

BOROUGH OF HARRINGTON PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-3
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis – Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-17
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	18-19
B-1	Statement of Revenues – Regulatory Basis – Open Space Trust Fund	20
B-2	Statement of Expenditures – Regulatory Basis – Open Space Trust Fund	20
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	21
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis - General Capital Fund	22
D	Comparative Schedules of General Fixed Assets – Regulatory Basis - General Fixed Assets Account Group	23
	Notes to Financial Statements	24-47
<u>Current Fund</u>		
A-4	Statement of Current Cash - Treasurer	48
A-5	Statement of Cash - Collector	49
A-6	Statement of Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	49
A-7	Statement of Taxes Receivable and Analysis of Property Tax Levy	50
A-8	Statement of Tax Title Liens	51
A-9	Statement of Property Acquired for Taxes (At Assessed Valuation)	51
A-10	Statement of Revenue Accounts Receivable	52
A-11	Statement of Deferred Charges N.J.S. 40A:4-55 Special Emergency Authorizations	53
A-12	Statement of Deferred Charges	53
A-13	Statement of 2012 Appropriation Reserves	54-55
A-14	Statement of Encumbrances Payable	56
A-15	Statement of Accounts Payable	56
A-16	Statement of Prepaid Taxes	56
A-17	Statement of Municipal Open Space Tax Payable	57
A-18	Statement of County Taxes Payable	57
A-19	Statement of Local District School Tax	58
A-20	Statement of Regional High School Tax	58
A-21	Statement of Reserve for Sale of Municipal Assets	59
A-22	Statement of Reserve for Tax Appeals	59
A-23	Statement of Grants Receivable	60

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<u>Current Fund (Continued)</u>		
A-24	Statement of Appropriated Reserves	61
A-25	Statement of Unappropriated Reserves	61
A-26	Statement of Tax Overpayments	62
A-27	Statement of Other Payable – Outside Liens Redemption	62
<u>Trust Funds</u>		
B-3	Statement of Cash and Investments - Treasurer	63
B-4	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	64
B-5	Statement of Due To/(From) State of New Jersey - Animal Control Trust Fund	64
B-6	Statement of Due To Current Fund - Animal Control Trust Fund	65
B-7	Statement of Developer's Deposits – Other Trust Fund	65
B-8	Statement of Subdivision Applications – Developers – Other Trust Fund	65
B-9	Statement of Street Opening Deposits – Developers – Other Trust Fund	66
B-10	Statement of Dedicated Cat License Fees – Other Trust Fund	66
B-11	Statement of Tennis Program Reserve – Recreation – Other Trust Fund	66
B-12	Statement of Dedicated Parking Offenses Adjudication Act – Other Trust Fund	67
B-13	Statement of Recycling Program (Dedicated Under R.S. 40:12-8) – Other Trust Fund	67
B-14	Statement of Dedicated Recreation Fees – Other Trust Fund	67
B-15	Statement of Due To State of New Jersey - State Training Fees – Other Trust Fund	68
B-16	Statement of Due To State of New Jersey – Domestic Violence Fees – Other Trust Fund	68
B-17	Statement of Dedicated Unemployment Insurance Trust – Other Trust Fund	69
B-18	Statement of Due From/(To) Current Fund – Other Trust Fund	69
B-19	Statement of Reserve for World Trade Center Assistance – Other Trust Fund	70
B-20	Statement of Reserve for Community Parks – Recreation – Other Trust Fund	70
B-21	Statement of Reserve for Affordable Housing – Developer's Fees - Other Trust Fund	71
B-22	Statement of Reserve for Municipal Open Space – Municipal Open Space and Recreation Trust Fund	71
B-23	Statement of Reserve for Payroll Deductions – Other Trust Fund	71
B-24	Statement of Reserve for Tax Sale Premiums – Other Trust Fund	72
B-25	Statement of Reserve for Green Team/Environmental Commission – Donations – Other Trust Fund	72
B-26	Statement of Due to State of New Jersey Unemployment Insurance Trust – Other Trust Fund	72
B-27	Statement of Reserve for Police Donations – Other Trust Fund	73
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	74
C-3	Analysis of General Capital Cash and Investments	75
C-4	Statement of Deferred Charges to Future Taxation - Funded	75
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	76
C-6	Statement of Grants/Accounts Receivable	77
C-7	Statement of Due from NJEIT Loan Program	77
C-8	Statement of Capital Improvement Fund	78
C-9	Statement of Contracts Payable	78

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS (Continued)

<u>Exhibit</u>		<u>Page</u>
	<u>General Capital Fund (Continued)</u>	
C-10	Statement of Due To Current Fund	79
C-11	Statement of Reserve for Payment of Debt	79
C-12	Schedule of Improvement Authorizations	80
C-13	Statement of General Serial Bonds	81
C-14	Statement of Green Trust Loan Payable	82
C-15	Statement of NJEIT Fund Loan Payable	83
C-16	Statement of Bond Anticipation Notes	84
C-17	Statement of Bonds and Notes Authorized But Not Issued	85
	<u>Part II</u>	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - Independent Auditor's Report	86-87
	Schedule of Expenditures of Federal Awards	88
	Schedule of Expenditures of State Financial Assistance	89
	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	90-91
	Schedule of Findings and Responses	92-93
	<u>Part III</u>	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	94
	Comparative Schedule of Tax Rate Information	95
	Comparison of Tax Levies and Current Collections	95
	Delinquent Taxes and Tax Title Liens	95
	Property Acquired by Tax Title Lien Foreclosure	96
	Comparative Schedule of Fund Balance	96
	Officials in Office and Surety Bonds	97
	General Comments	98-99
	Recommendations	100

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013



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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Harrington Park, as of December 31, 2013 and 2012, 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, 2013, 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 and presented by the Borough of Harrington Park on the basis of 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 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 requirement that the Borough of Harrington Park prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, 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, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 41 percent and 36 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

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, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of 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

Required Supplementary Information

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

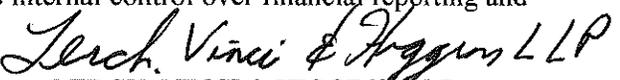
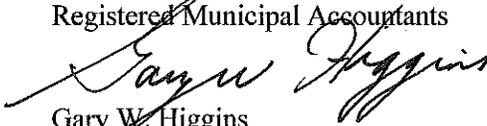
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Harrington Park as a whole. The supplementary schedules listed in the table of contents and the supplementary data and letter of comments and recommendations section are presented for purposes 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 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 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 March 17, 2014 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
March 17, 2014

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	A-4	\$ 1,113,300	\$ 827,950
Cash - Change Funds	A	200	200
Grants Receivable	A-23	<u>44,062</u>	<u>93,275</u>
		<u>1,157,562</u>	<u>921,425</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	145,060	147,263
Tax Title Liens Receivables	A-8	32,593	30,846
Property Acquired for Taxes - At Assessed Valuation	A-9	59,720	59,720
Revenue Accounts Receivable	A-10	4,713	3,575
Due from General Capital Fund	C-10	103,979	60
Due from Animal Control Trust Fund	B-6	3,320	1
Due from Other Trust Fund	B-18	<u>-</u>	<u>54</u>
		<u>349,385</u>	<u>241,519</u>
Deferred Charges			
Emergency Authorizations (40A:4-47)	A-12	30,000	13,993
Overexpenditure of Appropriations	A-12	5,364	
Special Emergency Authorizations (40A:4-55)	A-11	<u>100,400</u>	<u>125,500</u>
		<u>135,764</u>	<u>139,493</u>
Total Assets		<u>\$ 1,642,711</u>	<u>\$ 1,302,437</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 259,565	\$ 278,006
Encumbrances Payable	A-14	9,456	120,169
Accounts Payable	A-15	1,976	48
Due to Other Trust Fund	B-18	71,837	
Prepaid Taxes	A-16	95,906	102,016
Tax Overpayments	A-26	31,656	
Local District School Tax Payable	A-19	92,451	92,744
County Tax Payable	A-18	684	
Lien Redemption Payable	A-27	1,188	
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-6	12,631	14,131
Reserve for Tax Appeals	A-22	41,562	746
Reserve for Sale of Municipal Assets	A-21	6,539	6,539
Appropriated Reserves	A-24	30,202	28,755
Unappropriated Reserves	A-25	19,336	18,027
		<hr/>	<hr/>
		674,989	661,181
Reserve for Receivables	A	349,385	241,519
Fund Balance	A-1	618,337	399,737
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		\$ 1,642,711	\$ 1,302,437

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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 168,849	\$ 190,909
Miscellaneous Revenues Anticipated	A-2	993,056	904,496
Receipts from Delinquent Taxes	A-2	136,507	155,445
Receipts from Current Taxes	A-2	22,231,904	21,743,466
Non-Budget Revenues	A-2	147,463	189,305
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	100,506	29,651
Accounts Payable Cancelled	A-15	48	
Cancellation of Appropriated Grants Offset by			
Receivables	A-1		4,151
Interfunds Returned	A	54	110
		<u>23,778,387</u>	<u>23,217,533</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,417,743	2,266,390
Other Expenses	A-3	2,421,617	2,552,608
Capital Improvements	A-3	10,000	10,000
Municipal Debt Service	A-3	471,482	466,946
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	519,000	495,157
County Taxes	A-18	2,061,200	2,102,729
County Taxes- Open Space Preservation	A-18	22,957	24,598
Due County for Added and Omitted Taxes	A-18	684	601
Local District School Tax	A-19	10,409,457	10,216,369
Regional High School Tax	A-20	4,895,170	4,869,421
Municipal Open Space Tax	A-17	89,754	106,450
Interfunds Advanced	A	107,238	
Cancellation Outstanding Grant Receivables	A-1		22,373
Prior Year Refunds	A-1	-	750
		<u>23,426,302</u>	<u>23,134,392</u>
Excess of Revenue over Expenditures Before Adjustments		352,085	83,141
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-12	35,364	139,493
Statutory Excess to Fund Balance		<u>387,449</u>	<u>222,634</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, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Statutory Excess to Fund Balance (Carried Forward)		\$ 387,449	\$ 222,634
FUND BALANCE, January 1	A	<u>399,737</u>	<u>368,012</u>
		787,186	590,646
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>168,849</u>	<u>190,909</u>
FUND BALANCE, December 31,	A	<u>\$ 618,337</u>	<u>\$ 399,737</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, 2013**

