

**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2012**



# BOROUGH OF HARRINGTON PARK

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**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY**

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**PART I**

**REPORT OF AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Harrington Park, as of December 31, 2012 and 2011, 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, 2012, and the related notes to the financial statements, which collectively comprise the Borough's financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Harrington Park on the basis of the financial reporting provisions 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 New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Harrington Park as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 14 of the financial statements, the Borough of Harrington Park participates in a Length of Service Award Program (LOSAP) for its volunteer fire department. The amount reflected in the trust fund statements of \$483,845 and \$401,957 for 2012 and 2011 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting 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***

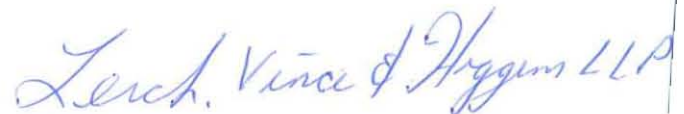
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Harrington Park's financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates 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 supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

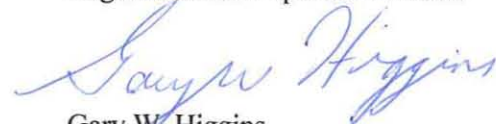
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2013 on our consideration of the Borough of Harrington Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Harrington Park's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
March 20, 2013

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	A-4	\$ 827,950	\$ 753,453
Cash - Change Funds	A	200	200
Grants Receivable	A-23	<u>93,275</u>	<u>251,908</u>
		<u>921,425</u>	<u>1,005,561</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-7	147,263	152,749
Tax Title Liens Receivables	A-8	30,846	28,562
Property Acquired for Taxes - At Assessed Valuation	A-9	59,720	59,720
Revenue Accounts Receivable	A-10	3,575	2,215
Due from General Capital Fund	C-11	60	150
Due from Animal Control Trust Fund	B-6	1	3
Due from Public Assistance Fund	D-4		7
Due from Other Trust Fund	B-18	<u>54</u>	<u>65</u>
		<u>241,519</u>	<u>243,471</u>
Deferred Charges			
Emergency Authorizations (40A:4-47)	A-12	13,993	
Special Emergency Authorizations (40A:4-55)	A-11	<u>125,500</u>	<u>3,817</u>
		<u>139,493</u>	<u>3,817</u>
Total Assets		<u>\$ 1,302,437</u>	<u>\$ 1,252,849</u>

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-13	\$ 278,006	\$ 133,229
Encumbrances Payable	A-14	120,169	133,529
Accounts Payable	A-15	48	65,039
Prepaid Taxes	A-16	102,016	121,525
Local District School Tax Payable	A-19	92,744	92,743
Due to State of New Jersey Senior Citizens and Veterans Deductions	A-6	14,131	14,631
Reserve for Tax Appeals	A-22	746	
Reserve for Sale of Municipal Assets	A-21	6,539	1,300
Appropriated Reserves	A-24	28,755	58,775
Unappropriated Reserves	A-25	<u>18,027</u>	<u>20,595</u>
		661,181	641,366
Reserve for Receivables	A	241,519	243,471
Fund Balance	A-1	<u>399,737</u>	<u>368,012</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 1,302,437</u>	 <u>\$ 1,252,849</u>

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 190,909	\$ 446,067
Miscellaneous Revenues Anticipated	A-2	904,496	1,005,922
Receipts from Delinquent Taxes	A-2	155,445	167,451
Receipts from Current Taxes	A-2	21,743,466	21,471,119
Non-Budget Revenues	A-2	189,305	158,573
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	29,651	53,787
Accounts Payable Cancelled	A-1	-	3,749
Cancellation of Appropriated Grants	A-24	4,151	56,851
Cancellation of Old Outstanding Checks	A-1	-	496
Interfunds Returned	A	110	920
		<u>23,217,533</u>	<u>23,364,935</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	2,266,390	2,227,729
Other Expenses	A-3	2,552,608	2,405,995
Capital Improvements	A-3	10,000	262,235
Municipal Debt Service	A-3	466,946	462,454
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	495,157	557,309
County Taxes	A-18	2,102,729	2,095,752
County Taxes- Open Space Preservation	A-18	24,598	25,914
Due County for Added and Omitted Taxes	A-18	601	2,599
Local District School Tax	A-19	10,216,369	10,125,493
Regional High School Tax	A-20	4,869,421	4,845,650
Municipal Open Space Tax	A-17	106,450	108,146
Interfunds Created	A		219
Cancellation Outstanding Grant Receivables	A-23	22,373	20,428
Prior Year Senior Citizen's Deductions Disallowed	A-6	750	-
		<u>23,134,392</u>	<u>23,139,923</u>
Excess (Deficit) of Revenue over Expenditures Before Adjustments		83,141	225,012
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-11,A-12	139,493	-
Statutory Excess to Fund Balance		<u>222,634</u>	<u>225,012</u>

