</b>	<b>51,724</b>	<b>14,824</b>	<b>66,548</b>	<b>62,617</b>	<b>3,931</b>
Required Maintenance for School Facilities					
Salaries	123,186	331	123,517	123,517	-
Cleaning, Repair and Maintenance	115,000	(14,602)	100,398	95,475	4,923
General Supplies	10,000	(6,295)	3,705	2,701	1,004
Other Objects	350	500	850	325	525
<b>Total Required Maintenance for School Fac.</b>	<b>248,536</b>	<b>(20,066)</b>	<b>228,470</b>	<b>222,018</b>	<b>6,452</b>

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 129,316	\$ (13,254)	\$ 116,062	\$ 114,988	\$ 1,074
Salaries of Non-Instructional Aides	85,000	2,916	87,916	79,894	8,022
Cleaning, Repair and Maint. Serv.	158,185	23,750	181,935	176,942	4,993
Other Purchased Property Services	31,000	4,286	35,286	31,138	4,148
Insurance	100,245	1,898	102,143	102,143	-
General Supplies	40,000	2,787	42,787	32,565	10,222
Energy (Natural Gas)	45,000	(14,781)	30,219	30,219	-
Energy (Electricity)	125,000	6,261	131,261	131,261	-
Other Objects	2,000	(1,837)	163	163	-
<b>Total Custodial Services</b>	<b>715,746</b>	<b>12,026</b>	<b>727,772</b>	<b>699,313</b>	<b>28,459</b>
Student Transportation Services					
Contracted Services - Aid in Lieu of Payments-					
Non-Public Schools	13,000	-	13,000	7,337	5,663
Contracted Services (Between Home and School)-					
Vendors	1,500	828	2,328	1,753	575
Contracted Services (Other than Between Home and					
School)-Vendors	16,000	-	16,000	9,217	6,783
Contracted Services (Sp. Ed. Students)					
Joint Agreements	175,000	(21,825)	153,175	124,932	28,243
Misc. Purchased Services - Transportation	-	11,840	11,840	9,090	2,750
<b>Total Student Transportation Services</b>	<b>205,500</b>	<b>(9,157)</b>	<b>196,343</b>	<b>152,329</b>	<b>44,014</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	155,000	14,518	169,518	168,029	1,489
Other Retirement Contributions -PERS	219,582	(13,731)	205,851	198,068	7,783
Other Retirement Contributions - Regular	4,500	500	5,000	3,819	1,181
Unemployment Compensation	10,000	(8,664)	1,336	-	1,336
Workmen's Compensation	56,000	(25,020)	30,980	30,980	-
Health Benefits	2,474,570	(238,229)	2,236,341	2,142,997	93,344
Tuition Reimbursement	10,000	(4,000)	6,000	6,000	-
Other Employee Benefits	33,218	24,695	57,913	57,913	-
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,962,870</b>	<b>(249,931)</b>	<b>2,712,939</b>	<b>2,607,806</b>	<b>105,133</b>
On-behalf TPAF Pension System Payments(Non-Budget)					
Normal Cost				999,245	(999,245)
NCGI				17,910	(17,910)
Long Term Disability Insurance				731	(731)
Post Retirement Medical Contribution				377,346	(377,346)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	374,607	(374,607)
<b>Total Undistributed Expenditures</b>	<b>8,043,258</b>	<b>228,253</b>	<b>8,271,511</b>	<b>9,754,874</b>	<b>(1,483,363)</b>
Interest - Earned on Maintenance Reserve					
	125		125		125
Interest - Earned on Emergency Reserve					
	175	-	175	-	175
	300	-	300	-	300
<b>Total Expenditures - Current Expenditures</b>	<b>13,753,924</b>	<b>92,174</b>	<b>13,846,098</b>	<b>15,308,522</b>	<b>(1,462,424)</b>

**HARRINGTON PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXPENDITURES	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>CAPITAL OUTLAY</b>					
Equipment					
Administrative Information Technology		\$ 14,611	\$ 14,611	\$ 14,611	-
Required Maintenance for School Facilities		-			-
Custodial Services		-			-
Security	-	27,000	27,000	27,000	-
Total Equipment	-	41,611	41,611	41,611	-
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	-
Interest Deposit to Capital Reserve	50	-	50	-	\$ 50
Total Capital Outlay	19,439	41,611	61,050	61,000	50
Total Expenditures	13,773,363	133,785	13,907,148	15,369,522	(1,462,374)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(217,640)	(133,785)	(351,425)	71,209	422,634
Fund Balance, Beginning of Year	1,561,163	-	1,561,163	1,561,163	-
Fund Balance, End of Year	\$ 1,343,523	\$ (133,785)	\$ 1,209,738	\$ 1,632,372	\$ 422,634
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance					
Excess Surplus				\$ 309,635	
Excess Surplus - Designated for Subsequent Year's Expenditures				470,856	
Capital Reserve				50,250	
Maintenance Reserve				125,625	
Emergency Reserve				110,619	
Assigned					
Year Encumbrances				119,409	
Unassigned				445,978	
Reconciliation to Governmental Funds Statements (GAAP):				1,632,372	
Less: State Aid Payments Not Recognized on GAAP Basis				(393,968)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,238,404	