		<u>Anticipated</u>			
	<u>Reference</u>	<u>Budget</u>	<u>Added by: 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-2	\$ 168,849	-	\$ 168,849	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	1,371		1,620	\$ 249
Other	A-2	1,800		3,646	1,846
Fees and Permits					
Other	A-2	13,000		17,434	4,434
Fines and Costs					
Municipal Court	A-10	40,000		65,945	25,945
Interest and Costs on Taxes	A-10	35,000		43,452	8,452
Interest in Investments and Deposits	A-2	5,300		5,809	509
Cablevision Fess	A-10	36,022		36,022	-
Energy Receipts Taxes	A-10	447,738		447,738	-
Watershed Moratorium Offset Aid	A-10	20,257		20,257	-
Uniform Construction Code Fees	A-2	85,000		143,671	58,671
Reserve for Recycling Tonnage Grant	A-25	8,837		8,837	-
ADA Curb Ramp Improvements Grant	A-23	-	\$ 54,810	54,810	-
Reserved for Clean Communities Program	A-25	7,727		7,727	-
Municipal Alliance on Alcoholism and Drug Abuse	A-23	9,520		9,520	-
Reserve for Body Armor Replacement Program	A-25	1,464		1,463	(1)
Uniform Fire Safety Act	A-10	1,996		1,793	(203)
Lease of Real Property - Cell Tower	A-10	40,000		36,891	(3,109)
Capital Surplus	C-10	86,421	-	86,421	-
 Total Miscellaneous Revenues	 A-2	 841,453	 54,810	 993,056	 96,793
RECEIPTS FROM DELINQUENT TAXES	A-7	140,000	-	136,507	(3,493)
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		316,507		316,507	
Minimum Library Tax		4,487,859	-	4,538,961	51,102
	A-2	4,804,366	-	4,855,468	51,102
 Total General Revenues		 \$ 5,954,668	 \$ 54,810	 6,153,880	 \$ 144,402
Non-Budget Revenues	A-1,A-2			147,463	
				\$ 6,301,343	

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, 2013

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 22,231,904
Allocated to		
School, County, and Municipal Open Space Taxes	A-17,18,19,20	<u>17,581,434</u>
		4,650,470
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>204,998</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 4,855,468</u>
Licenses		
Other		
Borough Clerk	A-10	\$ 1,966
Board of Health	A-10	<u>1,680</u>
	A-2	<u>\$ 3,646</u>
Fees and Permits		
Borough Clerk	A-10	\$ 2,337
Board of Adjustment/Planning Board	A-10	11,575
Board of Health	A-10	200
Fire	A-10	<u>3,322</u>
	A-2	<u>\$ 17,434</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, 2013

	<u>Reference</u>	
Non-Budget Revenue		
Dare Contributions		\$ 775
Duplicate Tax Bills		92
Penalties for Bounced Checks		200
Library PERS - Share of Costs		15,774
Property Lists		60
Election Rent		300
Verizon		26,422
Old Tappan User Fees		12,101
Sewer Service User Fees		1,630
Late Fees		2,972
Police Monies		7,116
Sale of Assets		1,500
FEMA Reimbursement		65,223
2% Administration Fee		915
Senior Citizen Activities		2,350
Miscellaneous Fees		<u>10,033</u>
	A-2	<u>\$ 147,463</u>
 Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 144,561
Due from Animal Control Fund - Late Fees	B-6	<u>2,902</u>
		<u>\$ 147,463</u>
 Analysis of Interest on Investment and Deposits		
Cash Receipts	A-10	\$ 3,944
Due from General Capital Fund	C-9	576
Due from Animal Control Fund	B-6	102
Due from Other Trust Fund	B-18	<u>1,187</u>
	A-2	<u>\$ 5,809</u>
 Analysis of Construction Code Fees:		
Cash Receipts	A-10	\$ 107,925
Due from Other Trust Fund	A-10, B-18	<u>35,746</u>
	A-2	<u>\$ 143,671</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages		\$ 1,923	\$ 1,923		
Other Expenses	\$ 27,820	24,880	24,869	\$ 11	
Municipal Clerk					
Salaries and Wages	56,100	58,393	57,297	1,096	
Other Expenses	5,000	4,500	4,327	173	
Financial Administration					
Salaries and Wages	78,084	78,085	78,084	1	
Other Expenses	9,024	19,023	15,674	3,349	
Audit Services					
Other Expenses	25,600	25,600	2,800	22,800	
Revenue Administration (Tax Collection)					
Salaries and Wages	40,552	42,397	42,397		
Other Expenses	5,151	4,346	3,937	409	
Other Expense - Liq. Of Tax title Liens	100				
Assessment of Taxes					
Salaries and Wages	20,634	21,593	21,303	290	
Other Expenses	3,130	3,030	3,002	28	
Legal Services and Costs					
Other Expenses					
Special Counsel	11,000	21,563	12,735	8,828	
Miscellaneous	34,700	39,000	38,925	75	
Engineering Services and Costs					
Other Expenses	12,000	13,000	11,965	1,035	
Planning Board					
Salaries and Wages	1,000	1,988	978	1,010	
Other Expenses	5,700	14,200	13,504	696	
Zoning Board of Adjustment					
Salaries and Wages	4,050	4,480	3,790	690	
Other Expenses	1,550	1,750	1,698	52	

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
INSURANCE					
General Liability Insurance	\$ 196,703	\$ 196,703	\$ 145,699	\$ 51,004	
Disability Insurance	6,000	6,000	968	5,032	
Employee Group Health	362,543	353,733	347,737	5,996	
Unemployment Compensation Insurance Fund	2,500	2,500		2,500	
Police					
Salaries and Wages	1,458,855	1,475,633	1,459,406	16,227	
Other Expenses	39,200	34,721	31,493	3,228	
Police Dispatch / 911					
Other Expenses	51,176	51,176	51,176		
Emergency Management Services					
Other Expenses	14,000	14,000	14,000		
Fire					
Other Expenses	68,995	68,995	59,374	9,621	
Fire Hydrant Services	94,987	88,112	88,103	9	
Uniform Fire Safety Act					
Other Expenses	1,996	1,996	115	1,881	
Municipal Prosecutor					
Prosecutor- Contractual	3,000	3,000	2,000	1,000	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	630,820	644,710	641,799	2,911	
Other Expenses	38,450	28,560	27,533	1,027	
Solid Waste Collection					
Garbage and Trash Removal - Contractual	156,219	156,219	153,776	2,443	
Public Buildings and Grounds					
Other Expenses	12,700	15,700	14,993	707	
Vehicle Maintenance					
Police- Other Expenses	15,000	15,000	14,189	811	
Streets and Roads- Other Expenses	7,500	7,500	4,474	3,026	

**BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<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>
					<u>Over- Expended</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
HEALTH and HUMAN SERVICES					
Board of Health					
Salaries and Wages - Regular	\$ 15,770	\$ 17,226	\$ 17,189	\$ 37	
Other Expenses	10,238	9,902	8,935	967	
Environmental Commission					
Salaries and Wages	684	684	684		
Other Expenses	330	330	290	40	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	600	600	450	150	
Other Expenses	1,500	1,500	1,457	43	
Maintenance of Parks					
Other Expenses	8,000	7,500	7,436	64	
Senior Citizen Activities	5,500	5,500	3,710	1,790	
Contr. to James McGuire Sen. Ctr.-Northvale	1,000	1,000		1,000	
Seniors Transportation Agreement w/Haworth	10,500	10,500	5,473	5,027	
Other Common Operating Functions					
Celebration of Public Events					
Municipal Court					
Salaries and Wages	10,000	10,600	10,600		
Other Expenses	1,800	2,620	2,562	58	
Public Defender					
Other Expenses	300	400	400		
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	61,804	61,354	61,353	1	
Other Expenses	5,250	5,750	5,744	6	

**BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Appropriated</u>		<u>Expended</u>		<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
UTILITIES EXPENSE AND BULK PURCHASES					
Electricity	\$ 17,911	\$ 18,511	\$ 18,260	\$ 251	
Street Lighting	43,347	40,807	40,486	321	
Telephone and Telegraph	24,688	18,188	17,950	238	
Water	8,723	7,923	7,172	751	
Natural Gas	9,211	9,211	6,707	2,504	
Gasoline	58,483	57,103	49,040	8,063	
Sewage Processing and Disposal	500	500		500	
LANDFILL/ SOLID WASTE DISPOSAL COSTS					
Bergen County Landfill Dumping Fees	<u>150,000</u>	<u>150,000</u>	<u>139,344</u>	<u>10,656</u>	<u>-</u>
Total Operations Within "CAPS"	<u>3,947,978</u>	<u>3,981,718</u>	<u>3,801,285</u>	<u>180,433</u>	<u>-</u>
Detail:					
Salaries and Wages	2,378,953	2,417,743	2,395,330	22,413	-
Other Expenses	<u>1,569,025</u>	<u>1,563,975</u>	<u>1,405,955</u>	<u>158,020</u>	<u>-</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	104,285	104,380	104,255	125	
Social Security System (O.A.S.I.)	86,000	86,000	91,364		\$ 5,364
Police & Firemen's Retirement System of NJ	261,855	261,855	261,855		
Contribution to PERS - ERIP	22,278	22,278	22,278		
Contribution to Defined Contribution Retirement Program	<u>125</u>	<u>30</u>	<u>-</u>	<u>30</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>474,543</u>	<u>474,543</u>	<u>479,752</u>	<u>155</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>4,422,521</u>	<u>4,456,261</u>	<u>4,281,037</u>	<u>180,588</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
OPERATIONS - EXCLUDED FROM "CAPS"						
NJPDES Permit - Stormwater Permit						
Engineering -Other Expenses	\$ 4,000	\$ 260		\$ 260		
Employee Group Health	7,207	7,207	\$ 7,207			
Bergen County Utilities Authority						
Operating	238,414	238,414	238,414			
Debt Service	109,105	109,105	109,105	-		
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	316,507	316,507	315,620	887		
LOSAP	34,000	34,000		34,000		
Recycling Tax Appropriation	6,717	6,717	6,127	590		
Reserve for Tax Appeals	30,000	30,000	30,000	-	-	-
Total Other Operations - Excluded from "CAPS"	<u>745,950</u>	<u>742,210</u>	<u>706,473</u>	<u>35,737</u>	<u>-</u>	<u>-</u>
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
9-1-1 Interlocal Agreement	4,664	4,664	4,664			
Municipal Court Administrator - Borough of Norwood	25,530	25,530	-	25,530		
Reserve 911	500	500	-	500	-	-
Total Interlocal Municipal Service Agreements	<u>30,694</u>	<u>30,694</u>	<u>4,664</u>	<u>26,030</u>	<u>-</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Clean Communities Grant (Ch. 187, P.L. 1986)						
Recycling Program	7,727	7,727	800	6,927		
Municipal Alliance Program	11,900	11,900	5,310	6,590		
Body Armor Replacement Program	1,464	1,464	1,464			
Recycling Tonnage Grant	8,837	8,837	8,380	457		
Bergen County - ADA Curb Ramp Improvements	-	54,810	51,574	3,236	-	-
Total Public and Private Programs Offset by Revenues	<u>29,928</u>	<u>84,738</u>	<u>67,528</u>	<u>17,210</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>806,572</u>	<u>857,642</u>	<u>778,665</u>	<u>78,977</u>	<u>-</u>	<u>-</u>
Detail:						
Other Expenses	<u>806,572</u>	<u>857,642</u>	<u>778,665</u>	<u>78,977</u>	<u>-</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>			<u>Over- 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	\$ 10,000	\$ 10,000	\$ 10,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	400,000	400,000	400,000			
Interest on Bonds	29,000	29,000	29,000			
Loan Repayments for Principal and Interest	7,455	7,455	7,454		\$ 1	
Loan Repayments for Interest	<u>35,029</u>	<u>35,029</u>	<u>35,028</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>471,484</u>	<u>471,484</u>	<u>471,482</u>	<u>-</u>	<u>2</u>	<u>-</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"						
Emergency Authorizations - Special Emergency Authorizations - 5 years	13,993	13,993	13,993			
	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>39,093</u>	<u>39,093</u>	<u>39,093</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,327,149</u>	<u>1,378,219</u>	<u>1,299,240</u>	<u>\$ 78,977</u>	<u>2</u>	<u>-</u>
Subtotal General Appropriations	5,749,670	5,834,480	5,580,277	259,565	2	\$ 5,364
Reserve for Uncollected Taxes	<u>204,998</u>	<u>204,998</u>	<u>204,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 5,954,668</u>	<u>\$ 6,039,478</u>	<u>\$ 5,785,275</u>	<u>\$ 259,565</u>	<u>\$ 2</u>	<u>\$ 5,364</u>
<u>Reference</u>	A-2			A		A-12

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, 2013

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Original Budget	A-2	\$ 5,954,668	
Emergency Appropriations 40A:4-47	A-12	30,000	
Appropriations by 40A:4-87	A-2	<u>54,810</u>	
		<u>\$ 6,039,478</u>	
Cash Disbursed	A-4		\$ 5,595,100
Less: Budget Offsets	A-4		<u>66,360</u>
			5,528,740
Special Emergency Authorizations	A-11		25,100
Emergency Authorizations	A-12		13,993
Reserve for Uncollected Taxes	A-2		204,998
Encumbrances Payable	A-22		9,456
Due to Other Trust Fund	B-18		<u>2,988</u>
	A-3		<u>\$ 5,785,275</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012**

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Animal Control Trust Fund			
Cash	B-3	\$ 7,030	\$ 3,617
Due from State of NJ	B-5	<u>148</u>	<u>-</u>
		<u>7,178</u>	<u>3,617</u>
Other Trust Fund			
Cash	B-3	378,111	431,879
Due from Current Fund	B-18	<u>71,837</u>	<u>-</u>
		<u>449,948</u>	<u>431,879</u>
Municipal Open Space and Recreation Trust Fund			
Cash	B-3	<u>465,528</u>	<u>424,400</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	603,784	448,975
Contribution Receivable	B	<u>34,546</u>	<u>34,870</u>
		<u>638,330</u>	<u>483,845</u>
Total Assets		<u>\$ 1,560,984</u>	<u>\$ 1,343,741</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due to Current Fund	B-6	\$ 3,320	\$ 1
Due to State of New Jersey	B-5		1
Reserve for Animal Control Fund Expenditures	B-4	<u>3,858</u>	<u>3,615</u>
		<u>7,178</u>	<u>3,617</u>
Other Trust Fund			
Developer's Deposits	B-7	59,821	59,821
Street Opening Deposits - Developers	B-9	2,000	2,000
Subdivision Applications - Developers	B-8	91,771	80,376
Payroll Deductions	B-23	86,007	68,938
Dedicated Funds			
Cat License Fees	B-10	4,305	3,461
Tennis Program Reserve - Recreation	B-11	8,911	8,111
Unemployment Insurance Trust	B-17	31,833	33,217
Parking Offenses Adjudication Act	B-12	188	184
Recycling Program	B-13	18,919	18,437
Recreation Fees	B-14	18,095	19,637
Community Parks - Recreation	B-20	28,161	28,161
Green Team/Environmental Commission-Donations	B-25	343	356
Police - Donations	B-27	4,000	
World Trade Center Assistance	B-19	1,097	1,097
Due to State of New Jersey			
State Training Fees	B-15	2,365	2,536
Domestic Violence Fees	B-16	103	125
Unemployment Insurance Trust	B-26		129
Due to Current Fund	B-18		54
Tax Sale Premiums	B-24	31,900	44,000
Reserve for Affordable Housing - Developer's Fees	B-21	<u>60,129</u>	<u>61,239</u>
		<u>449,948</u>	<u>431,879</u>
Municipal Open Space and Recreation Trust Fund			
Reserve for Open Space Expenditures	B-22	<u>465,528</u>	<u>424,400</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for LOSAP	B	<u>638,330</u>	<u>483,845</u>
Total Liabilities and Reserves		<u>\$ 1,560,984</u>	<u>\$ 1,343,741</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Reference</u>	<u>Modified Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-22	\$ 106,422	\$ 89,754	\$ (16,668)
		<u>\$ 106,422</u>	89,754	<u>\$ (16,668)</u>
Non-Budget	B-22		<u>731</u>	
			<u>\$ 90,485</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation	<u>\$ 106,422</u>	<u>\$ 49,357</u>	<u>\$ 57,065</u>
<u>Reference</u>	B-1	B-22	

BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	C-2,C-3	\$ 341,601	\$ 282,580
Grants Receivable	C-6	63,698	146,500
Due from NJEIT Loan Program	C-7	25,150	48,660
Deferred Charges to Future Taxation			
Funded	C-4	731,340	1,171,039
Unfunded	C-5	<u>1,049,924</u>	<u>1,049,924</u>
 Total Assets		 <u>\$ 2,211,713</u>	 <u>\$ 2,698,703</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13	\$ 400,000	\$ 800,000
Green Trust Loan Payable	C-14	31,926	38,641
NJEIT Loan Program	C-15	299,414	332,398
Bond Anticipation Notes Payable	C-16	960,000	
Improvement Authorizations			
Funded	C-12	151,810	249,676
Unfunded	C-12	94,586	580,262
Contracts Payable	C-9	65,740	524,823
Due to Current Fund	C-10	103,979	60
Reserve for Payment of Debt	C-11	7,836	
Capital Improvement Fund	C-8	10,000	
Fund Balance	C-1	<u>86,422</u>	<u>172,843</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 2,211,713</u>	 <u>\$ 2,698,703</u>

There were bonds and notes authorized but not issued at December 31, 2013 and 2012 amounting to \$89,924 and \$1,049,924, respectively. (Exhibit C-16)

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 172,843	\$ 306,843
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-11	<u>86,421</u>	<u>134,000</u>
Balance, December 31	C	<u>\$ 86,422</u>	<u>\$ 172,843</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
General Fixed Assets		
Land and Land Improvements	\$ 4,203,146	\$ 4,203,146
Buildings and Building Improvements	1,628,672	1,628,672
Machinery and Equipment:		
Automotive	3,005,478	2,525,339
All Others	<u>716,249</u>	<u>716,249</u>
	<u>\$ 9,553,545</u>	<u>\$ 9,073,406</u>
Investment in General Fixed Assets	<u>\$ 9,553,545</u>	<u>\$ 9,073,406</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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/Council) form of government. 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 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

Length of Service Award Program 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of 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.

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

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

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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 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.

Fixed assets purchased after December 31, 2002 are stated as cost.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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

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

No depreciation has been provided for in the financial statements.