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE  
REGULATORY BASIS - CURRENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Statutory Excess to Fund Balance (Carried Forward)		\$ 222,634	\$ 225,012
FUND BALANCE, January 1	A	<u>368,012</u>	<u>589,067</u>
		590,646	814,079
Decreased by:			
Utilization as Anticipated Revenues	A-1	<u>190,909</u>	<u>446,067</u>
FUND BALANCE, December 31,	A	<u>\$ 399,737</u>	<u>\$ 368,012</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

		<u>Anticipated</u>		
	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated		\$ 112,000	\$ 112,000	-
Fund Balance anticipated with Consent of Director of Local Government Services		78,909	78,909	-
Total Fund Balance Anticipated	A-2	190,909	190,909	-
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	A-10	1,359	1,371	\$ 12
Other	A-2	1,200	1,869	669
Fees and Permits				
Other	A-2	10,000	9,169	(831)
Fines and Costs				
Municipal Court	A-10	30,000	40,205	10,205
Interest and Costs on Taxes	A-10	25,000	37,739	12,739
Interest in Investments and Deposits	A-2	5,000	5,388	388
Energy Receipts Taxes	A-10	441,107	441,107	-
Consolidated Municipal Property				
Tax Relief Aid	A-10	6,631	6,631	-
Watershed Moratorium Offset Aid	A-10	20,257	20,257	-
Uniform Construction Code Fees	A-10	60,000	109,536	49,536
Reserve for Recycling Tonnage Grant	A-25	11,464	11,464	-
Drunk Driving Enforcement Fund	A-23	3,653	3,653	-
Reserved for Clean Communities Program	A-25	7,864	7,864	-
Municipal Alliance on Alcoholism and Drug Abuse	A-23	10,000	10,000	-
Reserve for Body Armor Replacement Program	A-25	1,267	1,267	-
Uniform Fire Safety Act	A-10	1,883	2,731	848
Lease of Real Property - Cell Tower	A-10	35,000	40,245	5,245
Reserve for Payment of Debt	C-11	20,000	20,000	-
Capital Surplus	C-11	134,000	134,000	-
Total Miscellaneous Revenues	A-2	825,685	904,496	78,811
RECEIPTS FROM DELINQUENT TAXES	A-7	140,000	155,445	15,445
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET	A-2	4,732,267	4,566,440	(165,827)
Total General Revenues		\$ 5,888,861	5,817,290	\$ (71,571)
Non-Budget Revenues	A-1,A-2		189,305	
			\$ 6,006,595	