**HARRINGTON PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 210,025	\$ -	\$ 210,025	\$ 210,025	-
Other	<u>50,626</u>	<u>-</u>	<u>50,626</u>	<u>29,766</u>	<u>\$ (20,860)</u>
Total Revenues	<u>260,651</u>	<u>-</u>	<u>260,651</u>	<u>239,791</u>	<u>(20,860)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries	48,484	-	48,484	48,484	-
Tuition	116,318	-	116,318	116,318	-
General Supplies	<u>3,491</u>	<u>-</u>	<u>3,491</u>	<u>3,491</u>	<u>-</u>
Total Instruction	<u>168,293</u>	<u>-</u>	<u>168,293</u>	<u>168,293</u>	<u>-</u>
Support Services					
Other Purchased Services	31,732	-	31,732	31,732	-
General Supplies	<u>60,626</u>	<u>-</u>	<u>60,626</u>	<u>39,766</u>	<u>20,860</u>
Total Support Services	<u>92,358</u>	<u>-</u>	<u>92,358</u>	<u>71,498</u>	<u>20,860</u>
Total Expenditures	<u>260,651</u>	<u>-</u>	<u>260,651</u>	<u>239,791</u>	<u>20,860</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, 2020**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C-1, C-2)	\$ 15,440,731	\$ 239,791
Difference - budget to GAAP:		
State Aid payments not recognized for budgetary purposes, recognized for GAAP purposes, 2018/2019 State Aid	391,438	
State Aid payments recognized for budgetary purposes, not recognized for GAAP purposes, 2019/2020 State Aid	(393,968)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, Prior Year	<u>-</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 15,438,201</u>	<u>\$ 239,791</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules ( Exhibit C-1, C-2)	\$ 15,369,522	\$ 239,791
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, Prior Year	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 15,369,522</u>	<u>\$ 239,791</u>

**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 Seven Fiscal Years\*  
(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02030%	0.02141%	0.01964%	0.01968%	0.01781%	0.01779%	0.01603%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,658,582</u>	<u>\$ 4,215,912</u>	<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 Payroll	<u>\$ 1,488,848</u>	<u>\$ 1,422,016</u>	<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 Payroll	245.73%	296.47%	323.47%	435.66%	303.33%	280.65%	255.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	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 Seven Fiscal Years  
(Dollar amounts in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 197,505	\$ 212,980	\$ 181,951	\$ 174,810	\$ 153,154	\$ 146,783	\$ 124,880
Contributions in Relation to the Contractually Required Contribution	<u>197,505</u>	<u>212,980</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,520,580</u>	<u>\$ 1,488,848</u>	<u>\$ 1,422,016</u>	<u>\$ 1,413,427</u>	<u>\$1,337,703</u>	<u>\$1,318,357</u>	<u>\$ 1,186,541</u>
Contributions as a Percentage of Covered Payroll	12.99%	14.31%	12.80%	12.37%	11.45%	11.13%	10.52%

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 Seven Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2020</u>	<u>2019</u>	<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%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 29,111,357</u>	<u>\$ 28,712,398</u>	<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>
<b>Total</b>	<u>\$ 29,111,357</u>	<u>\$ 28,712,398</u>	<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 Payroll	<u>\$ 5,111,045</u>	<u>\$ 4,898,807</u>	<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 Payroll	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	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, 2020**

**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 Three Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 848,621	\$ 968,757	\$ 1,173,074
Interest on Total OPEB Liability	767,958	787,624	672,579
Differences Between Expected and Actual Experience	(2,784,635)	(1,069,344)	
Changes of Assumptions	265,772	(2,209,975)	(2,811,171)
Gross Benefit Payments	(547,173)	(514,957)	(668,573)
Contribution from the Member	<u>16,220</u>	<u>17,798</u>	<u>24,619</u>
<b>Net Change in Total OPEB Liability</b>	(1,433,237)	(2,020,097)	(1,609,472)
<b>Total OPEB Liability - Beginning</b>	<u>19,258,199</u>	<u>21,278,296</u>	<u>22,887,768</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 17,824,962</u>	<u>\$ 19,258,199</u>	<u>\$ 21,278,296</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>17,824,962</u>	<u>19,258,199</u>	<u>21,278,296</u>
Total OPEB Liability - Ending	<u>\$ 17,824,962</u>	<u>\$ 19,258,199</u>	<u>\$ 21,278,296</u>
District's Covered Payroll	<u>\$ 6,599,893</u>	<u>\$ 6,387,655</u>	<u>\$ 6,329,367</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	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, 2020**

**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, 2020**

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Title IV</u>	<u>IDEA Basic</u>	<u>IDEA Preschool</u>	<u>Other Programs</u>	<u>2020</u>
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 48,484	\$ 12,940	\$ 3,491	\$ 10,000	\$ 123,792	\$ 11,318		\$ 210,025
Other	-	-	-	-	-	-	\$ 29,766	29,766
Total Revenues	<u>\$ 48,484</u>	<u>\$ 12,940</u>	<u>\$ 3,491</u>	<u>\$ 10,000</u>	<u>\$ 123,792</u>	<u>\$ 11,318</u>	<u>\$ 29,766</u>	<u>\$ 239,791</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries	\$ 48,484							\$ 48,484
Tuition					\$ 105,000	\$ 11,318		116,318
General Supplies	-	-	\$ 3,491	-	-	-	-	3,491
Total Instruction	<u>48,484</u>	<u>-</u>	<u>3,491</u>	<u>-</u>	<u>105,000</u>	<u>11,318</u>	<u>-</u>	<u>168,293</u>
Support Services								
Other Purchased Services		\$ 12,940			18,792			31,732
General Supplies	-	-	-	\$ 10,000	-	-	\$ 29,766	39,766
Total Support Services	<u>-</u>	<u>12,940</u>	<u>-</u>	<u>10,000</u>	<u>18,792</u>	<u>-</u>	<u>29,766</u>	<u>71,498</u>
Total Expenditures	<u>\$ 48,484</u>	<u>\$ 12,940</u>	<u>\$ 3,491</u>	<u>\$ 10,000</u>	<u>\$ 123,792</u>	<u>\$ 11,318</u>	<u>\$ 29,766</u>	<u>\$ 239,791</u>

**HARRINGTON PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2020</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, 2020
				<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, 2020**

**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	-
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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, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 226,000		\$ 226,000	\$ 226,000
Other Local Sources - Capital Reserve	<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>
<b>Expenditures and Other Financing Uses</b>				
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  
AS OF JUNE 30, 2020**

