

BOROUGH OF HARRINGTON PARK
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF HARRINGTON PARK

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>	Report of Audit of Financial Statements	
	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	24-49
	<u>Current Fund</u>	
A-4	Statement of Current Cash - Treasurer	50
A-5	Statement of Cash - Collector	51
A-6	Statement of Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	51
A-7	Statement of Taxes Receivable and Analysis of Property Tax Levy	52
A-8	Statement of Tax Title Liens	53
A-9	Statement of Property Acquired for Taxes (At Assessed Valuation)	53
A-10	Statement of Revenue Accounts Receivable	54
A-11	Statement of Deferred Charges N.J.S. 40A:4-55 Special Emergency Authorizations	55
A-12	Statement of Deferred Charges	55
A-13	Statement of 2013 Appropriation Reserves	56-57
A-14	Statement of Encumbrances Payable	58
A-15	Statement of Accounts Payable	58
A-16	Statement of Prepaid Taxes	58
A-17	Statement of Municipal Open Space Tax Payable	59
A-18	Statement of County Taxes Payable	59
A-19	Statement of Local District School Tax	60
A-20	Statement of Regional High School Tax	60
A-21	Statement of Reserve for Sale of Municipal Assets	61
A-22	Statement of Reserve for Tax Appeals	61
A-23	Statement of Grants Receivable	62

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	63
A-25	Statement of Unappropriated Reserves	63
A-26	Statement of Tax Overpayments	64
A-27	Statement of Other Payable – Outside Liens Redemption	64
A-28	Statement of Emergency Note Payable	65
<u>Trust Funds</u>		
B-3	Statement of Cash and Investments - Treasurer	66
B-4	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Fund	67
B-5	Statement of Due To/(From) State of New Jersey - Animal Control Trust Fund	67
B-6	Statement of Due To Current Fund - Animal Control Trust Fund	68
B-7	Statement of Developer's Deposits – Other Trust Fund	68
B-8	Statement of Subdivision Applications – Developers – Other Trust Fund	68
B-9	Statement of Street Opening Deposits – Developers – Other Trust Fund	69
B-10	Statement of Dedicated Cat License Fees – Other Trust Fund	69
B-11	Statement of Tennis Program Reserve – Recreation – Other Trust Fund	69
B-12	Statement of Dedicated Parking Offenses Adjudication Act – Other Trust Fund	70
B-13	Statement of Recycling Program (Dedicated Under R.S. 40:12-8) – Other Trust Fund	70
B-14	Statement of Dedicated Recreation Fees – Other Trust Fund	70
B-15	Statement of Due To State of New Jersey - State Training Fees – Other Trust Fund	71
B-16	Statement of Due To State of New Jersey – Domestic Violence Fees – Other Trust Fund	71
B-17	Statement of Dedicated Unemployment Insurance Trust – Other Trust Fund	72
B-18	Statement of Due From/(To) Current Fund – Other Trust Fund	72
B-19	Statement of Reserve for World Trade Center Assistance – Other Trust Fund	73
B-20	Statement of Reserve for Community Parks – Recreation – Other Trust Fund	73
B-21	Statement of Reserve for Affordable Housing – Developer's Fees - Other Trust Fund	74
B-22	Statement of Reserve for Municipal Open Space – Municipal Open Space an4 Recreation Trust Fund	74
B-23	Statement of Reserve for Payroll Deductions – Other Trust Fund	74
B-24	Statement of Reserve for Tax Sale Premiums – Other Trust Fund	75
B-25	Statement of Reserve for Green Team/Environmental Commission – Donations – Other Trust Fund	75
B-26	Statement of Reserve for Police Donations – Other Trust Fund	76
B-27	Statement of Due from Current Fund – Open Space Trust Fund	76
B-28	Statement of Reserve for Beautification – Other Trust Fund	77
B-29	Statement of Reserve for Tree Fees – Other Trust Fund	77
B-30	Statement of Contracts Payable – Municipal Open Space and Recreation Trust Fund	77
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	78
C-3	Analysis of General Capital Cash and Investments	79
C-4	Statement of Deferred Charges to Future Taxation - Funded	79
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	80
C-6	Statement of Grants/Accounts Receivable	81

BOROUGH OF HARRINGTON PARK

**TABLE OF CONTENTS
(Continued)**

<u>Exhibit</u>		<u>Page</u>
	<u>General Capital Fund (Continued)</u>	
C-7	Statement of Due from NJEIT Loan Program	81
C-8	Statement of Capital Improvement Fund	82
C-9	Statement of Contracts Payable	82
C-10	Statement of Due To Current Fund	83
C-11	Statement of Reserve for Payment of Debt	83
C-12	Schedule of Improvement Authorizations	84
C-13	Statement of General Serial Bonds	85
C-14	Statement of Green Trust Loan Payable	86
C-15	Statement of NJEIT Fund Loan Payable	87
C-16	Statement of Bond Anticipation Notes	88
C-17	Statement of Bonds and Notes Authorized But Not Issued	89
<u>PART II</u>	Government Auditing Standards	
	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	90-91
	Schedule of Expenditures of Federal Awards	92
	Schedule of Expenditures of State Financial Assistance	93
	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	94-95
	Schedule of Findings and Responses	96-97
	Schedule of Prior Year Audit Findings	98
<u>PART III</u>	Supporting Data and Letter of Comments and Recommendations	
	Comparative Statement of Operations and Changes in Fund Balance - Current Fund	99
	Comparative Schedule of Tax Rate Information	100
	Comparison of Tax Levies and Current Collections	100
	Delinquent Taxes and Tax Title Liens	100
	Property Acquired by Tax Title Lien Foreclosure	101
	Comparative Schedule of Fund Balance	101
	Officials in Office and Surety Bonds	102
	General Comments	103-105
	Recommendations	106

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014



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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, CPA

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

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, 2014 and 2013, 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, 2014, 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 the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the 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, 2014 and 2013, 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, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 42 percent and 41 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

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, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

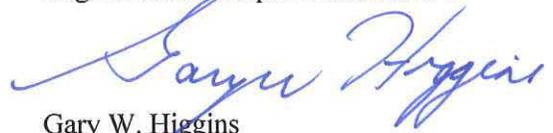
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2015 on our consideration of the Borough of Harrington Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Harrington Park's internal control over financial reporting and compliance.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 20, 2015

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash and Cash Equivalents	A-4	\$ 1,316,708	\$ 1,113,300
Cash - Change Funds	A	200	200
Grants Receivable	A-23	<u>53,637</u>	<u>44,062</u>
		<u>1,370,545</u>	<u>1,157,562</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	218,437	145,060
Tax Title Liens Receivables	A-8	34,408	32,593
Property Acquired for Taxes - At Assessed Valuation	A-9	59,720	59,720
Revenue Accounts Receivable	A-10	4,836	4,713
Due from General Capital Fund	C-10		103,979
Due from Animal Control Trust Fund	B-6	<u>-</u>	<u>3,320</u>
		<u>317,401</u>	<u>349,385</u>
Deferred Charges			
Emergency Authorizations (40A:4-47)	A-12	75,000	30,000
Overexpenditure of Appropriations	A-12	2,429	5,364
Special Emergency Authorizations (40A:4-55)	A-11	<u>75,300</u>	<u>100,400</u>
		<u>152,729</u>	<u>135,764</u>
Total Assets		<u>\$ 1,840,675</u>	<u>\$ 1,642,711</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, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 282,546	\$ 259,565
Encumbrances Payable	A-14	64,003	9,456
Accounts Payable	A-15	278	1,976
Due to Other Trust Fund	B-18	4,653	71,837
Due to Open Space Trust Fund	B-27	69	
Prepaid Taxes	A-16	83,432	95,906
Tax Overpayments	A-26	35,956	31,656
Local District School Tax Payable	A-19	91,372	92,451
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	12,381	12,631
Reserve for Tax Appeals	A-22	41,562	41,562
Reserve for Sale of Municipal Assets	A-21	6,539	6,539
Appropriated Reserves	A-24	43,938	30,202
Unappropriated Reserves	A-25	21,127	19,336
Emergency Note Payable	A-28	75,000	-
		<hr/>	<hr/>
		762,856	674,989
Reserve for Receivables	A	317,401	349,385
Fund Balance	A-1	760,418	618,337
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,840,675</u>	<u>\$ 1,642,711</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 344,000	\$ 168,849
Miscellaneous Revenues Anticipated	A-2	1,012,625	993,056
Receipts from Delinquent Taxes	A-2	145,045	136,507
Receipts from Current Taxes	A-2	22,990,585	22,231,904
Non-Budget Revenues	A-2	69,693	147,463
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	36,513	100,506
Accounts Payable Cancelled	A-15	1,976	48
Interfunds Returned	A	<u>107,299</u>	<u>54</u>
		<u>24,707,736</u>	<u>23,778,387</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,553,798	2,417,743
Other Expenses	A-3	2,486,165	2,421,617
Capital Improvements	A-3	90,000	10,000
Municipal Debt Service	A-3	466,881	471,482
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	546,127	519,000
County Taxes	A-18	2,165,712	2,061,200
County Taxes- Open Space Preservation	A-18	23,511	22,957
Due County for Added and Omitted Taxes	A-18	1,688	684
Local District School Tax	A-19	10,712,456	10,409,457
Regional High School Tax	A-20	5,163,061	4,895,170
Municipal Open Space Tax	A-17	89,685	89,754
Interfunds Advanced	A	<u>-</u>	<u>107,238</u>
		<u>24,299,084</u>	<u>23,426,302</u>
Excess of Revenue over Expenditures Before Adjustments		408,652	352,085
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-12	<u>77,429</u>	<u>35,364</u>
Statutory Excess to Fund Balance		<u>486,081</u>	<u>387,449</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, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Statutory Excess to Fund Balance (Carried Forward)		\$ 486,081	\$ 387,449
FUND BALANCE, January 1	A	<u>618,337</u>	<u>399,737</u>
Decreased by:		1,104,418	787,186
Utilization as Anticipated Revenues	A-1	<u>344,000</u>	<u>168,849</u>
FUND BALANCE, December 31	A	<u>\$ 760,418</u>	<u>\$ 618,337</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, 2014**