**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	
Analysis of Realized Revenue		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-7	\$ 21,743,466
Allocated to		
School, County, and Municipal Open Space Taxes	A-17,18,19,20	<u>17,411,043</u>
		4,332,423
Add: Appropriation for Reserve for Uncollected Taxes	A-3	<u>234,017</u>
Balance for Supporting Municipal Budget Appropriations	A-2	<u>\$ 4,566,440</u>
Licenses		
Other		
Borough Clerk	A-10	\$ 39
Board of Health	A-10	<u>1,830</u>
	A-2	<u>\$ 1,869</u>
Fees and Permits		
Borough Clerk	A-10	\$ 805
Tax Collector	A-10	4,063
Board of Adjustment/Planning Board	A-10	1,605
Board of Health	A-10	105
Fire	A-10	<u>2,591</u>
	A-2	<u>\$ 9,169</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF REVENUES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	
Non-Budget Revenue		
Dare Contributions		\$ 900
Duplicate Tax Bills		85
Penalties for Bounced Checks		330
Library PERS - Share of Costs		8,080
Property Lists		190
Election Rent		120
Cablevision/Verizon		61,866
Old Tappan User Fees		10,960
Sewer Service User Fees		1,073
Late Fees		2,860
Police Monies		316
Borough Clerk - Misc.		856
FEMA Reimbursement - Hurricane Irene		71,171
Miscellaneous Fees		<u>30,498</u>
	A-2	<u>\$ 189,305</u>
Analysis of Non-Budget Revenue		
Cash Receipts	A-4	\$ 186,222
Due from Public Assistance Fund	D-1	223
Due from Other Trust Fund - Late Fees	B-18	110
Due from Animal Control Fund	B-6	<u>2,750</u>
		<u>\$ 189,305</u>
Analysis of Interest on Investment and Deposits		
Cash Receipts	A-10	\$ 3,867
Due from General Capital Fund	C-11	874
Due from Animal Control Fund	B-6	30
Due from Other Trust Fund	B-18	<u>617</u>
	A-2	<u>\$ 5,388</u>
Analysis of Construction Code Fees:		
Due from Other Trust Fund	A-10,B-18	<u>\$ 109,536</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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Other Expenses	\$ 30,065	\$ 30,065	\$ 28,500	\$ 1,565	
Municipal Clerk					
Salaries and Wages	55,000	55,000	55,000		
Other Expenses	4,500	4,500	4,500		
Financial Administration					
Salaries and Wages	75,520	75,520	75,520		
Other Expenses	9,024	9,024	8,093	931	
Audit Services					
Other Expenses	25,400	25,400	25,400		
Revenue Administration (Tax Collection)					
Salaries and Wages	55,406	55,406	55,405		\$ 1
Other Expenses	5,746	5,746	5,111	635	
Other Expense - Liq. Of Tax title Liens	100	100		100	
Assessment of Taxes					
Salaries and Wages	20,740	20,240	19,933		307
Other Expenses	3,080	120,080	119,886	194	
Legal Services and Costs					
Other Expenses					
Special Counsel	16,000	16,000	9,704	6,295	1
Miscellaneous	40,000	41,681	41,681	-	
Engineering Services and Costs					
Other Expenses	12,000	21,566	20,566	1,000	
Planning Board					
Salaries and Wages	1,000	1,000	713		287
Other Expenses	9,000	8,500	4,886	3,614	
Zoning Board of Adjustment					
Salaries and Wages	3,550	4,050	3,859		191
Other Expenses	1,350	1,350	1,057	293	

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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
INSURANCE					
General Liability Insurance	\$ 196,708	\$ 196,708	\$ 194,435	\$ 2,273	
Disability Insurance	5,000	5,000	5,000	-	
Employee Group Health	341,905	328,463	324,979	3,484	
Unemployment Compensation					
Insurance Fund	5,000	5,800	5,779		\$ 21
PUBLIC SAFETY					
Police					
Salaries and Wages	1,367,414	1,367,414	1,333,415	33,999	
Other Expenses	48,400	44,400	36,281	8,119	
Police Dispatch / 911					
Other Expenses	52,776	52,776	52,776		
Emergency Management Services					
Other Expenses	11,500	11,550	11,549		1
Fire					
Other Expenses	75,795	75,795	60,286	15,509	
Fire Hydrant Services	94,987	94,987	87,070	7,917	
Uniform Fire Safety Act					
Other Expenses	1,883	1,883	30	1,853	
Municipal Prosecutor					
Prosecutor- Contractual	3,000	3,000	3,000		
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	601,848	604,848	604,345	503	
Other Expenses	43,900	52,520	38,109	14,411	
Solid Waste Collection					
Garbage and Trash Removal - Contractual	156,219	156,219	156,218		1
Public Buildings and Grounds					
Other Expenses	14,450	14,450	13,687	763	
Vehicle Maintenance					
Police- Other Expenses	15,000	19,000	16,658	2,342	
Streets and Roads- Other Expenses	10,000	8,000	6,438	1,562	