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, 2020**

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, 2020**

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, 2020**

	<u>Agency</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 9,744	\$ 62,838	\$ 72,582
Total Assets	<u>\$ 9,744</u>	<u>\$ 62,838</u>	<u>\$ 72,582</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 4,475	\$ 4,475
Due to Other Funds		43,129	43,129
Flexible Spending Benefits		15,234	15,234
Due to Student Groups	\$ 9,744	-	9,744
Total Liabilities	<u>\$ 9,744</u>	<u>\$ 62,838</u>	<u>\$ 72,582</u>

**HARRINGTON PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

	<u>Balance, July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2020</u>
Student Activity Account	\$ 5,961	\$ 33,813	\$ 30,030	\$ 9,744
Total All Schools	<u>\$ 5,961</u>	<u>\$ 33,813</u>	<u>\$ 30,030</u>	<u>\$ 9,744</u>

**HARRINGTON PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Balance, July 1, <u>2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2020</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 208	\$ 3,741,898	\$ 3,737,631	\$ 4,475
Due from Other Funds	(5,713)	5,713		-
Due to Other Funds	31,877	517,027	505,775	43,129
Flexible Spending Benefits	28,584	75,745	89,095	15,234
Accrued Salaries and Wages	<u>-</u>	<u>4,452,033</u>	<u>4,452,033</u>	<u>-</u>
 Total	 <u>\$ 54,956</u>	 <u>\$ 8,792,416</u>	 <u>\$ 8,784,534</u>	 <u>\$ 62,838</u>

**LONG-TERM DEBT**



**HARRINGTON PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>Matured</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>				
School Refunding Bonds	3/23/2017	\$ 1,333,000	7/15/2020	\$ 267,000	1.650%			
			7/15/2021	285,000	1.650%			
			7/15/2022	308,000	1.650%			
						\$ 1,094,000	\$ 234,000	\$ 860,000
						<u>\$ 1,094,000</u>	<u>\$ 234,000</u>	<u>\$ 860,000</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, 2020**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2019</u>	<u>Matured</u>	<u>Balance, June 30, 2020</u>
<b><u>Capital Leases/Lease Purchase Agreements</u></b>					
Modular Classrooms	\$ 972,663	1.52%	\$ 397,350	\$ 197,147	\$ 200,203
Tractor	26,185	N/A	8,729	8,729	-
Chromebooks and Other Equipment	155,310	3.24%	<u>93,065</u>	<u>30,037</u>	<u>63,028</u>
Total			<u>\$ 499,144</u>	<u>\$ 235,913</u>	<u>\$ 263,231</u>

**HARRINGTON PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 165,079	-	\$ 165,079	\$ 165,079	
State Sources					
Debt Service Aid	<u>85,041</u>	<u>-</u>	<u>85,041</u>	<u>85,041</u>	<u>-</u>
Total Revenues	<u>250,120</u>	<u>-</u>	<u>250,120</u>	<u>250,120</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	234,000		234,000	234,000	
Interest	<u>16,121</u>	<u>-</u>	<u>16,121</u>	<u>16,121</u>	<u>\$ -</u>
Total Expenditures	<u>250,121</u>	<u>-</u>	<u>250,121</u>	<u>250,121</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Fund Balance, Beginning of Year	<u>20</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ -</u>

Analysis

Designated for Subsequent Year's Expenditures	\$ -
Restricted	<u>19</u>
	<u>\$ 19</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)*

	Fiscal Year Ended June 30									
	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 4,556,039	\$ 4,609,657	\$ 4,765,442	\$ 4,805,127	\$ 5,064,058	\$ 5,714,553	\$ 5,936,091	\$ 6,149,293	\$ 6,353,335	\$ 6,477,605
Restricted	709,753	102,434	475,001	575,001	558,360	177,582	177,707	177,883	178,077	178,251
Unrestricted	294,672	879,470	1,068,386	(2,132,561)	(2,032,786)	(2,222,245)	(3,060,596)	(3,376,015)	(3,611,481)	(3,611,291)
<b>Total Governmental Activities Net Position</b>	<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>	<u>\$ 2,919,931</u>	<u>\$ 3,044,565</u>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 5,028	\$ 4,054	\$ 3,422	\$ 2,790	\$ 2,349	\$ 1,908	\$ 9,129	\$ 15,865	\$ 21,208	\$ 19,709
Unrestricted	10,916	5,517	5,588	3,303	3,253	9,532	7,124	9,997	1,488	6,268
<b>Total Business-Type Activities Net Position</b>	<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>	<u>\$ 22,696</u>	<u>\$ 25,977</u>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 4,561,067	\$ 4,613,711	\$ 4,768,864	\$ 4,807,917	\$ 5,066,407	\$ 5,716,461	\$ 5,945,220	\$ 6,165,158	\$ 6,374,543	\$ 6,497,314
Restricted	709,753	102,434	475,001	575,001	558,360	177,582	177,707	177,883	178,077	178,251
Unrestricted	305,588	884,987	1,073,974	(2,129,258)	(2,029,533)	(2,212,713)	(3,053,472)	(3,366,018)	(3,609,993)	(3,605,023)
<b>Total District Net Position</b>	<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>	<u>\$ 2,942,627</u>	<u>\$ 3,070,542</u>

