

BOROUGH OF HARRINGTON PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I - Report of Audit of Financial Statements</u>		
	Independent Auditor's Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis – Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-17
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	18-19
B-1	Statement of Revenues – Regulatory Basis – Open Space Trust Fund	20
B-2	Statement of Expenditures – Regulatory Basis – Open Space Trust Fund	20
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	21
D	Comparative Schedules of General Fixed Assets – Regulatory Basis - General Fixed Assets Account Group	22
	Notes to Financial Statements	23-55
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Current Cash - Treasurer	56
A-5	Statement of Cash - Collector	57
A-6	Statement of Change Fund	57
A-7	Statement of Petty Cash Fund	57
A-8	Statement of Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	58
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	59
A-10	Statement of Tax Title Liens	60
A-11	Statement of Property Acquired for Taxes (At Assessed Valuation)	60
A-12	Statement of Revenue Accounts Receivable	61
A-13	Statement of Deferred Charges N.J.S. 40A:4-55 Special Emergency Authorizations	62
A-14	Statement of 2016 Appropriation Reserves	63-64
A-15	Statement of Encumbrances Payable	65
A-16	Statement of Prepaid Taxes	65
A-17	Statement of Municipal Open Space Tax Payable	66
A-18	Statement of County Taxes Payable	66
A-19	Statement of Local District School Tax	67
A-20	Statement of Regional High School Tax	67
A-21	Statement of Reserve for Sale of Municipal Assets	68
A-22	Statement of Reserve for Tax Appeals	68
A-23	Statement of Grants Receivable	69

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund (Continued)</u>		
A-24	Statement of Appropriated Grant Reserves	70
A-25	Statement of Unappropriated Reserves	70
A-26	Statement of Tax Overpayments	71
A-27	Statement of Due to the State – DCA Fees Payable	71
<u>Trust Funds</u>		
B-3	Statement of Cash - Treasurer	72
B-4	Statement of Reserve for Animal Control Trust Fund Expenditures – Animal Control Fund	73
B-5	Statement of Due From State of New Jersey - Animal Control Trust Fund	73
B-6	Statement of Due from Current Fund – Animal Control Trust Fund	73
B-7	Statement of Developer's Deposits – Other Trust Fund	74
B-8	Statement of Subdivision Applications – Developers – Other Trust Fund	74
B-9	Statement of Street Opening Deposits – Developers – Other Trust Fund	75
B-10	Statement of Dedicated Cat License Fees – Other Trust Fund	75
B-11	Statement of Tennis Program Reserve – Recreation – Other Trust Fund	75
B-12	Statement of Dedicated Parking Offenses Adjudication Act – Other Trust Fund	76
B-13	Statement of Recycling Program (Dedicated Under R.S. 40:12-8) – Other Trust Fund	76
B-14	Statement of Dedicated Recreation Fees – Other Trust Fund	76
B-15	Statement of Due To State of New Jersey - State Training Fees – Other Trust Fund	77
B-16	Statement of Due To State of New Jersey – Domestic Violence Fees – Other Trust Fund	77
B-17	Statement of Dedicated Unemployment Insurance Trust – Other Trust Fund	78
B-18	Statement of Due From Current Fund – Other Trust Fund	78
B-19	Statement of Reserve for World Trade Center Assistance – Other Trust Fund	79
B-20	Statement of Reserve for Affordable Housing – Developer's Fees - Other Trust Fund	79
B-21	Statement of Reserve for Municipal Open Space – Municipal Open Space and Recreation Trust Fund	80
B-22	Statement of Reserve for Payroll Deductions – Other Trust Fund	80
B-23	Statement of Reserve for Tax Sale Premium – Other Trust Fund	81
B-24	Statement of Reserve for Green Team/Environmental Commission – Donations – Other Trust Fund	81
B-25	Statement of Reserve for Police Donations – Other Trust Fund	82
B-26	Statement of Due from Current Fund – Open Space Trust Fund	82
B-27	Statement of Reserve for Beautification – Other Trust Fund	83
B-28	Statement of Reserve for Tree Fees – Other Trust Fund	83
B-29	Statement of Contracts Payable – Municipal Open Space and Recreation Trust Fund	83
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash and Cash Equivalents - Treasurer	84
C-3	Analysis of General Capital Cash and Cash Equivalents	85
C-4	Statement of Deferred Charges to Future Taxation - Funded	85
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	86
C-6	Statement of Grants/Accounts Receivable	87

BOROUGH OF HARRINGTON PARK

**TABLE OF CONTENTS
(Continued)**

<u>Exhibit</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>General Capital Fund (Continued)</u>		
C-7	Statement of Due from NJEIT Loan Program	88
C-8	Statement of Capital Improvement Fund	88
C-9	Statement of Contracts Payable	88
C-10	Statement of Due To Current Fund	89
C-11	Statement of Reserve for Payment of Debt	89
C-12	Schedule of Improvement Authorizations	90
C-13	Statement of General Serial Bonds Payable	91
C-14	Statement of Green Trust Loan Payable	92
C-15	Statement of NJEIT Fund Loan Payable	93
C-16	Statement of Reserves for Grant Receivables	94
C-17	Statement of Bonds and Notes Authorized But Not Issued	95
 <u>PART II - Government Auditing Standards</u>		
	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	96-97
	Schedule of Expenditures of Federal Awards	98
	Schedule of Expenditures of State Financial Assistance	99
	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	100-101
	Schedule of Findings and Responses	102-103
	Schedule of Prior Year Audit Findings	104
 <u>PART III - Supporting Data and Letter of Comments and Recommendations</u>		
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	105
	Comparative Schedule of Tax Rate Information	106
	Comparison of Tax Levies and Current Collections	106
	Delinquent Taxes and Tax Title Liens	106
	Property Acquired by Tax Title Lien Foreclosure	107
	Comparative Schedule of Fund Balance	107
	Officials in Office and Surety Bonds	108
	General Comments	109-110
	Recommendations	111

**BOROUGH OF HARRINGTON PARK
BERGEN COUNTY**

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Harrington Park
Harrington Park, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Harrington Park, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Harrington Park on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Harrington Park as of December 31, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 56 percent and 53 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Harrington Park as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2017 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Harrington Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Harrington Park.

The supplementary schedules listed in the table of contents, 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 financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2018 on our consideration of the Borough of Harrington Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Harrington Park'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 Borough of Harrington Park's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 7, 2018

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash and Cash Equivalents	A-4	\$ 4,895,708	\$ 2,091,455
Cash - Change Funds	A-6	200	200
Cash - Petty Cash Funds	A-7	500	
Grants Receivable	A-23	<u>3,975</u>	<u>35,276</u>
		<u>4,900,383</u>	<u>2,126,931</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-9	135,779	129,231
Tax Title Liens Receivables	A-10	26,366	24,404
Property Acquired for Taxes - At Assessed Valuation	A-11	59,720	59,720
Revenue Accounts Receivable	A-12	2,149	2,660
Due from General Capital Fund	C-10	<u>132</u>	<u>132</u>
		<u>224,146</u>	<u>216,147</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-55)	A-13	<u>-</u>	<u>25,100</u>
		<u>-</u>	<u>25,100</u>
Total Assets		<u>\$ 5,124,529</u>	<u>\$ 2,368,178</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 471,246	\$ 437,068
Encumbrances Payable	A-15	8,523	15,168
Due to Other Trust Fund	B-18	4,478	4,478
Due to Municipal Open Space and Recreation Trust Fund	B-26	64,638	64,638
Prepaid Taxes	A-16	2,548,570	140,952
Tax Overpayments	A-26	30,725	15,667
Local District School Tax Payable	A-19	92,717	92,729
Due to State of New Jersey - Senior Citizens and Veterans Deductions	A-8	14,131	13,881
Due to State of New Jersey - DCA Fees Payable	A-27		1,093
Reserve for Tax Appeals	A-22	76,795	16,795
Reserve for Sale of Municipal Assets	A-21	6,539	6,539
Appropriated Grant Reserves	A-24	60,777	68,020
Unappropriated Grant Reserves	A-25	<u>23,834</u>	<u>18,121</u>
		3,402,973	895,149
Reserve for Receivables	A	224,146	216,147
Fund Balance	A-1	<u>1,497,410</u>	<u>1,256,882</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,124,529</u>	 <u>\$ 2,368,178</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 368,000	\$ 358,000
Miscellaneous Revenues Anticipated	A-2	925,913	830,496
Receipts from Delinquent Taxes	A-2	129,731	212,430
Receipts from Current Taxes	A-2	24,965,133	24,257,163
Non-Budget Revenues	A-2	170,775	142,762
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	249,717	184,889
Prepaid County Taxes - Returned	A	-	288
		<u>26,809,269</u>	<u>25,986,028</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,637,862	2,567,756
Other Expenses	A-3	2,745,379	2,608,700
Capital Improvements	A-3	2,000	2,000
Municipal Debt Service	A-3	383,355	382,555
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	600,181	627,727
County Taxes	A-18	2,404,264	2,373,414
County Taxes- Open Space Preservation	A-18	99,600	24,427
Due County for Added and Omitted Taxes	A-18	1,982	3,343
Local District School Tax	A-19	11,759,061	11,417,729
Regional High School Tax	A-20	5,467,484	5,289,585
Municipal Open Space Tax	A-17	89,688	89,712
Prior Year Senior and Vets Deductions Disallowed	A-8	500	250
Cancellation of Grant Receivables	A-23	9,385	
Interfunds and Other Receivable Advanced	A	-	6
		<u>26,200,741</u>	<u>25,387,204</u>
Excess of Revenue over Expenditures		608,528	598,824

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Excess of Revenue over Expenditures (Carried Forward)		\$ 608,528	\$ 598,824
FUND BALANCE, January 1	A	1,256,882	1,016,058
Decreased by:		1,865,410	1,614,882
Utilization as Anticipated Revenues	A-1	368,000	358,000
FUND BALANCE, December 31	A	\$ 1,497,410	\$ 1,256,882

