

BOROUGH OF HARRINGTON PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

BOROUGH OF HARRINGTON PARK

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BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2015 and 2014, 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 various funds for the year ended December 31, 2015, 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 principles 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. 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 of material misstatement.

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

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

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 principles 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, 2015 and 2014, 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 Awards 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 48 percent and 42 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, 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 various funds for the year ended December 31, 2015 in accordance with the financial accounting and reporting principles 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

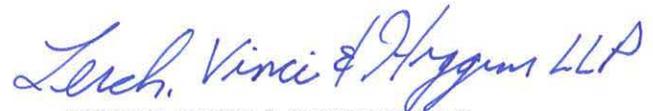
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Harrington Park as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the 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.

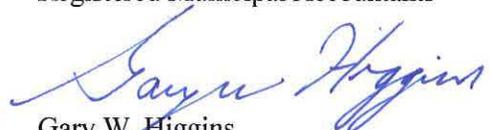
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 11, 2016 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 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
April 11, 2016

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash and Cash Equivalents	A-4	\$ 1,695,605	\$ 1,316,708
Cash - Change Funds	A	200	200
Grants Receivable	A-23	<u>113,745</u>	<u>53,637</u>
		<u>1,809,550</u>	<u>1,370,545</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	212,193	218,437
Tax Title Liens Receivables	A-8	36,266	34,408
Property Acquired for Taxes - At Assessed Valuation	A-9	59,720	59,720
Revenue Accounts Receivable	A-10	6,086	4,836
Other Accounts Receivable	A-29	623	
Prepaid County Taxes	A-18	288	
Due from General Capital Fund	C-10	<u>126</u>	<u>-</u>
		<u>315,302</u>	<u>317,401</u>
Deferred Charges			
Emergency Authorizations (40A:4-47)	A-12		75,000
Overexpenditure of Appropriations	A-12		2,429
Special Emergency Authorizations (40A:4-55)	A-11	<u>50,200</u>	<u>75,300</u>
		<u>50,200</u>	<u>152,729</u>
Total Assets		<u>\$ 2,175,052</u>	<u>\$ 1,840,675</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 357,152	\$ 282,546
Encumbrances Payable	A-14	82,994	64,003
Accounts Payable	A-15		278
Due to Other Trust Fund	B-17	4,609	4,653
Due to Open Space Trust Fund	B-26	69	69
Prepaid Taxes	A-16	99,467	83,432
Tax Overpayments	A-26	19,156	35,956
Local District School Tax Payable	A-19	92,735	91,372
Due to State of New Jersey - Senior Citizens and Veterans Deductions	A-6	12,381	12,381
Due to State of New Jersey - DCA Fees Payable	A-27	1,721	
Reserve for Tax Appeals	A-22	16,795	41,562
Reserve for Sale of Municipal Assets	A-21	6,539	6,539
Appropriated Reserves	A-24	150,074	43,938
Unappropriated Reserves	A-25		21,127
Emergency Note Payable	A-28	-	75,000
		<u>843,692</u>	<u>762,856</u>
Reserve for Receivables	A	315,302	317,401
Fund Balance	A-1	<u>1,016,058</u>	<u>760,418</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 2,175,052</u>	 <u>\$ 1,840,675</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 291,440	\$ 344,000
Miscellaneous Revenues Anticipated	A-2	972,558	1,012,625
Receipts from Delinquent Taxes	A-2	220,159	145,045
Receipts from Current Taxes	A-2	23,531,741	22,990,585
Non-Budget Revenues	A-2	149,240	69,693
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	121,653	36,513
Accounts Payable Cancelled	A-15	278	1,976
Interfunds Returned	A	-	107,299
		<u>25,287,069</u>	<u>24,707,736</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,499,411	2,553,798
Other Expenses	A-3	2,686,887	2,486,165
Capital Improvements	A-3	90,000	90,000
Municipal Debt Service	A-3	57,630	466,881
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	682,433	546,127
County Taxes	A-18	2,271,291	2,165,712
County Taxes- Open Space Preservation	A-18	23,936	23,511
Due County for Added and Omitted Taxes	A-18	3,800	1,688
Local District School Tax	A-19	11,074,823	10,712,456
Regional High School Tax	A-20	5,256,959	5,163,061
Municipal Open Space Tax	A-17	89,671	89,685
Prior Year Refunds	A-4	361	
Prior Year Senior and Vets Deductions Disallowed	A-6	1,750	
Prepaid County Taxes - 2015	A-18	288	
Interfunds and Other Receivable Advanced	A-1	749	-
		<u>24,739,989</u>	<u>24,299,084</u>
Excess of Revenue over Expenditures Before Adjustments		547,080	408,652
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A	-	77,429
Statutory Excess to Fund Balance		<u>547,080</u>	<u>486,081</u>

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, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Statutory Excess to Fund Balance (Carried Forward)		\$ 547,080	\$ 486,081
FUND BALANCE, January 1	A	<u>760,418</u>	<u>618,337</u>
		1,307,498	1,104,418
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>291,440</u>	<u>344,000</u>
FUND BALANCE, December 31	A	<u>\$ 1,016,058</u>	<u>\$ 760,418</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

		<u>Anticipated</u>	Added by:		Excess or
	<u>Reference</u>	<u>Budget</u>	<u>40A:4-87</u>	<u>Realized</u>	<u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-2	\$ 291,440	-	\$ 291,440	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	1,500		1,620	\$ 120
Other	A-10	6,500		2,625	(3,875)
Fees and Permits					
Other	A-10	15,000		13,750	(1,250)
Fines and Costs					
Municipal Court	A-10	55,000		55,866	866
Interest and Costs on Taxes	A-10	38,000		56,284	18,284
Interest in Investments and Deposits	A-2	6,000		12,698	6,698
Cablevision Fess	A-10	36,045		36,045	-
Energy Receipts Taxes	A-10	447,738		447,738	-
Watershed Moratorium Offset Aid	A-10	20,757		20,257	(500)
Uniform Construction Code Fees	A-10	114,000		138,481	24,481
Recycling Tonnage Grant	A-23	11,496		11,496	-
Senior Citizen Activities - CDBG	A-23	2,500		2,500	-
Reserved for Clean Communities Program	A-25	8,509	\$ 10,340	18,849	-
Municipal Alliance on Alcoholism and Drug Abuse	A-23	9,324		9,324	-
Reserve for Body Armor Replacement Program	A-25	1,427	1,426	2,853	-
Reserve for Highway Safety Grant	A-25	5,150	2,850	8,000	-
Reserve for Alcohol Education Rehab	A-25	2,541	1,709	4,250	-
Bergen County Mini Grant	A-23;A-25	600	300	900	-
Reserve for Senior Citizen Activities - CDBG	A-25	3,500		3,500	-
Highland Field Walking Path Lighting - Open Space Grant	A-23		73,985	73,985	-
Uniform Fire Safety Act	A-10	599		2,049	1,450
Lease of Real Property - Cell Tower	A-10	40,245		45,139	4,894
Donations - Borough Newsletter	A-10	3,700		4,225	525
Capital Surplus	C-10	124	-	124	-
Total Miscellaneous Revenues	A-2	<u>830,255</u>	<u>90,610</u>	<u>972,558</u>	<u>51,693</u>
RECEIPTS FROM DELINQUENT TAXES	A-7	<u>150,000</u>	-	<u>220,159</u>	<u>70,159</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		4,560,000		4,554,363	(5,637)
Minimum Library Tax		<u>319,318</u>	-	<u>319,318</u>	-
	A-2	<u>4,879,318</u>	-	<u>4,873,681</u>	<u>(5,637)</u>
Total General Revenues		<u>\$ 6,151,013</u>	<u>\$ 90,610</u>	6,357,838	<u>\$ 116,215</u>
Non-Budget Revenues	A-1,A-2			<u>149,240</u>	
				<u>\$ 6,507,078</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, 2015**

	<u>Reference</u>	
<u>Analysis of Realized Revenue</u>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 23,531,741
Allocated to		
School, County, and Municipal Open Space Taxes	A-17,18,19,20	<u>18,882,060</u>
		4,649,681
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>224,000</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 4,873,681</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Reference</u>	
<u>Non-Budget Revenue</u>		
Verizon Franchise Fees		\$ 31,952
Sewer User Fees - Borough of Old Tappan		10,436
Police Outside Detail		25,159
Garbage Fees		3,493
2% Administration Fee - Senior Citizen and Veteran Deductions		835
FEMA - Hurricane Sandy		6,912
Excess Funds in Payroll Agency Returned		48,142
Miscellaneous Fees		<u>22,311</u>
	A-2, A-4	<u>\$ 149,240</u>
Cash Receipts		\$ 101,098
Cash Receipts - Due from Other Trust Fund		<u>48,142</u>
		<u>\$ 149,240</u>
 <u>Analysis of Interest on Investment and Deposits</u>		
Cash Receipts	A-10	\$ 8,893
Due from General Capital Fund	C-10	3,761
Due from Other Trust Fund	B-17	<u>44</u>
	A-2	<u>\$ 12,698</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<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	\$ 11,055	\$ 11,055	\$ 10,904	\$ 151	
Other Expenses	40,000	40,000	39,967	33	
Mayor and Council					
Other Expenses	2,000	1,000	823	177	
Municipal Clerk					
Salaries and Wages	58,952	58,952	58,873	79	
Other Expenses	5,000	5,000	4,678	322	
Financial Administration					
Salaries and Wages	138,681	138,281	134,369	3,912	
Other Expenses	23,865	23,865	23,480	385	
Audit Services					
Other Expenses	30,000	30,000	1,636	28,364	
Revenue Administration (Tax Collection)					
Salaries and Wages	1	1		1	
Other Expenses	3,355	14,355	12,053	2,302	
Assessment of Taxes					
Salaries and Wages	23,100	24,300	23,899	401	
Other Expenses	3,200	2,000	1,397	603	
Legal Services and Costs					
Other Expenses					
Special Counsel	12,000	12,000	6,360	5,640	
Miscellaneous	40,000	40,000	40,000	-	
Engineering Services and Costs					
Other Expenses	12,000	12,000	12,000	-	
Planning Board					
Salaries and Wages	1,500	2,000	1,824	176	
Other Expenses	14,000	44,500	33,825	10,675	
Zoning Board of Adjustment					
Salaries and Wages	4,305	4,805	4,590	215	
Other Expenses	2,300	1,300	973	327	