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

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

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 4,325,365	\$ 4,962,477	\$ 4,685,539	\$ 4,854,990	\$ 5,712,168	\$ 6,066,453	\$ 7,141,163	\$ 7,097,976	\$ 6,660,230	\$ 6,491,010
Special education	1,302,010	2,454,921	2,630,838	2,853,907	3,266,950	3,925,687	4,425,278	4,769,656	4,412,156	4,407,353
Other special education	32,638		103,354							
Other instruction	125,045	91,839	127,008	139,432	131,207	118,783	199,831	208,117	217,300	251,823
School Sponsored Activities and Athletics		112,742		153,697	144,791	147,668	167,867	141,065	157,392	123,544
<b>Support Services:</b>										
Tuition	615,603									
Student & instruction related services	1,236,942	1,441,239	1,560,841	1,578,732	1,744,656	1,881,192	2,236,932	2,155,585	2,350,986	2,457,438
General administration services	395,164	457,667	469,566	479,183	496,322	489,569	509,829	568,788	584,760	632,311
School Administrative services	271,855	224,550	256,315	280,728	338,671	395,522	425,910	444,560	439,915	434,117
Central Services	207,368	259,835	275,862	289,530	321,499	337,395	402,902	439,495	445,322	427,850
Administrative Information Technology	50,626	53,940	42,939	41,786	46,408	21,130	69,840	52,424	37,010	54,562
Operation and maintenance of Facilities	945,598	1,150,032	1,264,263	1,259,132	1,283,846	1,263,620	1,445,590	1,469,804	1,504,413	1,405,566
Pupil transportation	80,050	143,844	82,903	131,349	89,243	104,020	168,198	232,525	206,051	156,592
Unallocated Benefits	715,032									
Interest On Long-Term Debt	158,177	146,434	134,042	121,501	107,136	91,444	90,572	13,712	33,242	25,000
Unallocated depreciation	227,708									
Capital Outlay - nondepreciable	15,993									
<b>Total Governmental Activities Expenses</b>	<b>10,705,174</b>	<b>11,499,520</b>	<b>11,633,470</b>	<b>12,183,787</b>	<b>13,682,897</b>	<b>14,842,483</b>	<b>17,283,912</b>	<b>17,593,707</b>	<b>17,048,777</b>	<b>16,867,166</b>
<b>Business-Type Activities:</b>										
Special milk fund								10,904	15,959	12,768
Laptop Fund	31,156	29,824	19,006	22,111	20,465	15,313	14,433	6,460	10,737	4,275
<b>Total Business-Type Activities Expense</b>	<b>31,156</b>	<b>29,824</b>	<b>19,006</b>	<b>22,111</b>	<b>20,465</b>	<b>15,313</b>	<b>14,433</b>	<b>17,364</b>	<b>26,696</b>	<b>17,043</b>
<b>Total District Expenses</b>	<b>\$ 10,736,330</b>	<b>\$ 11,529,344</b>	<b>\$ 11,652,476</b>	<b>\$ 12,205,898</b>	<b>\$ 13,703,362</b>	<b>\$ 14,857,796</b>	<b>\$ 17,298,345</b>	<b>\$ 17,611,071</b>	<b>\$ 17,075,473</b>	<b>\$ 16,884,209</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction - Regular				\$ 13,592	\$ 31,603	\$ 46,077	\$ 41,372	\$ 120,290	\$ 197,349	\$ 141,952
Instruction - Special									\$ 9,000	-
Support - Operation & Maintenance of Facilities							240,000	264,000	264,000	264,000
Operating Grants And Contributions	184,507	1,191,672	1,885,350	1,528,619	2,814,871	3,326,350	4,578,646	4,859,998	4,118,193	3,849,648
Capital Grants And Contributions					77,760	148,240	-	-	13,566	-
<b>Total Governmental Activities Program Revenues</b>	<b>184,507</b>	<b>1,191,672</b>	<b>1,885,350</b>	<b>1,542,211</b>	<b>2,924,234</b>	<b>3,520,667</b>	<b>4,860,018</b>	<b>5,244,288</b>	<b>4,602,108</b>	<b>4,255,600</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services:</b>										
Food service	10,330	14,700	12,025	12,180	12,673	14,045	13,932	12,011	10,805	8,456
Laptop Fund								10,150	8,220	9,343
Operating Grants And Contributions	8,080	8,692	6,385	7,014	7,301	7,106	5,314	4,812	4,505	2,525
<b>Total Business-Type Activities Program Revenues</b>	<b>18,410</b>	<b>23,392</b>	<b>18,410</b>	<b>19,194</b>	<b>19,974</b>	<b>21,151</b>	<b>19,246</b>	<b>26,973</b>	<b>23,530</b>	<b>20,324</b>
<b>Total District Program Revenues</b>	<b>\$ 202,917</b>	<b>\$ 1,215,064</b>	<b>\$ 1,903,760</b>	<b>\$ 1,561,405</b>	<b>\$ 2,944,208</b>	<b>\$ 3,541,818</b>	<b>\$ 4,879,264</b>	<b>\$ 5,271,261</b>	<b>\$ 4,625,638</b>	<b>\$ 4,275,924</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (10,520,667)	\$ (10,307,848)	\$ (9,748,120)	\$ (10,641,576)	\$ (10,758,663)	\$ (11,321,816)	\$ (12,423,894)	\$ (12,349,419)	\$ (12,446,669)	\$ (12,611,566)
Business-Type Activities	(12,746)	(6,432)	(596)	(2,917)	(491)	5,838	4,813	9,609	(3,166)	3,281
<b>Total District-Wide Net Expense</b>	<b>\$ (10,533,413)</b>	<b>\$ (10,314,280)</b>	<b>\$ (9,748,716)</b>	<b>\$ (10,644,493)</b>	<b>\$ (10,759,154)</b>	<b>\$ (11,315,978)</b>	<b>\$ (12,419,081)</b>	<b>\$ (12,339,810)</b>	<b>\$ (12,449,835)</b>	<b>\$ (12,608,285)</b>
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 9,738,527	\$ 9,738,527	\$ 9,913,820	\$ 10,112,096	\$ 10,511,796	\$ 10,833,817	\$ 11,198,697	\$ 11,534,776	\$ 11,980,421	\$ 12,321,623
Taxes Levied For Debt Service	386,966	386,966	393,991	399,006	398,722	402,586	400,358	384,291	159,467	165,079
Federal And State Aid - Unrestricted	938,155	24,013	20,720	24,967	27,218	29,419	31,547	37,012	70,368	81,876
Investment Earnings		115	3,228							
Miscellaneous Income	122,934	189,324	133,629	111,132	162,992	136,252	172,988	291,299	205,183	167,622
Gain on Disposal of Capital Assets				(2,367)			3,616			-
Donations-Reconstruction of Harrington Park School Field										
State Aid - Capital Outlay Facilities Grant Cancelled										
<b>Total Governmental Activities</b>	<b>11,186,582</b>	<b>10,338,945</b>	<b>10,465,388</b>	<b>10,644,834</b>	<b>11,100,728</b>	<b>11,402,074</b>	<b>11,807,206</b>	<b>12,247,378</b>	<b>12,415,439</b>	<b>12,736,200</b>
<b>Business-Type Activities:</b>										
Investment Earnings	79	59	35	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>79</b>	<b>59</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 11,186,661</b>	<b>\$ 10,339,004</b>	<b>\$ 10,465,423</b>	<b>\$ 10,644,834</b>	<b>\$ 11,100,728</b>	<b>\$ 11,402,074</b>	<b>\$ 11,807,206</b>	<b>\$ 12,247,378</b>	<b>\$ 12,415,439</b>	<b>\$ 12,736,200</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 665,915	\$ 31,097	\$ 717,268	\$ 3,258	\$ 342,065	\$ 80,258	\$ (616,688)	\$ (102,041)	\$ (31,230)	\$ 124,634
Business-Type Activities	(12,667)	(6,373)	(561)	(2,917)	(491)	5,838	4,813	9,609	(3,166)	3,281
<b>Total District</b>	<b>\$ 653,248</b>	<b>\$ 24,724</b>	<b>\$ 716,707</b>	<b>\$ 341</b>	<b>\$ 341,574</b>	<b>\$ 86,096</b>	<b>\$ (611,875)</b>	<b>\$ (92,432)</b>	<b>\$ (34,396)</b>	<b>\$ 127,915</b>