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

		<u>Anticipated</u>		Excess or
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-2	\$ 368,000	\$ 368,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-12	1,600	1,116	\$ (484)
Other	A-12	2,625	2,540	(85)
Fees and Permits				
Other	A-12	9,000	11,476	2,476
Fines and Costs				
Municipal Court	A-12	52,000	44,571	(7,429)
Interest and Costs on Taxes	A-12	46,000	35,104	(10,896)
Interest in Investments and Deposits	A-2	12,000	10,705	(1,295)
Cablevision Fess	A-12	33,364	33,364	-
Energy Receipts Taxes	A-12	447,738	447,738	-
Watershed Moratorium Offset Aid	A-12	20,257	20,257	-
Uniform Construction Code Fees	A-12	92,100	122,532	30,432
Recycling Tonnage Grant	A-23	7,969	7,969	-
Municipal Alliance on Alcoholism and Drug Abuse	A-23	7,140	7,140	-
Reserve for Body Armor Replacement Program	A-25	1,382	1,382	-
Reserve for Clean Communities	A-25	11,823	11,823	-
Reserve for Alcohol Education Rehab	A-25	181	181	-
Reserve for Anjec	A-25	935	935	-
Reserve for Senior Citizen Activities - CDBG	A-25	3,500	3,500	-
Reserve for Bergen County Mini Grant	A-25	300	300	-
Uniform Fire Safety Act	A-12	5,000	7,382	2,382
Lease of Real Property - Cell Tower	A-12	41,782	58,099	16,317
Donations - Borough Newsletter	A-12	7,000	3,350	(3,650)
Reserve for Payment of Debt	C-11	45,000	45,000	-
Verizon Video Fees	A-12	36,811	36,811	-
Sewer Payments - Old Tappan	A-12	12,000	12,638	638
Total Miscellaneous Revenues	A-2	897,507	925,913	28,406
RECEIPTS FROM DELINQUENT TAXES	A-9	142,000	129,731	(12,269)
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes		4,797,758	4,819,319	21,561
Minimum Library Tax		331,729	331,729	-
	A-2	5,129,487	5,151,048	21,561
Total General Revenues		\$ 6,536,994	6,574,692	\$ 37,698
Non-Budget Revenues	A-1,A-2		170,775	
			<u>\$ 6,745,467</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-9	\$ 24,965,133
Allocated to		
School, County, and Municipal Open Space Taxes	A-17,18,19,20	<u>19,982,085</u>
		4,983,048
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>168,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 5,151,048</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Reference</u>	
<u>Non-Budget Revenue</u>		
Police Outside Detail		\$ 146,106
Garbage Fees		3,493
Administration Fee - Homestead Rebate		175
2% Administration Fee - Senior Citizen and Veteran Deductions		800
JIF Dividends		7,219
Miscellaneous Fees		<u>12,982</u>
	A-2, A-4	<u>\$ 170,775</u>
 <u>Analysis of Interest on Investment and Deposits</u>		
Cash Receipts	A-12	\$ 10,684
Due from Animal Control Fund	B-6	<u>21</u>
	A-2	<u>\$ 10,705</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages	\$ 12,824	\$ 12,824	\$ 10,824	\$ 2,000	
Other Expenses	32,000	31,755	31,087	668	
Mayor and Council					
Other Expenses	2,000	2,000	1,222	778	
Municipal Clerk					
Salaries and Wages	61,500	61,745	61,745	-	
Other Expenses	5,000	5,000	4,801	199	
Financial Administration					
Salaries and Wages	145,100	145,100	143,147	1,953	
Other Expenses	23,865	23,865	22,415	1,450	
Audit Services					
Other Expenses	32,000	32,000	3,500	28,500	
Computerized Data Processing					
Other Expenses	17,000	17,000	16,534	466	
Revenue Administration (Tax Collection)					
Salaries and Wages	1	1		1	
Other Expenses	3,400	3,400	1,897	1,503	
Assessment of Taxes					
Salaries and Wages	24,000	25,140	25,061	79	
Other Expenses	3,200	2,060	2,057	3	
Legal Services and Costs					
Other Expenses					
Special Counsel	13,500	13,500	6,081	7,419	
Miscellaneous	45,000	45,000	45,000	-	
Engineering Services and Costs					
Other Expenses	12,000	12,000	11,000	1,000	
Planning Board					
Salaries and Wages	4,510	4,510	4,107	403	
Other Expenses	65,000	65,000	54,947	10,053	
Zoning Board of Adjustment					
Salaries and Wages	6,816	6,816	4,061	2,755	
Other Expenses	2,300	2,300	1,699	601	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
INSURANCE					
General Liability Insurance	\$ 219,801	\$ 219,801	\$ 217,431	\$ 2,370	
Disability Insurance	6,150	6,150		6,150	
Employee Group Health	385,000	385,000	323,202	61,798	
Unemployment Insurance	5,000	5,000	2,785	2,215	
Police					
Salaries and Wages	1,516,479	1,516,479	1,470,442	46,037	
Other Expenses	46,000	46,000	39,743	6,257	
Emergency Management Services					
Other Expenses	2,000	2,000	2,000		
Aid to Volunteer Ambulance Companies	17,200	17,200	14,709	2,491	
Fire					
Other Expenses	75,233	76,733	70,717	6,016	
Fire Hydrant Services	102,000	102,000	96,006	5,994	
Uniform Fire Safety Act					
Salaries and Wages	5,228	5,228	5,202	26	
Other Expenses	3,000	3,000	1,415	1,585	
Municipal Prosecutor					
Prosecutor- Contractual	6,000	6,000	6,000		
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	742,500	742,500	732,907	9,593	
Other Expenses	60,000	53,956	37,133	16,823	
Solid Waste Collection					
Garbage and Trash Removal - Contractual	186,000	186,000	154,733	31,267	
Public Buildings and Grounds					
Other Expenses	15,000	15,000	14,178	822	
Vehicle Maintenance					
Police- Other Expenses	10,000	10,000	9,793	207	
Streets and Roads- Other Expenses	12,000	12,000	12,000	-	
Other Public Works Function - Beautification					
Other Expenses	2,000	2,000	475	1,525	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		<u>Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
HEALTH and HUMAN SERVICES					
Board of Health					
Salaries and Wages - Regular	\$ 19,193	\$ 19,937	\$ 19,900	\$ 37	
Other Expenses	9,850	9,150	7,957	1,193	
Environmental Commission					
Salaries and Wages	732	732	728	4	
Other Expenses	400	400	300	100	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	1,600	1,600	1,567	33	
Other Expenses	1,500	1,500	1,500		
Maintenance of Parks					
Other Expenses	8,000	8,000	7,910	90	
Senior Citizen Activities	3,500	3,500	3,500		
Seniors Transportation Agreement w/Haworth	11,000	11,000		11,000	
Municipal Court					
Salaries and Wages	12,250	12,250	12,240	10	
Other Expenses	4,000	4,000	3,179	821	
Public Defender					
Other Expenses	1,200	1,200	100	1,100	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	83,000	83,000	79,800	3,200	
Other Expenses	4,350	4,350	3,351	999	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
UTILITIES EXPENSE AND BULK PURCHASES					
Electricity	\$ 26,000	\$ 26,000	\$ 22,617	\$ 3,383	
Street Lighting	50,000	50,000	41,695	8,305	
Telephone and Telegraph	27,000	27,000	24,038	2,962	
Water	23,000	23,000	13,681	9,319	
Natural Gas	11,500	11,500	2,369	9,131	
Gasoline	56,000	53,600	30,696	22,904	
Sewage Processing and Disposal	500	500	500	-	
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Bergen County Landfill Dumping Fees	150,000	150,000	113,308	36,692	-
Total Operations Within "CAPS"	4,432,182	4,425,282	4,052,992	372,290	-
Detail:					
Salaries and Wages	2,635,733	2,637,862	2,571,731	66,131	-
Other Expenses	1,796,449	1,787,420	1,481,261	306,159	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	140,402	140,402	120,617	19,785	
Social Security System (O.A.S.I.)	100,000	106,900	106,891	9	
Police & Firemen's Retirement System of NJ	300,491	300,491	300,491		
Contribution to PERS - ERIP	25,288	25,288	25,288		
Contribution to Defined Contribution Retirement Program	2,000	2,000	-	2,000	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	568,181	575,081	553,287	21,794	-
Total General Appropriations for Municipal Purposes Within "CAPS"	5,000,363	5,000,363	4,606,279	394,084	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
NJPDES Permit - Stormwater Permit					
Engineering -Other Expenses	\$ 4,500	\$ 4,500	\$ 3,850	\$ 650	
Bergen County Utilities Authority					
Operating	264,358	264,358	264,358		
Debt Service	102,262	102,262	102,262		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	331,729	331,729	331,650	79	
LOSAP	73,000	73,000		73,000	
Reserve for Tax Appeals	60,000	60,000	60,000	-	
Recycling Tax Appropriation	7,000	7,000	6,019	981	-
Total Other Operations - Excluded from "CAPS"	<u>842,849</u>	<u>842,849</u>	<u>768,139</u>	<u>74,710</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
9-1-1 Interlocal Agreement	57,500	57,500	57,440	60	
Municipal Court Administrator - Borough of Norwood	22,000	22,000	19,608	2,392	-
Total Interlocal Municipal Service Agreements	<u>79,500</u>	<u>79,500</u>	<u>77,048</u>	<u>2,452</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Grant	11,823	11,823	11,823		
Body Armor Replacement Program	1,382	1,382	1,382		
Senior Citizen Activities - CDBG	3,500	3,500	3,500		
Municipal Alliance Program (State and Local Match)	9,520	9,520	9,520		
Anjec Grant	935	935	935		
Alcohol Education	181	181	181		
Bergen County Mini Grant	300	300	300		
Recycling Tonnage Grant	7,969	7,969	7,969	-	-
Total Public and Private Programs Offset by Revenues	<u>35,610</u>	<u>35,610</u>	<u>35,610</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>957,959</u>	<u>957,959</u>	<u>880,797</u>	<u>77,162</u>	<u>-</u>
Detail:					
Other Expenses	<u>957,959</u>	<u>957,959</u>	<u>880,797</u>	<u>77,162</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 2,000	\$ 2,000	\$ 2,000	-	-
Total Capital Improvements Excluded From "CAPS"	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	295,000	295,000	295,000		
Interest on Bonds	47,072	47,072	47,072		
Green Trust Loan Program					
Loan Repayments for Principal and Interest	7,500	7,500	7,454		\$ 46
NJIT Loan Program					
Loan Repayments for Principal and Interest	<u>34,000</u>	<u>34,000</u>	<u>33,829</u>	<u>-</u>	<u>171</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>383,572</u>	<u>383,572</u>	<u>383,355</u>	<u>-</u>	<u>217</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 years	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,368,631</u>	<u>1,368,631</u>	<u>1,291,252</u>	<u>\$ 77,162</u>	<u>217</u>
Subtotal General Appropriations	6,368,994	6,368,994	5,897,531	471,246	217
Reserve for Uncollected Taxes	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 6,536,994</u>	<u>\$ 6,536,994</u>	<u>\$ 6,065,531</u>	<u>\$ 471,246</u>	<u>\$ 217</u>
<u>Reference</u>	A-2	A-2		A	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursed	A-4	\$ 6,202,317
Less: Budget Offsets	A-4	<u>434,019</u>
		5,768,298
Special Emergency Authorizations	A-13	25,100
Reserve for Uncollected Taxes	A-2	168,000
Transferred to Appropriated Reserves	A-24	35,610
Reserve for Tax Appeals	A-22	60,000
Encumbrances Payable	A-15	<u>8,523</u>
	A-3	<u>\$ 6,065,531</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 4,362	\$ 3,695
		<u>4,362</u>	<u>3,695</u>
OTHER TRUST FUND			
Cash	B-3	405,267	409,130
Due from Current Fund	B-18	4,478	4,478
		<u>409,745</u>	<u>413,608</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND			
Cash	B-3	384,868	321,883
Due from Current Fund	B-26	64,638	64,638
		<u>449,506</u>	<u>386,521</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	1,028,510	820,440
Contribution Receivable	B	73,452	68,061
		<u>1,101,962</u>	<u>888,501</u>
 Total Assets		 <u>\$ 1,965,575</u>	 <u>\$ 1,692,325</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL TRUST FUND			
Reserve for Animal Control Fund Expenditures	B-4	\$ 4,362	\$ 3,695
		<u>4,362</u>	<u>3,695</u>
OTHER TRUST FUND			
Developer's Deposits	B-7	59,821	59,821
Street Opening Deposits - Developers	B-9	2,000	2,000
Subdivision Applications - Developers	B-8	101,374	117,438
Payroll Deductions	B-22	4,627	4,826
Dedicated Funds			
Cat License Fees	B-10	7,132	6,425
Tennis Program Reserve - Recreation	B-11	8,936	8,911
Unemployment Insurance Trust	B-17	17,538	17,828
Parking Offenses Adjudication Act	B-12	266	194
Recycling Program	B-13	2,239	1,641
Recreation Fees	B-14	10,226	12,989
Green Team/Environmental Commission-Donations	B-24	1,421	1,392
Police - Donations	B-25	2,539	2,539
World Trade Center Assistance	B-19	1,097	1,097
Beautification	B-27	5,617	5,266
Tree Fees	B-28	15,532	15,532
Due to State of New Jersey			
State Training Fees	B-15	7,018	7,018
Domestic Violence Fees	B-16	103	128
Tax Sale Premiums	B-23	87,100	82,000
Reserve for Affordable Housing - Developer's Fees	B-20	75,159	66,563
		<u>409,745</u>	<u>413,608</u>
MUNICIPAL OPEN SPACE AND RECREATION			
TRUST FUND			
Contracts Payable	B-29	5,504	7,980
Reserve for Open Space Expenditures	B-21	444,002	378,541
		<u>449,506</u>	<u>386,521</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND			
(UNAUDITED)			
Reserve for LOSAP	B	1,101,962	888,501
Total Liabilities and Reserves		<u>\$ 1,965,575</u>	<u>\$ 1,692,325</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017 Anticipated</u>	<u>2017 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	\$ 89,617	\$ 89,688	\$ 71
	<u>\$ 89,617</u>	<u>\$ 89,688</u>	<u>\$ 71</u>
<u>Reference</u>	B-2	B-21	