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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
HEALTH and HUMAN SERVICES					
Board of Health					
Salaries and Wages - Regular	\$ 15,020	\$ 15,520	\$ 14,317		\$ 1,203
Other Expenses	10,846	11,346	9,559	\$ 1,787	
Environmental Commission					
Salaries and Wages	684	684	684		
Other Expenses	5,350	5,350	300	5,050	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	600	600	450	150	
Other Expenses	2,000	2,000	1,224	776	
Maintenance of Parks					
Other Expenses	11,350	11,350	10,990	360	
Senior Citizen Activities	6,000	6,000	4,325	1,675	
Contr. to James McGuire Sen. Ctr.-Northvale	1,000	1,000	1,000		
Seniors Transportation Agreement w/Haworth	10,500	10,500	2,583	7,917	
Municipal Court					
Salaries and Wages	10,000	10,000	10,000		
Other Expenses	2,400	2,400	1,745	655	
Public Defender					
Other Expenses	300	300	100		200
PEOSHA					
Hepatitis "B" Inoculations- Other Expenses	500				

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Salaries and Wages	\$ 58,615	\$ 58,615	\$ 58,097		\$ 518
Other Expenses	2,450	2,450	2,007	\$ 443	
UTILITIES EXPENSE AND BULK					
PURCHASES					
Electricity	17,911	17,911	11,523	6,388	
Street Lighting	41,347	43,747	39,950	3,797	
Telephone and Telegraph	22,171	24,671	23,273	1,398	
Water	8,723	8,723	8,672	51	
Natural Gas	9,211	9,211	7,466	1,745	
Gasoline	55,680	59,080	50,815	8,265	
Sewage Processing and Disposal	1,000	1,000	396	604	
LANDFILL/ SOLID WASTE DISPOSAL					
COSTS					
Bergen County Landfill Dumping Fees	155,000	145,264	127,317	17,947	-
Total Operations Within "CAPS"	3,861,924	3,985,763	3,816,662	166,370	2,731
Detail:					
Salaries and Wages	2,265,397	2,268,897	2,231,738	34,652	2,507
Other Expenses	1,596,527	1,716,866	1,584,924	131,718	224
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN					
"CAPS"					
Statutory Charges					
Contribution to Public Employees Retirement System	109,182	109,182	109,182		
Social Security System (O.A.S.I.)	95,000	95,000	88,274	6,726	
Police & Firemen's Retirement System of NJ	266,089	266,089	266,089		
Contribution to PERS - ERIP	21,069	21,069	21,069	-	-
Total Deferred Charges and Statutory					
Expenditures - Municipal					
Within "CAPS"	491,340	491,340	484,614	6,726	-
Total General Appropriations for					
Municipal Purposes Within "CAPS"	4,353,264	4,477,103	4,301,276	173,096	2,731

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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED					
FROM "CAPS"					
NJPDES Permit - Stormwater Permit					
Engineering -Other Expenses	\$ 4,000	\$ 4,000	\$ 4,000		
Employee Group Health	20,136	20,136	20,136		
Bergen County Utilities Authority					
Operating	216,117	217,778	217,778		
Debt Service	94,727	94,727	94,727		
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	332,692	332,692	332,692		
LOSAP	34,000	34,000		\$ 34,000	
Recycling Tax Appropriation	6,717	6,717	5,507	1,210	
Reserve for Tax Appeals	60,000	60,000	4,826	55,174	-
Total Other Operations - Excluded from "CAPS"	768,389	770,050	679,666	90,384	-
INTERLOCAL MUNICIPAL SERVICE					
AGREEMENTS					
9-1-1 Interlocal Agreement	4,664	4,664	4,664		
Municipal Court Administrator -					
Borough of Norwood	24,507	24,507	24,504		\$ 3
Reserve 911	500	500	-	-	500
Total Interlocal Municipal Service Agreements	29,671	29,671	29,168	-	503
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Clean Communities Grant					
(Ch. 187, P.L. 1986)					
Recycling Program	7,864	7,864	727	7,137	
Municipal Alliance on Drug and Alcohol Abuse	12,500	12,500	8,439	4,061	
Body Armor Replacement Program	1,267	1,267	1,267		
Recycling Tonnage Grant	11,464	11,464	11,464		
Drunk Driving Enforcement Fund	3,653	3,653	325	3,328	-
Total Public and Private Programs Offset by Revenues	36,748	36,748	22,222	14,526	-
Total Operations Excluded from "CAPS"	834,808	836,469	731,056	104,910	503
Detail:					
Other Expenses	834,808	836,469	731,056	104,910	503