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

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 508,809	\$ 508,809	\$ 1,102,119	\$ 1,287,753	\$ 1,421,420	\$ 891,291	\$ 759,515	\$ 922,399	\$ 1,001,640	\$ 1,066,985
Committed	134,631									
Assigned	61,800	394,836	354,687	151,198	337,486	335,121	305,250	76,772	106,785	119,409
Unassigned	461,700	207,642	225,590	226,064	224,304	224,359	82,824	87,083	61,300	52,010
Total General Fund	<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>	<u>\$ 1,169,725</u>	<u>\$ 1,238,404</u>
All Other Governmental Funds										
Restricted					\$ (116,641)	\$ 2,357	\$ 2,357	\$ 2,358	\$ 2,377	\$ 2,376
Assigned	\$ 6,876									
Unassigned	(2,363)	\$ (567)	\$ -	\$ -	-	-	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 2,377</u>	<u>\$ 2,376</u>

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

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	\$ 10,125,493	\$ 10,125,493	\$ 10,307,811	\$ 10,511,102	\$ 10,910,518	\$ 11,236,403	\$ 11,599,055	\$ 11,919,067	\$ 12,139,888	\$ 12,486,702
Tuition Charges	122,934							120,290	206,349	141,952
Rentals							240,000	264,000	264,000	264,000
Interest Earnings		115	3,228							
Miscellaneous		233,747	136,743	158,343	194,632	185,829	247,526	244,553	232,183	197,388
County Sources										
State Sources	949,232	1,016,346	1,752,579	1,379,857	1,691,863	1,939,330	1,996,943	2,134,138	2,528,385	2,628,045
Federal Sources	173,429	199,339	153,491	140,110	145,705	151,369	162,711	165,765	177,359	210,025
<b>Total Revenue</b>	<b>11,371,088</b>	<b>11,575,040</b>	<b>12,353,852</b>	<b>12,189,412</b>	<b>12,942,718</b>	<b>13,512,931</b>	<b>14,246,235</b>	<b>14,847,813</b>	<b>15,548,164</b>	<b>15,928,112</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,429,241	4,979,400	4,677,377	4,842,248	4,921,978	5,075,134	5,428,847	5,531,201	5,800,214	5,836,107
Special Education Instruction	1,046,734	2,460,907	2,627,768	2,849,568	3,087,589	3,677,083	3,904,185	4,235,658	4,074,202	4,196,327
Other Special Instruction	14,954									
Other Instruction	112,997	92,184	103,185	139,166	113,173	99,935	158,574	164,703	180,888	224,562
School Sponsored Activities And Athletics		108,807	122,276	149,981	137,287	137,089	142,930	119,053	140,870	117,288
<b>Support Services:</b>										
Tuition	615,603									
Student & Inst. Related Services	1,020,783	1,437,136	1,549,588	1,563,367	1,590,944	1,674,534	1,843,977	1,786,123	2,106,234	2,299,944
General Administrative	322,737	447,025	467,415	461,001	468,193	453,465	410,063	476,668	493,803	580,043
School Administrative Services	217,741	225,354	255,917	280,046	299,531	338,640	333,946	351,135	385,837	394,326
Business and Other Support Services		260,754	275,413							
Central Administrative Services	164,759			288,637	312,244	320,385	348,545	369,904	395,175	403,065
Administrative Info Tech	50,626	53,940	42,939	41,786	46,408	21,130	69,840	52,424	37,010	54,562
Plant Operations And Maintenance	849,282	913,100	1,014,881	1,008,111	1,018,169	987,414	1,085,259	1,061,538	1,119,658	1,058,648
Pupil Transportation	80,050	143,844	82,903	131,349	84,980	99,757	163,935	228,262	198,026	152,329
Unallocated Employee Benefits	1,693,841									
TPAF Pension/Social Security	656,031									
Capital Outlay	44,325	91,941	138,245	57,488	218,392	594,436	1,021,864	47,872	53,871	47,022
<b>Debt Service:</b>										
Principal	255,000	270,000	285,000	315,032	328,871	349,148	554,433	601,186	446,056	469,913
Interest And Other Charges	162,844	151,381	139,269	126,225	113,405	98,222	81,867	38,730	32,830	25,298
Cost of Issuance							30,912			
Advanced Refunding Escrow							25,088	-	-	-
<b>Total Expenditures</b>	<b>10,737,548</b>	<b>11,635,773</b>	<b>11,782,176</b>	<b>12,254,005</b>	<b>12,741,164</b>	<b>13,926,372</b>	<b>15,604,265</b>	<b>15,064,457</b>	<b>15,464,674</b>	<b>15,859,434</b>
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	633,540	(60,733)	571,676	(64,593)	201,554	(413,441)	(1,358,030)	(216,644)	83,490	68,678
<b>Other Financing Sources (Uses)</b>										
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										
Transfers In						479,000				
Transfers Out						(479,000)	998,848			
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,212</b>	<b>-</b>	<b>-</b>	<b>1,054,848</b>	<b>155,310</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>\$ 633,540</b>	<b>\$ (60,733)</b>	<b>\$ 571,676</b>	<b>\$ (17,381)</b>	<b>\$ 201,554</b>	<b>\$ (413,441)</b>	<b>\$ (303,182)</b>	<b>\$ (61,334)</b>	<b>\$ 83,490</b>	<b>\$ 68,678</b>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	3.9%	3.7%	3.6%	3.6%	3.5%	3.4%	4.4%	4.3%	3.1%	3.1%