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, 2015**

	<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	\$ 210,069	\$ 210,069	\$ 205,580	\$ 4,489	
Disability Insurance	8,000			-	
Employee Group Health	398,504	393,504	345,904	47,600	
Unemployment Insurance	3,047			-	
Police					
Salaries and Wages	1,471,787	1,455,787	1,434,114	21,673	
Other Expenses	52,840	68,840	66,844	1,996	
Emergency Management Services					
Other Expenses	2,000	2,000	2,000	-	
Aid to Volunteer Ambulance Companies	16,400	16,400	16,300	100	
Fire					
Other Expenses	76,130	81,130	74,033	7,097	
Fire Hydrant Services	97,000	94,700	94,698	2	
Uniform Fire Safety Act					
Other Expenses	3,500	3,500	3,185	315	
Municipal Prosecutor					
Prosecutor- Contractual	4,000	4,000		4,000	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	679,230	699,230	686,246	12,984	
Other Expenses	76,500	51,500	40,044	11,456	
Solid Waste Collection					
Garbage and Trash Removal - Contractual	168,800	168,800	154,733	14,067	
Public Buildings and Grounds					
Other Expenses	17,000	17,000	16,707	293	
Vehicle Maintenance					
Police- Other Expenses	12,000	12,000	8,967	3,033	
Streets and Roads- Other Expenses	12,000	12,000	12,000	-	
Other Public Works Function - Beautification					
Other Expenses	2,000	2,000	2,000	-	

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, 2015**

	<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)					
HEALTH and HUMAN SERVICES					
Board of Health					
Salaries and Wages - Regular	\$ 18,550	\$ 18,550	\$ 16,823	\$ 1,727	
Other Expenses	9,250	9,250	7,421	1,829	
Environmental Commission					
Salaries and Wages	700	700	700	-	
Other Expenses	400	400	351	49	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	1,500	1,500	1,485	15	
Other Expenses	1,500	1,500	523	977	
Maintenance of Parks					
Other Expenses	8,000	8,000	6,855	1,145	
Senior Citizen Activities	3,213	3,213		3,213	
Contr. to James McGuire Sen. Ctr.-Northvale	1,000	1,000		1,000	
Seniors Transportation Agreement w/Haworth	7,000	7,000	6,817	183	
Municipal Court					
Salaries and Wages	11,480	11,480	10,600	880	
Other Expenses	3,900	3,900	2,286	1,614	
Public Defender					
Other Expenses	1,200	1,200	300	900	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	72,570	72,770	72,766	4	
Other Expenses	7,050	7,250	7,196	54	

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, 2015

	<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	\$ 25,226	\$ 25,226	\$ 22,168	\$ 3,058	
Street Lighting	48,000	48,000	41,913	6,087	
Telephone and Telegraph	26,000	26,000	18,725	7,275	
Water	10,000	14,300	11,359	2,941	
Natural Gas	11,000	11,000	7,052	3,948	
Gasoline	55,000	43,000	32,526	10,474	
Sewage Processing and Disposal	500	500	500	-	
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Bergen County Landfill Dumping Fees	150,000	123,500	111,046	12,454	-
Total Operations Within "CAPS"	4,209,160	4,197,113	3,954,418	242,695	-
Detail:					
Salaries and Wages	2,493,411	2,499,411	2,457,193	42,218	-
Other Expenses	1,715,749	1,697,702	1,497,225	200,477	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Overexpenditure of Appropriation	2,439	2,439	2,429		\$ 10
Statutory Charges					
Contribution to Public Employees Retirement System	116,050	116,050	94,345	21,705	
Social Security System (O.A.S.I.)	99,750	111,797	96,991	14,806	
Police & Firemen's Retirement System of NJ	327,421	327,421	327,421		
Contribution to PERS - ERIP	23,836	23,836	23,836		
Contribution to Defined Contribution Retirement Program	800	800	500	300	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	570,296	582,343	545,522	36,811	10
Total General Appropriations for Municipal Purposes Within "CAPS"	4,779,456	4,779,456	4,499,940	279,506	10

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, 2015

	<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		\$ 4,500	
Employee Group Health	12,758	12,758	\$ 12,758	-	
Bergen County Utilities Authority					
Operating	244,952	244,952	244,951	1	
Debt Service	105,642	105,642	105,642		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	319,318	319,318	319,318	-	
LOSAP	69,000	69,000		69,000	
Recycling Tax Appropriation	7,000	7,000	5,415	1,585	
Reserve Tax Appeals	2,500	2,500	-	2,500	-
Total Other Operations - Excluded from "CAPS"	765,670	765,670	688,084	77,586	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
9-1-1 Interlocal Agreement	57,500	57,500	57,440	60	
Municipal Court Administrator - Borough of Norwood	27,250	27,250	27,250	-	-
Total Interlocal Municipal Service Agreements	84,750	84,750	84,690	60	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Grant (Ch. 187, P.L. 1986)					
Recycling Program	8,509	18,849	18,849	-	
Municipal Alliance Program (State and Local Match)	12,432	12,432	12,432	-	
Body Armor Replacement Program	1,427	2,853	2,853	-	
Recycling Tonnage Grant	11,496	11,496	11,496	-	
Highway Safety Grant	5,150	8,000	8,000	-	
Alcohol Education Rehab	2,541	4,250	4,250	-	
Bergen County Mini Grant	600	900	900	-	
Highland Field Walking Path Lighting - Open Space Grant		73,985	73,985	-	
Senior Citizen Activities - CDBG	6,000	6,000	6,000	-	-
Total Public and Private Programs Offset by Revenues	48,155	138,765	138,765	-	-
Total Operations Excluded from "CAPS"	898,575	989,185	911,539	77,646	-
Detail:					
Other Expenses	898,575	989,185	911,539	77,646	-

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, 2015

	<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	\$ 90,000	\$ 90,000	\$ 90,000	-	-
Total Capital Improvements Excluded From "CAPS"	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Interest on Bond Anticipation Notes Green Trust Loan Program	17,531	17,531	16,346		\$ 1,185
Loan Repayments for Principal and Interest NJEIT Loan Program	7,454	7,454	7,454		
Loan Repayments for Principal and Interest	<u>33,897</u>	<u>33,897</u>	<u>33,830</u>	<u>-</u>	<u>67</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>58,882</u>	<u>58,882</u>	<u>57,630</u>	<u>-</u>	<u>1,252</u>
DEFERRED CHARGES MUNICIPAL -					
EXCLUDED FROM "CAPS"					
Emergency Authorizations - Special Emergency Authorizations - 5 years	75,000	75,000	75,000		
	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>100,100</u>	<u>100,100</u>	<u>100,100</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,147,557</u>	<u>1,238,167</u>	<u>1,159,269</u>	<u>\$ 77,646</u>	<u>1,252</u>
Subtotal General Appropriations	5,927,013	6,017,623	5,659,209	357,152	1,262
Reserve for Uncollected Taxes	<u>224,000</u>	<u>224,000</u>	<u>224,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 6,151,013</u>	<u>\$ 6,241,623</u>	<u>\$ 5,883,209</u>	<u>\$ 357,152</u>	<u>\$ 1,262</u>
<u>Reference</u>	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, 2015**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Original Budget	A-2	\$ 6,151,013	
Appropriation by 40A:4-87	A-2	<u>90,610</u>	
		<u>\$ 6,241,623</u>	
Cash Disbursed	A-4		\$ 5,525,387
Less: Budget Offsets	A-4		<u>190,466</u>
			5,334,921
Special Emergency Authorizations	A-11		25,100
Emergency Authorizations	A-12		75,000
Overexpenditure of Appropriations	A-12		2,429
Reserve for Uncollected Taxes	A-2		224,000
Transferred to Appropriated Reserves	A-24		138,765
Encumbrances Payable	A-14		<u>82,994</u>
	A-3		<u>\$ 5,883,209</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 5,258	\$ 5,213
Due from State of NJ	B-5	-	75
		<u>5,258</u>	<u>5,288</u>
OTHER TRUST FUND			
Cash	B-3	424,179	506,809
Due from Current Fund	B-17	4,609	4,653
		<u>428,788</u>	<u>511,462</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND			
Cash	B-3	401,106	475,277
Due from Current Fund	B-26	69	69
		<u>401,175</u>	<u>475,346</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	689,173	668,602
Contribution Receivable	B	72,541	36,731
		<u>761,714</u>	<u>705,333</u>
 Total Assets		 <u>\$ 1,596,935</u>	 <u>\$ 1,697,429</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL TRUST FUND			
Reserve for Animal Control Fund Expenditures	B-4	\$ <u>5,258</u>	\$ <u>5,288</u>
		<u>5,258</u>	<u>5,288</u>
OTHER TRUST FUND			
Developer's Deposits	B-6	59,821	59,821
Street Opening Deposits - Developers	B-8	2,000	2,000
Subdivision Applications - Developers	B-7	78,122	76,314
Payroll Deductions	B-22	16,936	90,782
Dedicated Funds			
Cat License Fees	B-9	5,778	4,959
Tennis Program Reserve - Recreation	B-10	8,911	8,911
Unemployment Insurance Trust	B-16	21,204	26,530
Parking Offenses Adjudication Act	B-11	194	192
Recycling Program	B-12	1,744	2,673
Recreation Fees	B-13	9,873	8,890
Community Parks - Recreation	B-19		28,161
Green Team/Environmental Commission-Donations	B-24	919	528
Police - Donations	B-25	3,321	4,000
World Trade Center Assistance	B-18	1,097	1,097
Beautification	B-27	7,206	92
Tree Fees	B-28	16,354	16,354
Due to State of New Jersey			
State Training Fees	B-14	7,018	7,018
Domestic Violence Fees	B-15	103	78
Tax Sale Premiums	B-23	121,900	101,400
Reserve for Affordable Housing - Developer's Fees	B-20	<u>66,287</u>	<u>71,662</u>
		<u>428,788</u>	<u>511,462</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND			
Contracts Payable	B-29	152,679	143,602
Reserve for Open Space Expenditures	B-21	<u>248,496</u>	<u>331,744</u>
		<u>401,175</u>	<u>475,346</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	<u>761,714</u>	<u>705,333</u>
Total Liabilities and Reserves		<u>\$ 1,596,935</u>	<u>\$ 1,697,429</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Reference</u>	<u>2015 Anticipated</u>	<u>2015 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-21	\$ 89,523	\$ 89,671	\$ 148
		<u>\$ 89,523</u>	89,671	<u>\$ 148</u>
Non-Budget - Miscellaneous	B-21		<u>52,445</u>	
			<u>\$ 142,116</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget (Memorandum)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation	<u>\$ 89,523</u>	<u>\$ 225,364</u>	<u>\$ (135,841)</u>
<u>Reference</u>	B-1	B-21	