	Reference	Anticipated Budget	Added by: 40A:4-87	Realized	Excess or (Deficit)
FUND BALANCE ANTICIPATED	A-2	\$ 344,000	-	\$ 344,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-10	1,600		1,620	\$ 20
Other	A-2	3,600		2,558	(1,042)
Fees and Permits					
Other	A-2	15,000		17,945	2,945
Fines and Costs					
Municipal Court	A-10	50,000		70,582	20,582
Interest and Costs on Taxes	A-10	35,000		47,891	12,891
Interest in Investments and Deposits	A-2	5,300		7,813	2,513
Cablevision Fess	A-10	36,064		36,064	-
Energy Receipts Taxes	A-10	447,738		447,738	-
Watershed Moratorium Offset Aid	A-10	20,757		20,257	(500)
Uniform Construction Code Fees	A-10	115,000		121,057	6,057
Reserve for Recycling Tonnage Grant	A-25	8,508		8,508	-
Senior Citizen Activities - CDBG	A-23	2,350		2,350	-
Reserved for Clean Communities Program	A-25	9,072		9,072	-
Municipal Alliance on Alcoholism and Drug Abuse	A-23	9,000		9,000	-
Reserve for Body Armor Replacement Program	A-25	1,756		1,756	-
FEMA - Reimbursements	A-10	22,099		70,254	48,155
Uniform Fire Safety Act	A-10	922		2,647	1,725
Lease of Real Property - Cell Tower	A-10	36,891		40,391	3,500
Donations - Borough Newsletter	A-10	7,300		8,700	1,400
Capital Surplus	C-10	86,422	-	86,422	-
 Total Miscellaneous Revenues	A-2	<u>914,379</u>	<u>-</u>	<u>1,012,625</u>	<u>98,246</u>
RECEIPTS FROM DELINQUENT TAXES	A-7	<u>134,000</u>	<u>-</u>	<u>145,045</u>	<u>11,045</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax for Municipal Purposes		4,568,578		4,529,070	(39,508)
Minimum Library Tax		313,713	-	313,713	-
	A-2	<u>4,882,291</u>	<u>-</u>	<u>4,842,783</u>	<u>(39,508)</u>
 Total General Revenues		<u>\$ 6,274,670</u>	<u>\$ -</u>	<u>6,344,453</u>	<u>\$ 69,783</u>
 Non-Budget Revenues	A-1,A-2			<u>69,693</u>	
				<u>\$ 6,414,146</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, 2014**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 22,990,585
Allocated to		
School, County, and Municipal Open Space Taxes	A-17,18,19,20	<u>18,356,900</u>
		4,633,685
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>209,098</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 4,842,783</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, 2014**

	<u>Reference</u>	
Non-Budget Revenue		
Dare Contributions		\$ 320
Swim Club Lease		2,409
Penalties for Bounced Checks		100
Verizon Franchise Fees		29,109
Sewer Service User Fees - Bergen County		1,694
Sewer User Fees - Borough of Old Tappan		11,414
Police Outside Detail		12,532
Garbage Fees		3,363
2% Administration Fee - Senior Citizen and Veteran Deductions		910
Miscellaneous Fees		<u>7,842</u>
	A-2, A-4	<u>\$ 69,693</u>
 Analysis of Interest on Investment and Deposits		
Cash Receipts	A-10	\$ 6,139
Due from General Capital Fund	C-10	894
Due from Animal Control Fund	B-6	25
Due from Other Trust Fund	B-18	<u>755</u>
	A-2	<u>\$ 7,813</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, 2014

	<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 WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages	\$ 10,200	\$ 6,969	\$ 6,969			
Other Expenses	38,081	41,717	33,144	\$ 8,573		
Municipal Clerk						
Salaries and Wages	57,522	60,753	60,609	144		
Other Expenses	4,800	4,800	4,382	418		
Financial Administration						
Salaries and Wages	76,800	82,200	81,192	1,008		
Other Expenses	18,155	18,655	17,834	821		
Audit Services						
Other Expenses	26,000	26,000	10,007	15,993		
Revenue Administration (Tax Collection)						
Salaries and Wages	46,900	41,500	40,586	914		
Other Expenses	5,050	5,050	3,168	1,882		
Other Expense - Liq. Of Tax title Liens	100	100		100		
Assessment of Taxes						
Salaries and Wages	21,084	23,183	22,540	643		
Other Expenses	3,188	1,458	1,458	-		
Legal Services and Costs						
Other Expenses						
Special Counsel	11,000	11,000	3,697	7,303		
Miscellaneous	39,704	39,704	38,790	914		
Engineering Services and Costs						
Other Expenses	15,700	15,700	12,405	3,295		
Planning Board						
Salaries and Wages	1,340	1,340	221	1,119		
Other Expenses	10,200	14,900	9,344	5,556		
Zoning Board of Adjustment						
Salaries and Wages	4,252	4,252	3,906	346		
Other Expenses	2,300	2,300	1,436	864		

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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 WITHIN "CAPS" (Cont'd)						
INSURANCE						
General Liability Insurance	\$ 205,950	\$ 205,950	\$ 197,419	\$ 8,531		
Disability Insurance	6,000	6,000	5,412	588		
Employee Group Health	372,832	375,232	373,401	1,831		
Police						
Salaries and Wages	1,511,765	1,586,765	1,559,008	27,757		
Other Expenses	42,000	46,000	45,186	814		
Police Dispatch / 911						
Other Expenses	52,200	52,200	52,200			
Emergency Management Services						
Other Expenses	2,000	2,000	2,000			
Aid to Volunteer Ambulance Companies						
Fire	15,400	15,400	15,400			
Other Expenses						
Other Expenses	73,943	73,943	65,204	8,739		
Fire Hydrant Services						
Other Expenses	96,887	96,887	87,071	9,816		
Uniform Fire Safety Act						
Other Expenses	2,150	2,150	2,664	-		\$ 514
Municipal Prosecutor						
Prosecutor- Contractual	4,000	4,000	3,050	950		
PUBLIC WORKS FUNCTION						
Road Repairs and Maintenance						
Salaries and Wages	661,812	653,912	643,314	10,598		
Other Expenses	54,650	54,650	34,152	20,498		
Solid Waste Collection						
Garbage and Trash Removal - Contractual	168,800	168,800	154,733	14,067		
Public Buildings and Grounds						
Other Expenses	16,781	16,781	13,243	3,538		
Vehicle Maintenance						
Police- Other Expenses	15,300	15,300	11,737	3,563		
Streets and Roads- Other Expenses	5,500	7,500	8,923	-		1,423

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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	\$ 15,900	\$ 17,400	\$ 16,042	\$ 1,358		
Other Expenses	8,350	7,750	7,289	461		
Environmental Commission						
Salaries and Wages	684	684	684			
Other Expenses	400	400	323	77		
PARK AND RECREATION						
Recreation Services and Programs						
Salaries and Wages	660	660	200	460		
Other Expenses	1,500	1,500	814	686		
Maintenance of Parks						
Other Expenses	8,000	8,000	8,162	-		\$ 162
Senior Citizen Activities	3,150	3,150	3,480	-		330
Contr. to James McGuire Sen. Ctr.-Northvale	1,000	1,000		1,000		
Seniors Transportation Agreement w/Haworth	7,000	7,000	5,995	1,005		
Municipal Court						
Salaries and Wages	11,200	10,000	10,000			
Other Expenses	3,800	4,100	4,080	20		
Public Defender						
Other Expenses	1,200	1,200	800	400		
PEOSHA						
Hepatitis "B" Inoculations - Other Expenses	900					
UNIFORM CONSTRUCTION CODE						
APPROPRIATIONS OFFSET BY						
DEDICATED REVENUES						
(N.J.A.C. 5:23-4-17)						
State Uniform Construction Code						
Salaries and Wages	71,149	71,149	70,823	326		
Other Expenses	6,950	7,250	6,659	591		

BOROUGH OF HARRINGTON PARK
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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 WITHIN "CAPS" (Cont'd)						
UTILITIES EXPENSE AND BULK PURCHASES						
Electricity	\$ 24,025	\$ 26,025	\$ 19,578	\$ 6,447		
Street Lighting	41,520	43,520	38,740	4,780		
Telephone and Telegraph	19,500	22,195	19,468	2,727		
Water	8,200	10,200	8,613	1,587		
Natural Gas	9,500	11,100	9,283	1,817		
Gasoline	56,700	52,700	45,401	7,299		
Sewage Processing and Disposal	500	500		500		
LANDFILL/ SOLID WASTE DISPOSAL COSTS						
Bergen County Landfill Dumping Fees	<u>145,000</u>	<u>129,600</u>	<u>115,256</u>	<u>14,344</u>	<u>-</u>	<u>-</u>
Total Operations Within "CAPS"	<u>4,147,134</u>	<u>4,222,134</u>	<u>4,017,495</u>	<u>207,068</u>	<u>-</u>	<u>\$ 2,429</u>
Detail:						
Salaries and Wages	2,481,068	2,553,798	2,509,125	44,673	-	-
Other Expenses	<u>1,666,066</u>	<u>1,668,336</u>	<u>1,508,370</u>	<u>162,395</u>	<u>-</u>	<u>2,429</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Deferred Charges						
Overexpenditure of Appropriation	5,364	5,364	5,364			
2013 Prior Year Uncommitted Bills						
Neglia Engineering	1,000	1,000	1,000			
Inlingua - Legal Services	320	320	320			
Statutory Charges						
Contribution to Public Employees Retirement System	105,950	105,950	94,676	11,274		
Social Security System (O.A.S.I.)	95,000	95,000	94,055	945		
Police & Firemen's Retirement System of NJ	260,251	260,251	260,251			
Contribution to PERS - ERIP	<u>23,142</u>	<u>23,142</u>	<u>23,142</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>491,027</u>	<u>491,027</u>	<u>478,808</u>	<u>12,219</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>4,638,161</u>	<u>4,713,161</u>	<u>4,496,303</u>	<u>219,287</u>	<u>-</u>	<u>2,429</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, 2014