\* Noncapital expenditures are total expenditures less capital outlay.



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

<b>Fiscal Year Ended June 30,</b>	<b>Interest on Investments</b>	<b>Donations</b>	<b>Insurance Dividend</b>	<b>Refunds</b>	<b>Misc.</b>	<b>E-Rate Reimb</b>	<b>Facility Use</b>	<b>Rentals</b>	<b>Trailer Rental</b>	<b>PY Void Checks</b>	<b>Tuition</b>	<b>NVR High School</b>	<b>Total</b>
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
2019	10,422			24,247	8,039		62,475	264,000			206,349	100,000	675,532
2020	8,043			13	11,719	4,530	43,317	264,000			141,952	100,000	573,574

**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)
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
2019	12,470,900	860,351,100	26,732,100	899,554,100		899,554,100	997,967,848	1.389
2020	12,470,900	859,526,400	30,473,600	902,470,900		902,470,900	1,020,306,460	1.412

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	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Northern Valley Regional H.S.	Harrington Park Borough	Bergen County	
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
2019	1.389	0.618	0.608	0.270	2.885
2020	1.412	0.624	0.631	0.280	2.947

(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	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
The Allegro At Harrington Park LLC	\$ 14,000,000	1.55%		
Suez United Water Resources (A)	10,256,000	1.14%	\$ 32,008,900	2.97%
Rockland Electric Co.	1,561,300	0.17%	3,018,900	0.28%
Red Pin Properties LLC (B)	1,440,000	0.16%		
McErlean, Robert	1,389,800	0.15%		
McKiernan, James & Rose	1,379,900	0.15%	1,555,500	0.14%
Kim, Henry L & Rhee, Eun Kyung	1,203,000	0.13%		
Hessler, Robert & Paula	1,159,900	0.13%		
CIT Bank NA	1,155,200	0.13%		
Kim, Steve S & Hyun A E	1,152,700	0.13%		
Quantmeyer, Glenn & Jamie			3,915,100	0.36%
76 Schraalenburgh Rd, LLC			2,274,600	0.21%
Nagaraja			1,564,800	0.15%
Artpaul			1,369,200	0.13%
Srivastava			1,427,200	0.13%
Capazzi			1,327,700	0.12%
Chung			1,250,000	0.12%
	<u>\$ 34,697,800</u>	<u>2.29%</u>	<u>\$ 49,711,900</u>	<u>4.61%</u>

Source: Municipal Tax Assessor

(A) - Suez United Water consists of several properties

(B) - In 2010 assessed Land only, no Improvements.

**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	
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%	
2019	12,139,888	12,139,888	100.00%	
2020	12,486,702	12,486,702	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
2011	\$ 3,522,000		\$ 3,522,000	4,710	\$ 750
2012	3,252,000		3,252,000	4,723	689
2013	2,967,000		2,967,000	4,738	626
2014	2,662,000		2,662,000	4,748	561
2015	2,342,000		2,342,000	4,764	492
2016	2,002,000		2,002,000	4,751	421
2017	1,703,000		1,703,000	4,766	357
2018	1,308,000		1,308,000	4,744	276
2019	1,094,000		1,094,000	4,730	231
2020	860,000		860,000	4,730	(1) 182

Source: District records

(1) Estimated

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

Fiscal Year Ended June 30,	General Obligation Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Debt	Deductions			
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%	561
2015	2,342,000		2,342,000	0.26%	492
2016	2,002,000		2,002,000	0.22%	421
2017	1,703,000		1,703,000	0.19%	357
2018	1,308,000	\$ 1	1,307,999	0.15%	276
2019	1,094,000	20	1,093,980	0.12%	231
2020	860,000	19	859,981	0.10%	182

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, 2019  
 (Unaudited)**

	<u>Gross Debt</u>
Direct Debt: (1)	
Borough of Harrington Park	\$ 4,874,236
Local School District	860,000
Regional School District	<u>1,690,023</u>
	<u>7,424,259</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2) (A)	7,796,424
Bergen County Utilities Authority (BCUA) (3) (B)	<u>661,107</u>
	<u>8,457,531</u>
Total Direct and Overlapping Debt	<u>\$ 15,881,790</u>

Source:

- (1) Borough of Harrington Park's 2019 Annual Debt Statement
- (2) Bergen County Annual Debt Statement
- (3) BCUA 2019 Annual Audit

(A) The debt for this entity was apportioned to the Borough of Harrington Park by dividing the municipality's 2019 equalized value by the total 2019 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 2020