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

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 Fund
- General Capital fund

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$84,810 and \$139,493, respectively. The 2013 increases were funded by additional aid allotted to the Borough in the amount of \$54,810 and emergency appropriations in the amount of \$30,000. The 2012 budget was increased by \$139,493 as the result of emergency appropriations of \$13,993 and special emergency appropriations of \$125,500. In addition, the governing body approved several budget transfers during 2013 and 2012.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

<u>2013</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Social Security System (O.A.S.I.)	86,000	91,364	5,364

In accordance with the regulatory basis of accounting, the above variance or overexpenditure was recorded as deferred charges on the balance sheet of the current fund at year end and is required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 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. 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, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$2,305,770 and \$1,970,627 and bank and brokerage firm balances of the Borough's deposits amounted to \$3,299,621 and \$2,028,590, respectively. The Borough's deposits which are displayed on the various fund balance sheets as cash are categorized as:

<u>Depository Account</u>	<u>2013</u>	<u>2012</u>
Insured	\$ 3,264,100	\$ 1,993,085
Uninsured and Collateralized	<u>35,521</u>	<u>35,505</u>
	<u>\$ 3,299,621</u>	<u>\$ 2,028,590</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, 2013 and 2012, the Borough's bank balances of \$35,521 and \$35,505 were exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 35,521</u>	<u>\$ 35,505</u>

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

As of December 31, 2013 and 2012, the Borough had the following investments:

	Fair Value <u>LOSAP Only</u> (Unaudited)
<u>2013</u>	
Length of Service Award Program	<u>\$ 603,784</u>
<u>2012</u>	
Length of Service Award Program	<u>\$ 448,975</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.

Interest earned in the General Capital Fund, Animal Control Trust 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, 2013 AND 2012**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 145,060	\$ 147,263
Tax Title Liens	<u>32,593</u>	<u>30,846</u>
	<u>\$ 177,653</u>	<u>\$ 178,109</u>

In 2013 and 2012, the Borough collected \$136,507 and \$155,445 from delinquent taxes, which represented 77% and 84% 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>2013</u>		<u>2012</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	\$ 107,299	\$ 71,837	\$ 115	
Other Trust Fund	71,837			\$ 54
Animal Control Trust Fund		3,320		1
General Capital Fund	<u>-</u>	<u>103,979</u>	<u>-</u>	<u>60</u>
Total	<u>\$ 179,136</u>	<u>\$ 179,136</u>	<u>\$ 115</u>	<u>\$ 115</u>

The above balances are the result of expenditures being paid by one fund on behalf of another income earned in one fund and need to another fund and/or to cover cash balances which were in an overdraft position.

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 30,000	\$ 30,000	
Overexpenditure of Appropriations	5,364	5,364	
Special Emergency Authorizations (40A:4-55)	<u>100,400</u>	<u>25,100</u>	\$ 75,300
	<u>\$ 135,764</u>	<u>\$ 60,464</u>	<u>\$ 75,300</u>
<u>2012</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 13,993	\$ 13,993	
Special Emergency Authorizations (40A:4-55)	<u>125,500</u>	<u>25,100</u>	\$ 100,400
	<u>\$ 139,493</u>	<u>\$ 39,093</u>	<u>\$ 100,400</u>

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.

	2013 <u>Local District School</u>	2012 <u>Local District School</u>
Balance of Tax Deferred	\$ 5,348,285 <u>5,255,834</u>	\$ 5,246,366 <u>5,153,622</u>
Taxes Payable	<u>\$ 92,451</u>	<u>\$ 92,744</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 8 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances 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 balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget (A)	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 438,511	\$ 344,000	\$ 166,969	\$ 166,969
Non-Cash Surplus	<u>179,826</u>	<u>-</u>	<u>232,768</u>	<u>1,880</u>
	<u>\$ 618,337</u>	<u>\$ 344,000</u>	<u>\$ 399,737</u>	<u>\$ 168,849</u>

The above fund balance amount appropriated represent the surplus anticipated in the 2014 introduced municipal budget. The 2014 municipal budget has not been legally adopted as of the date of audit.

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, 2013 and 2012.

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</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>3,241,588</u>	<u>\$ 765,139</u>	<u>\$ 285,000</u>	<u>3,721,727</u>
	<u>\$ 9,073,406</u>	<u>\$ 765,139</u>	<u>\$ 285,000</u>	<u>\$ 9,553,545</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land and Land Improvements	\$ 4,173,600	\$ 29,546		\$ 4,203,146
Buildings and Building Improvements	1,607,325	21,347		1,628,672
Machinery and Equipment	<u>3,240,919</u>	<u>102,413</u>	<u>\$ 101,744</u>	<u>3,241,588</u>
	<u>\$ 9,021,844</u>	<u>\$ 153,306</u>	<u>\$ 101,744</u>	<u>\$ 9,073,406</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 both 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>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 1,691,340	\$ 1,171,039
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>7,836</u>	<u>-</u>
Net Debt Issued	1,683,504	1,171,039
Authorized But Not Issued		
General		
Bonds, Notes and Loans	<u>89,924</u>	<u>1,049,924</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 1,773,428</u>	<u>\$ 2,220,963</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 .185% and .223% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 1,781,264	\$ 7,836	\$ 1,773,428
School Debt	<u>4,290,417</u>	<u>4,290,417</u>	<u>-</u>
Total	<u>\$ 6,071,681</u>	<u>\$ 4,298,253</u>	<u>\$ 1,773,428</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 2,220,963		\$ 2,220,963
School Debt	<u>4,759,273</u>	<u>\$ 4,759,273</u>	<u>-</u>
Total	<u>\$ 6,980,236</u>	<u>\$ 4,759,273</u>	<u>\$ 2,220,963</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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 33,682,123	\$ 34,878,318
Net Debt	<u>1,773,428</u>	<u>2,220,963</u>
Remaining Borrowing Power	<u>\$ 31,908,695</u>	<u>\$ 32,657,355</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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:

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

	<u>2013</u>	<u>2012</u>
\$2,910,000, 2004 Bonds, due in annual installments of \$400,000 through September, 2014, interest at 3.75%	\$ 400,000	\$ 800,000

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>2013</u>	<u>2012</u>
\$119,873, 1998 Loans, due in Semi-annual installments of \$3,408 to \$3,690 through February, 2018, interest at 2.00%	\$ 31,926	\$ 38,641

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>2013</u>	<u>2012</u>
\$348,576, 2012 Loan, due in Semi-annual installments of \$8,088 and \$16,178 through August 1, 2022, interest at 0%	\$ 218,399	\$ 242,666
\$89,732, 2012 Loan, due in Annual installments of \$8,736 to \$9,447 through August 1, 2022, interest at 0.370% to 1.930%	81,015	89,732
	<u>\$ 299,414</u>	<u>\$ 332,398</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 is as follows:

Calendar Year	Bonds		Loans		Total
	Principal	Interest	Principal	Interest	
2014	\$ 400,000	\$ 15,000	\$ 39,853	\$ 1,498	\$ 456,351
2015			40,023	1,328	41,351
2016			40,208	1,143	41,351
2017			40,402	948	41,350
2018			36,890	732	37,622
2019-2022	-	-	133,964	1,620	135,584
	<u>\$ 400,000</u>	<u>\$ 15,000</u>	<u>\$ 331,340</u>	<u>\$ 7,269</u>	<u>\$ 753,609</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance December 31, 2012	Additions	Reductions	Balance, December 31, 2013	Due Within One Year
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 800,000		\$ 400,000	\$ 400,000	\$ 400,000
Intergovernmental Loans Payable	371,039	\$ -	39,699	331,340	39,853
	<u>\$ 1,171,039</u>	<u>\$ -</u>	<u>\$ 439,699</u>	<u>\$ 731,340</u>	<u>\$ 439,853</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 1,200,000		\$ 400,000	\$ 800,000	\$ 400,000
Intergovernmental Loans Payable	45,223	\$ 348,576	22,760	371,039	39,699
	<u>\$ 1,245,223</u>	<u>\$ 348,576</u>	<u>\$ 422,760</u>	<u>\$ 1,171,039</u>	<u>\$ 439,699</u>

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Issued</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>					
<u>General Capital Fund</u>					
Acquisition of DPW Equipment	1.10%	10/23/2014		\$ 146,500	\$ 146,500
Various Capital Improvements	1.10%	10/23/2014	\$ -	813,500	813,500
Total General Capital Fund			<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 960,000</u>

The purpose of these short-time 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.

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>2013</u>		
Various Capital Improvements	<u>\$65,740</u>	2014
<u>2012</u>		
Various Capital Improvements	\$14,888	2013
Triple Combination Pumper Truck	<u>509,935</u>	2013
	<u>\$524,823</u>	

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012 to be \$311,400 and \$292,077 respectively, and is material to the financial statements.

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 June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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.

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 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 CPFPPF (2.00%) and (b) changes to projected salary increases, which vary by fund.

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 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

During the years ended December 31, 2013, 2012 and 2011, 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>
2013	\$ 261,855	\$ 126,533
2012	266,089	130,251
2011	329,733	132,257

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14 RISK MANAGEMENT (Continued)

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 Borough contributions, employee contributions, 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 December 31</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013		\$ 1,467	\$ 31,833
2012	\$ 5,000	3,550	33,217
2011	5,000	7,257	31,683

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, 2013 and 2012. 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, 2013 and 2012, the Borough reserved \$41,562 and \$746, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability in excess of the reserve for tax appeals would be provided for in succeeding years’ budget, from fund balance or from a refunding bond ordinance.

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, 2013 and 2012, 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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012, the Borough had no estimated arbitrage earnings due to the IRS.

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

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 first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department 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 \$1,339 and \$1,336 for 2013 and 2012, respectively, for each eligible volunteer fire department member into the Plan.

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.