	<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						
Engincering -Other Expenses	\$ 4,400	\$ 4,400	\$ 1,980	\$ 2,420		
Snow Removal - State of Emergency	31,099	31,099	22,483	8,616		
Bergen County Utilities Authority						
Operating	242,855	242,855	242,855			
Dbt Service	110,486	110,486	110,486			
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	313,713	313,713	313,713	-		
LOSAP	35,000	35,000		35,000		
Recycling Tax Appropriation	6,717	6,717	5,621	1,096		
Reserve Tax Appeals	2,500	2,500	-	2,500	-	-
Total Other Operations - Excluded from "CAPS"	<u>746,770</u>	<u>746,770</u>	<u>697,138</u>	<u>49,632</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>30,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Clean Communities Grant (Ch. 187, P.L. 1986)						
Recycling Program	9,072	9,072	1,467	7,605		
Municipal Alliance Program (State and Local Match)	11,250	11,250	10,353	897		
Body Armor Replacement Program	1,756	1,756	1,756	-		
Recycling Tonnage Grant	8,508	8,508	8,508	-		
Matching Funds for Grants	5,000	5,000		5,000		
Senior Citizen Activities - CDBG	2,350	2,350	2,225	125	-	-
Total Public and Private Programs Offset by Revenues	<u>37,936</u>	<u>37,936</u>	<u>24,309</u>	<u>13,627</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>815,400</u>	<u>815,400</u>	<u>752,141</u>	<u>63,259</u>	<u>-</u>	<u>-</u>
Detail:						
Other Expenses	<u>815,400</u>	<u>815,400</u>	<u>752,141</u>	<u>63,259</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, 2014

	<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	\$ 90,000	\$ 90,000	\$ 90,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	400,000	400,000	400,000			
Interest on Bonds	15,000	15,000	15,000			
Interest on Bond Anticipation Notes Green Trust Loan Program	10,560	10,560	10,531		\$ 29	
Loan Repayments for Principal and Interest	7,455	7,455	7,454		1	
NJEIT Loan Program Loan Repayments for Principal and Interest	<u>33,896</u>	<u>33,896</u>	<u>33,896</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>466,911</u>	<u>466,911</u>	<u>466,881</u>	<u>-</u>	<u>30</u>	<u>-</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"						
Emergency Authorizations - Special Emergency Authorizations - 5 years	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>55,100</u>	<u>55,100</u>	<u>55,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,427,411</u>	<u>1,427,411</u>	<u>1,364,122</u>	<u>\$ 63,259</u>	<u>30</u>	<u>-</u>
Subtotal General Appropriations	6,065,572	6,140,572	5,860,425	282,546	30	\$ 2,429
Reserve for Uncollected Taxes	<u>209,098</u>	<u>209,098</u>	<u>209,098</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 6,274,670</u>	<u>\$ 6,349,670</u>	<u>\$ 6,069,523</u>	<u>\$ 282,546</u>	<u>\$ 30</u>	<u>\$ 2,429</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, 2014

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Original Budget	A-2	\$ 6,274,670	
Emergency Appropriations 40A:4-47	A-12	<u>75,000</u>	
		<u>\$ 6,349,670</u>	
Cash Disbursed	A-4		\$ 5,880,934
Less: Budget Offsets	A-4		<u>144,976</u>
			5,735,958
Special Emergency Authorizations	A-11		25,100
Emergency Authorizations	A-12		30,000
Overexpenditure of Appropriations	A-12		5,364
Reserve for Uncollected Taxes	A-2		209,098
Encumbrances Payable	A-14		<u>64,003</u>
	A-3		<u>\$ 6,069,523</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-3	\$ 5,213	\$ 7,030
Due from State of NJ	B-5	<u>75</u>	<u>148</u>
		<u>5,288</u>	<u>7,178</u>
OTHER TRUST FUND			
Cash	B-3	506,809	378,111
Due from Current Fund	B-18	<u>4,653</u>	<u>71,837</u>
		<u>511,462</u>	<u>449,948</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND			
Cash	B-3	475,277	465,528
Due from Current Fund	B-28	<u>69</u>	<u>-</u>
		<u>475,346</u>	<u>465,528</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	668,602	603,784
Contribution Receivable	B	<u>36,731</u>	<u>34,546</u>
		<u>705,333</u>	<u>638,330</u>
 Total Assets		 <u>\$ 1,697,429</u>	 <u>\$ 1,560,984</u>

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL TRUST FUND			
Due to Current Fund	B-6		\$ 3,320
Reserve for Animal Control Fund Expenditures	B-4	\$ 5,288	3,858
		<u>5,288</u>	<u>7,178</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	76,314	91,771
Payroll Deductions	B-23	90,782	86,007
Dedicated Funds			
Cat License Fees	B-10	4,959	4,305
Tennis Program Reserve - Recreation	B-11	8,911	8,911
Unemployment Insurance Trust	B-17	26,530	31,833
Parking Offenses Adjudication Act	B-12	192	188
Recycling Program	B-13	2,673	18,919
Recreation Fees	B-14	8,890	18,095
Community Parks - Recreation	B-20	28,161	28,161
Green Team/Environmental Commission-Donations	B-25	528	343
Police - Donations	B-27	4,000	4,000
World Trade Center Assistance	B-19	1,097	1,097
Beautification	B-29	92	
Tree Fees	B-30	16,354	
Due to State of New Jersey			
State Training Fees	B-15	7,018	2,365
Domestic Violence Fees	B-16	78	103
Tax Sale Premiums	B-24	101,400	31,900
Reserve for Affordable Housing - Developer's Fees	B-21	71,662	60,129
		<u>511,462</u>	<u>449,948</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND			
Contracts Payable	B-31	143,602	
Reserve for Open Space Expenditures	B-22	331,744	465,528
		<u>475,346</u>	<u>465,528</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP	B	705,333	638,330
		<u>705,333</u>	<u>638,330</u>
Total Liabilities and Reserves		<u>\$ 1,697,429</u>	<u>\$ 1,560,984</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Reference</u>	<u>2014 Anticipated</u>	<u>2014 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-22	\$ 89,616	\$ 89,685	\$ 69
		<u>\$ 89,616</u>	89,685	<u>\$ 69</u>
Non-Budget - Interest on Deposits	B-22		<u>869</u>	
			<u>\$ 90,554</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budget (Memorandum)</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation	<u>\$ 89,616</u>	<u>\$ 224,338</u>	<u>\$ (134,722)</u>
<u>Reference</u>	B-1	B-22	

**BOROUGH OF HARRINGTON PARK
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ASSETS			
Cash and Cash Equivalents	C-2,C-3	\$ 1,929,000	\$ 341,601
Grants Receivable	C-6	148,500	63,698
Due from NJEIT Loan Program	C-7	25,150	25,150
Deferred Charges to Future Taxation			
Funded	C-4	291,487	731,340
Unfunded	C-5	<u>2,718,424</u>	<u>1,049,924</u>
 Total Assets		 <u>\$ 5,112,561</u>	 <u>\$ 2,211,713</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-13		\$ 400,000
Green Trust Loan Payable	C-14	\$ 25,076	31,926
NJEIT Loan Program	C-15	266,411	299,414
Bond Anticipation Notes Payable	C-16	2,628,500	960,000
Improvement Authorizations			
Funded	C-12	92,497	151,810
Unfunded	C-12	1,543,257	94,586
Contracts Payable	C-9	532,360	65,740
Due to Current Fund	C-10		103,979
Reserve for Payment of Debt	C-11	7,836	7,836
Capital Improvement Fund	C-8	16,500	10,000
Fund Balance	C-1	<u>124</u>	<u>86,422</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,112,561</u>	 <u>\$ 2,211,713</u>

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 amounting to \$89,924 and \$89,924, respectively. (Exhibit C-17)

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 86,422	\$ 172,843
Increased by:			
Premium on Bond Anticipation Notes Issued	C-2	<u>124</u>	<u>-</u>
		86,546	172,843
Decreased by:			
Payment to Current Fund as Anticipated Revenue	C-10	<u>86,422</u>	<u>86,421</u>
Balance, December 31	C	<u>\$ 124</u>	<u>\$ 86,422</u>

BOROUGH OF HARRINGTON PARK
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</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	3,036,144	3,005,478
All Others	<u>757,828</u>	<u>716,249</u>
	<u>\$ 9,625,790</u>	<u>\$ 9,553,545</u>
Investment in General Fixed Assets	<u>\$ 9,625,790</u>	<u>\$ 9,553,545</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Harrington Park (the "Borough") was incorporated in 1904 and operates under an elected Mayor and Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

B. Description of Regulatory Basis of Accounting

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

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

C. Basis of Presentation – Financial Statements

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2013 balances to conform to the December 31, 2014 presentation.

Financial Statements – Regulatory Basis

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Animal Control Trust Fund

Other Trust Fund

Length of Service Award Program Trust Fund

General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2014 and 2013 the Borough Council increased the original budget by \$75,000 and \$84,810. The 2014 increase was attributable to an emergency resolution for \$75,000 for Police – Salaries and Wages. The 2013 increases were funded by additional aid allotted to the Borough in the amount of \$54,810 and emergency resolution for \$30,000. In addition, the governing body approved several budget transfers during 2014 and 2013.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

<u>2014</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Uniform Fire Safety Act – Other Expenses	\$2,150	\$2,664	\$514
Vehicle Maintenance - Streets and Roads			
Other Expenses	7,500	8,923	1,423
Maintenance of Parks – Other Expenses	8,000	8,162	162
Senior Citizen Activities	3,150	3,480	<u>330</u>
			<u>\$2,429</u>
 <u>2013</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 variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 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, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2014 and 2013, the book value of the Borough's deposits were \$4,233,207 and \$2,305,770 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,383,612 and \$3,299,621, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2014</u>	<u>2013</u>
Insured	\$ 4,348,081	\$ 3,264,100
Uninsured and Collateralized	<u>35,531</u>	<u>35,521</u>
	<u>\$ 4,383,612</u>	<u>\$ 3,299,621</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, 2014 and 2013, the Borough's bank balances of \$35,531 and \$35,521 were exposed to custodial credit risk as follows:

	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 35,531</u>	<u>\$ 35,521</u>

B. Investments

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2014 and 2013, the Borough had the following investments:

	<u>Fair Value LOSAP Only (Unaudited)</u>
<u>2014</u>	
VALIC - Length of Service Award Program	<u>\$ 668,602</u>
<u>2013</u>	
VALIC - Length of Service Award Program	<u>\$ 603,784</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.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2014 and 2013, \$668,602 and \$603,784 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP)</u>	
	<u>2014</u>	<u>2013</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 668,602</u>	<u>\$ 603,784</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2014 and 2013, the Borough’s investment in Variable Annuity Life Insurance Company (VALIC) was rated A2 by Moody’s Investors Service.