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Cash and Cash Equivalents	C-2,C-3	\$ 1,325,979	\$ 1,929,000
Grants Receivable	C-6	260,750	148,500
Due from NJEIT Loan Program	C-7	25,150	25,150
Deferred Charges to Future Taxation			
Funded	C-4	3,127,464	291,487
Unfunded	C-5	<u>71,897</u>	<u>2,718,424</u>
 Total Assets		 <u>\$ 4,811,240</u>	 <u>\$ 5,112,561</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-13	\$ 2,876,000	
Green Trust Loan Payable	C-14	18,089	\$ 25,076
NJEIT Loan Program	C-15	233,375	266,411
Bond Anticipation Notes Payable	C-16		2,628,500
Improvement Authorizations			
Funded	C-12	845,705	92,497
Unfunded	C-12	71,897	1,543,257
Contracts Payable	C-9	407,109	532,360
Due to Current Fund	C-10	126	
Reserve for Payment of Debt	C-11	152,266	7,836
Capital Improvement Fund	C-8	94,423	16,500
Reserve for Grants Receivable	C-17	112,250	
Fund Balance	C-1	<u>-</u>	<u>124</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,811,240</u>	 <u>\$ 5,112,561</u>

There were bonds and notes authorized but not issued at December 31, 2015 and 2014 amounting to \$71,897 and \$89,924, respectively. (Exhibit C-18)

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Balance, January 1	C	\$ 124	\$ 86,422
Increased by:			
Premium on Bond Anticipation Notes Issued	C-1	-	<u>124</u>
		124	86,546
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-10	<u>124</u>	<u>86,422</u>
Balance, December 31	C	<u>\$ -</u>	<u>\$ 124</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u> (Restated)
General Fixed Assets		
Land and Land Improvements	\$ 4,217,430	\$ 4,203,146
Buildings and Building Improvements	1,635,772	1,628,672
Machinery and Equipment:		
Automotive	808,016	789,160
All Others	<u>3,550,549</u>	<u>3,202,319</u>
	<u>\$ 10,211,767</u>	<u>\$ 9,823,297</u>
Investment in General Fixed Assets	<u>\$ 10,211,767</u>	<u>\$ 9,823,297</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 ambulance corps or volunteer fire department, 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.

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

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, 2014 balances to conform to the December 31, 2015 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the 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.

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 June 30, 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 as cost.

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

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

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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 2015 and 2014 the Borough Council increased the original budget by \$90,610 and \$75,000. The 2015 increase was funded by additional aid allotted to the Borough. The 2014 increase was attributable to an emergency resolution for \$75,000 for Police – Salaries and Wages. In addition, the governing body approved several budget transfers during 2015 and 2014.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>2015</u>			
None			
<u>2014</u>			
Current Fund			
Uniform Fire Safety Act – Other Expenses	\$2,150	\$2,664	\$514
Vehicle Maintenance - Streets and Roads			
Other Expenses	7,500	8,923	1,423
Maintenance of Parks – Other Expenses	8,000	8,162	162
Senior Citizen Activities	3,150	3,480	<u>330</u>
			<u>\$2,429</u>

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year’s budget. GAAP does not permit the deferral of overexpenditures at year end.

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), 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$3,852,327 and \$4,233,207 and bank and brokerage firm balances of the Borough's deposits amounted to \$3,988,730 and \$4,383,612, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2015</u>	<u>2014</u>
Insured	\$ 3,953,151	\$ 4,348,081
Uninsured and Collateralized	<u>35,579</u>	<u>35,531</u>
	<u>\$ 3,988,730</u>	<u>\$ 4,383,612</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, the Borough's bank balances of \$35,579 and \$35,521 were exposed to custodial credit risk as follows:

	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 35,579</u>	<u>\$ 35,531</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.

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2015 and 2014, the Borough had the following investments:

	Fair Value <u>LOSAP Only</u> (Unaudited)
<u>2015</u>	
VALIC - Length of Service Award Program	<u>\$ 689,173</u>
<u>2014</u>	
VALIC - Length of Service Award Program	<u>\$ 668,602</u>

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, 2015 and 2014, \$689,173 and \$668,602 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2015</u>	<u>2014</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 689,173</u>	<u>\$ 668,602</u>

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, 2015 and 2014, the Borough’s investment in Variable Annuity Life Insurance Company (VALIC) was rated Aa2 by Moody’s Investors Service.

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 investments 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 212,193	\$ 218,437
Tax Title Liens	<u>36,266</u>	<u>34,408</u>
	<u>\$ 248,459</u>	<u>\$ 252,845</u>

In 2015 and 2014, the Borough collected \$220,159 and \$145,045 from delinquent taxes, which represented 87% and 82%, respectively of the prior year delinquent taxes receivable balance.

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>2015</u>		<u>2014</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	\$ 126	\$ 4,678		\$ 4,722
Other Trust Fund	4,609		\$ 4,653	
Animal Control Trust Fund				
Municipal Open Space Trust Fund	69		69	
General Capital Fund	<u>-</u>	<u>126</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,804</u>	<u>\$ 4,804</u>	<u>\$ 4,722</u>	<u>\$ 4,722</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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 50,200	\$ 25,100	\$ 25,100
	<u>\$ 50,200</u>	<u>\$ 25,100</u>	<u>\$ 25,100</u>
<u>2014</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 75,000	\$ 75,000	
Overexpenditure of Appropriations	2,429	2,429	
Special Emergency Authorizations (40A:4-55)	<u>75,300</u>	<u>25,100</u>	<u>\$ 50,200</u>
	<u>\$ 152,729</u>	<u>\$ 102,529</u>	<u>\$ 50,200</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
	Local District <u>School</u>	Local District <u>School</u>
Balance of Tax	\$ 5,710,936	\$ 5,547,993
Deferred Liability	<u>5,618,201</u>	<u>5,456,621</u>
Taxes Payable	<u>\$ 92,735</u>	<u>\$ 91,372</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 Fund's budget for the succeeding year was as follows:

	<u>2015</u>		<u>2014</u>	
	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 852,113	\$ 358,000	\$ 554,052	\$ 291,440
Non-Cash Surplus	<u>163,945</u>	<u>-</u>	<u>206,366</u>	<u>-</u>
	<u>\$ 1,016,058</u>	<u>\$ 358,000</u>	<u>\$ 760,418</u>	<u>\$ 291,440</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2015 and 2014.

	Balance, December 31, <u>2014</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2015</u>
<u>2015</u>					
Land and Land Improvements	\$ 4,203,146				\$ 4,203,146
Buildings and Building Improvements	1,628,672				1,628,672
Machinery and Equipment	<u>3,991,479</u>	\$ 388,470	\$ -	\$ -	<u>4,379,949</u>
	<u>\$ 9,823,297</u>	<u>\$ 388,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,211,767</u>
	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u> (A)	Balance, December 31, <u>2014</u> (Restated)
<u>2014</u>					
Land and Land Improvements	\$ 4,203,146				\$ 4,203,146
Buildings and Building Improvements	1,628,672				1,628,672
Machinery and Equipment	<u>3,721,727</u>	\$ 72,245	\$ -	\$ 197,507	<u>3,991,479</u>
	<u>\$ 9,553,545</u>	<u>\$ 72,245</u>	<u>\$ -</u>	<u>\$ 197,507</u>	<u>\$ 9,823,297</u>

(A) Represents previously unrecorded additions reported in the Fixed Asset Report as of December 31, 2014 which was not completed until after the release of the 2014 audit.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 the 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>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 3,127,464	\$ 2,919,987
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>152,266</u>	<u>7,836</u>
Net Debt Issued	2,975,198	2,912,151
Authorized But Not Issued		
General		
Bonds and Notes	<u>71,897</u>	<u>89,924</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,047,095</u>	<u>\$ 3,002,075</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

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 .318% and .316% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 3,199,361	\$ 152,266	\$ 3,047,095
School Debt	<u>3,307,448</u>	<u>3,307,448</u>	<u>-</u>
Total	<u>\$ 6,506,809</u>	<u>\$ 3,459,714</u>	<u>\$ 3,047,095</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
General Debt	\$ 3,009,911	\$ 7,836	\$ 3,002,075
School Debt	<u>3,807,692</u>	<u>3,807,692</u>	<u>-</u>
Total	<u>\$ 6,817,603</u>	<u>\$ 3,815,528</u>	<u>\$ 3,002,075</u>

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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 33,542,112	\$ 33,224,286
Net Debt	<u>3,047,095</u>	<u>3,002,075</u>
Remaining Borrowing Power	<u>\$ 30,495,017</u>	<u>\$ 30,222,211</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

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>2015</u>	<u>2014</u>
\$2,876,000, 2015 Bonds due in annual installments of \$290,000 to \$351,000 through August 15, 2024, interest at 1.50% to 2.20%	\$ 2,876,000	\$ -

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>2015</u>	<u>2014</u>
\$119,873, 1998 Loans, due in Semi-annual installments of \$3,546 to \$3,690 through February 18, 2018, interest at 2.00%	\$ 18,089	\$ 25,076

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 New Jersey Environmental Infrastructure Trust loans outstanding at December 31 are as follows:

	<u>2015</u>	<u>2014</u>
\$348,576, 2012 Loan, due in Semi-annual installments of \$8,088 and \$16,178 through August 1, 2022, interest at 0%	\$ 169,865	\$ 194,132
\$89,732, 2012 Loan, due in Annual installments of \$8,813 to \$9,447 through August 1, 2022, interest at 0.590% to 1.930%	63,510	72,279
	<u>\$ 233,375</u>	<u>\$ 266,411</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 is as follows:

Calendar Year	<u>Bonds</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 290,000	\$ 51,136	\$ 40,208	\$ 1,143	\$ 382,487
2017	295,000	47,072	40,401	949	383,422
2018	305,000	42,647	36,890	732	385,269
2019	310,000	38,072	33,294	603	381,969
2020	320,000	33,422	33,408	488	387,318
2021-2024	<u>1,356,000</u>	<u>71,488</u>	<u>67,263</u>	<u>530</u>	<u>1,495,281</u>
	<u>\$ 2,876,000</u>	<u>\$ 283,837</u>	<u>\$ 251,464</u>	<u>\$ 4,445</u>	<u>\$ 3,415,746</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2015 and 2014 were as follows:

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable		\$ 2,876,000		\$ 2,876,000	\$ 290,000
Intergovernmental Loans Payable	\$ 291,487	-	\$ 40,023	251,464	40,208
	<u>\$ 291,487</u>	<u>\$ 2,876,000</u>	<u>\$ 40,023</u>	<u>\$ 3,127,464</u>	<u>\$ 330,208</u>
	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 400,000		\$ 400,000		
Intergovernmental Loans Payable	331,340	-	39,853	291,487	40,023
	<u>\$ 731,340</u>	<u>\$ -</u>	<u>\$ 439,853</u>	<u>\$ 291,487</u>	<u>\$ 40,023</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2014</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2015</u>
<u>2015</u>						
<u>General Capital Fund</u>						
Acquisition of DPW Equipment			\$ 146,500		\$ 146,500	
Various Capital Improvements			813,500		813,500	
Various Capital Improvements			<u>1,668,500</u>	\$ -	<u>1,668,500</u>	\$ -
Total General Capital Fund			<u>\$ 2,628,500</u>	<u>\$ -</u>	<u>\$ 2,628,500</u>	<u>\$ -</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2013</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2014</u>
<u>2014</u>						
<u>General Capital Fund</u>						
Acquisition of DPW Equipment	1.00%	8/18/2015	\$ 146,500	\$ 146,500	\$ 146,500	\$ 146,500
Various Capital Improvements	1.00%	8/18/2015	813,500	813,500	813,500	813,500
Various Capital Improvements	0.70%	8/18/2015	-	<u>1,668,500</u>	-	<u>1,668,500</u>
Total General Capital Fund			<u>\$ 960,000</u>	<u>\$ 2,628,500</u>	<u>\$ 960,000</u>	<u>\$ 2,628,500</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency appropriations to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund as follows:

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2014</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2015</u>
<u>2015</u>						
Police - Salaries and Wages			\$ 75,000	\$ -	\$ 75,000	\$ -
Total Emergency Notes			<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>
<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2013</u>	<u>Issued</u>	<u>Retired</u>	Balance, December 31, <u>2014</u>
<u>2014</u>						
Police - Salaries and Wages	0.70%	8/18/2015	\$ -	\$ 75,000	\$ -	\$ 75,000
Total Emergency Notes			<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2015</u>		
Old Burying Ground Block Retaining Wall	\$14,816	2016
Lafayette Road and Rugen Drive Sidewalk Improvements	34,351	2016
2015 Road Resurfacing Program	50,743	2016
Highland Field Walking Path Lighting Improvements	131,275	2016
Lynn Street – Section II Improvements	<u>156,471</u>	2016
	<u>\$387,656</u>	
<u>2014</u>		
2014 Road Resurfacing Program	\$190,281	2015
Old Burying Ground Block Retaining Wall	<u>143,602</u>	2015
	<u>\$333,883</u>	

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2015</u>	
Purchase of One (1) Ford 2015 F-450 Truck	<u>\$59,054</u>
<u>2014</u>	
Purchase of Leaf Blower	\$42,575
Purchase of Two (2) Trucks	229,490
Purchase of Motorola Radios and Computer	<u>24,099</u>
	<u>\$296,164</u>

NOTE 12 OTHER LONG-TERM LIABILITIES

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, 2015 and 2014 to be \$90,112 and \$310,049 respectively, and is material to the financial statements.

Changes in Other Long-Term Liabilities

The Borough’s changes in other long-term liabilities for the years ended December 31, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<u>2015</u>					
Compensated Absences	\$ 310,049		\$ 219,937	\$ 90,112	
Net Pension Liability - PERS	2,681,204	\$ 70,474	116,050	2,635,628	\$ 130,109
Net Pension Liability - PFRS	<u>4,742,198</u>	<u>947,570</u>	<u>327,421</u>	<u>5,362,347</u>	<u>346,687</u>
Other Long-Term Liabilities	<u>\$ 7,733,451</u>	<u>\$ 1,018,044</u>	<u>\$ 663,408</u>	<u>\$ 8,088,087</u>	<u>\$ 476,796</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustment</u> (A)	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>						
Compensated Absences	\$ 311,400		\$ 1,351		\$ 310,049	\$ 219,937
Net Pension Liability - PERS				\$ 2,681,204	2,681,204	116,050
Net Pension Liability - PFRS	-	-	-	4,742,198	4,742,198	327,421
Other Long-Term Liabilities	<u>\$ 311,400</u>	<u>\$ -</u>	<u>\$ 1,351</u>	<u>\$ 7,423,402</u>	<u>\$ 7,733,451</u>	<u>\$ 663,408</u>

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's statement No. 68 "Accounting and Financial Reporting for Pensions".

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.

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

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.

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.us/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The CPFPPF system is 65.4 percent funded with an unfunded actuarial accrued liability of \$ 1.7 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 billion, respectively.

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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, 2013 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) 7.90% for investment rate of return for all the retirement systems except CPFPP (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

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, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

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, 2015, 2014 and 2013, 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>
2015	\$ 327,421	\$ 139,886	\$ 500
2014	260,251	128,847	
2013	261,855	126,533	

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

At December 31, 2015 and 2014, the Borough had a liability of \$2,635,628 and \$2,681,204, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. 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. At June 30, 2014, the Borough's proportionate share was .01407 percent, which was an increase of .00005 percent from its proportionate share measured as of June 30, 2013.

For the year ended December 31, 2015, the pension system has determined the Borough's pension expense to be \$137,191 for PERS based on the actuarial valuation which is more than the actual contribution made by the Borough of \$116,050 for PERS. At December 31, 2015 and 2014, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 82,878		\$ -	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 157,069		\$ -
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>7,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 90,666</u>	<u>\$ 157,069</u>	<u>\$ -</u>	<u>\$ -</u>

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

Year Ending <u>December 31,</u>	<u>Total</u>
2016	\$ (22,601)
2017	(22,601)
2018	(22,601)
2019	(22,601)
2020	16,667
Thereafter	<u>7,334</u>
	<u>\$ (66,403)</u>

**BOROUGH OF HARRINGTON PARK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The measurement dates of June 30, 2014 and 2013 are eighteen months prior to the Borough's balance sheet date of December 31, 2015 and 2014, respectively. GAAP requires the measurement date of the total pension liability to be no earlier than the end of the employer's prior fiscal year. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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:

PERS

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 4.29%. 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, 2015 calculated using the discount rate of 5.39%, 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 (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,315,699</u>	<u>\$ 2,635,628</u>	<u>\$ 2,064,540</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2014. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen’s Retirement System (PFRS)

At June 30, 2015 and 2014, the Borough had a liability of \$5,362,347 and \$4,742,198, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2014 and 2013, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. 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. At June 30, 2014, the Borough’s proportionate share was .60755 percent, which was a decrease of .01023 percent from its proportionate share measured as of June 30, 2013.

For the year ended December 31, 2015, the pension system has determined the Borough’s pension expense to be \$518,586 for PFRS based on the actuarial valuation which is more than the actual contribution made by the Borough of \$327,421 for PFRS. At December 31, 2015 and 2014, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension from the following sources:

	2015		2014	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 201,321		\$ -	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 547,209		\$ -
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>775,045</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 976,366</u>	<u>\$ 547,209</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 42,677
2017	42,677
2018	42,677
2019	42,677
2020	179,479
Thereafter	<u>78,970</u>
	<u>\$ 429,157</u>

**BOROUGH OF HARRINGTON PARK
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The measurement dates of June 30, 2014 and 2013 are eighteen months prior to the Borough’s balance sheet date of December 31, 2015 and 2014, respectively. GAAP requires the measurement date of the total pension liability to be no earlier than the end of the employer’s prior fiscal year. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PFRS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	3.95-8.62%
	Based on Age
Thereafter	4.95-9.62%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2007 -
Study Upon Which Actuarial	June 30, 2010
Assumptions were Based	

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF HARRINGTON PARK
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PFRS	6.32%

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

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>
2015	\$ 5,326	\$ 21,204
2014	5,445	26,530
2013	1,467	31,833

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$16,795 and \$41,562, 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 or from fund balance.

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, 2015 and 2014, 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, 2015 and 2014, 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

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 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.