EXHIBIT B-2

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budget (Memorandum)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation	\$ 89,617	\$ 24,227	\$ 65,390
<u>Reference</u>	B-1	B-21	

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash and Cash Equivalents	C-2,C-3	\$ 1,020,994	\$ 1,047,652
Grants Receivable	C-6	290,410	198,441
Due from NJEIT Loan Program	C-7	25,150	25,150
Deferred Charges to Future Taxation			
Funded	C-4	2,461,855	2,797,257
Unfunded	C-5	<u>1,411,897</u>	<u>71,897</u>
 Total Assets		 <u>\$ 5,210,306</u>	 <u>\$ 4,140,397</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-13	\$ 2,291,000	\$ 2,586,000
Green Trust Loan Payable	C-14	3,690	10,961
NJEIT Loan Program	C-15	167,165	200,296
Improvement Authorizations			
Funded	C-12	1,057,994	755,603
Unfunded	C-12	1,411,897	71,897
Contracts Payable	C-9	20,165	134,869
Due to Current Fund	C-10	132	132
Reserve for Payment of Debt	C-11	200,624	171,966
Capital Improvement Fund	C-8	19,047	96,423
Reserve for Grants Receivable	C-16	<u>38,592</u>	<u>112,250</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,210,306</u>	 <u>\$ 4,140,397</u>

There were bonds and notes authorized but not issued at December 31, 2017 and 2016 amounting to \$1,411,897 and \$71,897, respectively. (Exhibit C-17)

BOROUGH OF HARRINGTON PARK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
General Fixed Assets		
Land and Land Improvements	\$ 4,223,491	\$ 4,223,491
Buildings and Building Improvements	1,635,772	1,635,772
Machinery and Equipment	<u>4,390,759</u>	<u>4,263,053</u>
	<u>\$ 10,250,022</u>	<u>\$ 10,122,316</u>
Investment in General Fixed Assets	<u>\$ 10,250,022</u>	<u>\$ 10,122,316</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Harrington Park (the "Borough") was incorporated in 1904 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance corps, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Harrington Park have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Municipal Open Space and Recreation Trust Fund - This fund is used to account for the receipts and disbursements relating to taxes raised to finance the maintenance, improvement and repair of the Borough's recreation facilities and to preserve open space.

Length of Service Award Program Trust Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Harrington Park follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Harrington Park has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$1,000 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2002 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2002 are stated as follows:

Land and Buildings	1986 Assessed Value
Building and Building Improvement	1986 Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Animal Control Trust Fund
Other Trust Fund
Length of Service Award Program Trust Fund
General Capital Fund

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Borough Council did not increase the original budget, respectively, however the governing body approved several budget transfers during 2017 and 2016.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough'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 Borough 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 or NCUSIF.

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 December 31, 2017 and 2016, the book value of the Borough's deposits were \$6,711,899 and \$3,874,015 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,782,726 and \$4,039,395, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 6,746,698	\$ 4,003,671
Uninsured and Collateralized	<u>36,028</u>	<u>35,724</u>
	<u>\$ 6,782,726</u>	<u>\$ 4,039,395</u>

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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 Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, the Borough’s bank balances of \$36,028 and \$35,724 were exposed to custodial credit risk as follows:

	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 36,028</u>	<u>\$ 35,724</u>

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value LOSAP Only (Unaudited)</u>
<u>2017</u>	
VALIC - Length of Service Award Program	<u>\$ 1,028,510</u>
<u>2016</u>	
VALIC - Length of Service Award Program	<u>\$ 820,440</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$1,028,510 and \$820,440 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	2017	2016
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 1,028,510	\$ 820,440

Interest Rate Risk – The Borough 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. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough’s investment in Variable Annuity Life Insurance Company (VALIC) was rated Aa2 by Moody’s Investors.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in VALIC. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2017 and 2016 consisted of the following:

	2017	2016
<u>Current</u>		
Property Taxes	\$ 135,779	\$ 129,231
Tax Title Liens	26,366	24,404
	\$ 162,145	\$ 153,635

In 2017 and 2016, the Borough collected \$129,731 and \$212,430 from delinquent taxes, which represented 84% and 85%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 132	\$ 69,116	\$ 132	\$ 69,116
Other Trust Fund	4,478		4,478	
Municipal Open Space and Recreation Trust Fund	64,638		64,638	
General Capital Fund	-	132	-	132
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 69,248</u>	<u>\$ 69,248</u>	<u>\$ 69,248</u>	<u>\$ 69,248</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or revenues earned in one fund which are due to another fund.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016 the following deferred charges are reported on the balance sheet of the current fund:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 25,100	\$ 25,100	\$ -
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 25,100</u>	<u>\$ 25,100</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2017 and 2016 are as follows:

	<u>2017</u> Local District School	<u>2016</u> Local District School
Balance of Tax	\$ 6,052,250	\$ 5,892,256
Deferred Liability	<u>5,959,533</u>	<u>5,799,527</u>
Taxes Payable	<u>\$ 92,717</u>	<u>\$ 92,729</u>

NOTE 8 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balance in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balance at December 31, which was appropriated and included as anticipated revenue in the Current Fun budget for the succeeding year was as follows:

	<u>2017</u>		<u>2016</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,493,435	\$ 380,000	\$ 1,196,506	\$ 368,000
Non-Cash Surplus	<u>3,975</u>	<u>-</u>	<u>60,376</u>	<u>-</u>
	<u>\$ 1,497,410</u>	<u>\$ 380,000</u>	<u>\$ 1,256,882</u>	<u>\$ 368,000</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2017</u>
<u>2017</u>					
Land and Land Improvements	\$ 4,209,207				\$ 4,209,207
Buildings and Building Improvements	1,628,672				1,628,672
Machinery and Equipment	<u>4,284,437</u>	<u>\$ 258,095</u>	<u>\$ 130,389</u>	<u>\$ -</u>	<u>4,412,143</u>
	<u>\$ 10,122,316</u>	<u>\$ 258,095</u>	<u>\$ 130,389</u>	<u>\$ -</u>	<u>\$ 10,250,022</u>
	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2016</u>
<u>2016</u>					
Land and Land Improvements	\$ 4,203,146	\$ 6,061		\$ 14,284	\$ 4,209,207
Buildings and Building Improvements	1,628,672			7,100	1,628,672
Machinery and Equipment	<u>4,379,949</u>	<u>144,201</u>	<u>\$ 239,713</u>	<u>(21,384)</u>	<u>4,284,437</u>
	<u>\$ 10,211,767</u>	<u>\$ 150,262</u>	<u>\$ 239,713</u>	<u>\$ -</u>	<u>\$ 10,122,316</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Bonds and Loans	\$ 2,461,855	\$ 2,797,257
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>200,624</u>	<u>171,966</u>
Net Debt Issued	2,261,231	2,625,291
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,411,897</u>	<u>71,897</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,673,128</u>	<u>\$ 2,697,188</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .372% and .276% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 3,873,752	\$ 200,624	\$ 3,673,128
School Debt	<u>3,457,897</u>	<u>3,457,897</u>	<u>-</u>
Total	<u>\$ 7,331,649</u>	<u>\$ 3,658,521</u>	<u>\$ 3,673,128</u>
<u>2016</u>			
General Debt	\$ 2,869,154	\$ 171,966	\$ 2,697,188
School Debt	<u>4,067,116</u>	<u>4,067,116</u>	<u>-</u>
Total	<u>\$ 6,936,270</u>	<u>\$ 4,239,082</u>	<u>\$ 2,697,188</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 34,585,288 <u>3,673,128</u>	\$ 34,172,690 <u>2,697,188</u>
Remaining Borrowing Power	<u>\$ 30,912,160</u>	<u>\$ 31,475,502</u>

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$2,876,000, 2015 Bonds due in annual installments of \$305,000 to \$351,000 through August 15, 2024, interest at 1.50% to 2.20%	<u>\$ 2,291,000</u>	<u>\$ 2,586,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Green Trust for the financing relating to the acquisition of watershed lands.