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

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 218,437	\$ 145,060
Tax Title Liens	<u>34,408</u>	<u>32,593</u>
	<u>\$ 252,845</u>	<u>\$ 177,653</u>

In 2014 and 2013, the Borough collected \$145,045 and \$136,507 from delinquent taxes, which represented 82% and 77%, respectively of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2014</u>		<u>2013</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		\$ 4,722	\$ 107,299	\$ 71,837
Other Trust Fund	\$ 4,653		71,837	
Animal Control Trust Fund				3,320
Municipal Open Space Trust Fund	69			
General Capital Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,979</u>
Total	<u>\$ 4,722</u>	<u>\$ 4,722</u>	<u>\$ 179,136</u>	<u>\$ 179,136</u>

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

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

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.

	<u>2014</u>	<u>2013</u>
	Local District School	Local District School
Balance of Tax	\$ 5,547,993	\$ 5,348,285
Deferred Liability	<u>5,456,621</u>	<u>5,255,834</u>
Taxes Payable	<u>\$ 91,372</u>	<u>\$ 92,451</u>

NOTE 8 FUND BALANCES APPROPRIATED

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

	<u>2014</u>		<u>2013</u>	
	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget	Fund Balance <u>December 31</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 554,052	\$ 291,440	\$ 438,511	\$ 344,000
Non-Cash Surplus	<u>206,366</u>	<u>-</u>	<u>179,826</u>	<u>-</u>
	<u>\$ 760,418</u>	<u>\$ 291,440</u>	<u>\$ 618,337</u>	<u>\$ 344,000</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013.

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land and Land Improvements	\$ 4,203,146			\$ 4,203,146
Buildings and Building Improvements	1,628,672			1,628,672
Machinery and Equipment	<u>3,721,727</u>	<u>\$ 72,245</u>	<u>\$ -</u>	<u>3,793,972</u>
	<u>\$ 9,553,545</u>	<u>\$ 72,245</u>	<u>\$ -</u>	<u>\$ 9,625,790</u>
	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>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 2,919,987	\$ 1,691,340
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>7,836</u>	<u>7,836</u>
Net Debt Issued	2,912,151	1,683,504
Authorized But Not Issued		
General		
Bonds and Notes	<u>89,924</u>	<u>89,924</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,002,075</u>	<u>\$ 1,773,428</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 .316% and .185% at December 31, 2014 and 2013, respectively.

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

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>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 33,224,286	\$ 33,682,123
Net Debt	<u>3,002,075</u>	<u>1,773,428</u>
Remaining Borrowing Power	<u>\$ 30,222,211</u>	<u>\$ 31,908,695</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

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

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>2014</u>	<u>2013</u>
\$119,873, 1998 Loans, due in Semi-annual installments of \$3,408 to \$3,690 through February, 2018, interest at 2.00%	\$ 25,076	\$ 31,926

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>2014</u>	<u>2013</u>
\$348,576, 2012 Loan, due in Semi-annual installments of \$8,088 and \$16,178 through August 1, 2022, interest at 0%	\$ 194,132	\$ 218,399
\$89,732, 2012 Loan, due in Annual installments of \$8,769 to \$9,447 through August 1, 2022, interest at 0.370% to 1.930%	72,279	81,015
	<u>\$ 266,411</u>	<u>\$ 299,414</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 is as follows:

Calendar Year	Loans		Total
	Principal	Interest	
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	33,294	603	33,897
2020-2022	<u>100,670</u>	<u>1,017</u>	<u>101,687</u>
	<u>\$ 291,487</u>	<u>\$ 5,771</u>	<u>\$ 297,258</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2014 and 2013 were as follows:

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
General Capital Fund					
Bonds Payable	\$ 400,000		\$ 400,000		
Intergovernmental Loans Payable	<u>331,340</u>	<u>\$ -</u>	<u>39,853</u>	<u>\$ 291,487</u>	<u>\$ 40,023</u>
	<u>\$ 731,340</u>	<u>\$ -</u>	<u>\$ 439,853</u>	<u>\$ 291,487</u>	<u>\$ 40,023</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 800,000		\$ 400,000	\$ 400,000	\$ 400,000
Intergovernmental Loans Payable	<u>371,039</u>	<u>\$ -</u>	<u>39,699</u>	<u>331,340</u>	<u>39,853</u>
	<u>\$ 1,171,039</u>	<u>\$ -</u>	<u>\$ 439,699</u>	<u>\$ 731,340</u>	<u>\$ 439,853</u>

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2014 and 2013 was as follows:

Bond Anticipation Notes

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

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Issued</u>	<u>Retired</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>\$ -</u>	<u>\$ 960,000</u>

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

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

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

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Emergency Notes

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

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2014</u>
<u>2014</u>						
Police - Salaries and Wages	0.70%	8/18/2015	\$ -	\$ 75,000	\$ -	\$ 75,000
Total Emergency Notes			<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>
<u>2013</u>						
None						

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>2014</u>		
2014 Road Resurfacing Program	\$190,281	2015
Purchase of Leaf Blower	42,575	2015
Purchase of Two (2) Trucks	229,490	2015
Purchase of Motorola Radios and Computer	24,099	2015
Old Burying Ground Block Retaining Wall	<u>143,602</u>	2015
	<u>\$630,047</u>	
<u>2013</u>		
Various Capital Improvements	<u>\$65,740</u>	2014

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Members of the Police Department after serving the required number of years and reaching the prescribed age as set forth by the Police and Firemen's Retirement System of the State of New Jersey are entitled to six (6) months leave with pay. This payout will be charged to the current year budget at that time. This liability has been calculated as of December 31, 2014 and 2013 to be \$310,049 and \$311,400 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. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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, 2014 AND 2013**

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 for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. 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 report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 CPFPP (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

**BOROUGH OF HARRINGTON PARK
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2014, 2013 and 2012, 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>
2014	\$ 260,251	\$ 128,847
2013	261,855	126,533
2012	266,089	130,251

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, 2014 AND 2013**

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>
2014		\$ 5,445	\$ 26,530
2013		1,467	31,833
2012	\$ 5,000	3,550	33,217

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, 2014 and 2013. 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, 2014 and 2013, the Borough reserved \$41,562 and \$41,562, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2014 and 2013, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

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

The 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 \$1,360 and \$1,339 for 2014 and 2013, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$36,731 and \$34,546 for 2014 and 2013, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

**BOROUGH OF HARRINGTON PARK
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 18 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2014. During the year ended December 31, 2014, the Borough received \$70,254 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

CURRENT FUND

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

Balance, December 31, 2013		\$	1,113,300
Increased by Receipts:			
Collection of Taxes	\$	23,129,597	
Revenue Accounts Receivable		845,952	
Miscellaneous Revenue Not Anticipated		69,693	
Federal and State Grants Received		1,775	
Budget Offsets		144,976	
State of New Jersey Senior Citizens' and Veterans' Deductions		45,500	
Unappropriated Reserves		21,127	
Emergency Note Proceeds		75,000	
Receipts from General Capital Fund		191,295	
Receipts from Other Trust Fund		6,121	
Receipts Due to Other Trust Fund		8,228	
Receipts from Animal Control Trust Fund		<u>3,345</u>	
			<u>24,542,609</u>
			25,655,909
Decreased by Disbursements:			
2014 Budget Appropriations		5,880,934	
2013 Appropriation Reserves		216,020	
Local District School Tax		10,713,535	
Regional High School Tax		5,163,061	
County Taxes		2,191,595	
Payments to Open Space Trust Fund		89,616	
Outside Lien Redemptions		1,188	
Appropriated Reserves		2,474	
Cash Disbursements to Other Trust Fund		77,203	
Other Trust Fund Expenditures Paid by Current Fund		<u>3,575</u>	
			<u>24,339,201</u>
Balance, December 31, 2014		\$	<u>1,316,708</u>

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

Increased by Receipts:			
Taxes Receivable	\$	22,972,465	
Revenue Accounts Receivable			
Interest and Costs on Taxes		47,891	
Tax Overpayments		25,809	
Prepaid Taxes		<u>83,432</u>	
			<u>\$ 23,129,597</u>
Decreased by Transfers to Treasurer			<u>\$ 23,129,597</u>

EXHIBIT A-6

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

Balance, December 31, 2013		\$	12,631
Increased by:			
Cash Receipts	\$	45,500	
Senior Deductions Disallowed by Tax Collector		<u>250</u>	
			<u>45,750</u>
			58,381
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		3,000	
Veterans' Deductions per Tax Billings		40,000	
Senior Citizens' and Veterans' Deductions allowed by Tax Collector		<u>3,000</u>	
			<u>46,000</u>
Balance, December 31, 2014		\$	<u>12,381</u>

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

Year	Balance December 31, 2013	2014 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collected in		Overpayments Applied	Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2014
				2013	2014					
2012	\$ 10,756				\$ 10,756					
2013	<u>134,304</u>	-	-	-	134,289	-	-	\$ 15	-	-
	145,060	-	-	-	145,045	-	-	15	-	-
2014	<u>-</u>	\$ 23,255,465	\$ 250	\$ 95,906	22,827,420	\$ 21,509	\$ 46,000	44,628	\$ 1,815	\$ 218,437
	<u>\$ 145,060</u>	<u>\$ 23,255,465</u>	<u>\$ 250</u>	<u>\$ 95,906</u>	<u>\$ 22,972,465</u>	<u>\$ 21,509</u>	<u>\$ 46,000</u>	<u>\$ 44,643</u>	<u>\$ 1,815</u>	<u>\$ 218,437</u>