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.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Vesting and Benefits

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

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

Reporting Requirements

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

CURRENT FUND

BOROUGH OF HARRINGTON PARK
STATEMENT OF CURRENT CASH - TREASURER

Balance, December 31, 2012		\$	827,950
Increased by Receipts:			
Collection of Taxes	\$	22,390,159	
Revenue Accounts Receivable		743,215	
Miscellaneous Revenue Not Anticipated		144,561	
Federal and State Grants Received		113,543	
Budget Offsets		66,360	
State of New Jersey Senior Citizens' and Veterans' Deductions		45,750	
Unappropriated Reserves		19,336	
Outside Lien Redemptions		122,324	
Receipts from General Capital Fund		86,421	
Receipts in Current Fund Relating to General Capital Fund		82,802	
Receipts from Other Trust Fund		257,861	
Receipts in Current Fund Relating to Other Trust		5,943	
Receipts from Animal Control Trust Fund		<u>2,600</u>	
			<u>24,080,875</u>
			24,908,825
Decreased by Disbursements:			
2013 Budget Appropriations		5,595,100	
2012 Appropriation Reserves		233,774	
Local District School Tax		10,409,750	
Regional High School Tax		4,895,170	
County Taxes		2,084,157	
Open Space Trust Fund		89,754	
Tax Appeal Refunds		9,987	
Outside Lien Redemptions		121,136	
Appropriated Reserves		9,669	
Cash Disbursements for General Capital Fund Expenditures		103,816	
Disbursements to General Capital		82,329	
Cash Disbursements for Animal Control Trust Fund Expenditures		2,915	
Disbursements to Other Trust		156,263	
Cash Disbursements for Other Trust Fund Expenditures		<u>1,705</u>	
			<u>23,795,525</u>
Balance, December 31, 2013		\$	<u>1,113,300</u>

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

Increased by Receipts:			
Taxes Receivable	\$	22,219,145	
Revenue Accounts Receivable			
Interest and Costs on Taxes		43,452	
Tax Overpayments		31,656	
Prepaid Taxes		<u>95,906</u>	
			\$ <u>22,390,159</u>
Decreased by Transfers to Treasurer			\$ <u>22,390,159</u>

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

Balance, December 31, 2012		\$	14,131
Increased by:			
Cash Receipts	\$	45,750	
Senior Deductions Disallowed by Tax Collector		500	
Veterans' Deductions Disallowed by Tax Collector		<u>250</u>	
			<u>46,500</u>
			60,631
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		3,250	
Veterans' Deductions per Tax Billings		41,750	
Senior Citizens' and Veterans' Deductions allowed by Tax Collector		<u>3,000</u>	
			<u>48,000</u>
Balance, December 31, 2013		\$	<u>12,631</u>

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

Year	Balance December 31, 2012	2013 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected in 2012	2013	Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2013
2012	\$ 147,263			\$ 136,507					\$ 10,756
2013	-	\$ 22,394,523	750	\$ 102,016	22,082,638	\$ 48,000	\$ 26,568	\$ 1,747	\$ 134,304
	\$ 147,263	\$ 22,394,523	\$ 750	\$ 102,016	\$ 22,219,145	\$ 48,000	\$ 26,568	\$ 1,747	\$ 145,060

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose	\$ 22,387,195
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>7,328</u>
	\$ 22,394,523
Tax Levy	
Regional High School Tax (Abstract)	\$ 4,895,170
Local District School Tax (Abstract)	10,511,669
County Tax (Abstract)	\$ 2,061,200
County Tax for Open Space Preservation	22,957
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>684</u>
	2,084,841
Local Tax for Municipal Purposes (Abstract)	4,487,859
Minimum Library Tax Levy (Abstract)	316,507
Additional Tax Levy	<u>8,723</u>
	4,813,089
Open Space Tax	89,728
Additional Tax Levy - Open Space Tax	<u>26</u>
	89,754
	<u>\$ 22,394,523</u>

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

Balance, December 31, 2012	\$ 30,846
Increased by:	
Transfer from Taxes Receivable	<u>1,747</u>
Balance, December 31, 2013	<u>\$ 32,593</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2012	<u>\$ 59,720</u>
Balance, December 31, 2013	<u>\$ 59,720</u>

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

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Clerk				
Licenses				
Alcoholic Beverages		\$ 1,620	\$ 1,620	
Other		1,966	1,966	
Fees and Permits		2,337	2,337	
Fire				
Fees and Permits		3,322	3,322	
Board of Health				
Licenses		1,680	1,680	
Fees and Permits		200	200	
Board of Adjustment/Planning Board				
Fees and Permits		11,575	11,575	
Construction Code Official				
Fees and Permits		143,671	143,671	
Fines and Costs				
Municipal Court	\$ 3,575	67,083	65,945	\$ 4,713
Interest on Costs on Taxes		43,452	43,452	
Interest in Investments and Deposits		3,944	3,944	
Cablevision Fees		36,022	36,022	
Energy Receipts Taxes		447,738	447,738	
Watershed Moratorium Offset Aid		20,257	20,257	
Uniform Fire Safety Act		1,793	1,793	
Lease of Real Property - Cell Tower	-	36,891	36,891	-
	<u>\$ 3,575</u>	<u>\$ 823,551</u>	<u>\$ 822,413</u>	<u>\$ 4,713</u>
Cash Receipts:				
Treasurer			743,215	
Collector			43,452	
Due from Other Trust Fund			<u>35,746</u>	
			<u>\$ 822,413</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>2012</u>	<u>Raised</u> <u>in 2013</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
4/16/2012	Revaluation	117,000	\$ 23,400	\$ 117,000	\$ 23,400	\$ 93,600
4/16/2012	Zoning Map	8,500	1,700	8,500	1,700	6,800
				<u>\$ 125,500</u>	<u>\$ 25,100</u>	<u>\$ 100,400</u>

STATEMENT OF DEFERRED CHARGES

<u>Purpose</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>	<u>Added</u> <u>in 2013</u>	<u>Raised</u> <u>in 2013</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
Emergency Authorizations (40A:4-47)	\$ 13,993	\$ 30,000	\$ 13,993	\$ 30,000
Overexpenditure of Appropriations	-	5,364	-	5,364
	<u>\$ 13,993</u>	<u>\$ 35,364</u>	<u>\$ 13,993</u>	<u>\$ 35,364</u>

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Police	\$ 33,999	\$ 33,999	\$ 33,173	\$ 826
Road Repairs and Maintenance	503	503		503
Recreation Services and Programs	150	150		150
Other Expenses				
Administrative and Executive	1,565	1,952	1,467	485
Financial Administration	931	931		931
Audit Services		25,400	25,400	-
Revenue Administration				
Other Expenses	635	635		635
Other Expenses - Liq. Of Tax Title Liens	100	100		100
Assessment of Taxes				
Other Expenses	194	45,194	45,000	194
Legal Services and Costs				
Special Counsel	6,295	6,295	38	6,257
Engineering Services and Costs	1,000	1,004	1,004	-
Planning Board	3,614	3,614	156	3,458
Zoning Board of Adjustment	293	293	32	261
General Liability Insurance	2,273	47,505	45,233	2,272
Employee Group Health	3,484	3,484		3,484
Police	8,119	8,524	899	7,625
Emergency Management Services				
Fire - Other Expenses	15,509	16,350	7,284	9,066
Fire Hydrant Services	7,917	7,917	7,915	2
Uniform Fire Safety Act	1,853	1,883	1,186	697
Road Repair and Maintenance	14,411	15,491	2,405	13,086
Solid Waste Collection				
Public Buildings and Grounds	763	763		763
Vehicle Maintenance				
Police - Other Expenses	2,342	2,342	860	1,482
Streets and Roads	1,562	2,482	1,498	984
Board of Health	1,787	1,787	81	1,706
Park and Recreation				
Recreation Services and Programs	776	776		776
Environmental	5,050	5,050		5,050
Maintenance of Parks	360	360	14	346
Senior Citizen Activities	1,675	1,675		1,675
Seniors Transportation Agreement w/ Haworth	7,917	7,917	1,404	6,513
Municipal Court	655	655		655
State Uniform Construction Code	443	443		443

**BOROUGH OF HARRINGTON PARK
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (continued)				
Utilities:				
Electricity	\$ 6,388	\$ 6,388	\$ 1,492	\$ 4,896
Street Lighting	3,797	3,797	127	3,670
Telephone and Telegraph	1,398	1,398		1,398
Water	51	51	9	42
Natural Gas	1,745	1,745	1,745	-
Gasoline	8,265	8,265	4,995	3,270
Sewage Processing & Disposal	604	604	50	554
Bergen County Landfill Dumping Fees	17,947	19,157	8,615	10,542
Social Security System	6,726	6,726	1,017	5,709
Recycling Tax Appropriation	1,210			-
LOSAP	34,000	34,870	34,870	-
Reserve for Tax Appeal	55,174	55,174	55,174	-
Clean Communities Grant				
Recycling Program	7,137	7,137	7,137	-
Municipal Alliance on Drug and Alcohol Abuse	4,061	4,061	4,061	-
Drunk Driving Enforcement Fund	3,328	3,328	3,328	-
	<u>\$ 278,006</u>	<u>\$ 398,175</u>	<u>\$ 297,669</u>	<u>\$ 100,506</u>
Appropriation Reserves		\$ 278,006		
Encumbrances Payable		<u>120,169</u>		
		<u>\$ 398,175</u>		
Transferred to Appropriated Grant Reserves			\$ 11,116	
Transferred to Accounts Payable			1,976	
Transferred to Reserve for Tax Appeals			50,803	
Cash Disbursements			<u>233,774</u>	
			<u>\$ 297,669</u>	

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

Balance, December 31, 2012	\$	120,169
Increased by:		
Charged to 2013 Budget Appropriations		<u>9,456</u>
		129,625
Decreased by:		
Transfer to Appropriation Reserves		<u>120,169</u>
Balance, December 31, 2013	\$	<u><u>9,456</u></u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2012	\$	48
Increased by:		
Transfer from 2012 Appropriation Reserves		<u>1,976</u>
		2,024
Decreased by:		
Cancelled Accounts Payable		<u>48</u>
Balance, December 31, 2013	\$	<u><u>1,976</u></u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2012	\$	102,016
Increased by:		
Collection - 2014 Taxes		<u>95,906</u>
		197,922
Decreased by:		
Application to 2013 Taxes		<u>102,016</u>
Balance, December 31, 2013	\$	<u><u>95,906</u></u>