	<u>2017</u>	<u>2016</u>
\$119,873, 1998 Loans, due in Semi-annual installments of \$3,690 through February 18, 2018, interest at 2.00%	<u>\$ 3,690</u>	<u>\$ 10,961</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable (Continued)

The Borough has entered into loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to the dredging and restoration of Blanch Brook. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. The New Jersey Environmental Infrastructure Trust loans outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$348,576, 2012 Loan, due in Semi-annual installments of \$8,088 and \$16,178 through August 1, 2022, interest at 0%	\$ 121,332	\$ 145,599
\$89,732, 2012 Loan, due in Annual installments of \$8,935 to \$9,447 through August 1, 2022, interest at 1.030% to 1.930%	<u>45,833</u>	<u>54,697</u>
	<u>\$ 167,165</u>	<u>\$ 200,296</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar <u>Year</u>	<u>Bonds</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 305,000	\$ 42,647	\$ 36,892	\$ 732	\$ 385,271
2019	310,000	38,072	33,294	603	381,969
2020	320,000	33,422	33,408	488	387,318
2021	325,000	27,822	33,549	348	386,719
2022	335,000	21,322	33,712	182	390,216
2023-2024	<u>696,000</u>	<u>22,344</u>	<u>-</u>	<u>-</u>	<u>718,344</u>
	<u>\$ 2,291,000</u>	<u>\$ 185,629</u>	<u>\$ 170,855</u>	<u>\$ 2,353</u>	<u>\$ 2,649,837</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	\$ 2,586,000		\$ 295,000	\$ 2,291,000	\$ 305,000
Intergovernmental Loans Payable	211,257	-	40,402	170,855	36,892
	<u>\$ 2,797,257</u>	<u>\$ -</u>	<u>\$ 335,402</u>	<u>\$ 2,461,855</u>	<u>\$ 341,892</u>
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	\$ 2,876,000		\$ 290,000	\$ 2,586,000	\$ 295,000
Intergovernmental Loans Payable	251,464	-	40,207	211,257	40,402
	<u>\$ 3,127,464</u>	<u>\$ -</u>	<u>\$ 330,207</u>	<u>\$ 2,797,257</u>	<u>\$ 335,402</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>2016</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
	Lynn Street – Section II Improvements	<u>\$47,418</u>	2017

As of December 31, the Borough has other significant commitments as follows:

<u>2016</u>	<u>Purpose</u>	<u>Remaining Commitment</u>
	Purchase of DPW Generator	\$19,702

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Members of the Police Department after serving the required number of years and reaching the prescribed age as set forth by the Police and Firemen’s Retirement System of the State of New Jersey are entitled to six (6) months leave with pay. This payout will be charged to the current year budget at that time. This liability has been calculated as of December 31, 2017 and 2016 to be \$92,817 and \$90,554 respectively, and is material to the financial statements.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough’s changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 90,554	\$ 77,124	\$ 74,861	\$ 92,817	
Net Pension Liability - PERS	4,608,999		\$ 1,010,997	3,598,002	
Net Pension Liability - PFRS	<u>7,024,930</u>	<u>-</u>	<u>973,753</u>	<u>6,051,177</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 11,724,483</u>	<u>\$ 77,124</u>	<u>\$ 2,059,611</u>	<u>\$ 9,741,996</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 90,112	\$ 442		\$ 90,554	
Net Pension Liability - PERS	3,397,206	1,350,043	\$ 138,250	4,608,999	
Net Pension Liability - PFRS	<u>7,104,129</u>	<u>220,641</u>	<u>299,840</u>	<u>7,024,930</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 10,591,447</u>	<u>\$ 1,571,126</u>	<u>\$ 438,090</u>	<u>\$ 11,724,483</u>	<u>\$ -</u>

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage. PERS is a cost-sharing multi-employer defined benefit pension plan.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 Borough 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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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 work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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 governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

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

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

Basis of Accounting

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The CPFPPF system is 25.75 percent funded with an unfunded actuarial accrued liability of \$5.5 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.10 percent and \$17.2 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems except CPFPPF (1.00%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan 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 various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee’s annual compensation for fiscal year 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016 for CPFPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 299,840	\$ 163,724	
2016	346,687	154,660	
2015	327,421	139,886	\$ 500

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$3,598,002 and \$4,608,999, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough’s proportionate share was .01546 percent, which was a decrease of .0001 percent from its proportionate share measured as of June 30, 2016 of .01556 percent.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$311,397 and \$492,290, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$138,436 and \$130,109, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 84,721		\$ 85,713	
Changes of Assumptions	724,873	\$ 722,216	954,738	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,500		175,745	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>154,726</u>	<u>18,811</u>	<u>206,985</u>	<u>\$ -</u>
Total	<u>\$ 988,820</u>	<u>\$ 741,027</u>	<u>\$ 1,423,181</u>	<u>\$ -</u>

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 134,152
2019	173,421
2020	115,895
2021	(97,938)
2022	(77,737)
Thereafter	<u>-</u>
	<u>\$ 247,793</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. 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 Borough's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,463,566</u>	<u>\$ 3,598,002</u>	<u>\$ 2,876,880</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,647,790</u>	<u>\$ 4,608,999</u>	<u>\$ 3,751,387</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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.

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$6,051,177 and \$7,024,930, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .03920 percent, which was an increase of .00243 percent from its proportionate share measured as of June 30, 2016 of .03677 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$618,342 and \$754,499, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$299,840 and \$346,687, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 39,256	\$ 35,515		\$ 46,049
Changes of Assumptions	746,178	991,006	\$ 973,011	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	115,471		492,223	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	629,743	528,342	477,071	675,924
Total	<u>\$ 1,530,648</u>	<u>\$ 1,554,863</u>	<u>\$ 1,942,305</u>	<u>\$ 721,973</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	<u>Total</u>
2018	\$ 139,092
2019	275,897
2020	(65,674)
2021	(296,980)
2022	(76,550)
Thereafter	<u>-</u>
	<u>\$ (24,215)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS 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 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. 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 Borough’s proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55%, respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 7,972,924</u>	<u>\$ 6,051,177</u>	<u>\$ 4,472,243</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 9,058,132</u>	<u>\$ 7,024,930</u>	<u>\$ 5,366,976</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$677,783 and \$589,920, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$82,908 and \$75,347, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$33,892 and \$22,604, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS 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 reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Harrington Park is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 14 RISK MANAGEMENT (Continued)

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

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund’s Treasurer.

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

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Borough 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 Borough is billed quarterly for amounts due to the State. The following is a summary of reimbursements to the State for benefits paid and the ending balance of the Borough’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 290	\$ 17,538
2016	3,376	17,828
2015	5,326	21,204

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2017 and 2016, the Borough reserved \$76,795 and \$16,795, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget, fund balance and/or a refunding bond ordinance.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 15 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough 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 Borough may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough 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 December 31, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Harrington Park Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 19, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Harrington Park approved the adoption of the Plan at the general election held on November 7, 2000.

The implementation of the Emergency Services Volunteer Length of Service Award Program (the Plan) for the Harrington Park Volunteer Ambulance Corps was created by a Borough ordinance adopted on June 16, 2014. The voters of the Borough of Harrington Park approved the adoption of the Plan at the general election held on November 4, 2014.

The first year of eligibility for entrance into the Plan was calendar year 2001 and 2015 for the Volunteer Fire Department and Volunteer Ambulance Corps, respectively. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Ambulance Corps, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

The Borough of Harrington Park has contributed \$1,378 and \$1,378 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The Borough also contributed \$1,188 and \$1,165 for 2017 and 2016, respectively for each eligible volunteer ambulance corps member into the Plan. The total Borough contributions were \$71,254 and \$65,476 for 2017 and 2016, respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Variable Annuity Life Insurance Company (VALIC) is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

CURRENT FUND

**BOROUGH OF HARRINGTON PARK
STATEMENT OF CURRENT CASH - TREASURER**

Balance, January 1, 2017		\$ 2,091,455
Increased by Receipts:		
Tax Collector Receipts	\$ 27,512,394	
Revenue Accounts Receivable	812,558	
Miscellaneous Revenue Not Anticipated	170,775	
Federal and State Grants Received	11,134	
Budget Offsets	434,019	
State of New Jersey Senior Citizens' and Veterans' Deductions	40,000	
Unappropriated Grant Reserves	23,834	
Due to State - DCA Fees Payable	5,669	
Receipts from General Capital Fund	45,000	
Receipts from Animal Control Trust Fund	<u>21</u>	
		<u>29,055,404</u>
		31,146,859
Decreased by Disbursements:		
2017 Budget Appropriations	6,202,317	
2016 Appropriation Reserves	200,030	
Local District School Tax	11,759,073	
Regional High School Tax	5,467,484	
County Taxes	2,505,846	
Payments to Municipal Open Space and Recreation Trust Fund	89,688	
Appropriated Grant Reserves	19,451	
Petty Cash Received	500	
Due to State - DCA Fees Payable	<u>6,762</u>	
		<u>26,251,151</u>
Balance, December 31, 2017		<u>\$ 4,895,708</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF CASH - COLLECTOR**

Increased by Receipts:		
Taxes Receivable	\$	24,913,662
Revenue Accounts Receivable		
Interest and Costs on Taxes		35,104
Tax Overpayments		15,058
Prepaid Taxes		<u>2,548,570</u>
		<u>\$ 27,512,394</u>
Decreased by Transfers to Treasurer		
		<u>\$ 27,512,394</u>

STATEMENT OF CHANGE FUND

<u>Office</u>	Balance, January 1, 2017	Balance, December 31, 2017
Tax Collector	<u>\$ 200</u>	<u>\$ 200</u>

STATEMENT OF PETTY CASH FUND

Increased by:	
Petty Cash Received	<u>\$ 500</u>
Balance, December 31, 2017	
	<u>\$ 500</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2017		\$	13,881
Increased by:			
Cash Receipts	\$	40,000	
2016 Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		500	
Senior Deductions Disallowed by Tax Collector		<u>1,000</u>	
			<u>41,500</u>
			55,381
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		2,500	
Veterans' Deductions per Tax Billings		37,000	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>1,750</u>	
			<u>41,250</u>
Balance, December 31, 2017		\$	<u><u>14,131</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance	2017	Senior	Collected in		Senior	Remitted	Transferred	Balance,
	January 1, 2017		Citizens' and Veterans' Deductions Disallowed	2016	2017	Citizens' and Veterans' Deductions Allowed			
2016	129,231	-	\$ 500	-	\$ 129,731	-	-	-	-
	129,231	-	500	-	129,731	-	-	-	-
2017	-	\$ 25,130,622	1,000	\$ 140,952	24,783,931	\$ 41,250	\$ 27,748	\$ 1,962	\$ 135,779
	\$ 129,231	\$ 25,130,622	\$ 1,500	\$ 140,952	\$ 24,913,662	\$ 41,250	\$ 27,748	\$ 1,962	\$ 135,779