Analysis of 2014 Property Tax Levy

Tax Yield	
General Purpose	\$ 23,237,603
Added Taxes (R.S. 54:4-63.1 et seq).	<u>17,862</u>
	<u>\$ 23,255,465</u>
Tax Levy	
Regional High School Tax (Abstract)	\$ 5,163,061
Local District School Tax (Abstract)	10,913,243
County Tax (Abstract)	\$ 2,165,712
County Tax for Open Space Preservation	23,511
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>1,688</u>
	2,190,911
Local Tax for Municipal Purposes (Abstract)	4,568,578
Minimum Library Tax Levy (Abstract)	313,713
Additional Tax Levy	<u>16,274</u>
	4,898,565
Open Space Tax	89,616
Additional Tax Levy - Open Space Tax	<u>69</u>
	<u>89,685</u>
	<u>\$ 23,255,465</u>

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

Balance, December 31, 2013	\$	32,593
Increased by:		
Transfer from Taxes Receivable		<u>1,815</u>
Balance, December 31, 2014	\$	<u>34,408</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2013	\$	<u>59,720</u>
Balance, December 31, 2014	\$	<u>59,720</u>

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

	Balance, December 31, <u>2013</u>	Accrued in 2014	<u>Collected</u>	Balance, December 31, <u>2014</u>
Clerk				
Licenses				
Alcoholic Beverages		\$ 1,620	\$ 1,620	
Other		2,558	2,558	
Fees and Permits		17,945	17,945	
Construction Code Official				
Fees and Permits		121,057	121,057	
Fines and Costs				
Municipal Court	\$ 4,713	70,705	70,582	\$ 4,836
Interest on Costs on Taxes		47,891	47,891	
Interest in Investments and Deposits		6,139	6,139	
Cablevision Fees		36,064	36,064	
Energy Receipts Taxes		447,738	447,738	
Watershed Moratorium Offset Aid		20,257	20,257	
FEMA Reimbursements		70,254	70,254	
Uniform Fire Safety Act		2,647	2,647	
Lease of Real Property - Cell Tower		40,391	40,391	
Donations - Borough Newsletter	-	8,700	8,700	-
	<u>\$ 4,713</u>	<u>\$ 893,966</u>	<u>\$ 893,843</u>	<u>\$ 4,836</u>
Cash Receipts:				
Treasurer			\$ 845,952	
Collector			<u>47,891</u>	
			<u>\$ 893,843</u>	

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

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2013</u>	<u>Raised in 2014 Budget</u>	<u>Balance, December 31, 2014</u>
4/16/2012	Revaluation	117,000	\$ 23,400	\$ 93,600	\$ 23,400	\$ 70,200
4/16/2012	Zoning Map	8,500	1,700	6,800	1,700	5,100
				<u>\$ 100,400</u>	<u>\$ 25,100</u>	<u>\$ 75,300</u>

EXHIBIT A-12

STATEMENT OF DEFERRED CHARGES

<u>Purpose</u>	<u>Balance December 31, 2013</u>	<u>Added in 2014</u>	<u>Raised in 2014 Budget</u>	<u>Balance, December 31, 2014</u>
Emergency Authorizations (40A:4-47)	\$ 30,000	\$ 75,000	\$ 30,000	\$ 75,000
Overexpenditure of Appropriations	<u>5,364</u>	<u>2,429</u>	<u>5,364</u>	<u>2,429</u>
	<u>\$ 35,364</u>	<u>\$ 77,429</u>	<u>\$ 35,364</u>	<u>\$ 77,429</u>

BOROUGH OF HARRINGTON PARK
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Municipal Clerk	\$ 1,096	\$ 44	\$ 44	\$ -
Financial Administration	1			-
Assessment of Taxes	290			-
Planning Board	1,010	38		38
Zoning Board of Adjustment	690	127		127
Police	16,227	15,827		15,827
Road Repairs and Maintenance	2,911	3,112	3,100	12
Board of Health	37	337	260	77
Recreation Services and Programs	150	150		150
State Uniform Construction Code	1	1		1
Municipal Court		300	300	-
Other Expenses				
Administrative and Executive	11	1,444	1,444	-
Municipal Clerk	173			-
Financial Administration	3,349	3,822	3,822	-
Audit Services	22,800	22,800	22,250	550
Revenue Administration				
Other Expenses	409	377	375	2
Assessment of Taxes	28	101	100	1
Legal Services and Costs				
Special Counsel	8,828	8,828	8,827	1
Miscellaneous	75	3,300	3,300	-
Engineering Services and Costs	1,035	2,190	2,140	50
Planning Board	696	796	796	-
Zoning Board of Adjustment	52	30	29	1
General Liability Insurance	51,004	51,002	50,520	482
Disability Insurance	5,032	3,862	395	3,467
Employee Group Health	5,996	2,382	2,322	60
Unemployment Compensation Insurance Fund	2,500			-
Police	3,228	2,029	1,862	167
Emergency Management Services		1,000	1,000	-
Fire - Other Expenses	9,621	9,564	5,195	4,369
Fire Hydrant Services	9	7,634	7,620	14
Uniform Fire Safety Act	1,881	1,881		1,881
Municipal Prosecutor - Contractual	1,000	1,750	1,750	-
Road Repair and Maintenance	1,027	2,164	2,142	22
Solid Waste Collection	2,443	9,545	9,543	2
Public Buildings and Grounds	707	685	378	307
Vehicle Maintenance				
Police - Other Expenses	811	3,871	3,849	22
Streets and Roads	3,026	740	171	569
Board of Health	967	967	75	892
Environmental Commission	40	40		40
Park and Recreation				
Recreation Services and Programs	43	1,192	1,150	42
Maintenance of Parks	64	829	826	3
Senior Citizen Activities	1,790	1,790		1,790
Contr. To James McGuire Sen. Ctr. - Northvale	1,000	1,000		1,000
Seniors Transportation Agreement w/ Haworth	5,027	5,027	4,395	632
Municipal Court	58	252	252	-
State Uniform Construction Code	6	6	6	-

BOROUGH OF HARRINGTON PARK
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	Balance After Modification	Paid or Charged	Balance Lapsed
Other Expenses (continued)				
Utilities:				
Electricity	\$ 251	\$ 5,751	\$ 5,569	\$ 182
Street Lighting	321	321	231	90
Telephone and Telegraph	238	625	593	32
Water	751	751	567	184
Natural Gas	2,504	3,069	2,345	724
Gasoline	8,063	5,703	4,642	1,061
Sewage Processing & Disposal	500	501		501
Bergen County Landfill Dumping Fees	10,656			-
Contribution to Public Employees Retirement System	125	125		125
Contribution to Defined Contribution Retirement Program	30	30		30
NJPDES Permit - Stormwater Permit				
Engineering - Other Expenses	260			-
Maintenance of Free Public Library	887	933	578	355
LOSAP	34,000	34,546	34,546	-
Recycling Tax Appropriation	590	590	459	131
Municipal Court Administrator -				
Borough of Norwood	25,530	25,530	25,530	-
Reserve 911	500	500		500
Clean Communities Grant				
Recycling Program	6,927	6,927	6,927	-
Municipal Alliance on Drug and Alcohol Abuse	6,590	6,590	6,590	-
Recycling Tonnage Grant	457	457	457	-
Bergen County - ADA Curb Ramp Improvements	3,236	3,236	3,236	-
	<u>\$ 259,565</u>	<u>\$ 269,021</u>	<u>\$ 232,508</u>	<u>\$ 36,513</u>
		\$ 259,565		
		<u>9,456</u>		
		<u>\$ 269,021</u>		
Transferred to Appropriated Grant Reserves			\$ 16,210	
Transferred to Accounts Payable			278	
Cash Disbursements			<u>216,020</u>	
			<u>\$ 232,508</u>	

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

Balance, December 31, 2013	\$	9,456
Increased by:		
Charged to 2014 Budget Appropriations		64,003
		73,459
Decreased by:		
Transfer to Appropriation Reserves		9,456
Balance, December 31, 2014	\$	64,003

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2013	\$	1,976
Increased by:		
Transfer from 2013 Appropriation Reserves		278
		2,254
Decreased by:		
Cancelled Accounts Payable		1,976
Balance, December 31, 2014	\$	278

STATEMENT OF PREPAID TAXES

Balance, December 31, 2013	\$	95,906
Increased by:		
Collection - 2015 Taxes		83,432
		179,338
Decreased by:		
Application to 2014 Taxes		95,906
Balance, December 31, 2014	\$	83,432

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

Increased by:			
Tax Levied	\$	89,616	
Added Taxes		<u>69</u>	
			<u>\$ 89,685</u>
Decreased by:			
Payment to Municipal Open Space and Recreation Trust Fund	\$	89,616	
Due to Municipal Open Space and Recreation Trust Fund		<u>69</u>	
			<u>\$ 89,685</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2013		\$	684
Increased by:			
County Tax	\$	2,165,712	
County Open Space Preservation		23,511	
Due County for Added and Omitted Taxes		1,667	
Due County Open Space Preservation Added and Omitted Taxes		<u>21</u>	
			<u>2,190,911</u>
			2,191,595
Decreased by:			
Payments			<u>2,191,595</u>
Balance, December 31, 2014		\$	<u>-</u>

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

Balance, December 31, 2013			
School Tax Payable	\$	92,451	
School Tax Deferred		<u>5,255,834</u>	
	\$		5,348,285
Increased by:			
Levy School Year July 1, 2014 to June 30, 2015			<u>10,913,243</u>
			16,261,528
Decreased by:			
Payments			<u>10,713,535</u>
Balance, December 31, 2014			
School Tax Payable		91,372	
School Tax Deferred		<u>5,456,621</u>	
	\$		<u>5,547,993</u>
2014 Liability for Local District School Tax			
Tax Paid	\$	10,713,535	
Add Tax Payable, December 31, 2014		<u>91,372</u>	
			10,804,907
Less Tax Payable, December 31, 2013			<u>92,451</u>
Amount Charged to Operations	\$		<u>10,712,456</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAX

Increased by:			
Levy - Calendar Year 2014	\$		<u>5,163,061</u>
Decreased by:			
Payments	\$		<u>5,163,061</u>

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

Balance, December 31, 2013	\$ <u>6,539</u>
Balance, December 31, 2014	\$ <u><u>6,539</u></u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2013	\$ <u>41,562</u>
Balance, December 31, 2014	\$ <u><u>41,562</u></u>

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

	Balance, December 31, <u>2013</u>	<u>Accrued</u>	Cash <u>Collections</u>	Balance, December 31, <u>2014</u>
Municipal Stormwater Grant	1,705			\$ 1,705
Municipal Alliance Program - 2010	1,860			1,860
Division of Highway Safety	437			437
Municipal Alliance on Alcoholism and Drug Abuse-2011	3,100			3,100
Municipal Alliance on Alcoholism and Drug Abuse-2012	3,319			3,319
Municipal Alliance on Alcoholism and Drug Abuse-2013	9,161		\$ 400	8,761
Municipal Alliance on Alcoholism and Drug Abuse-2014		\$ 9,000		9,000
Senior Citizen Activities - CDBG		2,350	1,375	975
Bergen County - ADA Curb Ramp Improvements	<u>24,480</u>	<u>-</u>	<u>-</u>	<u>24,480</u>
	<u>\$ 44,062</u>	<u>\$ 11,350</u>	<u>\$ 1,775</u>	<u>\$ 53,637</u>
		Cash Receipts	<u>\$ 1,775</u>	

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

	Balance, December 31, <u>2013</u>	Increased By: Charges to Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2014</u>
NJ-DOT-2010	\$ 6,742			\$ 6,742
Drunk Driving Enforcement Fund	1,040		\$ 875	165
Alcohol Education and Rehabilitation	517			517
Municipal Stormwater Regulation Program	259			259
Municipal Alliance Program - State	586	\$ 3,210		3,796
Municipal Alliance Program - Local	11,583	2,380		13,963
Recycling Tonnage Grant		457		457
Bergen County - ADA Curb Ramps Improvements		3,236		3,236
Clean Communities Grant	<u>9,475</u>	<u>6,927</u>	<u>1,599</u>	<u>14,803</u>
	<u>\$ 30,202</u>	<u>\$ 16,210</u>	<u>\$ 2,474</u>	<u>\$ 43,938</u>

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES

Balance, December 31, 2013		\$ 19,336
Increased by:		
Cash Receipts		<u>21,127</u>
		40,463
Decreased by:		
Revenue Realized in 2014 Budget		<u>19,336</u>
Balance, December 31, 2014		<u>\$ 21,127</u>
Clean Communities Program		\$ 8,509
Body Armor Fund		1,427
Highway Traffic Safety Grant		5,150
Senior Citizen Transportation - CDBG		3,500
Alcohol Ed Rehab		<u>2,541</u>
		<u>\$ 21,127</u>

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

Balance, December 31, 2013	\$ 31,656
Increased by:	
Overpayments in 2014	25,809
	57,465
Decreased by:	
Application to 2014 Taxes	21,509
Balance, December 31, 2014	\$ 35,956

STATEMENT OF OTHER PAYABLE - OUTSIDE LIENS REDEMPTION

Balance, December 31, 2013	\$ 1,188
Decreased by:	
Cash Disbursements	\$ 1,188

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

<u>Description</u>	<u>Date of Original Note</u>	<u>Amount of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Balance, December 31, 2014</u>
Emergency - Police - Salaries and Wages	12/4/2014	\$ 75,000	12/4/2014	8/18/2015	0.70 %	-	\$ 75,000	\$ 75,000
						<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>
					Issued for Cash		<u>\$ 75,000</u>	

TRUST FUNDS

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

	Animal Control <u>Trust Fund</u>	<u>Other Trust Fund</u>	<u>Open Space</u>
Balance, December 31, 2013	\$ 7,030	\$ 378,111	\$ 465,528
Increased by:			
Dog License Fees	\$ 6,768		
Due State of New Jersey			
Dog License Fees	806		
Domestic Violence Fees		325	
Late Charges/Other	2,309		
Interest on Deposits	25	897	\$ 869
Open Space Taxes			89,616
Subdivision Applications		33,746	
Cat License Fees		1,090	
Tree Fees		17,069	
Parking Offenses Adjudication Act Fees		4	
Recycling Program Receipts		13,199	
Dedicated Recreation Fees		46,331	
Payroll Deductions		2,886,398	
Beautification Reserve		887	
Reserve for Affordable Housing		17,295	
Green Team/Environmental Commission - Donations		501	
Tax Sale Premiums		69,500	
Cash Receipts From Current Fund	-	77,203	-
	<u>9,908</u>	<u>3,164,445</u>	<u>90,485</u>
	16,938	3,542,556	556,013
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		350	
State Training Fees			
Dept. of Health	733		
Unemployment Insurance Trust		5,445	
Animal Control Fund Expenditures	7,647		
Subdivision Applications		49,203	
Cat License Expenditures		436	
Payroll Deductions		2,881,623	
Recycling Program Expenditures		29,445	
Dedicated Recreation Fees		55,536	
Tree Fees		715	
Reserve for Affordable Housing		5,762	
Green Team/Environmental Commission - Expenditures		316	
Open Space Expenditures			80,736
Beautification Reserve		795	
Payments to Current Fund	3,345	6,121	-
	<u>11,725</u>	<u>3,035,747</u>	<u>80,736</u>
Balance, December 31, 2014	<u>\$ 5,213</u>	<u>\$ 506,809</u>	<u>\$ 475,277</u>

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

Balance, December 31, 2013		\$	3,858
Increased by:			
Dog License Fees Collected	\$		6,768
Late Fees			1,630
Other			679
			9,077
			12,935
Decreased by:			
Expenditures Under R.S. 4:19-15.11			7,647
Balance, December 31, 2014		\$	5,288

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 7,146
2012	6,220
	\$ 13,366

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

Balance, December 31, 2013		\$	148
Increased by:			
Payments to State of New Jersey			733
			881
Decreased by:			
State License Fees	\$		564
Pilot Clinic Control			113
Animal Population Control			129
			806
Balance, December 31, 2014		\$	75

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

Balance, December 31, 2013	\$ 3,320
Increased by:	
Interest on Deposits	<u>25</u>
	3,345
Decreased by:	
Payments to Current Fund	<u>3,345</u>
Balance, December 31, 2014	<u><u>\$ -</u></u>

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

Balance, December 31, 2013	<u>\$ 59,821</u>
Balance, December 31, 2014	<u><u>\$ 59,821</u></u>

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

Balance, December 31, 2013	\$ 91,771
Increase by:	
Cash Receipts	<u>33,746</u>
	125,517
Decreased by:	
Cash Disbursements	<u>49,203</u>
Balance, December 31, 2014	<u><u>\$ 76,314</u></u>

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

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

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

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

Balance, December 31, 2013	\$ 4,305
----------------------------	----------

Increase by:	
Cash Receipts	1,090

5,395

Decreased by:	
Cash Disbursements	436

Balance, December 31, 2014	\$ <u><u>4,959</u></u>
----------------------------	------------------------

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

Balance, December 31, 2013	\$ <u>8,911</u>
----------------------------	-----------------

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

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

Balance, December 31, 2013	\$	188
Increased by:		
Cash Receipts		4
Balance, December 31, 2014	\$	192

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

Balance, December 31, 2013	\$	18,919
Increased by:		
Cash Receipts		13,199
		32,118
Decreased by:		
Cash Disbursements		29,445
Balance, December 31, 2014	\$	2,673

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

Balance, December 31, 2013	\$	18,095
Increased by:		
Cash Receipts		46,331
		64,426
Decreased by:		
Cash Disbursements		55,536
Balance, December 31, 2014	\$	8,890

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

Balance, December 31, 2013	\$	2,365
Increased by:		
Cash Receipts in Current Fund		8,228
		10,593
Decreased by:		
Cash Disbursements Paid by Current Fund		3,575
Balance, December 31, 2014	\$	7,018

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

Balance, December 31, 2013	\$	103
Increased by:		
Cash Receipts		325
		428
Decreased by:		
Cash Disbursements - Payments to the State of New Jersey		350
Balance, December 31, 2014	\$	78

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

Balance, December 31, 2013	\$	31,833
Increased by:		
Interest on Deposits		142
		31,975
Decreased by:		
Due to State of New Jersey		5,445
Balance, December 31, 2014	\$	26,530

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

Balance, December 31, 2013	\$	71,837
Increased by:		
Cash Disbursements	\$	6,121
Cash Receipts Deposited in Current Fund - (State Training Fees)		8,228
		14,349
		86,186
Decreased by:		
Interest on Deposits		755
Cash Disbursements Paid by Current Fund - (State Training Fees)		3,575
Cash Receipts		77,203
		81,533
Balance, December 31, 2014	\$	4,653

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

Balance, December 31, 2013	\$ <u>1,097</u>
Balance, December 31, 2014	\$ <u>1,097</u>

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

Balance, December 31, 2013	\$ <u>28,161</u>
Balance, December 31, 2014	\$ <u>28,161</u>

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

Balance, December 31, 2013		\$ 60,129
Increased by:		
Cash Receipts		<u>17,295</u>
		77,424
Decreased by:		
Cash Disbursements		<u>5,762</u>
Balance, December 31, 2014		<u><u>\$ 71,662</u></u>

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

Balance, December 31, 2013		\$ 465,528
Increased by:		
Interest on Deposits	\$ 869	
2014 Tax Levy	89,616	
Added Tax Levy	<u>69</u>	
		<u>90,554</u>
		556,082
Decreased by:		
Cash Disbursements	80,736	
Contracts Payable	<u>143,602</u>	
		<u>224,338</u>
Balance, December 31, 2014		<u><u>\$ 331,744</u></u>

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

Balance, December 31, 2013		\$ 86,007
Increased by:		
Cash Receipts		<u>2,886,398</u>
		2,972,405
Decreased by:		
Cash Disbursements		<u>2,881,623</u>
Balance, December 31, 2014		<u><u>\$ 90,782</u></u>