The Borough of Harrington Park has contributed \$1,360 and \$1,360 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough of Harrington Park has contributed \$1,150 for 2015 for each eligible volunteer ambulance corps member into the Plan. The total Borough contributions were \$72,541 and \$36,731 for 2015 and 2014, 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2015. During the year ended December 31, 2015, the Borough received \$6,912 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

CURRENT FUND

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

Balance, December 31, 2014		\$	1,316,708
Increased by Receipts:			
Tax Collector Receipts	\$	23,780,719	
Revenue Accounts Receivable		776,688	
Miscellaneous Revenue Not Anticipated		101,098	
Federal and State Grants Received		37,797	
Budget Offsets		190,466	
State of New Jersey Senior Citizens' and Veterans' Deductions		41,750	
Unappropriated Reserves		16,625	
Due to State - DCA Fees Payable		10,882	
Receipts from Other Trust Fund		48,142	
Receipts from General Capital Fund		<u>3,759</u>	
			<u>25,007,926</u>
			26,324,634
Decreased by Disbursements:			
2015 Budget Appropriations		5,525,387	
2014 Appropriation Reserves		216,269	
Local District School Tax		11,073,460	
Regional High School Tax		5,256,959	
County Taxes		2,299,027	
Prepaid County Taxes - 2015		288	
Payments to Open Space Trust Fund		89,671	
Emergency Notes Payable		75,000	
Tax Appeal Refunds		24,767	
Appropriated Reserves		41,256	
Tax Overpayment Refunds		16,800	
Prior Year Refunds		361	
Other Accounts Receivable		623	
Due to State - DCA Fees Payable		<u>9,161</u>	
			<u>24,629,029</u>
Balance, December 31, 2015		\$	<u>1,695,605</u>

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

Increased by Receipts:			
Taxes Receivable	\$	23,624,968	
Revenue Accounts Receivable			
Interest and Costs on Taxes		56,284	
Prepaid Taxes		<u>99,467</u>	
			<u>\$ 23,780,719</u>
Decreased by Transfers to Treasurer			<u>\$ 23,780,719</u>

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

Balance, December 31, 2014			\$ 12,381
Increased by:			
Cash Receipts	\$	41,750	
2014 Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector		1,750	
Senior Deductions Disallowed by Tax Collector		<u>1,000</u>	
			<u>44,500</u>
			56,881
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		2,750	
Veterans' Deductions per Tax Billings		37,500	
2014 Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector		<u>3,750</u>	
			<u>44,500</u>
Balance, December 31, 2015			<u>\$ 12,381</u>

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

Year	Balance	2015	Senior	Collected in		Overpayments	Senior	Remitted	Transferred	Balance,
	December 31,		Levy	Citizens' and Veterans' Deductions Disallowed	2014		2015			
2014	\$ 218,437	-	\$ 1,750	-	\$ 219,659	-	\$ 500	\$ 13	-	\$ 15
	218,437	-	1,750	-	219,659	-	500	13	-	15
2015	-	\$ 23,798,740	1,000	\$ 83,432	23,405,309	-	44,000	52,963	\$ 1,858	212,178
	\$ 218,437	\$ 23,798,740	\$ 2,750	\$ 83,432	\$ 23,624,968	\$ -	\$ 44,500	\$ 52,976	\$ 1,858	\$ 212,193

Analysis of 2015 Property Tax Levy

Tax Yield	
General Purpose	\$ 23,759,497
Added Taxes (R.S. 54:4-63.1 et seq).	39,243
	<u>\$ 23,798,740</u>
Tax Levy	
Regional High School Tax (Abstract)	\$ 5,256,959
Local District School Tax (Abstract)	11,236,403
County Tax (Abstract)	\$ 2,271,291
County Tax for Open Space Preservation	23,936
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	3,800
	2,299,027
Local Tax for Municipal Purposes (Abstract)	4,560,000
Minimum Library Tax Levy (Abstract)	319,318
Additional Tax Levy	37,362
	4,916,680
Open Space Tax	89,523
Additional Tax Levy - Open Space Tax	148
	<u>89,671</u>
	<u>\$ 23,798,740</u>

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

Balance, December 31, 2014	\$ 34,408
Increased by:	
Transfer from Taxes Receivable	<u>1,858</u>
Balance, December 31, 2015	<u>\$ 36,266</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2014	<u>\$ 59,720</u>
Balance, December 31, 2015	<u>\$ 59,720</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2014</u>	Accrued in <u>2015</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Clerk				
Licenses				
Alcoholic Beverages		\$ 1,620	\$ 1,620	
Other		2,625	2,625	
Fees and Permits		13,750	13,750	
Construction Code Official				
Fees and Permits		138,481	138,481	
Fines and Costs				
Municipal Court	\$ 4,836	57,116	55,866	\$ 6,086
Interest on Costs on Taxes		56,284	56,284	
Interest in Investments and Deposits		8,893	8,893	
Cablevision Fees		36,045	36,045	
Energy Receipts Taxes		447,738	447,738	
Watershed Moratorium Offset Aid		20,257	20,257	
Uniform Fire Safety Act		2,049	2,049	
Lease of Real Property - Cell Tower		45,139	45,139	
Donations - Borough Newsletter	-	4,225	4,225	-
	<u>\$ 4,836</u>	<u>\$ 834,222</u>	<u>\$ 832,972</u>	<u>\$ 6,086</u>
Cash Receipts:				
Treasurer			\$ 776,688	
Collector			<u>56,284</u>	
			<u>\$ 832,972</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>December 31,</u> <u>2014</u>	<u>Raised</u> <u>in 2015</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
4/16/2012	Revaluation	\$ 117,000	\$ 23,400	\$ 70,200	\$ 23,400	\$ 46,800
4/16/2012	Zoning Map	8,500	1,700	<u>5,100</u>	<u>1,700</u>	<u>3,400</u>
				<u>\$ 75,300</u>	<u>\$ 25,100</u>	<u>\$ 50,200</u>

EXHIBIT A-12

STATEMENT OF DEFERRED CHARGES

<u>Purpose</u>	<u>Balance</u> <u>December 31,</u> <u>2014</u>	<u>Raised</u> <u>in 2015</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
Emergency Authorizations (40A:4-47)	\$ 75,000	\$ 75,000	
Overexpenditure of Appropriations	<u>2,429</u>	<u>2,429</u>	\$ -
	<u>\$ 77,429</u>	<u>\$ 77,429</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Municipal Clerk	\$ 144	\$ 144		\$ 144
Financial Administration	1,008	1,008	\$ 494	514
Revenue Administration	914	914		914
Assessment of Taxes	643	643		643
Planning Board	1,119	1,119		1,119
Zoning Board of Adjustment	346	346		346
Police	27,757	27,757	5,633	22,124
Road Repairs and Maintenance	10,598	2,598	700	1,898
Board of Health	1,358	458		458
Recreation Services and Programs	460	460	108	352
State Uniform Construction Code	326	326		326
Other Expenses				
Administrative and Executive	8,573	11,573	11,266	307
Municipal Clerk	418	418		418
Financial Administration	821	821	821	-
Audit Services	15,993	15,993	15,993	-
Revenue Administration				
Other Expenses	1,882	2,021	2,021	-
Other Expenses - Liq. Of Tax Title Liens	100	100	100	-
Legal Services and Costs				
Special Counsel	7,303	7,303	5,204	2,099
Miscellaneous	914	914	914	-
Engineering Services and Costs	3,295	3,295	220	3,075
Planning Board	5,556	8,556	7,057	1,499
Zoning Board of Adjustment	864	864		864
General Liability Insurance	8,531	57,725	50,447	7,278
Disability Insurance	588	588		588
Employee Group Health	1,831	30,031	10,255	19,776
Police	814	2,989	2,946	43
Emergency Management Services				
Fire - Other Expenses	8,739	9,233	5,032	4,201
Fire Hydrant Services	9,816	9,816	7,916	1,900
Municipal Prosecutor - Contractual	950	630		630
Road Repair and Maintenance	20,498	22,066	8,378	13,688
Solid Waste Collection	14,067	14,067	14,067	-
Public Buildings and Grounds	3,538	3,539	110	3,429
Vehicle Maintenance				
Police - Other Expenses	3,563	3,563	2,079	1,484
Board of Health	461	461		461
Environmental Commission	77	77		77
Park and Recreation				
Recreation Services and Programs	686	686		686
Contr. To James McGuire Sen. Ctr. - Northvale	1,000	1,000		1,000
Seniors Transportation Agreement w/ Haworth	1,005	1,005		1,005
Municipal Court	20	340	320	20
Public Defender	400	400		400
State Uniform Construction Code	591	941	850	91

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, <u>2014</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (continued)				
Utilities:				
Electricity	\$ 6,447	\$ 4,847	\$ 2,013	\$ 2,834
Street Lighting	4,780	4,780	3,768	1,012
Telephone and Telegraph	2,727	3,142	2,849	293
Water	1,587	1,587	647	940
Natural Gas	1,817	1,817	1,120	697
Gasoline	7,299	4,299	3,308	991
Sewage Processing & Disposal	500	500		500
Bergen County Landfill Dumping Fees	14,344	10,345	10,124	221
Contribution to Public Employees Retirement System	11,274	890	875	15
Social Security System (O.A.S.I.)	945	945		945
NJPDES Permit - Stormwater Permit				
Engineering - Other Expenses	2,420	2,420	2,420	-
Snow Removal - State of Emergency	8,616	8,616		8,616
LOSAP	35,000	38,000	35,370	2,630
Recycling Tax Appropriation	1,096	1,096	494	602
Reserve for Tax Appeals	2,500	2,500		2,500
Clean Communities Grant				
Recycling Program	7,605	7,605	7,605	-
Municipal Alliance on Drug and Alcohol Abuse	897	1,247	1,247	-
Matching Funds for Grants	5,000	5,000		5,000
Senior Citizen Activities - CDBG	125	125	125	-
	<u>\$ 282,546</u>	<u>\$ 346,549</u>	<u>\$ 224,896</u>	<u>\$ 121,653</u>
		\$ 282,546		
		<u>64,003</u>		
		<u>\$ 346,549</u>		
Transferred to Appropriated Reserves			\$ 8,627	
Cash Disbursements			<u>216,269</u>	
			<u>\$ 224,896</u>	

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

Balance, December 31, 2014	\$	64,003
Increased by:		
Charged to 2015 Budget Appropriations		82,994
		146,997
Decreased by:		
Restored to Appropriation Reserves		64,003
Balance, December 31, 2015	\$	82,994

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2014	\$	278
Decreased by:		
Cancelled to Operations		278
Balance, December 31, 2015	\$	-

STATEMENT OF PREPAID TAXES

Balance, December 31, 2014	\$	83,432
Increased by:		
Collection - 2016 Taxes		99,467
		182,899
Decreased by:		
Application to 2015 Taxes		83,432
Balance, December 31, 2015	\$	99,467

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

Increased by:		
Tax Levied	\$	89,523
Added Taxes		<u>148</u>
		<u>\$ 89,671</u>
Decreased by:		
Payment to Municipal Open Space and Recreation Trust Fund		<u>\$ 89,671</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2014		\$	-
Increased by:			
County Tax	\$	2,271,291	
County Open Space Preservation		23,936	
Due County for Added and Omitted Taxes		3,756	
Due County Open Space Preservation Added and Omitted Taxes		<u>44</u>	
			<u>2,299,027</u>
			2,299,027
Decreased by:			
Payments			<u>2,299,315</u>
Balance, December 31, 2015 (Prepaid Taxes)		\$	<u>(288)</u>