Analysis of 2017 Property Tax Levy

Tax Yield	
General Purpose	\$ 25,110,784
Added Taxes (R.S. 54:4-63.1 et seq).	<u>19,838</u>
	\$ 25,130,622
Tax Levy	
Regional High School Tax (Abstract)	\$ 5,467,484
Local District School Tax (Abstract)	11,919,067
County Tax (Abstract)	\$ 2,404,264
County Tax for Open Space Preservation	99,600
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>1,982</u>
	2,505,846
Local Tax for Municipal Purposes (Abstract)	4,797,758
Minimum Library Tax Levy (Abstract)	331,729
Additional Tax Levy	<u>19,050</u>
	5,148,537
Open Space Tax	89,617
Additional Tax Levy - Open Space Tax	<u>71</u>
	89,688
	<u>\$ 25,130,622</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2017	\$	24,404
Increased by:		
Transfer from Taxes Receivable		<u>1,962</u>
Balance, December 31, 2017	\$	<u><u>26,366</u></u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, January 1, 2017	\$	<u>59,720</u>
Balance, December 31, 2017	\$	<u><u>59,720</u></u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, January 1, <u>2017</u>	Accrued in 2017	Collected	Balance, December 31, <u>2017</u>
Licenses				
Alcoholic Beverages		\$ 1,116	\$ 1,116	
Other		2,540	2,540	
Fees and Permits		11,476	11,476	
Construction Code Official				
Fees and Permits		122,532	122,532	
Fines and Costs				
Municipal Court	\$ 2,660	44,060	44,571	\$ 2,149
Interest on Costs on Taxes		35,104	35,104	
Interest in Investments and Deposits		10,684	10,684	
Cablevision Fees		33,364	33,364	
Energy Receipts Taxes		447,738	447,738	
Watershed Moratorium Offset Aid		20,257	20,257	
Uniform Fire Safety Act		7,382	7,382	
Lease of Real Property - Cell Tower		58,099	58,099	
Donations - Borough Newsletter		3,350	3,350	
Verizon Video Fees		36,811	36,811	
Sewer Payments - Old Tappan	-	12,638	12,638	-
	<u>\$ 2,660</u>	<u>\$ 847,151</u>	<u>\$ 847,662</u>	<u>\$ 2,149</u>
Cash Receipts:				
Treasurer			\$ 812,558	
Collector			<u>35,104</u>	
			<u>\$ 847,662</u>	

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DEFERRED CHARGES
N.J.S. 40A:4-55 SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net</u> <u>Amount Authorized</u>	<u>Balance</u> <u>January 1,</u> <u>2017</u>	<u>Raised</u> <u>in 2017</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
4/16/2012	Revaluation	\$ 117,000	\$ 23,400	\$ 23,400	\$ 23,400	\$ -
4/16/2012	Zoning Map	8,500	1,700	<u>1,700</u>	<u>1,700</u>	<u>-</u>
				<u>\$ 25,100</u>	<u>\$ 25,100</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Administrative and Executive	\$ 1,285	\$ 1,285		\$ 1,285
Financial Administration	1,329	1,329		1,329
Revenue Administration	1	1		1
Assessment of Taxes	128	128		128
Planning Board	4	4		4
Police	39,534	39,534	\$ 26,404	13,130
Road Repairs and Maintenance	32,183	32,183	5,209	26,974
Board of Health	879	879		879
Recreation Services and Programs	1	1		1
State Uniform Construction Code	2,764	2,764		2,764
Other Expenses				
Administrative and Executive	1,824	1,870	1,116	754
Mayor and Council	628	628		628
Municipal Clerk	2,025	2,025	5	2,020
Financial Administration	3,241	3,340	5	3,335
Audit Services	28,400	28,400	24,350	4,050
Revenue Administration				
Other Expenses	700	700	393	307
Assessment of Taxes	1,897	1,897		1,897
Legal Services and Costs				
Special Counsel	8,622	8,622		8,622
Miscellaneous	41	41		41
Engineering Services and Costs	2,500	2,500	2,400	100
Planning Board	3,865	7,865	6,952	913
Zoning Board of Adjustment	29	29		29
General Liability Insurance	3,657	3,657		3,657
Disability Insurance	6,000	6,000	287	5,713
Employee Group Health	53,317	53,317	2,317	51,000
Unemployment Insurance	2,106	2,106	55	2,051
Police	2,818	6,806	5,086	1,720
Aid to Volunteer Ambulance Companies	200	1,543	1,097	446
Fire - Other Expenses	4,272	5,876	5,168	708
Fire Hydrant Services	4,340	4,340		4,340
Uniform Fire Safety Act	716	716		716
Municipal Prosecutor - Contractual				-
Road Repair and Maintenance	29,030	22,986	3,965	19,021
Solid Waste Collection	14,067	14,067	14,067	-
Public Buildings and Grounds	6,548	6,808	722	6,086
Vehicle Maintenance				
Police - Other Expenses	4,977	5,190	1,255	3,935
Streets and Roads - Other Expenses	1,255	1,255	114	1,141
Other Public Works Function - Beautification	46	1,216	1,170	46
Board of Health	1,328	1,328	155	1,173
Environmental Commission	12	20		20
Maintenance of Parks		2,135	2,115	20
Seniors Transportation Agreement w/ Haworth	10,000	13,857	10,019	3,838
Municipal Court	194	194		194
Public Defender	700	700		700
State Uniform Construction Code	732	732		732

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, January 1, <u>2017</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (continued)				
Utilities:				
Electricity	\$ 3,441	\$ 3,441	\$ 2,433	\$ 1,008
Street Lighting	7,641	7,641	2,983	4,658
Telephone and Telegraph	5,597	5,597	190	5,407
Water	5,440	5,440	2,389	3,051
Natural Gas	6,824	6,824	1,268	5,556
Gasoline	20,526	20,526	3,042	17,484
Sewage Processing & Disposal	512	512		512
Bergen County Landfill Dumping Fees	20,303	20,303	7,460	12,843
Contribution to Public Employees Retirement System	15,487	15,487		15,487
Social Security System (O.A.S.I.)	1	1		1
Contribution to Defined Contribution Retirement Program	1,000	1,000		1,000
NJPDES Permit - Stormwater Permit				
Engineering - Other Expenses	370	370		370
LOSAP	70,000	70,000	65,476	4,524
Recycling Tax Appropriation	1,581	1,581	363	1,218
9-1-1 Interlocal Agreement	60	60		60
Municipal Court Administrator - Borough of Norwood	90	90	-	90
	<u>\$ 437,068</u>	<u>\$ 449,747</u>	<u>\$ 200,030</u>	<u>\$ 249,717</u>
		\$ 437,068		
Appropriation Reserves		<u>12,679</u>		
Encumbrances Payable		<u>\$ 449,747</u>		
			<u>\$ 200,030</u>	
Cash Disbursements				

**BOROUGH OF HARRINGTON PARK
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2017		\$ 15,168
Increased by:		
Charged to 2017 Budget Appropriations		<u>8,523</u>
		23,691
Decreased by:		
Restored to Appropriation Reserves	\$ 12,679	
Restored to Appropriated Grant Reserves	<u>2,489</u>	
		<u>15,168</u>
Balance, December 31, 2017		<u><u>\$ 8,523</u></u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2017		\$ 140,952
Increased by:		
Collection - 2018 Taxes		<u>2,548,570</u>
		2,689,522
Decreased by:		
Application to 2017 Taxes		<u>140,952</u>
Balance, December 31, 2017		<u><u>\$ 2,548,570</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE**

Increased by:			
Tax Levied		\$ 89,617	
Added Taxes		<u>71</u>	
			\$ <u>89,688</u>
Decreased by:			
Payments to Municipal Open Space and Recreation Trust Fund			\$ <u><u>89,688</u></u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:			
County Tax		\$ 2,404,264	
County Open Space Preservation		99,600	
Due County for Added and Omitted Taxes		1,904	
Due County Open Space Preservation Added and Omitted Taxes		<u>78</u>	
			<u>2,505,846</u>
Decreased by:			
Payments			\$ <u><u>2,505,846</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF LOCAL DISTRICT SCHOOL TAX**

Balance, January 1, 2017		
School Tax Payable	\$ 92,729	
School Tax Deferred	<u>5,799,527</u>	
		\$ 5,892,256
Increased by:		
Levy School Year July 1, 2017 to June 30, 2018		<u>11,919,067</u>
		17,811,323
Decreased by:		
Payments		<u>11,759,073</u>
Balance, December 31, 2017		
School Tax Payable	92,717	
School Tax Deferred	<u>5,959,533</u>	
		<u>\$ 6,052,250</u>
2017 Liability for Local District School Tax		
Tax Paid		\$ 11,759,073
Add Tax Payable, December 31, 2017		<u>92,717</u>
		11,851,790
Less Tax Payable, January 1, 2017		<u>92,729</u>
Amount Charged to Operations		<u>\$ 11,759,061</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:		
Levy - Calendar Year 2017		<u>\$ 5,467,484</u>
Decreased by:		
Payments		<u>\$ 5,467,484</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR SALE OF MUNICIPAL ASSETS**

Balance, January 1, 2017	\$ <u>6,539</u>
Balance, December 31, 2017	\$ <u><u>6,539</u></u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, January 1, 2017	\$ 16,795
Increased by:	
Transfer from 2017 Appropriations	<u>60,000</u>
Balance, December 31, 2017	\$ <u><u>76,795</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2017</u>	<u>Accrued</u>	Cash <u>Collections</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Municipal Stormwater Grant	\$ 1,705			\$ 1,705	
Municipal Alliance Program - 2010	1,860			1,860	
Division of Highway Safety	437			437	
Municipal Alliance on Alcoholism and Drug Abuse-2011	3,100			3,100	
Municipal Alliance on Alcoholism and Drug Abuse-2012	3,319			3,319	
Municipal Alliance on Alcoholism and Drug Abuse-2013	449			449	
Municipal Alliance on Alcoholism and Drug Abuse-2014	3,435			3,435	
Municipal Alliance on Alcoholism and Drug Abuse-2017	975	\$ 7,140	\$ 3,165	975	\$ 3,975
Senior Citizen Activities - CDBG	975			975	
Bergen County - ADA Curb Ramp Improvements	9,666			9,666	
Recycling Tonnage Grant		7,969	7,969		
Municipal Alliance on Alcoholism and Drug Abuse-2016	983			983	
Highland Field Walking Path Lighting - Open Space Grant	9,347	-	-	9,347	-
	<u>\$ 35,276</u>	<u>\$ 15,109</u>	<u>\$ 11,134</u>	<u>\$ 35,276</u>	<u>\$ 3,975</u>
			Cash Receipts <u>\$ 11,134</u>		
			Appropriated Grant Reserves \$ 25,891		
			Fund Balance <u>9,385</u>		
				<u>\$ 35,276</u>	