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, 2012**

	<u>Appropriated</u>	<u>Expended</u>		
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>
		<u>Modification</u>	<u>Charged</u>	<u>Cancelled</u>
<b>CAPITAL IMPROVEMENTS -</b>				
<b>EXCLUDED FROM "CAPS"</b>				
Capital Improvement Fund	\$ 10,000	\$ 10,000	\$ 10,000	-
Total Capital Improvements Excluded From "CAPS"	10,000	10,000	10,000	-
<b>MUNICIPAL DEBT SERVICE -</b>				
<b>EXCLUDED FROM "CAPS"</b>				
Payment of Bond Principal	400,000	400,000	400,000	
Interest on Bonds	42,500	42,500	42,500	
Loan Repayments for Principal and Interest	7,455	7,455	7,454	\$ 1
Loan Repayments for Interest	3,000	16,993	16,992	-
Total Municipal Debt Service Excluded from "CAPS"	452,955	466,948	466,946	-
<b>DEFERRED CHARGES MUNICIPAL -</b>				
<b>EXCLUDED FROM "CAPS"</b>				
Special Emergency Authorizations - 5 years	3,817	3,817	3,817	-
Total Deferred Charges - Municipal Excluded from "CAPS"	3,817	3,817	3,817	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,301,580	1,317,234	1,211,819	\$ 104,910
Subtotal General Appropriations	5,654,844	5,794,337	5,513,095	278,006
Reserve for Uncollected Taxes	234,017	234,017	234,017	-
Total General Appropriations	\$ 5,888,861	\$ 6,028,354	\$ 5,747,112	\$ 278,006

Reference

A-2

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**BOROUGH OF HARRINGTON PARK  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Original Budget	A-2	\$ 5,888,861	
Emergency Authorizations (NJSA 40A:4-47)	A-12	13,993	
Special Emergency Authorizations (NJSA 40A:4-55)	A-11	<u>125,500</u>	
		<u>\$ 6,028,354</u>	
Cash Disbursed	A-4		\$ 5,486,519
Less: Budget Offsets	A-4		<u>97,410</u>
			5,389,109
Special Emergency Authorizations	A-11		3,817
Reserve for Uncollected Taxes	A-2		234,017
Encumbrances Payable	A-22		<u>120,169</u>
	A-3		<u>\$ 5,747,112</u>

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Animal Control Trust Fund			
Cash	B-3	\$ 3,617	\$ 6,514
Other Trust Fund			
Cash	B-3	431,879	416,186
Municipal Open Space and Recreation Trust Fund			
Cash	B-3	424,400	364,880
Length of Service Award Program Fund (Unaudited)			
Investments	B	448,975	364,571
Contribution Receivable	B	34,870	37,386
		483,845	401,957
Total Assets		\$ 1,343,741	\$ 1,189,537