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

Balance, December 31, 2014		
School Tax Payable	\$ 91,372	
School Tax Deferred	<u>5,456,621</u>	
		\$ 5,547,993
Increased by:		
Levy School Year July 1, 2015 to June 30, 2016		<u>11,236,403</u>
		16,784,396
Decreased by:		
Payments		<u>11,073,460</u>
Balance, December 31, 2015		
School Tax Payable	92,735	
School Tax Deferred	<u>5,618,201</u>	
		<u>\$ 5,710,936</u>
2015 Liability for Local District School Tax		
Tax Paid		\$ 11,073,460
Add Tax Payable, December 31, 2015		<u>92,735</u>
		11,166,195
Less Tax Payable, December 31, 2014		<u>91,372</u>
Amount Charged to Operations		<u>\$ 11,074,823</u>

EXHIBIT A-20

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:		
Levy - Calendar Year 2015		<u>\$ 5,256,959</u>
Decreased by:		
Payments		<u>\$ 5,256,959</u>

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

Balance, December 31, 2014	\$ <u>6,539</u>
Balance, December 31, 2015	\$ <u><u>6,539</u></u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2014	\$ 41,562
Decreased by:	
Tax Appeal Refunds	<u>24,767</u>
Balance, December 31, 2015	\$ <u><u>16,795</u></u>

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

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	Cash <u>Collections</u>	Balance, December 31, <u>2015</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	8,761		\$ 8,312	449
Municipal Alliance on Alcoholism and Drug Abuse-2014	9,000		5,565	3,435
Senior Citizen Activities - CDBG	975	\$ 2,500	2,500	975
Bergen County - ADA Curb Ramp Improvements	24,480			24,480
Recycling Tonnage Grant		11,496	11,496	
Municipal Alliance on Alcoholism and Drug Abuse-2015		9,324	9,324	
Bergen County Mini Grant		600	600	
Highland Field Walking Path Lighting - Open Space Grant	<u>-</u>	<u>73,985</u>	<u>-</u>	<u>73,985</u>
	<u>\$ 53,637</u>	<u>\$ 97,905</u>	<u>\$ 37,797</u>	<u>\$ 113,745</u>
		Cash Receipts	<u>\$ 37,797</u>	

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

	Balance, December 31, 2014	Increased By: Transferred from 2014 Appropriation Reserves	Increased By: Transferred from 2015 Appropriations	Expended	Balance, December 31, 2015
NJ-DOT-2010	\$ 6,742				\$ 6,742
Drunk Driving Enforcement Fund	165				165
Alcohol Education and Rehabilitation	517		\$ 4,250		4,767
Municipal Stormwater Regulation Program	259				259
Municipal Alliance Program - State	3,796		9,324	\$ 13,120	-
Municipal Alliance Program - Local	13,963	\$ 897	3,108	4,901	13,067
Recycling Tonnage Grant	457		11,496	11,611	342
Bergen County - ADA Curb Ramps Improvements	3,236				3,236
Body Armor Replacement Program			2,853	1,124	1,729
Highway Safety Grant			8,000	2,850	5,150
Bergen County Mini Grant			900		900
Highland Field Walking Path Lighting - Open Space Grant			73,985		73,985
Senior Citizen Activities - CDBG		125	6,000	3,650	2,475
Clean Communities Grant	14,803	7,605	18,849	4,000	37,257
	<u>\$ 43,938</u>	<u>\$ 8,627</u>	<u>\$ 138,765</u>	<u>\$ 41,256</u>	<u>\$ 150,074</u>

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES

Balance, December 31, 2014	\$ 21,127
Increased by:	
Cash Receipts	<u>16,625</u>
	37,752
Decreased by:	
Revenue Realized in 2015 Budget	<u>37,752</u>
Balance, December 31, 2015	<u>\$ -</u>

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

Balance, December 31, 2014	\$ 35,956
Decreased by:	
Overpayment Refunds	<u>16,800</u>
Balance, December 31, 2015	<u>\$ 19,156</u>

STATEMENT OF DUE TO THE STATE - DCA FEES PAYABLE

Increased by:	
Cash Receipts	\$ 10,882
Decreased by:	
Cash Disbursements	<u>9,161</u>
Balance, December 31, 2015	<u>\$ 1,721</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF EMERGENCY NOTE PAYABLE**

<u>Description</u>	<u>Date of Original Note</u>	<u>Amount of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2014</u>	<u>Decreased</u>	<u>Balance, December 31, 2015</u>
Emergency - Police - Salaries and Wages	12/4/2014	\$ 75,000	12/4/2014	8/18/2015	0.70 %	\$ 75,000	\$ 75,000	\$ -
						<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
					Cash Disbursement		<u>\$ 75,000</u>	

**BOROUGH OF HARRINGTON PARK
STATEMENT OF OTHER ACCOUNTS RECEIVABLE**

Increased by:

Cash Disbursements

\$ 623

Balance, December 31, 2015

\$ 623

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, December 31, 2014	\$ 5,213	\$ 506,809	\$ 475,277
Increased by:			
Dog License Fees	\$ 6,600		
Due State of New Jersey			
Dog License Fees	802		
Domestic Violence Fees		\$ 325	
Late Charges/Other	2,237		
Interest on Deposits		44	
Open Space Taxes			\$ 89,671
Subdivision Applications		33,644	
Cat License Fees		1,020	
Parking Offenses Adjudication Act Fees		2	
Recycling Program Receipts		5,410	
Dedicated Recreation Fees		19,167	
Payroll Deductions		2,879,398	
Beautification Reserve		8,357	
Reserve for Affordable Housing		9,718	
Green Team/Environmental Commission - Donations		466	
Tax Sale Premiums		82,000	
Open Space - Donations			52,445
Cash Receipts From Current Fund	-	-	-
	<u>9,639</u>	<u>3,039,551</u>	<u>142,116</u>
	14,852	3,546,360	617,393
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		300	
Dog License Fees	802		
Unemployment Insurance Trust		5,326	
Animal Control Fund Expenditures	8,792		
Subdivision Applications		31,836	
Cat License Expenditures		201	
Payroll Deductions		2,905,102	
Recycling Program Expenditures		6,339	
Dedicated Recreation Fees		18,184	
Community Parks - Recreation		28,161	
Reserve for Affordable Housing		15,093	
Green Team/Environmental Commission - Expenditures		75	
Tax Sale Premiums		61,500	
Police - Donations		679	
Open Space Expenditures			87,501
Contracts Payable			128,786
Beautification Reserve		1,243	
Payments to Current Fund	-	48,142	-
	<u>-</u>	<u>3,122,181</u>	<u>216,287</u>
	9,594	3,122,181	216,287
Balance, December 31, 2015	<u>\$ 5,258</u>	<u>\$ 424,179</u>	<u>\$ 401,106</u>

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

Balance, December 31, 2014		\$ 5,288
Increased by:		
Dog License Fees Collected	\$ 6,600	
Late Fees and Other Fees	<u>2,237</u>	
		<u>8,837</u>
		14,125
Decreased by:		
Expenditures Under R.S. 4:19-15.11	8,792	
Adjustment - Prior Year State License Fees	<u>75</u>	
		<u>8,867</u>
Balance, December 31, 2015		<u>\$ 5,258</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 9,077
2013	<u>7,146</u>
	<u>\$ 16,223</u>

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

Balance, December 31, 2014		\$ 75
Increased by:		
Payments to State of New Jersey		<u>802</u>
		877
Decreased by:		
State License Fees	\$ 551	
Pilot Clinic Control	110	
Animal Population Control	141	
Adjustment - Prior Year State License Fees	<u>75</u>	
		<u>877</u>
Balance, December 31, 2015		<u>\$ -</u>

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

Balance, December 31, 2014	\$ <u>59,821</u>
Balance, December 31, 2015	\$ <u><u>59,821</u></u>

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

Balance, December 31, 2014	\$ 76,314
Increase by:	
Cash Receipts	<u>33,644</u>
	109,958
Decreased by:	
Cash Disbursements	<u>31,836</u>
Balance, December 31, 2015	\$ <u><u>78,122</u></u>

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

Balance, December 31, 2014	\$ <u>2,000</u>
Balance, December 31, 2015	\$ <u><u>2,000</u></u>

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

Balance, December 31, 2014	\$ 4,959
Increase by:	
Cash Receipts	<u>1,020</u>
	5,979
Decreased by:	
Cash Disbursements	<u>201</u>
Balance, December 31, 2015	\$ <u><u>5,778</u></u>

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

Balance, December 31, 2014	\$ <u>8,911</u>
Balance, December 31, 2015	\$ <u><u>8,911</u></u>

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

Balance, December 31, 2014	\$	192
Increased by:		
Cash Receipts		2
Balance, December 31, 2015	\$	194

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

Balance, December 31, 2014	\$	2,673
Increased by:		
Cash Receipts		5,410
		8,083
Decreased by:		
Cash Disbursements		6,339
Balance, December 31, 2015	\$	1,744

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

Balance, December 31, 2014	\$	8,890
Increased by:		
Cash Receipts		19,167
		28,057
Decreased by:		
Cash Disbursements		18,184
Balance, December 31, 2015	\$	9,873

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

Balance, December 31, 2014	\$	<u>7,018</u>
Balance, December 31, 2015	\$	<u><u>7,018</u></u>

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

Balance, December 31, 2014	\$	78
Increased by:		
Cash Receipts		<u>325</u>
		403
Decreased by:		
Cash Disbursements - Payments to the State of New Jersey		<u>300</u>
Balance, December 31, 2015	\$	<u><u>103</u></u>

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

Balance, December 31, 2014	\$	26,530
Decreased by:		
Due to State of New Jersey		5,326
Balance, December 31, 2015	\$	21,204

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

Balance, December 31, 2014	\$	4,653
Decreased by:		
Interest on Deposits		44
Balance, December 31, 2015	\$	4,609

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

Balance, December 31, 2014	\$ <u>1,097</u>
Balance, December 31, 2015	\$ <u>1,097</u>