**BOROUGH OF HARRINGTON PARK
STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, January 1, 2017	Encumbrances Restored	Increased By: Transferred from 2017 Appropriations	Expended	Cancelled	Balance, December 31, 2017
NJ-DOT-2010	\$ 2,411					\$ 2,411
Alcohol Education and Rehabilitation	4,767		\$ 181	500		4,448
Municipal Stormwater Regulation Program	259				\$ 259	-
Municipal Alliance Program - State	-		7,140	6,247		893
Municipal Alliance Program - Local	12,612		2,380		12,612	2,380
Recycling Tonnage Grant	442	742	7,969	4,948		4,205
Bergen County - ADA Curb Ramps Improvements	3,236				3,236	-
Body Armor Replacement Program	1,729		1,382			3,111
Highway Safety Grant	5,150				437	4,713
Bergen County Mini Grant	900		300			1,200
Highland Field Walking Path Lighting - Open Space Grant	9,347				9,347	-
Senior Citizen Activities - CDBG	-		3,500	2,500		1,000
Anjtec Grant	-		935			935
Clean Communities Grant	27,167	1,747	11,823	5,256	-	35,481
	<u>\$ 68,020</u>	<u>\$ 2,489</u>	<u>\$ 35,610</u>	<u>\$ 19,451</u>	<u>\$ 25,891</u>	<u>\$ 60,777</u>
			Cash Disbursements	<u>\$ 19,451</u>		
				Grants Receivable	<u>\$ 25,891</u>	

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED GRANT RESERVES

Balance, January 1, 2017	\$ 18,121
Increased by:	
Cash Receipts	<u>23,834</u>
	41,955
Decreased by:	
Revenue Realized in 2017 Budget	<u>18,121</u>
Balance, December 31, 2017	<u>\$ 23,834</u>
Senior Citizen Activities - CDBG	\$ 3,500
Recycling Tonnage Grant	8,606
Bergen County Mini Grant	300
Clean Communities Grant	10,044
Body Armor Replacement Program	<u>1,384</u>
	<u>\$ 23,834</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2017	\$ 15,667
Increased by:	
Overpayments in 2017	<u>15,058</u>
Balance, December 31, 2017	<u>\$ 30,725</u>

STATEMENT OF DUE TO THE STATE - DCA FEES PAYABLE

Balance, January 1, 2017	\$ 1,093
Increased by:	
Cash Receipts	<u>5,669</u>
	6,762
Decreased by:	
Cash Disbursements	<u>6,762</u>
Balance, December 31, 2017	<u>\$ -</u>

TRUST FUNDS

**BOROUGH OF HARRINGTON PARK
STATEMENT OF CASH - TREASURER**

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>Open Space</u>
Balance, January 1, 2017	\$ 3,695	\$ 409,130	\$ 321,883
Increased by:			
Dog License Fees	\$ 7,068		
Due State of New Jersey			
Dog License Fees	860		
Domestic Violence Fees		\$ 175	
Late Charges/Other	2,909		
Interest on Deposits	21		
Open Space Taxes			\$ 89,688
Subdivision Applications		120,070	
Cat License Fees		920	
Recycling Program Receipts		11,016	
Tennis Program Fees		25	
Dedicated Parking Offenses Adjudication Act		72	
Dedicated Recreation Fees		12,648	
Payroll Deductions		3,670,873	
Beautification Reserve		2,005	
Reserve for Affordable Housing		12,815	
Green Team/Environmental Commission - Donations		336	
Tax Sale Premiums	-	5,100	-
	<u>10,858</u>	<u>3,836,055</u>	<u>89,688</u>
	14,553	4,245,185	411,571
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		200	
Dog License Fees	860		
Unemployment Insurance Trust		290	
Animal Control Fund Expenditures	9,310		
Subdivision Applications		136,134	
Cat License Expenditures		213	
Payroll Deductions		3,671,072	
Recycling Program Expenditures		10,418	
Dedicated Recreation Fees		15,411	
Reserve for Affordable Housing		4,219	
Green Team/Environmental Commission - Expenditures		307	
Open Space Expenditures			18,723
Contracts Payable			7,980
Beautification Reserve		1,654	
Cash Disbursements to Current Fund	21	-	-
	<u>10,191</u>	<u>3,839,918</u>	<u>26,703</u>
Balance, December 31, 2017	<u>\$ 4,362</u>	<u>\$ 405,267</u>	<u>\$ 384,868</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES
ANIMAL CONTROL FUND**

Balance, January 1, 2017		\$ 3,695
Increased by:		
Dog License Fees Collected	\$ 7,068	
Late Fees and Other Fees	<u>2,909</u>	
		<u>9,977</u>
		13,672
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>9,310</u>
Balance, December 31, 2017		<u>\$ 4,362</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2016	\$ 8,037
2015	<u>8,837</u>
	<u>\$ 16,874</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Increased by:		
Payments to State of New Jersey		<u>\$ 860</u>
Decreased by:		
State License Fees	\$ 589	
Pilot Clinic Control	118	
Animal Population Control	<u>153</u>	
		<u>\$ 860</u>

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Increased by:		
Interest on Deposits		<u>\$ 21</u>
Decreased by:		
Cash Disbursements		<u>\$ 21</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DEVELOPER'S DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2017	\$ <u>59,821</u>
Balance, December 31, 2017	\$ <u><u>59,821</u></u>

**STATEMENT OF SUBDIVISION APPLICATIONS - DEVELOPER'S
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 117,438
Increase by:	
Cash Receipts	<u>120,070</u>
	237,508
Decreased by:	
Cash Disbursements	<u>136,134</u>
Balance, December 31, 2017	\$ <u><u>101,374</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF STREET OPENING DEPOSITS - DEVELOPER'S
OTHER TRUST FUND**

Balance, January 1, 2017	\$ <u>2,000</u>
--------------------------	-----------------

Balance, December 31, 2017	\$ <u>2,000</u>
----------------------------	-----------------

EXHIBIT B-10

**STATEMENT OF DEDICATED CAT LICENSE FEES
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 6,425
--------------------------	----------

Increase by:	
Cash Receipts	<u>920</u>

7,345

Decreased by:	
Cash Disbursements	<u>213</u>

Balance, December 31, 2017	\$ <u>7,132</u>
----------------------------	-----------------

EXHIBIT B-11

**STATEMENT OF TENNIS PROGRAM RESERVE - RECREATION
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 8,911
--------------------------	----------

Increase by:	
Cash Receipts	<u>25</u>

Balance, December 31, 2017	\$ <u>8,936</u>
----------------------------	-----------------

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DEDICATED PARKING OFFENSES ADJUDICATION ACT
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 194
Increased by:	
Cash Receipts	<u>72</u>
Balance, December 31, 2017	<u>\$ 266</u>

**STATEMENT OF RECYCLING PROGRAM
(DEDICATED UNDER R.S. 40:12-8)
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 1,641
Increased by:	
Cash Receipts	<u>11,016</u>
	12,657
Decreased by:	
Cash Disbursements	<u>10,418</u>
Balance, December 31, 2017	<u>\$ 2,239</u>

**STATEMENT OF DEDICATED RECREATION FEES
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 12,989
Increased by:	
Cash Receipts	<u>12,648</u>
	25,637
Decreased by:	
Cash Disbursements	<u>15,411</u>
Balance, December 31, 2017	<u>\$ 10,226</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DUE TO STATE OF NEW JERSEY
STATE TRAINING FEES
OTHER TRUST FUND**

Balance, January 1, 2017	\$ <u>7,018</u>
Balance, December 31, 2017	\$ <u><u>7,018</u></u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY - DOMESTIC VIOLENCE FEES
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 128
Increased by:	
Cash Receipts	<u>175</u>
	303
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>200</u>
Balance, December 31, 2017	\$ <u><u>103</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DEDICATED UNEMPLOYMENT INSURANCE TRUST
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 17,828
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>290</u>
Balance, December 31, 2017	<u>\$ 17,538</u>

**STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2017	<u>\$ 4,478</u>
Balance, December 31, 2017	<u>\$ 4,478</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR WORLD TRADE CENTER ASSISTANCE
OTHER TRUST FUND**

Balance, January 1, 2017	\$ <u>1,097</u>
Balance, December 31, 2017	\$ <u>1,097</u>

**STATEMENT OF RESERVE FOR AFFORDABLE HOUSING - DEVELOPER'S FEES
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 66,563
Increased by:	
Cash Receipts	<u>12,815</u>
	79,378
Decreased by:	
Cash Disbursements	<u>4,219</u>
Balance, December 31, 2017	\$ <u>75,159</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR MUNICIPAL OPEN SPACE
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND**

Balance, January 1, 2017		\$ 378,541
Increased by:		
2017 Tax Levy	\$ 89,617	
Added Tax Levy	<u>71</u>	
		<u>89,688</u>
		468,229
Decreased by:		
Cash Disbursements	18,723	
Contracts Payable	<u>5,504</u>	
		<u>24,227</u>
Balance, December 31, 2017		<u>\$ 444,002</u>

**STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS
OTHER TRUST FUND**

Balance, January 1, 2017		\$ 4,826
Increased by:		
Cash Receipts		<u>3,670,873</u>
		3,675,699
Decreased by:		
Cash Disbursements		<u>3,671,072</u>
Balance, December 31, 2017		<u>\$ 4,627</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR TAX SALE PREMIUM
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 82,000
Increased by:	
Cash Receipts	<u>5,100</u>
Balance, December 31, 2017	<u>\$ 87,100</u>

**STATEMENT OF RESERVE FOR GREEN TEAM/ENVIRONMENTAL COMMISSION -
DONATIONS
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 1,392
Increased by:	
Cash Receipts	<u>336</u>
	1,728
Decreased by:	
Cash Disbursements	<u>307</u>
Balance, December 31, 2017	<u>\$ 1,421</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR POLICE DONATIONS
OTHER TRUST FUND**

Balance, January 1, 2017		\$ <u>2,539</u>
Balance, December 31, 2017		\$ <u><u>2,539</u></u>

**STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE TRUST FUND**

Balance, January 1, 2017		\$ 64,638
Increased by:		
2017 Tax Levy	\$ 89,617	
Added Tax Levy	<u>71</u>	
		<u>89,688</u>
		154,326
Decreased by:		
Cash Receipts		<u>89,688</u>
Balance, December 31, 2017		\$ <u><u>64,638</u></u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR BEAUTIFICATION
OTHER TRUST FUND**