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

Increased by:		
Tax Levied	\$ 89,728	
Added Taxes	<u>26</u>	
		<u>\$ 89,754</u>
Decreased by:		
Payment to Municipal Open Space and Recreation Trust Fund		<u>\$ 89,754</u>

STATEMENT OF COUNTY TAXES PAYABLE

Increased by:		
County Tax	\$ 2,061,200	
County Open Space Preservation	22,957	
Due County for Added and Omitted Taxes	675	
Due County Open Space Preservation Added and Omitted Taxes	<u>9</u>	
		<u>\$ 2,084,841</u>
Decreased by:		
Payments		<u>2,084,157</u>
Balance, December 31, 2013		<u>\$ 684</u>

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

Balance, December 31, 2012		
School Tax Payable	\$ 92,744	
School Tax Deferred	<u>5,153,622</u>	
		\$ 5,246,366
Increased by:		
Levy School Year July 1, 2013 to June 30, 2014		<u>10,511,669</u>
		15,758,035
Decreased by:		
Payments		<u>10,409,750</u>
Balance, December 31, 2013		
School Tax Payable	92,451	
School Tax Deferred	<u>5,255,834</u>	
		<u>\$ 5,348,285</u>
2013 Liability for Local District School Tax		
Tax Paid		\$ 10,409,750
Add Tax Payable, December 31, 2013		<u>92,451</u>
		10,502,201
Less Tax Payable, December 31, 2012		<u>92,744</u>
Amount Charged to Operations		<u>\$ 10,409,457</u>

EXHIBIT A-20

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:		
Levy - Calendar Year 2013		<u>\$ 4,895,170</u>
Decreased by:		
Payments		<u>\$ 4,895,170</u>

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

Balance, December 31, 2012	\$ <u>6,539</u>
Balance, December 31, 2013	\$ <u><u>6,539</u></u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2012	\$ 746
Increased by:	
Transfer from 2012 Appropriation Reserves	<u>50,803</u>
	51,549
Decreased by:	
Cash Disbursements	<u>9,987</u>
Balance, December 31, 2013	\$ <u><u>41,562</u></u>

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

	Balance, December 31, <u>2012</u>	<u>Accrued</u>	Cash <u>Collections</u>	Balance, December 31, <u>2013</u>
NJ Transportation Trust Fund Authority - 2010	\$ 76,173		\$ 76,173	
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	10,000		6,681	3,319
Municipal Alliance on Alcoholism and Drug Abuse-2013		\$ 9,520	359	9,161
Bergen County - ADA Curb Ramp Improvements	<u>-</u>	<u>54,810</u>	<u>30,330</u>	<u>24,480</u>
	<u>\$ 93,275</u>	<u>\$ 64,330</u>	<u>\$ 113,543</u>	<u>\$ 44,062</u>
		Cash Receipts	<u>\$ 113,543</u>	

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

	Balance, December 31, 2012	Increased By: Charges to Appropriation Reserves	Expended	Adjustment	Balance, December 31, 2013
NJ-DOT-2010	\$ 15,953		\$ 9,211		\$ 6,742
Drunk Driving Enforcement Fund	580	\$ 918	458		1,040
Alcohol Education and Rehabilitation	517				517
Municipal Stormwater Regulation Program	259				259
Municipal Alliance Program - State	.25	561			586
Municipal Alliance Program - Local	7,204	2,500		\$ 1,879	11,583
Municipal Alliance on Drug and Alcohol Abuse	1,879			(1,879)	-
Clean Communities Grant	2,338	7,137	-	-	9,475
	<u>\$ 28,755</u>	<u>\$ 11,116</u>	<u>\$ 9,669</u>	<u>\$ -</u>	<u>\$ 30,202</u>

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES

Balance, December 31, 2012	\$ 18,027
Increased by:	
Cash Receipts	<u>19,336</u>
	37,363
Decreased by:	
Revenue Realized in 2013 Budget	<u>18,027</u>
Balance, December 31, 2013	<u>\$ 19,336</u>
Clean Communities Program	\$ 9,072
Body Armor Fund	1,756
Recycling Tonnage Grant	<u>8,508</u>
	<u>\$ 19,336</u>

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

Increased by:	
Overpayments in 2013	\$ <u>31,656</u>
Balance, December 31, 2013	\$ <u>31,656</u>

STATEMENT OF OTHER PAYABLE - OUTSIDE LIENS REDEMPTION

Increased by:	
Cash Receipts	\$ 122,324
Decreased by:	
Cash Disbursements	<u>121,136</u>
Balance, December 31, 2013	\$ <u>1,188</u>

TRUST FUNDS

BOROUGH OF HARRINGTON PARK
STATEMENT OF CASH AND INVESTMENTS - TREASURER

	Animal Control <u>Trust Fund</u>	<u>Other Trust Fund</u>	<u>Open Space</u>
Balance, December 31, 2012	\$ 3,617	\$ 431,879	\$ 424,400
Increased by:			
Dog License Fees	\$ 6,948		
Due State of New Jersey			
Dog License Fees	833		
Domestic Violence Fees		353	
Late Charges/Other	3,100		
Interest on Deposits	102	1,270	\$ 731
Open Space Taxes			89,754
Subdivision Applications		36,633	
Cat License Fees		1,420	
Tennis Fees		800	
Parking Offenses Adjudication Act Fees		4	
Recycling Program Receipts		29,994	
Dedicated Recreation Fees		18,607	
Payroll Deductions		4,104,761	
Construction Code Fees		35,746	
Reserve for Affordable Housing		10,752	
Green Team/Environmental Commission - Donations		1,380	
Tax Sale Premiums		11,900	
Cash Receipts From Current Fund		156,263	
Police - Donations	-	3,500	-
	<u>10,983</u>	<u>4,413,383</u>	<u>90,485</u>
	14,600	4,845,262	514,885
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		375	
State Training Fees		3,909	
Dept. of Health	982		
Unemployment Insurance Trust		1,596	
Animal Control Fund Expenditures	3,988		
Subdivision Applications		25,238	
Cat License Expenditures		576	
Payroll Deductions		4,087,692	
Recycling Program Expenditures		29,512	
Dedicated Recreation Fees		20,149	
Tax Sale Premiums		24,000	
Reserve for Affordable Housing		11,862	
Green Team/Environmental Commission - Expenditures		1,393	
Open Space Expenditures			49,357
Cash Disbursements Relating to Current Fund		2,988	
Payments to Current Fund	2,600	257,861	-
	<u>7,570</u>	<u>4,467,151</u>	<u>49,357</u>
Balance, December 31, 2013	<u>\$ 7,030</u>	<u>\$ 378,111</u>	<u>\$ 465,528</u>

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

Balance, December 31, 2012		\$	3,615
Increased by:			
Dog License Fees Collected			6,948
Other			198
			7,146
			10,761
Decreased by:			
Expenditures Under R.S. 4:19-15.11	\$		3,988
Animal Control Expenditures Paid by Current Fund			2,915
			6,903
Balance, December 31, 2013		\$	3,858

License Fees Collected

<u>Year</u>	<u>Amount</u>
2012	\$ 6,220
2011	5,100
	\$ 11,320

STATEMENT OF DUE TO / (FROM) STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2012 (Due To)		\$	1
Increased by:			
State License Fees	\$		579
Pilot Clinic Control			116
Animal Population Control			138
			833
			834
Decreased by:			
Payments to State of New Jersey			982
			982
Balance, December 31, 2013 (Due From)		\$	(148)

**BOROUGH OF HARRINGTON PARK
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, December 31, 2012		\$	1
Increased by:			
Non-Budget Revenue - Late Charges	\$	2,902	
Animal Control Expenditures Paid by Current Fund		2,915	
Interest on Deposits		<u>102</u>	
			<u>5,919</u>
			5,920
Decreased by:			
Payments to Current Fund			<u>2,600</u>
Balance, December 31, 2013		\$	<u><u>3,320</u></u>

EXHIBIT B-7

**STATEMENT OF DEVELOPER'S DEPOSITS
OTHER TRUST FUND**

Balance, December 31, 2012		\$	<u>59,821</u>
Balance, December 31, 2013		\$	<u><u>59,821</u></u>

EXHIBIT B-8

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

Balance, December 31, 2012		\$	80,376
Increase by:			
Cash Receipts			<u>36,633</u>
			117,009
Decreased by:			
Cash Disbursements			<u>25,238</u>
Balance, December 31, 2013		\$	<u><u>91,771</u></u>

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

Balance, December 31, 2012	\$ <u>2,000</u>
Balance, December 31, 2013	\$ <u>2,000</u>

EXHIBIT B-10

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

Balance, December 31, 2012	\$ 3,461
Increase by:	
Cash Receipts	<u>1,420</u>
	4,881
Decreased by:	
Cash Disbursements	<u>576</u>
Balance, December 31, 2013	\$ <u>4,305</u>

EXHIBIT B-11

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

Balance, December 31, 2012	\$ 8,111
Increased by:	
Cash Receipts	<u>800</u>
Balance, December 31, 2013	\$ <u>8,911</u>

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

Balance, December 31, 2012	\$	184
Increased by:		
Cash Receipts		4
Balance, December 31, 2013	\$	188

EXHIBIT B-13

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

Balance, December 31, 2012	\$	18,437
Increased by:		
Cash Receipts		29,994
		48,431
Decreased by:		
Cash Disbursements		29,512
Balance, December 31, 2013	\$	18,919

EXHIBIT B-14

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

Balance, December 31, 2012	\$	19,637
Increased by:		
Cash Receipts		18,607
		38,244
Decreased by:		
Cash Disbursements		20,149
Balance, December 31, 2013	\$	18,095

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

Balance, December 31, 2012		\$	2,536
Increased by:			
Cash Receipts in Current Fund			5,443
			7,979
Decreased by:			
Cash Disbursements	\$	3,909	
Cash Disbursements by Current Fund on Behalf of Other Trust		1,705	
			5,614
Balance, December 31, 2013		\$	2,365