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

Balance, December 31, 2013	\$ 31,900
Increased by:	
Cash Receipts	<u>69,500</u>
Balance, December 31, 2014	<u>\$ 101,400</u>

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

Balance, December 31, 2013	\$ 343
Increased by:	
Cash Receipts	<u>501</u>
	844
Decreased by:	
Cash Disbursements	<u>316</u>
Balance, December 31, 2014	<u>\$ 528</u>

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

Balance, December 31, 2013		\$ <u>4,000</u>
Balance, December 31, 2014		\$ <u><u>4,000</u></u>

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

Increased by:		
2014 Tax Levy	\$	89,616
Added Tax Levy		<u>69</u>
		\$ 89,685
Decreased by:		
Cash Receipts		<u>89,616</u>
Balance, December 31, 2014		\$ <u><u>69</u></u>

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

Increased by:		
Cash Receipts	\$	887
Decreased by:		
Cash Disbursements		<u>795</u>
Balance, December 31, 2014	\$	<u>92</u>

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

Increased by:		
Cash Receipts	\$	17,069
Decreased by:		
Cash Disbursements		<u>715</u>
Balance, December 31, 2014	\$	<u>16,354</u>

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

Increased by:		
Contract Award	\$	<u>143,602</u>
Balance, December 31, 2014	\$	<u>143,602</u>

GENERAL CAPITAL FUND

BOROUGH OF HARRINGTON PARK
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2013		\$ 341,601
Increased by Receipts:		
Budget Appropriation		
Capital Improvement Fund	\$ 90,000	
Receipt from Bond Anticipated Notes Issued	1,668,500	
Premium on Bond Anticipated Notes Issued	124	
Grant Receipts	214,198	
Interest on Deposits	<u>894</u>	
		<u>1,973,716</u>
		2,315,317
Decreased by Disbursements:		
Improvement Authorizations	145,257	
Contracts Payable	49,765	
Payments to Current Fund	<u>191,295</u>	
		<u>386,317</u>
Balance, December 31, 2014		<u>\$ 1,929,000</u>

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

	Balance, December 31, <u>2014</u>
Fund Balance	\$ 124
Capital Improvement Fund	16,500
Contracts Payable	532,360
Reserve for Payment of Debt	7,836
Grants Receivable	(148,500)
Due from NJEIT Loan Program	(25,150)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	(12,037)
659 Various Capital Improvements	26,570
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	3,327
691 Various Capital Improvements	<u>1,462,043</u>
	<u>\$ 1,929,000</u>

EXHIBIT C-4

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2013		\$	731,340
Decreased by:			
2014 Budget Appropriations to Pay Bonds	\$	400,000	
2014 Budget Appropriations to Pay Green Trust Loan		6,850	
2014 Budget Appropriations to Pay NJEIT Loan		<u>33,003</u>	
			<u>439,853</u>
Balance, December 31, 2014		\$	<u>291,487</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Balance, December 31, 2014	Analysis of Balance, December 31, 2014		Unexpended Improvement Authorizations
					Financed by Bond Anticipation Notes	Expenditures	
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	813,500		813,500	813,500		
691	Various Capital Improvements	-	\$ 1,668,500	1,668,500	1,668,500	-	-
		<u>\$ 1,049,924</u>	<u>\$ 1,668,500</u>	<u>\$ 2,718,424</u>	<u>\$ 2,628,500</u>	<u>\$ 12,037</u>	<u>\$ 77,887</u>
					Improvement Authorizations		\$ 1,543,257
					Less Excess Proceeds		
					Ord. #675		3,327
					Ord. #691		<u>1,462,043</u>
							<u>\$ 77,887</u>

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

	<u>Total</u>	Department of Transportation		
		<u>Ord. 675 - Laroche Ave - Section 5 and Parkside - Section 3</u>	<u>Ord. 691 - Lynn Street</u>	<u>Ord. 691 - Parkside Rd - Section 4 and Harriot Place</u>
Balance, December 31, 2013	\$ 63,698	\$ 63,698		
Increased by: Grant Award	<u>299,000</u>	<u>-</u>	<u>\$ 149,000</u>	<u>\$ 150,000</u>
	362,698	63,698	149,000	150,000
Decreased by: Cash Receipts Deposited in Current Fund	<u>214,198</u>	<u>39,416</u>	<u>111,750</u>	<u>63,032</u>
Balance, December 31, 2014	<u>\$ 148,500</u>	<u>\$ 24,282</u>	<u>\$ 37,250</u>	<u>\$ 86,968</u>
<u>Analysis of Balance</u>				
<u>Pledged to Ordinance</u>				
Ord. 675	\$ 24,282			
Ord. 691	<u>124,218</u>			
	<u>\$ 148,500</u>			

STATEMENT OF DUE FROM NJEIT LOAN PROGRAM

Balance, December 31, 2013	<u>\$ 25,150</u>
Balance, December 31, 2014	<u>\$ 25,150</u>

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

Balance, December 31, 2013		\$ 10,000
Increased by:		
2014 Budget Appropriation		<u>90,000</u>
		100,000
Decreased by:		
Appropriation to Finance Improvement Authorization - Ord. #691		<u>83,500</u>
Balance, December 31, 2014		<u>\$ 16,500</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2013		\$ 65,740
Increased by:		
Contract Awards		<u>532,360</u>
		598,100
Decreased by:		
Cancelled Payables	\$ 15,975	
Cash Disbursements	<u>49,765</u>	
		<u>65,740</u>
Balance, December 31, 2014		<u>\$ 532,360</u>

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

Balance, December 31, 2013 - Due to Current Fund		\$ 103,979
Increased by:		
Fund Balance Anticipated as Revenue in Current Fund	\$ 86,422	
Interest on Deposits	<u>894</u>	
		<u>87,316</u>
		191,295
Decreased by:		
Payments to Current Fund		<u>191,295</u>
Balance, December 31, 2014		<u>\$ -</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2013	<u>\$ 7,836</u>
Balance, December 31, 2014	<u>\$ 7,836</u>

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

<u>Improvements</u>	<u>Balance, December 31, 2013</u>		<u>2014</u>	<u>Canceled</u>	<u>Expended</u>	<u>Balance, December 31, 2014</u>	
	<u>Funded</u>	<u>Unfunded</u>	<u>Improvement</u>	<u>Prior Year</u>		<u>Funded</u>	<u>Unfunded</u>
			<u>Authorizations</u>	<u>Payables</u>			
598 Acquisition of DPW Equipment		\$ 6,463					\$ 6,463
659/679 Various Capital Improvements	\$ 85,883			\$ 15,975	\$ 75,288	\$ 26,570	
665 Dredging & Restoration of Blanch Brook	65,927	71,424				65,927	71,424
675 Various Capital Improvements		16,699			13,372		3,327
691 Various Capital Improvements	-	-	\$ 2,051,000	-	588,957	-	1,462,043
	<u>\$ 151,810</u>	<u>\$ 94,586</u>	<u>\$ 2,051,000</u>	<u>\$ 15,975</u>	<u>\$ 677,617</u>	<u>\$ 92,497</u>	<u>\$ 1,543,257</u>
Deferred Charges to Future Taxation -							
Unfunded			\$ 1,668,500				
Grants Receivable			299,000				
Capital Improvement Fund			<u>83,500</u>				
			<u>\$ 2,051,000</u>				
Cash Disbursements					\$ 145,257		
Contracts Payable					<u>532,360</u>		
					<u>\$ 677,617</u>		

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Balance, December 31, 2013</u>	<u>Decrease</u>	<u>Balance, December 31, 2014</u>
Various Improvement Bonds	9/15/2004	\$ 2,910,000	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
			<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
				<u>\$ 400,000</u>	

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

Ord. Number	Improvement Description	Date Issued	Amount of Original Issue	Maturities Outstanding		Interest Rate	Balance,		Balance, December 31, 2014							
				Date	Amount		December 31, 2013	Decrease								
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2015	\$ 8,089	0.00%										
				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	\$ 218,399	\$ 24,267	\$ 194,132												
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 89,732	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%
		<u>\$ 299,414</u>	<u>\$ 33,003</u>	<u>\$ 266,411</u>												
			<u>\$ 33,003</u>													

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Note</u>	<u>Amount of Original Note</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
				<u>Issue</u>	<u>Maturity</u>					
598	Acquisition of DPW Equipment	10/23/2013	\$ 146,500	10/23/2013	10/22/2014	1.10 %	\$ 146,500		\$ 146,500	\$ 146,500
				10/21/2014	8/18/2015	1.00		\$ 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	813,500
				10/21/2014	8/18/2015	1.00		813,500		813,500
691	Various Capital Improvements	12/4/2014	1,668,500	12/4/2014	8/18/2015	0.70	-	1,668,500	-	1,668,500
							<u>\$ 960,000</u>	<u>\$ 2,628,500</u>	<u>\$ 960,000</u>	<u>\$ 2,628,500</u>
						Issued for Cash		\$ 1,668,500		
						Renewed		960,000	\$ 960,000	
								<u>2,628,500</u>	<u>960,000</u>	

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2013</u>	2014 Improvement <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance, December 31, <u>2014</u>
598	Acquisition of DPW Equipment	\$ 18,500			\$ 18,500
665	Dredging & Restoration Blanch Brook	71,424			71,424
691	Various Capital Improvements	<u>-</u>	<u>\$ 1,668,500</u>	<u>\$ 1,668,500</u>	<u>-</u>
		<u>\$ 89,924</u>	<u>\$ 1,668,500</u>	<u>\$ 1,668,500</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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
KEVIN LOMSKI, CPA

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

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2015. 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.