Balance, January 1, 2017	\$ 5,266
Increased by:	
Cash Receipts	<u>2,005</u>
	7,271
Decreased by:	
Cash Disbursements	<u>1,654</u>
Balance, December 31, 2017	<u>\$ 5,617</u>

**STATEMENT OF RESERVE FOR TREE FEES
OTHER TRUST FUND**

Balance, January 1, 2017	<u>\$ 15,532</u>
Balance, December 31, 2017	<u>\$ 15,532</u>

**STATEMENT OF CONTRACTS PAYABLE
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND**

Balance, January 1, 2017	\$ 7,980
Increased by:	
Contract Award	<u>5,504</u>
	13,484
Decreased by:	
Cash Disbursements	<u>7,980</u>
Balance, December 31, 2017	<u>\$ 5,504</u>

GENERAL CAPITAL FUND

BOROUGH OF HARRINGTON PARK
STATEMENT OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS - TREASURER

Balance, January 1, 2017		\$ 1,047,652
Increased by Receipts:		
Budget Appropriation		
Capital Improvement Fund	\$ 2,000	
Grant Receipts	<u>286,230</u>	
		<u>288,230</u>
		1,335,882
Decreased by Disbursements:		
Improvement Authorizations	228,488	
Contracts Payable	41,400	
Payment to Current Fund as Anticipated Revenue	<u>45,000</u>	
		<u>314,888</u>
Balance, December 31, 2017		<u>\$ 1,020,994</u>

**BOROUGH OF HARRINGTON PARK
ANALYSIS OF GENERAL CAPITAL CASH AND CASH EQUIVALENTS**

	Balance, December 31, <u>2017</u>
Capital Improvement Fund	\$ 19,047
Contracts Payable	20,165
Reserve for Payment of Debt	200,624
Grants Receivable	(251,818)
Due to Current Fund	132
Due from NJEIT Loan Program	(25,150)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	6,463
659/679 Various Capital Improvements	26,470
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	9,889
691 Various Capital Improvements	704,869
698 Various Capital Improvements	33,724
713 Various Roadway Improvements and Acquisition of Certain Fire Department Equipment	148,277
720 Various Capital Improvements	<u>62,375</u>
	<u>\$ 1,020,994</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2017		\$ 2,797,257
Decreased by:		
2017 Budget Appropriations:		
Serial Bonds	\$ 295,000	
Green Trust Loan	7,271	
NJEIT Loan	<u>33,131</u>	
		<u>335,402</u>
Balance, December 31, 2017		<u>\$ 2,461,855</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED**

		<u>Analysis of Balance, December 31, 2017</u>			
<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, January 1, 2017</u>	<u>2017 Authorizations</u>	<u>Balance, December 31, 2017</u>	<u>Unexpended Improvement Authorizations</u>
665	Dredging & Restoration Blanch Brook	\$ 71,424		\$ 71,424	\$ 71,424
698	Various Capital Improvements	473		473	473
713	Various Roadway Improvements and Acquisition of Certain Fire Department Equipment		\$ 120,000	120,000	120,000
720	Various Capital Improvements	-	1,220,000	1,220,000	1,220,000
		<u>\$ 71,897</u>	<u>\$ 1,340,000</u>	<u>\$ 1,411,897</u>	<u>\$ 1,411,897</u>
				Improvement Authorizations	<u>\$ 1,411,897</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF GRANTS/ACCOUNTS RECEIVABLE**

	<u>Total</u>	Department of Transportation				Dept. of Office Emergency Mgmt.	
		<u>Ord. 675 - Laroche Ave - Section 5 and Parkside - Section 3</u>	<u>Ord. 691 - Lynn Street</u>	<u>Ord. 691 - Parkside Rd - Section 4 and Harriot Place</u>	<u>Ord. 713 - Various Roadway Improvements and Acquisition of Certain Fire Equipment</u>	<u>Ord. 691 - Emergency Generators</u>	<u>Ord. 713 - Various Roadway Improvements and Acquisition of Certain Fire Equipment</u>
Balance, January 1, 2017	\$ 198,441	\$ 24,282	\$ 37,250	\$ 61,909		\$ 75,000	
Increased by: Grant Award	378,199	-	-	-	\$ 165,627	-	\$ 212,572
Decreased by: Cash Receipts	576,640	24,282	37,250	61,909	165,627	75,000	212,572
	<u>286,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,658</u>	<u>212,572</u>
Balance, December 31, 2017	<u>\$ 290,410</u>	<u>\$ 24,282</u>	<u>\$ 37,250</u>	<u>\$ 61,909</u>	<u>\$ 165,627</u>	<u>\$ 1,342</u>	<u>\$ -</u>
<u>Analysis of Balance</u>							
<u>Pledged to Ordinance</u>							
Ord. 675	\$ 24,282						
Ord. 691	61,909						
Ord. 713	<u>165,627</u>						
	251,818						
<u>Reserve for Grant Receivable</u>							
Ord. 691	<u>38,592</u>						
	<u>\$ 290,410</u>						

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DUE FROM NJEIT LOAN PROGRAM**

Balance, January 1, 2017	\$ <u>25,150</u>
Balance, December 31, 2017	\$ <u>25,150</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, January 1, 2017	\$ 96,423
Increased by:	
2017 Budget Appropriation	<u>2,000</u>
	98,423
Decreased by:	
Appropriations to Finance Improvement Authorizations	<u>79,376</u>
Balance, December 31, 2017	\$ <u>19,047</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2017	\$ 134,869
Increased by:	
Contract Awards	<u>20,065</u>
	154,934
Decreased by:	
Cancelled Payables	\$ 93,369
Cash Disbursements	<u>41,400</u>
	<u>134,769</u>
Balance, December 31, 2017	\$ <u>20,165</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2017	\$ <u>132</u>
Balance, December 31, 2017	\$ <u>132</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, January 1, 2017	\$ 171,966
Increased by:	
Grant Receipts from Funded Ordinance #691	<u>73,658</u>
	245,624
Decreased by:	
Payment to Current Fund as Anticipated Revenue	<u>45,000</u>
Balance, December 31, 2017	\$ <u>200,624</u>

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

<u>Improvements</u>	<u>Balance, January 1, 2017</u>		<u>2017</u>	<u>Canceled</u>	<u>Expended</u>	<u>Balance, December 31, 2017</u>	
	<u>Funded</u>	<u>Unfunded</u>	<u>Improvement</u> <u>Authorizations</u>	<u>Prior Year</u> <u>Payables</u>		<u>Funded</u>	<u>Unfunded</u>
598 Acquisition of DPW Equipment	\$ 6,463					\$ 6,463	
659/679 Various Capital Improvements	26,470					26,470	
665 Dredging & Restoration of Blanch Brook	65,927	\$ 71,424				65,927	\$ 71,424
675 Various Capital Improvements	1,852			\$ 8,037		9,889	
691 Various Capital Improvements	619,537			85,332		704,869	
698 Various Capital Improvements	35,354	473			\$ 1,630	33,724	473
713 Various Roadway Improvements and Acquisition of Certain Fire Department Equipment			\$ 515,200		246,923	148,277	120,000
720 Various Capital Improvements	-	-	1,282,375	-	-	62,375	1,220,000
	<u>\$ 755,603</u>	<u>\$ 71,897</u>	<u>\$ 1,797,575</u>	<u>\$ 93,369</u>	<u>\$ 248,553</u>	<u>\$ 1,057,994</u>	<u>\$ 1,411,897</u>

Analysis of Funding:

Debt Authorized	\$ 1,340,000
Grant Awards	378,199
Capital Improvement Fund	<u>79,376</u>
	<u>\$ 1,797,575</u>

Cash Disbursements	\$ 228,488
Contracts Payable	<u>20,065</u>
	<u>\$ 248,553</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF GENERAL SERIAL BONDS PAYABLE**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
Various Improvement Bonds	8/6/2015	\$ 2,876,000	8/15/2018	\$ 305,000	1.50%			
			8/15/2019	310,000	1.50%			
			8/15/2020	320,000	1.75%			
			8/15/2021	325,000	2.00%			
			8/15/2022	335,000	2.00%			
			8/15/2023	345,000	2.00%			
			8/15/2024	351,000	2.20%	\$ <u>2,586,000</u>	\$ <u>295,000</u>	\$ <u>2,291,000</u>
Paid by Budget Appropriation						\$ <u>290,000</u>		

**BOROUGH OF HARRINGTON PARK
STATEMENT OF GREEN TRUST LOAN PAYABLE**

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date Issued</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding</u> <u>December 31, 2017</u>	<u>Interest Rate</u>	<u>Balance, January 1, 2017</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
483	Acq. Of Watershed Lands	5/18/1998	\$ 119,873	2/18/2018 \$ 3,690	2.00%	<u>\$ 10,961</u>	<u>\$ 7,271</u>	<u>\$ 3,690</u>

Paid by Budget Appropriation \$ 7,271

**BOROUGH OF HARRINGTON PARK
STATEMENT OF NJEIT FUND LOAN PAYABLE**

Ord. Number	Improvement Description	Date Issued	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance, January 1, 2017	Decreased	Balance, December 31, 2017
				Date	Amount				
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2018	\$ 8,089	0.00%			
				8/1/2018	16,178				
				2/1/2019	8,089				
				8/1/2019	16,178				
				2/1/2020	8,089				
				8/1/2020	16,178				
				2/1/2021	8,089				
				8/1/2021	16,177				
				2/1/2022	8,088				
				8/1/2022	16,177				
						\$ 145,599	\$ 24,267	\$ 121,332	
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 89,732	8/1/2018	8,935	1.030%			
				8/1/2019	9,027	1.270%			
				8/1/2020	9,141	1.550%			
				8/1/2021	9,283	1.770%			
				8/1/2022	9,447	1.930%			
						\$ 200,296	\$ 33,131	\$ 167,165	
							Paid by Budget Appropriation \$ 33,131		

**BOROUGH OF HARRINGTON PARK
STATEMENT OF RESERVE FOR GRANT RECEIVABLES**

Balance, January 1, 2017	\$ 112,250
Decreased by:	
Cash Receipts	<u>73,658</u>
Balance, December 31, 2017	<u>\$ 38,592</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Balance,</u> <u>January 1,</u> <u>2017</u>	<u>2017</u> <u>Improvement</u> <u>Authorizations</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
665	Dredging & Restoration Blanch Brook	\$ 71,424		\$ 71,424
698	Various Capital Improvements	473		473
713	Various Roadway Improvements and Acquisition of Certain Fire Department Equipment		\$ 120,000	120,000
720	Various Capital Improvements	-	1,220,000	1,220,000
		<u>\$ 71,897</u>	<u>\$ 1,340,000</u>	<u>\$ 1,411,897</u>