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

Balance, December 31, 2012		\$	125
Increased by:			
Cash Receipts			353
			478
Decreased by:			
Cash Disbursements - Payments to the State of New Jersey			375
Balance, December 31, 2013		\$	103

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

Balance, December 31, 2012	\$	33,217
Increased by:		
Interest on Deposits		83
		33,300
Decreased by:		
Due to State of New Jersey		1,467
Balance, December 31, 2013	\$	31,833

**STATEMENT OF DUE FROM / (TO) CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2012 (Due To)	\$	54
Increased by:		
Interest on Deposits	\$	1,187
Building Department Fees		35,746
Cash Disbursements in Current Fund Relating to Other Trust		1,705
Cash Receipts		156,263
		194,901
		194,955
Decreased by:		
Cash Disbursements		257,861
Cash Disbursements in Other Trust Relating to Current Fund		2,988
Cash Receipts in Current Fund Relating to Other Trust		5,943
		266,792
Balance, December 31, 2013 (Due From)	\$	(71,837)

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

Balance, December 31, 2012	\$ <u>1,097</u>
Balance, December 31, 2013	\$ <u><u>1,097</u></u>

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

Balance, December 31, 2012	\$ <u>28,161</u>
Balance, December 31, 2013	\$ <u><u>28,161</u></u>

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

Balance, December 31, 2012	\$	61,239
Increased by:		
Cash Receipts		<u>10,752</u>
		71,991
Decreased by:		
Cash Disbursements		<u>11,862</u>
Balance, December 31, 2013	\$	<u>60,129</u>

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

Balance, December 31, 2012	\$	424,400
Increased by:		
Interest on Deposits	\$	731
2013 Tax Levy		89,728
Added Tax Levy		<u>26</u>
		<u>90,485</u>
		514,885
Decreased by:		
Cash Disbursements		<u>49,357</u>
Balance, December 31, 2013	\$	<u>465,528</u>

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

Balance, December 31, 2012	\$	68,938
Increased by:		
Cash Receipts		<u>4,104,761</u>
		4,173,699
Decreased by:		
Cash Disbursements		<u>4,087,692</u>
Balance, December 31, 2013	\$	<u>86,007</u>

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

Balance, December 31, 2012	\$	44,000
Increased by:		
Cash Receipt		11,900
		55,900
Decreased by:		
Cash Disbursements		24,000
Balance, December 31, 2013	\$	31,900

EXHIBIT B-25

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

Balance, December 31, 2012	\$	356
Increased by:		
Cash Receipts		1,380
		1,736
Decreased by:		
Cash Disbursements		1,393
Balance, December 31, 2013	\$	343

EXHIBIT B-26

**STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT INSURANCE TRUST
OTHER TRUST FUND**

Balance, December 31, 2012	\$	129
Increased by:		
Unemployment Claims		1,467
		1,596
Decreased by:		
Cash Disbursements		1,596
Balance, December 31, 2013	\$	-

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

Increased by:		
Donations	\$	3,500
Donations in Current Fund		<u>500</u>
		<u>\$</u> 4,000
Balance, December 31, 2013		<u><u>\$</u></u> 4,000

GENERAL CAPITAL FUND

BOROUGH OF HARRINGTON PARK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2012		\$ 282,580
Increased by Receipts:		
Budget Appropriation		
Capital Improvement Fund	\$ 10,000	
Receipt from Bond Anticipated Notes Issued	960,000	
Cash Receipts from Current Fund	82,329	
NJFIT Loan Program Receipts	23,510	
Interest on Deposits	576	
Receipts for Reserve for Payment of Debt	<u>7,836</u>	
		<u>1,084,251</u>
		1,366,831
Decreased by Disbursements:		
Improvement Authorizations	413,986	
Contracts Payable	524,823	
Payments to Current Fund	<u>86,421</u>	
		<u>1,025,230</u>
Balance, December 31, 2013		<u>\$ 341,601</u>

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

	Balance, December 31, <u>2013</u>
Fund Balance	\$ 86,422
Capital Improvement Fund	10,000
Due to Current Fund	103,979
Contracts Payable	65,740
Reserve for Payment of Debt	7,836
Grants Receivable	(63,698)
Due from NJEIT Loan Program	(25,150)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	(12,037)
659 Various Capital Improvements	85,883
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	<u>16,699</u>
	<u>\$ 341,601</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012		\$ 1,171,039
Decreased by:		
2013 Budget Appropriations to Pay Bonds	\$ 400,000	
2013 Budget Appropriations to Pay Green Trust Loan	6,715	
2013 Budget Appropriations to Pay NJEIT Loan	<u>32,984</u>	
		<u>439,699</u>
Balance, December 31, 2013		<u>\$ 731,340</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>	Analysis of Balance, December 31, 2013		Unexpended Improvement Authorizations
				Financed by Bond Anticipation <u>Notes</u>	<u>Expenditures</u>	
598	Acquisition of DPW Equipment	\$ 165,000	\$ 165,000	\$ 146,500	\$ 12,037	\$ 6,463
665	Dredging & Restoration Blanch Brook	71,424	71,424			71,424
675	Various Capital Improvements	<u>813,500</u>	<u>813,500</u>	<u>813,500</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,049,924</u>	<u>\$ 1,049,924</u>	<u>\$ 960,000</u>	<u>\$ 12,037</u>	<u>\$ 77,887</u>
				Improvement Authorizations		\$ 94,586
				Less Excess Proceeds		
				Ord. #675		<u>16,699</u>
						<u>\$ 77,887</u>

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

	<u>Total</u>	Department of Transportation <u>Ord. 675</u>
Balance, December 31, 2012	\$ 146,500	\$ 146,500
Decreased by:		
Cash Receipts Deposited in Current Fund	82,802	82,802
 Balance, December 31, 2013	 \$ 63,698	 \$ 63,698
 <u>Analysis of Balance</u>		
<u>Pledged to Ordinance</u>		
Ord. 675	\$ 63,698	

STATEMENT OF DUE FROM NJEIT LOAN PROGRAM

Balance, December 31, 2012	\$ 48,660
Decreased by:	
Cash Receipts	23,510
 Balance, December 31, 2013	 \$ 25,150

**BOROUGH OF HARRINGTON PARK
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Increased by:	
2013 Budget Appropriation	\$ <u>10,000</u>
Balance, December 31, 2013	\$ <u>10,000</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2012	\$ 524,823
Increased by:	
Contract Awards	<u>65,740</u>
	590,563
Decreased by:	
Cash Disbursements	<u>524,823</u>
Balance, December 31, 2013	\$ <u>65,740</u>

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

Balance, December 31, 2012		\$ 60
Increased by:		
Cash Receipts	\$ 82,329	
Cash Disbursements Paid by Current Fund for General Capital Fund	103,816	
Interest on Deposits	576	
Budget Appropriation:		
Fund Balance	<u>86,421</u>	
		<u>273,142</u>
		273,202
Decreased by:		
Grant Receipts Deposited in Current Fund	82,802	
Payments to Current Fund	<u>86,421</u>	
		<u>169,223</u>
Balance, December 31, 2013		<u>\$ 103,979</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Increased by:		
Cash Receipts		<u>\$ 7,836</u>
Balance, December 31, 2013		<u>\$ 7,836</u>

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

<u>Improvements</u>	<u>Balance, December 31, 2012</u>		<u>Balance, December 31, 2013</u>	
	<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
598 Acquisition of DPW Equipment		\$ 21,018	\$ 14,555	\$ 6,463
659/679 Various Capital Improvements	\$ 183,749		97,866	\$ 85,883
665 Dredging & Restoration of Blanch Brook	65,927	71,424	65,927	71,424
675 Various Capital Improvements	-	487,820	471,121	16,699
	<u>\$ 249,676</u>	<u>\$ 580,262</u>	<u>\$ 583,542</u>	<u>\$ 151,810</u>
				<u>\$ 94,586</u>
Cash Disbursements			\$ 413,986	
Due to Current Fund			103,816	
Contracts Payable			<u>65,740</u>	
			<u>\$ 583,542</u>	

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

Ord. Number	Improvement Description	Date Issued	Amount of Original Issue	Maturities Outstanding December 31, 2013 Date	Interest Rate	Balance,	Balance,
						December 31, 2012	December 31, 2013
						Decrease	
483	Acq. Of Watershed Lands	5/18/1998	\$ 119,873	2/18/2014	2.00%		
				8/18/2014			
				2/18/2015			
				8/18/2015			
				2/18/2016			
				8/18/2016			
				2/18/2017			
				8/18/2017			
				2/18/2018			
						\$ 38,641	\$ 31,926
						\$ 38,641	\$ 31,926

Paid by Budget Appropriation \$ 6,715

**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,		Balance, December 31, 2013
				Date	Amount		2012	Decrease	
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2014	8,089	0.00%			
				8/1/2014	16,178				
				2/1/2015	8,089				
				8/1/2015	16,178				
				2/1/2016	8,089				
				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								
							\$ 242,666	\$ 24,267	\$ 218,399
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 89,732	8/1/2014	8,736	0.370%			
				8/1/2015	8,769	0.500%			
				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%			
						\$ 332,398	\$ 32,984	\$ 299,414	
Paid by Budget Appropriation								\$ 32,984	

BOROUGH OF HARRINGTON PARK
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Note	Amount of Original Note	Date of Issue	Maturity	Interest Rate	Increased	Balance, December 31, 2013
598	Acquisition of DPW Equipment	10/23/2013	\$ 146,500	10/23/2013	10/22/2014	1.10 %	\$ 146,500	\$ 146,500
675	Various Capital Improvements	10/23/2013	813,500	10/23/2013	10/22/2014	1.10	813,500	813,500
							<u>\$ 960,000</u>	<u>\$ 960,000</u>
						Issued for Cash	<u>\$ 960,000</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>2012</u>	Bond Anticipation Notes <u>Issued</u>	Balance, December 31, <u>2013</u>
598	Acquisition of DPW Equipment	\$ 165,000	\$ 146,500	\$ 18,500
665	Dredging & Restoration Blanch Brook	71,424		71,424
675	Various Capital Projects	<u>813,500</u>	<u>813,500</u>	<u>-</u>
		<u>\$ 1,049,924</u>	<u>\$ 960,000</u>	<u>\$ 89,924</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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2014. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented 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 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-001 to be a material weakness.