**STATEMENT OF RESERVE FOR COMMUNITY PARKS - RECREATION
OTHER TRUST FUND**

Balance, December 31, 2014	\$ <u>28,161</u>
Decreased by:	
Cash Disbursements	\$ <u>28,161</u>

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

Balance, December 31, 2014		\$ 71,662
Increased by:		
Cash Receipts		9,718
		81,380
Decreased by:		
Cash Disbursements		15,093
Balance, December 31, 2015		\$ 66,287

EXHIBIT B-21

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

Balance, December 31, 2014		\$ 331,744
Increased by:		
2015 Tax Levy	\$ 89,523	
Added Tax Levy	148	
Miscellaneous - Donations	52,445	
		142,116
		473,860
Decreased by:		
Cash Disbursements	87,501	
Contracts Payable	137,863	
		225,364
Balance, December 31, 2015		\$ 248,496

EXHIBIT B-22

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

Balance, December 31, 2014		\$ 90,782
Increased by:		
Cash Receipts		2,879,398
		2,970,180
Decreased by:		
Cash Disbursements	\$ 2,905,102	
Payment to Current Fund - Excess Balance	48,142	
		2,953,244
Balance, December 31, 2015		\$ 16,936

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

Balance, December 31, 2014	\$	101,400
Increased by:		
Cash Receipts		82,000
		183,400
Decreased by:		
Cash Disbursements		61,500
Balance, December 31, 2015	\$	121,900

EXHIBIT B-24

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

Balance, December 31, 2014	\$	528
Increased by:		
Cash Receipts		466
		994
Decreased by:		
Cash Disbursements		75
Balance, December 31, 2015	\$	919

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

Balance, December 31, 2014	\$	4,000
Decreased by:		
Cash Disbursements		679
Balance, December 31, 2015	\$	3,321

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

Balance, December 31, 2014	\$	69
Increased by:		
2015 Tax Levy	\$	89,523
Added Tax Levy		148
		89,671
Decreased by:		
Cash Receipts		89,740
		89,671
Balance, December 31, 2015	\$	69

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

Balance, December 31, 2014	\$	92
Increased by:		
Cash Receipts		<u>8,357</u>
		8,449
Decreased by:		
Cash Disbursements		<u>1,243</u>
Balance, December 31, 2015	\$	<u><u>7,206</u></u>

EXHIBIT B-28

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

Balance, December 31, 2014	\$	<u>16,354</u>
Balance, December 31, 2015	\$	<u><u>16,354</u></u>

EXHIBIT B-29

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

Balance, December 31, 2014	\$	143,602
Increased by:		
Contract Award		<u>137,863</u>
		281,465
Decreased by:		
Cash Disbursements		<u>128,786</u>
Balance, December 31, 2015	\$	<u><u>152,679</u></u>

GENERAL CAPITAL FUND

BOROUGH OF HARRINGTON PARK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2014		\$ 1,929,000
Increased by Receipts:		
Budget Appropriation		
Capital Improvement Fund	\$ 90,000	
Receipt from Serial Bonds Issued	2,876,000	
Grant Receipts	144,430	
Interest on Deposits	<u>3,761</u>	
		<u>3,114,191</u>
		5,043,191
Decreased by Disbursements:		
Improvement Authorizations	552,593	
Contracts Payable	532,360	
Payment of Bond Anticipated Notes from Bond Proceeds	2,628,500	
Payments to Current Fund	<u>3,759</u>	
		<u>3,717,212</u>
Balance, December 31, 2015		<u><u>\$ 1,325,979</u></u>

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

	Balance, December 31, <u>2015</u>
Capital Improvement Fund	\$ 94,423
Contracts Payable	407,109
Reserve for Payment of Debt	152,266
Grants Receivable	(148,500)
Due to Current Fund	126
Due from NJEIT Loan Program	(25,150)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	6,463
659 Various Capital Improvements	26,470
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	1,852
691 Various Capital Improvements	678,648
698 Various Capital Improvements	<u>66,345</u>
	<u>\$ 1,325,979</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2014		\$ 291,487
Increased by:		
Serial Bonds Issued		<u>2,876,000</u>
		3,167,487
Decreased by:		
2015 Budget Appropriations to Pay Green Trust Loan	\$ 6,987	
2015 Budget Appropriations to Pay NJEIT Loan	<u>33,036</u>	
		<u>40,023</u>
Balance, December 31, 2015		<u>\$ 3,127,464</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2014	2015 Authorizations	Bond Proceeds	Balance, December 31, 2015	<u>Analysis of Balance, December 31, 2015</u>		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
598	Acquisition of DPW Equipment	\$ 165,000		\$ 165,000				
665	Dredging & Restoration Blanch Brook	71,424			\$ 71,424			\$ 71,424
675	Various Capital Improvements	813,500		813,500	-			
691	Various Capital Improvements	1,668,500		1,668,500	-			
698	Various Capital Improvements	-	\$ 229,473	229,000	473	-	-	473
		<u>\$ 2,718,424</u>	<u>\$ 229,473</u>	<u>\$ 2,876,000</u>	<u>\$ 71,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,897</u>
								Improvement Authorizations <u>\$ 71,897</u>

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

	<u>Total</u>	<u>Ord. 675 - Laroche Ave - Section 5 and Parkside - Section 3</u>	<u>Ord. 691 - Lynn Street</u>	<u>Department of Transportation Ord. 691 - Lynn Street - Section 2</u>	<u>Ord. 691 - Various Sidewalks (Phase 3)</u>	<u>Ord. 691 - Parkside Rd - Section 4 and Harriot Place</u>	<u>Dept. of Office Emergency Mgmt. Ord. 691 - Emergency Generators</u>
Balance, December 31, 2014	\$ 148,500	\$ 24,282	\$ 37,250			\$ 86,968	
Increased by: Grant Award	<u>256,680</u>	<u>-</u>	<u>-</u>	<u>\$ 149,000</u>	<u>\$ 32,680</u>	<u>-</u>	<u>\$ 75,000</u>
	405,180	24,282	37,250	149,000	32,680	86,968	75,000
Decreased by: Cash Receipts	<u>144,430</u>	<u>-</u>	<u>-</u>	<u>111,750</u>	<u>32,680</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2015	<u>\$ 260,750</u>	<u>\$ 24,282</u>	<u>\$ 37,250</u>	<u>\$ 37,250</u>	<u>\$ -</u>	<u>\$ 86,968</u>	<u>\$ 75,000</u>
<u>Analysis of Balance</u>							
<u>Pledged to Ordinance</u>							
Ord. 675	\$ 24,282						
Ord. 691	124,218						
<u>Reserve for Grant Receivable</u>							
Ord. 691	<u>112,250</u>						
	<u>\$ 260,750</u>						

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

Balance, December 31, 2014	\$ <u>25,150</u>
Balance, December 31, 2015	\$ <u><u>25,150</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014	\$ 16,500
Increased by:	
2015 Budget Appropriation	<u>90,000</u>
	106,500
Decreased by:	
Appropriation to Finance Improvement Authorization - Ord. #698	<u>12,077</u>
Balance, December 31, 2015	\$ <u><u>94,423</u></u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2014	\$ 532,360
Increased by:	
Contract Awards	<u>407,109</u>
	939,469
Decreased by:	
Cash Disbursements	<u>532,360</u>
Balance, December 31, 2015	\$ <u><u>407,109</u></u>

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

Balance, December 31, 2014		\$ -
Increased by:		
Fund Balance Anticipated as Revenue in Current Fund	\$ 124	
Interest on Deposits	<u>3,761</u>	
		<u>3,885</u>
		3,885
Decreased by:		
Payments to Current Fund		<u>3,759</u>
Balance, December 31, 2015		<u>\$ 126</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2014		\$ 7,836
Increased by:		
Grant Receipts from Funded Ordinance #691		<u>144,430</u>
Balance, December 31, 2015		<u>\$ 152,266</u>

**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, December 31, 2014	Decreased	Balance, December 31, 2015						
				Date	Amount										
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2016	\$ 8,089	0.00%									
				8/1/2016	16,178										
				2/1/2017	8,089										
				8/1/2017	16,178										
				2/1/2018	8,089										
				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	8,088										
				8/1/2021	16,177										
				2/1/2022	8,088										
				8/1/2022	16,177										
						\$ 194,132	\$ 24,267	\$ 169,865							
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 89,732	8/1/2016	8,813	0.590%									
				8/1/2017	8,864	0.790%									
				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%									
													<u>72,279</u>	<u>8,769</u>	<u>63,510</u>
													<u>\$ 266,411</u>	<u>\$ 33,036</u>	<u>\$ 233,375</u>
							<u>\$ 33,036</u>								

Paid by Budget Appropriation

\$ 33,036

**BOROUGH OF HARRINGTON PARK
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015	
598	Acquisition of DPW Equipment	10/23/2013	\$ 146,500	10/21/2014	8/18/2015	1.00 %	\$ 146,500		\$ 146,500	-	
675	Various Capital Improvements	10/23/2013	813,500	10/21/2014	8/18/2015	1.00	813,500		813,500	-	
691	Various Capital Improvements	12/4/2014	1,668,500	12/4/2014	8/18/2015	0.70	<u>1,668,500</u>	<u>-</u>	<u>1,668,500</u>	<u>-</u>	
							<u>\$ 2,628,500</u>	<u>\$ -</u>	<u>\$ 2,628,500</u>	<u>\$ -</u>	
							Paid from Bond Proceeds		<u>\$ 2,628,500</u>		
									<u>2,628,500</u>		

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

Increased by:	
Grant Awards	\$ 256,680
Decreased by:	
Cash Receipts	<u>144,430</u>
Balance, December 31, 2015	<u>\$ 112,250</u>

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2014</u>	2015 Improvement <u>Authorizations</u>	Serial Bonds <u>Issued</u>	Balance, December 31, <u>2015</u>
598	Acquisition of DPW Equipment	\$ 18,500		\$ 18,500	
665	Dredging & Restoration Blanch Brook	71,424			\$ 71,424
698	Various Capital Improvements	<u>-</u>	<u>\$ 229,473</u>	<u>229,000</u>	<u>473</u>
		<u>\$ 89,924</u>	<u>\$ 229,473</u>	<u>\$ 247,500</u>	<u>\$ 71,897</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
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ELIZABETH A. SHICK, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2016. 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.