**BOROUGH OF HARRINGTON PARK
COUNTY OF BERGEN**



**PART II
GOVERNMENT AUDITING STANDARDS**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
ADWOA BOACHIE, 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 Mayor and Members
of the Borough Council
Borough of Harrington Park
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 Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Harrington Park as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Harrington Park’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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Harrington Park’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Harrington Park’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 Borough’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

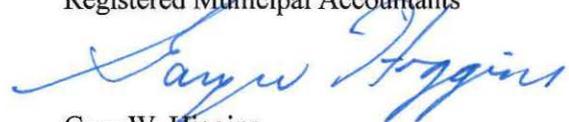
As part of obtaining reasonable assurance about whether the Borough of Harrington Park’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 Division of Local Government Services, Department of Community Affairs, 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 Borough of Harrington Park’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 Borough of Harrington Park’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 7, 2018

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Grant Year	CFDA Number	Grant Award Amount	2017 Grant Receipts	Balance, January 1, 2017	Revenue Realized	Expenditures	Cancelled	Balance, December 31, 2017	Cumulative Expenditures
Division of Highway Safety										
Highway Safety Grant	2014	20.616	\$ 5,150		\$ 2,300			\$ 437	\$ 1,863	\$ 2,850
Highway Safety Grant	2015	20.616	2,850		2,850				2,850	
U.S. Department of Homeland Security										
FEMA - Assistance to Firefighters Grant - Ordinance #713	2016	97.044	212,572	\$ 212,572		\$ 212,572	\$ 212,572			212,572
U.S. Department of Homeland Security (Passed Through State Department of Law and Public Safety)										
FEMA - Hazard Mitigation - Ordinance #691	2014	97.039	75,000	73,658	75,000		73,658		1,342	73,658
Department of Transportation										
Trust Fund Authority Act - 2015 Lynn Street - Section 2 - Ord #691	2014	20.205	149,000		37,250				37,250	
Trust Fund Authority Act - Parkside Rd - Section 4 and Harriot Place - Ord #691	2013	20.205	150,000		61,909				61,909	88,091
Trust Fund Authority Act - Glen Avenue East - Ord #713	2017	20.205	165,627			165,627			165,627	
U.S. Department of Housing and Urban Development (Passed Through Bergen County Dept. of Community Development)										
Community Development Block Grant										
Senior Citizen Activities	2016	14.218	3,500		-	3,500	2,500	-	1,000	2,500
					<u>\$ 179,309</u>	<u>\$ 381,699</u>	<u>\$ 288,730</u>	<u>\$ 437</u>	<u>\$ 271,841</u>	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>2017 Grant Receipts</u>	<u>Balance, January 1, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance, December 31, 2017</u>	<u>Cumulative Expenditures</u>
Department of Transportation								
Trust Fund Authority Act - 2010	2010		\$ 2,411				\$ 2,411	\$ 6,742
Clean Communities Grant Program	4900-765-178900							
2013			713		\$ 713			7,727
2014			7,605		2,796		4,809	4,263
2015			18,849				18,849	
2016				\$ 11,823			11,823	
Body Armor Replacement Fund	*							
2015			1,729				1,729	1,124
2016				1,382			1,382	
Alcohol Education Rehabilitation & Enforcement	9735-760-098		4,767	181	500		4,448	500
Recycling Tonnage Grant	*							
2015			342		342			11,496
2016			100		100			3,032
2017		7,969		7,969	3,764		4,205	3,764
Municipal Stormwater Grant	*		259			\$ 259		6,563
ANJEC Grant Program	*			935			935	
<u>Passed Through County of Bergen</u>								
Municipal Alliance Program - 2017	*	3,165	-	7,140	6,247	-	893	6,247
			<u>\$ 36,775</u>	<u>\$ 29,430</u>	<u>\$ 14,462</u>	<u>\$ 259</u>	<u>\$ 51,484</u>	

*Not Available

Note: The schedule was not subject to Single Audit as defined by OMB Circular 15-08.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF HARRINGTON PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Current Fund	\$ 29,430	\$ 3,500	\$ 32,930
General Capital Fund	-	378,199	378,199
	<u>\$ 29,430</u>	<u>\$ 381,699</u>	<u>\$ 411,129</u>

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 Borough's fiscal year and grant program year.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2017, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V2269-6020	\$ 3,690
NJEIT Program		<u>167,165</u>
		<u>\$ 170,855</u>

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Presentation of Unaudited LOSAP Fund

Internal control over financial reporting:

1) Material weakness(es) identified _____ yes X no

2) Significant deficiency(ies) that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**BOROUGH OF HARRINGTON PARK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

	<u>Year 2017</u>		<u>Year 2016</u>		
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 368,000	1.37 %	\$ 358,000	1.38 %	
Miscellaneous - From Other Than Local					
Property Tax Levies	1,096,688	4.09	973,258	3.75	
Collection of Delinquent Taxes and Tax Title Liens	129,731	0.48	212,430	0.82	
Collection of Current Tax Levy	24,965,133	93.11	24,257,163	93.34	
Other Credits	<u>249,717</u>	<u>0.93</u>	<u>185,177</u>	<u>0.71</u>	
Total Income	<u>26,809,269</u>	<u>100.00 %</u>	<u>25,986,028</u>	<u>100.00 %</u>	
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	6,368,777	24.31 %	6,188,738	24.38 %	
County Taxes	2,505,846	9.56	2,401,184	9.46	
Local and Regional School Taxes	17,226,545	65.75	16,707,314	65.81	
Municipal Open Space Tax	89,688	0.34	89,712	0.35	
Other Expenditures	<u>9,885</u>	<u>0.04</u>	<u>256</u>	<u>0.00</u>	
Total Expenditures	<u>26,200,741</u>	<u>100.00 %</u>	<u>25,387,204</u>	<u>100.00 %</u>	
Excess in Revenue over Expenditures	608,528		598,824		
Fund Balance, January 1	<u>1,256,882</u>		<u>1,016,058</u>		
	1,865,410		1,614,882		
Less Utilization as Anticipated Revenue	<u>368,000</u>		<u>358,000</u>		
Fund Balance, December 31	<u>\$ 1,497,410</u>		<u>\$ 1,256,882</u>		

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.802</u>	<u>\$2.722</u>	<u>\$2.654</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Municipal Library)	.572	.558	.545
Municipal Open Space Tax	.010	.010	.010
Regional High School	.610	.591	.587
Local School	1.330	1.295	1.255
County (Includes County Open Space Tax)	.280	.268	.257
<u>Assessed Valuation Basis</u>			
2017	<u>\$896,173,600</u>		
2016		<u>\$895,869,000</u>	
2015			<u>\$895,233,500</u>

Comparison Of Tax Levies And Current Collections

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$ 25,130,622	\$ 24,965,133	99.34%
2016	24,419,566	24,257,163	99.33%
2015	23,798,740	23,531,741	98.88%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2017	\$ 26,366	\$ 135,779	\$ 162,145	0.65%
2016	24,404	129,231	153,635	0.63%
2015	36,266	212,193	248,459	1.04%

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$59,720
2016	59,720
2015	59,720

Comparative Schedule Of Fund Balance

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2017	\$1,497,410	\$380,000
	2016	1,256,882	368,000
	2015	1,016,058	358,000
	2014	760,418	291,440

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Type of Bond</u>
Paul Hoelscher	Mayor		
Allan Napolitano	Council President		
Joon Chung	Councilwoman		
Greg Evanella	Councilman		
Laura Fitzgerald	Councilwoman		
Jorden Nick Pedersen	Councilman		
Diane Walker	Councilwoman		
Ann H. Bistriz	Borough Clerk/Administrator		
Debra Rielly	Payroll/Construction Clerk		
Kunjesh Trivedi	Tax Collector, Tax Search Officer, Chief Financial Officer		
Raymond Damiano	Assessor		
Joseph Zavarino	Construction Official		
Mark Kiernan	Superintendent of Public Works		
Albert Maalouf	Chief of Police		
Matthew Fierro	Magistrate		
Kathy Vigor	Court Administrator		

The Bergen County Municipal Joint Insurance Fund provides public employee dishonesty coverage for all employees in the amount of \$50,000.

The Bergen County Municipal Excess Liability Joint Insurance Fund provides public employee dishonesty and faithful performance coverage in the amount of \$950,000 for all employees.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

Current Year Comments

The audit of the Borough's bank reconciliations indicated that there exists certain reconciling items that have not cleared the bank subsequent to December 31, 2017. It is recommended that all reconciling items on the Borough's bank reconciliations be reviewed and cleared of record.

The audit of the Current Fund summary budget appropriation account status report (the "Report") indicated certain detail budget line item accounts are not in agreement with the adopted budget. It should be noted that the total budget per the report is in agreement with the adopted budget. It is recommended that the detail budget per the summary budget appropriations account status report be in agreement with the adopted budget.

Contracts and Agreements Required To Be Advertised For N.J.S. 40a:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement".

If the Borough's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the Borough may establish the bid threshold up to a maximum of \$40,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Governing Body has designated the Chief Municipal Finance Officer as the qualified purchasing agent.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes did not indicate that bids were solicited by public advertising.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed to determine whether any clear-cut violations existed and no violations of the Local Public Contracts Law were found.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments (Continued)

The Governing Body on January 7, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Harrington Park, that pursuant to Title 54:4-67 of the Revised Statutes of New Jersey, the Mayor and Council hereby fixed the rate of interest to be charged for the non-payment of taxes and assessments on or before the date when the same would become delinquent at the rate not to exceed 8% per annum on the first \$1,500 of the delinquency, and 18% per annum of any amount in excess of \$1,500 becoming delinquent after the due date.

BE IT FURTHER RESOLVED, that after the 10 day grace period, interest reverts back to the due date at the rate of 8% on the first \$1,500, etc.

It appears from our examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Suggestions to Management

The excess in the Other Trust developer's deposit accounts be reviewed and cleared of record.

Delinquent Taxes And Tax Title Liens

The tax sale was held on December 27, 2017.

Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2017	4
2016	4
2015	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

RECOMMENDATIONS

It is recommended that:

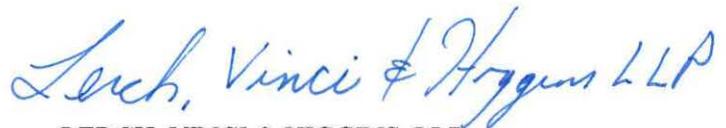
1. All reconciling items on the Borough's bank reconciliations be reviewed and cleared of record.
2. The detail budget per the summary budget appropriation account status report be in agreement with the adopted budget.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all.

* * * * *

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405