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 matter 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 2013-001.

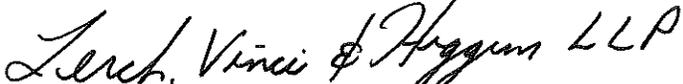
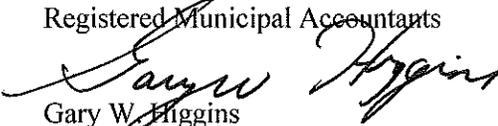
We also noted certain matters that we reported to management of the Borough of Harrington Park in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

Borough of Harrington Park's Response to Finding

The Borough of Harrington Park's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Borough of Harrington Park's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
March 17, 2014

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Grant Year	CFDA Number	Grant Award Amount	2013 Grant Receipts	Balance, January 1, 2013	Revenue Realized	Expenditures	Balance, December 31, 2013
Department of Transportation								
Trust Fund Authority Act - 2010	2010	20.205	425,000	79,149	\$ 15,953		\$ 9,211	\$ 6,742
Trust Fund Authority Act - 2012 (Ord. #675)	2012	20.205	146,500	82,802	146,500		146,500	
U.S. Department of Homeland Security								
FEMA - Hurricane Sandy	2013	97.036	79,368	79,368	-	\$ 79,368	79,368	-
					\$ 162,453	\$ 79,368	\$ 235,079	\$ 6,742

Note: This schedule was not subject to an audit in accordance with OMB-133.

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, 2013**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>2013 Grant Receipts</u>	<u>Balance, January 1, 2013</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2013</u>	<u>Cumulative Expenditures</u>
Clean Communities Grant Program	4900-765-178900						
2009			\$ 2,338			\$ 2,338	\$ 6,135
2012			7,137			7,137	727
2013				\$ 7,727	800	6,927	800
2014		\$ 9,072					
Body Armor Replacement Fund	*						
2013				1,463	1,463		1,463
2014		1,756					
Alcohol Education Rehabilitation & Enforcement	9735-760-098		517			517	
Drunk Driving Enforcement Fund	1110-448-031020-22		3,908		2,868	1,040	3,193
Recycling Tonnage Grant	*						
2013				8,837	8,380	457	8,380
2014		8,508					
Municipal Stormwater Grant	*		259			259	6,563
<u>Passed Through County of Bergen</u>							
Municipal Alliance Program - 2013	*	359		9,520	2,930	6,590	2,930
Municipal Alliance Program - 2012	*	6,681	1,561		1,000	561	9,439
Municipal Alliance Program - 2009	*		25	-	-	25	9,975
			<u>\$ 15,745</u>	<u>\$ 27,547</u>	<u>\$ 17,441</u>	<u>\$ 25,851</u>	

*Not Available

Note: The schedule was not subject to Single Audit as defined by OMB Circular 04-04.

**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, 2013**

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 schedule 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	\$ 27,547	\$ 79,368	\$ 106,915
	<u>\$ 27,547</u>	<u>\$ 79,368</u>	<u>\$ 106,915</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, 2013**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2013, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V2269-6020	\$31,926
NJEIT Program		<u>299,414</u>
		<u>\$331,340</u>

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

1) Material weakness(es) identified X yes 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 (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 2013-001

The subsidiary ledgers for the Borough's funds were not always in agreement with cash reconciliations or the general ledger account balances. In addition, monthly bank reconciliations were not being performed in a timely manner.

Criteria or specific requirement:

N.J.A.C. 5:30-5.7 General Ledger Accounting Systems.

Condition:

See Finding 2013-001.

Context:

The general ledgers were not reconciled to the subsidiary records of the Borough resulting in various general ledger accounts being materially misstated at December 31, 2013. Additionally, one current fund budget account was overexpended by \$5,364.

Effect:

General ledgers presented for audit contained certain account misstatements.

Cause:

Unknown.

Recommendation:

General ledgers of the Borough's funds be reconciled to the respective subsidiary ledgers and bank reconciliations be performed on a monthly basis.

Management's Response:

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

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

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

	<u>Year 2013</u>			<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 168,849	0.71 %	\$	190,909	0.82 %
Miscellaneous - From Other Than Local					
Property Tax Levies	1,140,519	4.80		1,093,801	4.71
Collection of Delinquent Taxes and Tax Title Liens	136,507	0.57		155,445	0.67
Collection of Current Tax Levy	22,231,904	93.50		21,743,466	93.65
Other Credits	<u>100,608</u>	<u>0.42</u>		<u>33,912</u>	<u>0.15</u>
 Total Income	 <u>23,778,387</u>	 <u>100.00</u> %		 <u>23,217,533</u>	 <u>100.00</u> %
 EXPENDITURES					
Budget Expenditures					
Municipal Purposes	5,839,842	24.93 %		5,791,101	25.03 %
County Taxes	2,084,841	8.90		2,127,928	9.20
Local and Regional School Taxes	15,304,627	65.33		15,085,790	65.21
Municipal Open Space Tax	89,754	0.38		106,450	0.46
Other Expenditures	<u>107,238</u>	<u>0.46</u>		<u>23,123</u>	<u>0.10</u>
 Total Expenditures	 <u>23,426,302</u>	 <u>100.00</u> %		 <u>23,134,392</u>	 <u>100.00</u> %
 Excess in Revenue over Expenditures Before Adjustments	 352,085			 83,141	
 Adjustments to Income before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>35,364</u>			<u>139,493</u>	
 Statutory Excess in Fund Balance	 387,449			 222,634	
 Fund Balance, January 1	 <u>399,737</u>			 <u>368,012</u>	
	787,186			590,646	
 Less Utilization as Anticipated Revenue	 <u>168,849</u>			 <u>190,909</u>	
 Fund Balance, December 31	 <u>\$ 618,337</u>			 <u>\$ 399,737</u>	

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.495</u>	<u>\$2.081</u>	<u>\$2.02</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.535	.444	.427
Municipal Open Space Tax	.009	.009	.010
Regional High School	.546	.458	.449
Local School	1.172	.969	.937
County (Includes County Open Space Tax)	.233	.201	.198
<u>Assessed Valuation Basis</u>			
2013	<u>\$897,282,200</u>		
2012		<u>\$1,064,220,564</u>	
2011			<u>\$1,080,145,205</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>
2013	\$ 22,394,523	\$ 22,231,904	99.27%
2012	22,150,685	21,743,466	98.16%
2011	21,854,202	21,471,119	98.24%

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>
2013	\$ 32,593	\$ 145,060	\$ 177,653	0.79%
2012	30,846	147,263	178,109	0.80%
2011	28,562	152,749	181,311	0.83%

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2013 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>
2013	\$59,720
2012	59,720
2011	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	2013	\$618,337	\$344,000 (A)
	2012	399,737	168,849
	2011	368,012	190,909
	2010	589,067	446,067
	2009	834,786	632,703

(A) This amount represents the fund balance anticipated in the 2014 introduced budget. The 2014 budget has not been adopted as of the date of audit.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Type of Bond</u>
Paul Hoelscher	Mayor		
Allan Napolitano	Council President		
Jorden Nick Pedersen	Councilman		
John Dunlea	Councilman		
Michelle Ryan	Councilwoman		
Joon Chung	Councilwoman		
Greg Evanella	Councilman		
Ann H. Bistriz	Borough Clerk		
Debra Rielly	Payroll/Construction Clerk		
Judith Curran	Tax Collector, Tax Search Officer, Chief Financial Officer		
Raymond Damiano	Assessor		
Joseph Zavarino	Construction Official		
Mark Kiernan	Superintendent of Public Works		
Albert Maalooof	Chief of Police		
Roger Hauser	Magistrate		
Lindsay Taglieri	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 noted that certain municipal departments ordered goods or materials prior to the issuance of a purchase order. It is recommended that procedures be enhanced to ensure that materials be ordered only after a purchase order has been executed.

Current Year

Our audit revealed employee health benefit contributions were not calculated in accordance with Chapter 78 of the Public Laws of 2011. It is recommended employee contributions toward health benefits be calculated and withheld in accordance with Chapter 78 of the Public Laws of 2011.

The audit indicated that there are various interfunds outstanding at December 31, 2013 resulting from current year transactions. It is recommended that all interfunds be cleared of record as of December 31.

The audit indicated there is no independent verification of payroll deductions remitted by the Borough's third party payroll provider. It is recommended that the Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.

The audit of the Municipal Court indicated disbursements were not made to the respective third party agencies by the 15th of the month following receipt. It is recommended that the Municipal Court Administrator make all cash disbursements to each respective third party agency by the 15th of the month following receipt.

The audit of expenditures indicated one budget line item was overexpended by \$5,364 as a result of an audit adjustment. No recommendation is warranted since this issue is disclosed in Finding 2013-001.

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 \$36,000. 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:

Ambulance
LaRoche Ave. and Parkside Road Improvements

Solid Waste and Recyclables

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.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 7, 2013, 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 November 20, 2013 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>
2013	4
2012	4
2011	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. General ledgers of the Borough's funds be reconciled to the respective subsidiary ledgers and bank reconciliations be performed timely.
- * 2. Procedures be enhanced to ensure that materials be ordered only after a purchase order has been executed.
3. Employee contributions toward health benefits be calculated and withheld in accordance with Chapter 78 of the Public Laws of 2011.
4. All interfunds be cleared of record as of December 31.
5. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
6. The Municipal Court Administrator make all cash disbursements to each respective third party agency by the 15th of the month following receipt.

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