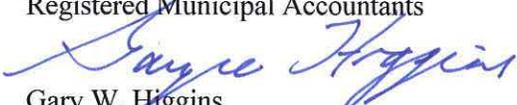
Compliance and Other Matters

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 an instance of noncompliance or other matters that is 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 and which is described in the accompanying schedule of findings and responses as item 2015-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Harrington Park in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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
April 11, 2016

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Grant Year	CFDA Number	Grant Award Amount	2015 Grant Receipts	Balance, January 1, 2015	Revenue Realized	Expenditures	Balance, December 31, 2015
Division of Highway Safety		20.616						
Highway Safety Grant	2014		\$ 5,150			\$ 5,150	\$ 2,850	\$ 2,300
Highway Safety Grant	2015		2,850	\$ 2,850		2,850		2,850
U.S. Department of Homeland Security (Passed Through State Department of Law and Public Safety)								
FEMA - Hurricane Sandy	2013	97.036	6,912	6,912		6,912	6,912	
FEMA - Hazard Mitigation	2014	97.039	75,000			75,000		75,000
U.S. Department of Housing and Urban Development (Passed Through Bergen County Dept. of Community Development)								
Community Development Block Grant		14.218						
Senior Citizen Activities	2014		2,350		\$ 125		125	
Senior Citizen Activities	2015		2,500	2,500	<u>-</u>	<u>6,000</u>	<u>3,525</u>	<u>2,475</u>
					<u>\$ 125</u>	<u>\$ 95,912</u>	<u>\$ 13,412</u>	<u>\$ 82,625</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, 2015**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>2015 Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2015</u>	<u>Cumulative Expenditures</u>
Department of Transportation							
Trust Fund Authority Act - 2010	2010		\$ 6,742			\$ 6,742	
Trust Fund Authority Act - 2015 Lynn Street - Section 2 - Ord #691	2015-078-6320480-AL5	\$ 111,750		\$ 149,000	\$ 111,750	37,250	111,750
Trust Fund Authority Act - 2014 - Various Sidewalks - Phase 3 - Ord #691	2014-078-6320-480-ALM	32,680		32,680	32,680		32,680
Clean Communities Grant Program							
2009	4900-765-178900		739		739	-	8,473
2012			7,137		3,261	3,876	3,988
2013			6,927			6,927	800
2014			7,605			7,605	1,467
2015		10,340		18,849		18,849	
Body Armor Replacement Fund							
2015	*		1,426	2,853	1,124	1,729	1,124
Alcohol Education Rehabilitation & Enforcement							
	9735-760-098		1,709	517	4,250	4,767	
Drunk Driving Enforcement Fund							
	1110-448-031020-22			165		165	4,068
Recycling Tonnage Grant							
2012	*		457		457	-	8,837
2015		11,496		11,496	11,154	342	11,154
Municipal Stormwater Grant							
	*		259			259	6,563
<u>Passed Through County of Bergen</u>							
Municipal Alliance Program - 2015	*		9,324	9,324	9,324	-	9,324
Municipal Alliance Program - 2014	*		5,565				9,000
Municipal Alliance Program - 2013	*		8,312	3,210	3,210	-	9,520
Municipal Alliance Program - 2012	*		561		561	-	10,000
Municipal Alliance Program - 2009	*		25	-	25	-	10,000
			<u>\$ 34,344</u>	<u>\$ 228,452</u>	<u>\$ 174,285</u>	<u>\$ 88,511</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, 2015**

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	\$ 46,772	\$ 20,912	\$ 67,684
General Capital Fund	<u>181,680</u>	<u>75,000</u>	<u>256,680</u>
	<u>\$ 228,452</u>	<u>\$ 95,912</u>	<u>\$ 324,364</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, 2015**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2015, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V2269-6020	\$18,089
NJEIT Program		<u>233,375</u>
		<u>\$251,464</u>

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

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? X yes _____ 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, 2015**

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*.

Finding 2015-001

Our audit revealed that a certain General Capital Fund contract was not encumbered when awarded by the Council.

Criteria or specific requirement:

- N.J.A.C. 5:30-5.2 Encumbrance Systems.

Condition:

A purchase order was not issued for a contract awarded.

Questioned Costs:

Unknown.

Context:

A contract in the amount of \$59,054 for the purchase of one (1) Ford E450 truck was not encumbered when awarded.

Effect:

Commitments may exist and not be recorded in the financial statements. An audit adjustment has been made to record known encumbrances that exceed audit planning materiality.

Cause:

Unknown.

Recommendation:

All capital contracts be encumbered when awarded by governing body.

Management's Response:

The Borough has reviewed this finding and has indicated corrective action will be taken.

**BOROUGH OF HARRINGTON PARK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Finding 2014-001

Our audit revealed that certain Current Fund, General Capital Fund and Municipal Open Space Trust Fund contracts/expenses were not encumbered when awarded by the Council.

Status

Corrective action has been taken.

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

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

	<u>Year 2015</u>			<u>Year 2014</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 291,440	1.15 %	\$	344,000	1.39 %
Miscellaneous - From Other Than Local					
Property Tax Levies	1,121,798	4.44		1,082,318	4.38
Collection of Delinquent Taxes and Tax Title Liens	220,159	0.87		145,045	0.59
Collection of Current Tax Levy	23,531,741	93.06		22,990,585	93.05
Other Credits	<u>121,931</u>	<u>0.48</u>		<u>145,788</u>	<u>0.59</u>
 Total Income	 <u>25,287,069</u>	 <u>100.00</u> %		 <u>24,707,736</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Municipal Purposes	6,016,361	24.32 %		6,142,971	25.28 %
County Taxes	2,299,027	9.29		2,190,911	9.02
Local and Regional School Taxes	16,331,782	66.01		15,875,517	65.33
Municipal Open Space Tax	89,671	0.36		89,685	0.37
Other Expenditures	<u>3,148</u>	<u>0.01</u>		<u>-</u>	<u>-</u>
 Total Expenditures	 <u>24,739,989</u>	 <u>100.00</u> %		 <u>24,299,084</u>	 <u>100.00</u> %
 Excess in Revenue over Expenditures Before Adjustments	 547,080			 408,652	
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>-</u>			<u>77,429</u>	
 Statutory Excess in Fund Balance	 547,080			 486,081	
 Fund Balance, January 1	 <u>760,418</u>			 <u>618,337</u>	
	1,307,498			1,104,418	
 Less Utilization as Anticipated Revenue	 <u>291,440</u>			 <u>344,000</u>	
 Fund Balance, December 31	 <u>\$ 1,016,058</u>			 <u>\$ 760,418</u>	

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.654</u>	<u>\$2.593</u>	<u>\$2.495</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.545	.544	.535
Municipal Open Space Tax	.010	.010	.009
Regional High School	.587	.576	.546
Local School	1.255	1.218	1.172
County (Includes County Open Space Tax)	.257	.245	.233

Assessed Valuation Basis

2015	<u>\$895,233,500</u>	
2014		<u>\$896,166,700</u>
2013		<u>\$897,282,200</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>
2015	\$ 23,798,740	\$ 23,531,741	98.87%
2014	23,255,465	22,990,585	98.86%
2013	22,394,523	22,231,904	99.27%

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>
2015	\$ 36,266	\$ 212,193	\$ 248,459	1.04%
2014	34,408	218,437	252,845	1.09%
2013	32,593	145,060	177,653	0.79%

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2015 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>
2015	\$59,720
2014	59,720
2013	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	2015	\$1,016,058	\$358,000
	2014	760,418	\$291,440
	2013	618,337	344,000

**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		
Joon Chung	Council President		
Allan Napolitano	Councilman		
Jorden Nick Pedersen	Councilman		
Michelle Ryan	Councilwoman		
Michael Rutigliano	Councilman		
Greg Evanella	Councilman		
Ann H. Bistriz	Borough Clerk		
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		
Roger Hauser	Magistrate		
Lindsay Volpitta	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

Prior Year Unresolved

Our audit revealed that certain prior year grant receivable balances exist. In addition, there are various inactive appropriated reserves that remain unexpended. It is recommended that grant receivable balances be reviewed for collectability or otherwise cleared of record. Additionally, inactive appropriated reserves be expended or cancelled.

Our audit revealed that certain trust reserve balances per Borough's subsidiary budget reports do not agree to general ledger and/or audit balances. It is recommended that trust reserve balances be reconciled to the audit balances.

Current Year

Our audit revealed administrative fees charged relating to police outside duty were not in accordance with approved fee ordinance. It is recommended that administrative fees relating to police outside duty be charged in accordance with approved fee ordinance.

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, effective July 1, 2015. The Borough's Certified Municipal Finance Officer is not qualified and the Borough's bid threshold is \$17,500.

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 indicate that bids were solicited by public advertising for the following:

Two (2) 2016 Ford Explorer Police Vehicles
Lafayette Road and Rugen Drive Sidewalk
Improvements
2015 Road Resurfacing Program

Highland Field Walking Path Lighting Improvements
Lynn Street – Section II Improvements
One (1) 2015 Ford E450 Truck

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.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

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.

The Governing Body on January 4, 2015, 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; and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st of each year, an additional penalty of 6% shall be charged against such delinquency.

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.

Delinquent Taxes And Tax Title Liens

The last tax sale was held on December 21, 2015 and was complete.

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>
2015	4
2014	4
2013	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 capital contracts be encumbered when awarded by governing body.
- * 2. Grant receivable balances be reviewed for collectability or otherwise cleared of record. Additionally, inactive appropriated reserves be expended or cancelled.
- * 3. Trust reserve balances be reconciled to the audit balances.
4. Administrative fees relating to police outside duty be charged in accordance with approved fee ordinance.

Status of Prior Years' Audit Findings/Recommendations

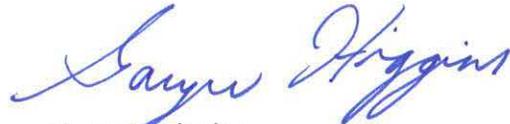
A review was performed on all prior years' recommendations. Those recommendations which have not been corrected and which are repeated in this audit are denoted with an asterisk (*).

* * * * *

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