Equalized valuation basis	
2019	\$ 1,016,560,176
2018	993,784,542
2017	993,320,328
	<u>\$ 3,003,665,046</u>
Average equalized valuation of taxable property <u>\$ 1,001,221,682</u>	
Debt limit (3 % of average equalization value)	30,036,650
Total Net Debt Applicable to Limit	<u>860,000</u>
Legal debt margin	<u>\$ 29,176,650</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 33,167,208	\$ 31,534,822	\$ 29,895,701	\$ 28,870,391	\$ 28,477,959	\$ 28,750,382	\$ 29,290,877	\$ 29,644,533	\$ 29,822,937	\$ 30,036,650
Total net debt applicable to limit	<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>	<u>1,094,000</u>	<u>860,000</u>
Legal debt margin	<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>	<u>\$ 28,728,937</u>	<u>\$ 29,176,650</u>
Total net debt applicable to the limit as a percentage of debt limit	10.62%	10.31%	9.92%	9.22%	8.22%	6.96%	5.81%	4.41%	3.67%	2.86%

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>
2011	4,710	\$ 69,053	5.7%
2012	4,723	72,152	8.3%
2013	4,738	71,679	8.3%
2014	4,748	74,452	4.8%
2015	4,764	77,666	3.7%
2016	4,751	79,145	3.4%
2017	4,766	81,483	3.2%
2018	4,744	85,951	2.9%
2019	4,730	85,951 (1)	2.3%
2020	4,730 (1)	85,951 (1)	2.3% (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>2020</u>		<u>2011</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	47.0	47.5	47.5	47.6	47.0	47.0	46.0	45.0	45.0	45.0
Special education	25.5	30.0	30.0	28.0	30.0	32.0	33.0	32.0	33.0	33.0
Support Services:										
Student & instruction related services	12.4	12.2	12.2	10.9	12.4	12.4	12.1	11.7	11.7	11.7
General administration services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Business administrative services	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	8.0	5.0	5.0	5.0	5.0	4.0	4.0	3.5	3.5	3.5
Total	<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>	<u>101.2</u>	<u>101.2</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	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				
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%
2019	613.0	14,931,917	24,359	5.56%	62	1:9.9	1:9.9	N/A	597	575	-2.45%	96.31%
2020	609.0	15,317,201	25,151	8.99%	62	1:9.9	1:9.9	N/A	597	583	-2.45%	97.65%

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>District Building</b>										
<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	687	691	648	637	633	632	631	623	613	609
<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, 2020										
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Harrington Park School	NA	\$ 199,179	\$ 196,066	\$ 262,351	\$ 237,672	\$ 224,734	\$ 243,715	\$ 264,462	\$ 219,103	\$ 258,885	\$ 222,018
Total School Facilities		<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>	<u>\$ 258,885</u>	<u>\$ 222,018</u>

Source: District Records

## HARRINGTON PARK BOARD OF EDUCATION

## INSURANCE SCHEDULE

JUNE 30, 2020

(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
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	
Cyber Liability Coverages		
Technology & Miscellaneous Services	6,000,000	
Third Party Liability Coverage	2,000,000	15,000
First Party Coverage	1,000,000	15,000
Data Breach	1,000,000	15,000
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  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020 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 February 9, 2021

#### **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**

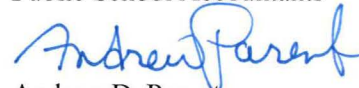
As part of obtaining reasonable assurance about whether the Harrington Park Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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.

### **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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
February 9, 2021



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
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RALPH M. PICONE, III, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, 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, 2020. 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 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 Federal and 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, 2020.

### **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, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated February 9, 2021, 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Andrew D. Parente  
Public School Accountant  
PSA Number CS002246

Fair Lawn, New Jersey  
February 9, 2021

HARRINGTON PARK BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2019				Cash Received	Budgetary Expenditures	Paid to Grantor	Deferred Revenue Adjustment	Balance at June 30, 2020			Memo GAAP Receivable
						(Account Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount					(Account Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education</b>																	
<b>Enterprise Fund</b>																	
Special Milk Program for Childre	10.556	201NJ304N1099	N/A	7/1/19-6/30/20	\$ 2,525					\$ 2,525	\$ 2,525						
Special Milk Program for Childre	10.556	191NJ304N1099	N/A	7/1/18-6/30/19	4,505	\$ (315)	-	-	-	315	-	-	-	-	-	-	-
Total U.S. Department of Agriculture - Enterprise Fund						(315)	-	-	-	2,840	2,525	-	-	-	-	-	-
<b>U.S. Department of Education</b>																	
<b>Passed-through State Department of Education</b>																	
<b>Special Revenue</b>																	
IDEA Part B Basic Regular	84.027	H027A190100	FT-20	7/1/19-9/30/20	123,792					123,792	123,792						
IDEA Part B Preschool	84.173	H173A180114	PS-20	7/1/19-6/30/20	11,318	-	-	-	-	11,318	11,318	-	-	-	-	-	-
Total Special Education(IDEA) Cluster						-	-	-	-	135,110	135,110	-	-	-	-	-	-
Cares Act	84.425D	S425D200027	CARES-20	3/13/20-9/30/22	40,824									\$ (40,824)	\$ 40,824		
Title I	84.010	S010A190030	ESEA-20	7/1/19-9/30/20	48,484						48,484			(48,484)			\$ (48,484)
Title I	84.010	S010A180030	ESEA-19	7/1/18-6/30/19	20,797	(4,159)				4,159				-			-
Title II	84.367A	S367A190029	ESEA-20	7/1/19-9/30/20	12,940					12,940	12,940						
Title III	84.365	S365A180030	ESEA-20	7/1/19-9/30/20	3,491					3,491	3,491						
Title IV	84.424	S424A190031	ESEA-20	7/1/19-9/30/20	10,000	-	-	-	-	10,000	10,000	-	-	-	-	-	-
Total U.S. Department of Education - Special Revenue Fund						(4,159)	-	-	-	165,700	210,025	-	-	(89,308)	40,824	-	(48,484)
Total Federal Financial Awards						\$ (4,474)	\$ -	\$ -	\$ -	\$ 168,540	\$ 212,550	\$ -	\$ -	\$ (89,308)	\$ 40,824	\$ -	\$ (48,484)