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

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

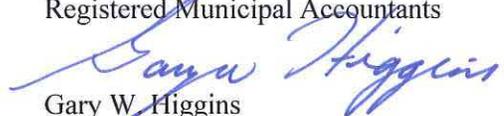
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Harrington Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other 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 2014-001.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Harrington Park's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Harrington Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
April 20, 2015

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Grant Year	CFDA <u>Number</u>	Grant Award <u>Amount</u>	2014 Grant <u>Receipts</u>	Balance, January 1, <u>2014</u>	Revenue <u>Realized</u>	<u>Expenditures</u>	Balance, December 31, <u>2014</u>
Division of Highway Safety								
Impaired Driving Countermeasure	2014	20.616	\$ 2,150	\$ 2,150				
Occupant Protection	2014	20.616	3,000	3,000				
U.S. Department of Housing and Urban Development (Passed Through Bergen County Dept. of Community Development)								
Community Development Block Grant		14.218						
Senior Citizen Activities	2014		\$ 2,350	1,375		\$ 2,350	\$ 2,225	\$ 125
Senior Citizen Transportation	2014		3,500					
U.S. Department of Homeland Security								
FEMA - Hurricane Sandy	2014	97.036	70,254	70,254	-	70,254	70,254	-
					<u>\$ -</u>	<u>\$ 72,604</u>	<u>\$ 72,479</u>	<u>\$ 125</u>

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, 2014**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>2014 Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment (A)</u>	<u>Balance, December 31, 2014</u>	<u>Cumulative Expenditures</u>
Department of Transportation								
Trust Fund Authority Act - 2010	2010		\$ 6,742				\$ 6,742	
Trust Fund Authority Act - 2014 - Ord #691 - L	2014	\$ 111,750		149,000	\$ 149,000			
Trust Fund Authority Act - 2014 - Ord #691 - P	2014							
Road Section 4 and Harriot Place		63,032		150,000	150,000			
Trust Fund Authority Act - Ord # 675		39,416						
Clean Communities Grant Program	4900-765-178900							
2009			2,338		1,599		739	\$ 7,734
2012			7,137				7,137	727
2013			6,927				6,927	800
2014		4,509		\$ 9,072	1,467		7,605	1,467
Body Armor Replacement Fund	*							
2013								
2014		1,427		1,756	1,756			1,756
Alcohol Education Rehabilitation & Enforcement	9735-760-098	2,541	517				517	
Drunk Driving Enforcement Fund	1110-448-031020-22		1,040		875		165	4,068
Recycling Tonnage Grant	*							
2012			457				457	8,380
2013				8,508	8,508			8,508
2014		11,495						
Municipal Stormwater Grant	*		259				259	6,563
<u>Passed Through County of Bergen</u>								
Municipal Alliance Program - 2014	*			9,000	9,000			9,000
Municipal Alliance Program - 2013	*	400	6,590		1,000	\$ 2,380	3,210	6,310
Municipal Alliance Program - 2012	*		561				561	9,439
Municipal Alliance Program - 2009	*		25	-	-	-	25	9,975
			<u>\$ 32,593</u>	<u>\$ 327,336</u>	<u>\$ 323,205</u>	<u>\$ 2,380</u>	<u>\$ 34,344</u>	

*Not Available

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

(A) - To reclassify prior year expenditures

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF HARRINGTON PARK
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Current Fund	\$ 28,336	\$ 72,604	\$ 100,940
General Capital Fund	<u>299,000</u>	<u>-</u>	<u>299,000</u>
	<u>\$ 327,336</u>	<u>\$ 72,604</u>	<u>\$ 399,940</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, 2014**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2014, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V2269-6020	\$25,076
NJEIT Program		<u>266,411</u>
		<u>\$291,487</u>

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF HARRINGTON PARK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 2014-001

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

Criteria or specific requirement:

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

Condition:

Purchase orders were not always issued for contracts awarded or recurring obligations.

Questioned Costs:

Unknown.

Context:

In the Current Fund \$58,928 of encumbrances were recorded by audit adjustment for contracts/purchases relating to the 4th quarter 2014 joint insurance fund bill and a 2014 health benefit adjustment. A contract in the amount of \$190,281 for the Road Resurfacing Co-Operative Program for the General Capital Fund and a contract for \$143,602 for Old Burying Ground Block Retaining Wall Project from the Open Space Trust Fund were not encumbered when awarded.

Effect:

Commitments may exist and not be recorded in the financial statements. Audit adjustments have been made to record known encumbrances and to cancel invalid balances.

Cause:

Unknown.

Recommendation:

The encumbrance system be enhanced to ensure that any contracts awarded/expenditures incurred are properly encumbered.

Management's Response:

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

**BOROUGH OF HARRINGTON PARK
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 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.

Status

Corrective action has been taken.

BOROUGH OF HARRINGTON PARK

BERGEN COUNTY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

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

	<u>Year 2014</u>			<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 344,000	1.39 %	\$	168,849	0.71 %
Miscellaneous - From Other Than Local					
Property Tax Levies	1,082,318	4.38		1,140,519	4.80
Collection of Delinquent Taxes and Tax Title Liens	145,045	0.59		136,507	0.57
Collection of Current Tax Levy	22,990,585	93.05		22,231,904	93.50
Other Credits	<u>145,788</u>	<u>0.59</u>		<u>100,608</u>	<u>0.42</u>
Total Income	<u>24,707,736</u>	<u>100.00</u> %		<u>23,778,387</u>	<u>100.00</u> %
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	6,142,971	25.28 %		5,839,842	24.93 %
County Taxes	2,190,911	9.02		2,084,841	8.90
Local and Regional School Taxes	15,875,517	65.33		15,304,627	65.33
Municipal Open Space Tax	89,685	0.37		89,754	0.38
Other Expenditures	<u>-</u>	<u>-</u>		<u>107,238</u>	<u>0.46</u>
Total Expenditures	<u>24,299,084</u>	<u>100.00</u> %		<u>23,426,302</u>	<u>100.00</u> %
Excess in Revenue over Expenditures Before Adjustments	408,652			352,085	
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Year	<u>77,429</u>			<u>35,364</u>	
Statutory Excess in Fund Balance	486,081			387,449	
Fund Balance, January 1	<u>618,337</u>			<u>399,737</u>	
	1,104,418			787,186	
Less Utilization as Anticipated Revenue	<u>344,000</u>			<u>168,849</u>	
Fund Balance, December 31	<u>\$ 760,418</u>			<u>\$ 618,337</u>	

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2,593</u>	<u>\$2,495</u>	<u>\$2.081</u>

Apportionment of Tax Rate

Municipal	.544	.535	.444
Municipal Open Space Tax	.010	.009	.009
Regional High School	.576	.546	.458
Local School	1.218	1.172	.969
County (Includes County Open Space Tax)	.245	.233	.201

Assessed Valuation Basis

2014	<u>\$896,166,700</u>		
2013		<u>\$897,282,200</u>	
2012			<u>\$1,064,220,564</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>
2014	\$ 23,255,465	\$ 22,990,585	98.86%
2013	22,394,523	22,231,904	99.27%
2012	22,150,685	21,743,466	98.16%

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>
2014	\$ 34,408	\$ 218,437	\$ 252,845	1.09%
2013	32,593	145,060	177,653	0.79%
2012	30,846	147,263	178,109	0.80%

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

Property Acquired By Tax Title Lien Foreclosure

No properties have been acquired in 2014 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>
2014	\$59,720
2013	59,720
2012	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	2014	\$760,418	\$291,440
	2013	618,337	344,000
	2012	399,737	168,849
	2011	368,012	190,909
	2010	589,067	446,067

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Type of Bond</u>
Paul Hoelscher	Mayor		
Joon Chung	Council President		
Allan Napolitano	Councilman		
Jorden Nick Pedersen	Councilman		
Michelle Ryan	Councilwoman		
Michael Rutigliano	Councilman		
Greg Evanella	Councilman		
Ann H. Bistriz	Borough Clerk		
Debra Rielly	Payroll/Construction Clerk		
Kunjesh Trivedi	Tax Collector, Tax Search Officer, Chief Financial Officer		
Raymond Damiano	Assessor		
Joseph Zavarino	Construction Official		
Mark Kiernan	Superintendent of Public Works		
Albert Maalouf	Chief of Police		
Roger Hauser	Magistrate		
Lindsay 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.

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.

Current Year

The audit of expenditures indicated four budget line items were overexpended by \$2,429. These instances are deemed isolated and immaterial, therefore no recommendation is warranted.

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

Our audit revealed that the Borough's fixed asset accounting and reporting system was not updated for current year additions. The financial statements as presented reflect unrecorded additions. It is recommended that the Borough's fixed asset accounting and reporting system be currently maintained.

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

Our audit revealed that there is an excess balance in the Borough's payroll agency account due to an excess transfer from the Current Fund. It is recommended that the excess balance in the payroll agency account be returned to the Current Fund.

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.

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

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

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

Field Maintenance Contract	2014 Road Resurfacing Program
Parkside Road (Section 4) and Harriet Place Improvements	Purchase of Two (2) Vehicles
Purchase of Leaf Blower	Old Burying Ground Black Retaining Wall Project

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The Governing Body on January 5, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Harrington Park, that pursuant to Title 54:4-67 of the Revised Statutes of New Jersey, the Mayor and Council hereby fixed the rate of interest to be charged for the non-payment of taxes and assessments on or before the date when the same would become delinquent at the rate not to exceed 8% per annum on the first \$1,500 of the delinquency, and 18% per annum of any amount in excess of \$1,500 becoming delinquent after the due date; and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st of each year, an additional penalty of 6% shall be charged against such delinquency.

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

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

Delinquent Taxes And Tax Title Liens

The last tax sale was held on December 18, 2014 and was complete.

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

**BOROUGH OF HARRINGTON PARK
SUPPORTING DATA**

GENERAL COMMENTS

Delinquent Taxes And Tax Title Liens (Continued)

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>
2014	4
2013	4
2012	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. Procedures be enhanced to ensure that materials be ordered only after a purchase order has been executed.
- * 2. The Borough implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- 3. The encumbrance system be enhanced to ensure that any contracts awarded/expenditures incurred are properly encumbered.
- 4. Grant receivable balances in the Current Fund be reviewed for collectability or otherwise cleared of record. Additionally, inactive appropriated reserves be expended or cancelled.
- 5. The Borough's fixed asset accounting and reporting system be currently maintained.
- 6. Appropriated grant and trust reserve balances be reconciled to the respective general ledger and audit balances.
- 7. The excess balance in the payroll agency account be returned to the Current Fund.

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