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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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at July 1, 2019							Repayment of Prior Years' Balances	Balance at June 30, 2020			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
<b>State Department of Education</b>																
<b>General Fund</b>																
Special Educational Aid	20-495-034-5120-089	\$ 319,628	7/1/19-6/30/20					\$ 289,135	\$ 319,628			\$ (30,493)				\$ 319,628
Special Educational Aid	19-495-034-5120-089	279,759	7/1/18-6/30/19	\$ (26,555)				26,555				-				
Security Aid	20-495-034-5120-084	24,352	7/1/19-6/30/20					22,029	24,352			(2,323)			24,352	
Security Aid	19-495-034-5120-084	24,352	7/1/18-6/30/19	(2,312)				2,312				-				
Equalization Aid	20-495-034-5120-078	2,317	7/1/19-6/30/20					2,096	2,317			(221)			2,317	
Equalization Aid	19-495-034-5120-078	2,317	7/1/18-6/30/19	(220)	-	-	-	220				-	-	-	-	-
<b>Total State Aid Public Cluster</b>				<b>(29,087)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,347</b>	<b>346,297</b>	<b>-</b>	<b>-</b>	<b>(33,037)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,297</b>
Transportation Aid	20-495-034-5120-014	75,414	7/1/19-6/30/20					68,219	75,414			(7,195)			75,414	
Transportation Aid	19-495-034-5120-014	75,414	7/1/18-6/30/19	(7,158)				7,158				-				
Nonpublic Transportation Aid	20-495-034-5120-014	249	7/1/19-6/30/20						249			(249)			\$ (249)	249
Nonpublic Transportation Aid	19-495-034-5120-014	3,931	7/1/18-6/30/19	(3,931)	-	-	-	3,931				-	-	-	-	-
<b>Total Transportation Aid Cluster</b>				<b>(11,089)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,308</b>	<b>75,663</b>	<b>-</b>	<b>-</b>	<b>(7,444)</b>	<b>-</b>	<b>-</b>	<b>(249)</b>	<b>75,663</b>
Extraordinary Aid	20-495-034-5120-044	353,735	7/1/19-6/30/20						353,735			(353,735)				353,735
Extraordinary Aid	19-495-034-5120-044	355,193	7/1/18-6/30/19	(355,193)				355,193								
TPAF Social Security Contrib.	20-495-034-5094-003	374,607	7/1/19-6/30/20					351,092	374,607			(23,515)			(23,515)	374,607
TPAF Social Security Contrib.	19-495-034-5094-003	358,374	7/1/18-6/30/19	(22,612)				22,612								
TPAF Pension - NCGI	20-495-034-5094-004	17,910	7/1/19-6/30/20					17,910	17,910							17,910
TPAF Pension - Normal Cost	20-495-034-5094-002	999,245	7/1/19-6/30/20					999,245	999,245							999,245
TPAF Long-Term Disability Insurance	20-495-034-5094-001	731	7/1/19-6/30/20					731	731							731
TPAF Pension Post Retirement Medical Contr.	20-495-034-5094-001	377,346	7/1/19-6/30/20					377,346	377,346							377,346
<b>Total General Fund</b>				<b>(417,981)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,545,784</b>	<b>2,545,534</b>	<b>-</b>	<b>-</b>	<b>(417,731)</b>	<b>-</b>	<b>-</b>	<b>(23,764)</b>	<b>2,545,534</b>
<b>Special Revenue Fund</b>																
Anti Bullying	N/A	1,113	7/1/13-6/30/14	-	\$ 75	-	-	-	-	-	-	-	\$ 75	-	-	-
<b>Total Special Revenue Fund</b>				<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt Service Fund</b>																
Debt Service Aid Type II	20-495-034-5120-017	85,041	7/1/19-6/30/20	-	-	-	-	85,041	85,041			-	-	-	-	85,041
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>(417,981)</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>2,630,825</b>	<b>2,630,575</b>	<b>-</b>	<b>-</b>	<b>(417,731)</b>	<b>75</b>	<b>-</b>	<b>(23,764)</b>	<b>2,630,575</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>																
<b>General Fund</b>																
On-Behalf TPAF Pension System NCGI	20-495-034-5094-004	17,910	7/1/19-6/30/20					(17,910)	(17,910)							(17,910)
On-Behalf TPAF Pension System Normal Cost	20-495-034-5094-002	999,245	7/1/19-6/30/20					(999,245)	(999,245)							(999,245)
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-001	731	7/1/19-6/30/20					(731)	(731)							(731)
On-Behalf TPAF Post-Retirement Medical Contr.	20-495-034-5094-001	377,346	7/1/19-6/30/20					(377,346)	(377,346)							(377,346)
<b>Total State Financial Assistance Utilized for Calculation to Determine Major Programs</b>				<b>\$ (417,981)</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,235,593</b>	<b>\$ 1,235,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (417,731)</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ (23,764)</b>	<b>\$ 1,235,343</b>

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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, 2020**

**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 special milk 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 \$2,530 for the general 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		\$ 2,543,004	\$ 2,543,004
Special Revenue Fund	\$ 210,025		210,025
Debt Service Fund		85,041	85,041
Food Service Fund	2,525	-	2,525
	<u>2,525</u>	<u>-</u>	<u>2,525</u>
Total Financial Assistance	<u>\$ 212,550</u>	<u>\$ 2,628,045</u>	<u>\$ 2,840,595</u>

**HARRINGTON PARK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 \$374,607 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, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$1,017,155, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$377,346 and TPAF Long-Term Disability Insurance in the amount of \$731 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

**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, 2020

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
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5120-078	Equalization Aid
_____	_____
_____	_____
_____	_____
_____	_____

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

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

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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, 2020**

*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.

**HARRINGTON PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

*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 STATE AWARDS**

There are none.

**HARRINGTON PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2019-001**

**Condition**

- The intensive service reported on the Extraordinary Aid student enrollment form did not agree with the intensive service reported on the student's IEP for three (3) of the nineteen (19) students tested. Although the difference was noted, an intensive service was reported on the IEP for extended school year services and therefore the student was eligible for Extraordinary Aid.

**Current Status**

Corrective action has been taken.