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES AND RESERVES</b>			
<b>Animal Control Trust Fund</b>			
Due to Current Fund	B-6	\$ 1	\$ 3
Due to State of New Jersey	B-5	1	1
Reserve for Animal Control Fund Expenditures	B-4	<u>3,615</u>	<u>6,510</u>
		<u>3,617</u>	<u>6,514</u>
<b>Other Trust Fund</b>			
Developer's Deposits	B-7	59,821	59,821
Street Opening Deposits - Developers	B-9	2,000	3,000
Subdivision Applications - Developers	B-8	80,376	77,964
Payroll Deductions	B-23	68,938	60,564
<b>Dedicated Funds</b>			
Cat License Fees	B-10	3,461	2,601
Tennis Program Reserve - Recreation	B-11	8,111	7,061
Unemployment Insurance Trust	B-17	33,217	31,683
Parking Offenses Adjudication Act	B-12	184	180
Recycling Program	B-13	18,437	30,485
Recreation Fees	B-14	19,637	26,232
Community Parks - Recreation	B-20	28,161	28,161
Green Team/Environmental Commission-Donations	B-25	356	144
World Trade Center Assistance	B-19	1,097	1,097
<b>Due to State of New Jersey</b>			
State Training Fees	B-15	2,536	2,649
Domestic Violence Fees	B-16	125	50
Unemployment Insurance	B-26	129	
Due to Current Fund	B-18	54	65
Tax Sale Premium	B-24	44,000	34,000
Reserve for Affordable Housing - Developer's Fees	B-21	<u>61,239</u>	<u>50,429</u>
		<u>431,879</u>	<u>416,186</u>
<b>Municipal Open Space and Recreation Trust Fund</b>			
Reserve for Open Space Expenditures	B-22	<u>424,400</u>	<u>364,880</u>
<b>Length of Service Award Program Fund (Unaudited)</b>			
Reserve for LOSAP	B	<u>483,845</u>	<u>401,957</u>
<b>Total Liabilities and Reserves</b>		<u>\$ 1,343,741</u>	<u>\$ 1,189,537</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	<u>Modified Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-22	\$ 106,422	\$ 106,450	\$ 28
		<u>\$ 106,422</u>	106,450	<u>\$ 28</u>
Non-Budget	B-22		853	
			<u>\$ 107,303</u>	

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Reference</u>	<u>Modified Budget</u>	<u>Paid or Charged</u>	<u>Excess or (Deficit)</u>
Maintenance of Land for Recreation and Conservation		\$ 106,422	\$ 47,783	\$ 58,639
	<u>Reference</u>	B-1	B-22	

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 282,580	\$ 682,874
Grants Receivable	C-6	146,500	
Due from NJEIT Loan Program	C-7	48,660	
Deferred Charges to Future Taxation			
Funded	C-4	1,171,039	1,245,223
Unfunded	C-5	<u>1,049,924</u>	<u>585,000</u>
Total Assets		<u>\$ 2,698,703</u>	<u>\$ 2,513,097</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-13	\$ 800,000	\$ 1,200,000
Green Trust Loan Payable	C-14	38,641	45,223
NJEIT Loan Program	C-15	332,398	
Improvement Authorizations			
Funded	C-10	249,676	280,157
Unfunded	C-10	580,262	434,352
Contracts Payable	C-9	524,823	186,372
Due to Current Fund	C-11	60	150
Capital Improvement Fund	C-8		40,000
Reserve for Payment of Debt	C-12		20,000
Fund Balance	C-1	<u>172,843</u>	<u>306,843</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,698,703</u>	<u>\$ 2,513,097</u>

There were bonds and notes authorized but not issued at December 31, 2012 and 2011 amounting to \$1,049,924 and \$585,000, respectively. (Exhibit C-16)

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 306,843	\$ 1,508
Increased by:			
Funded Improvement Authorization Cancellations	C-1	<u>-</u>	<u>1,199,116</u>
		306,843	1,200,624
Decreased by:			
Anticipated in Current Fund - Revenue	C-11	134,000	
Appropriated to Finance Improvement Authorizations	C-1	<u>-</u>	<u>893,781</u>
Balance, December 31	C	<u>\$ 172,843</u>	<u>\$ 306,843</u>

**BOROUGH OF HARRINGTON PARK  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>-</u>	\$ <u>13,325</u>
<b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	D-4		\$ 7
Reserve for Public Assistance	D-2	\$ <u>-</u>	<u>13,318</u>
Total Liabilities and Reserves		\$ <u>-</u>	\$ <u>13,325</u>

**BOROUGH OF HARRINGTON PARK**  
**COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - REGULATORY BASIS**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
General Fixed Assets		
Land and Land Improvements	\$ 4,203,146	\$ 4,173,600
Buildings and Building Improvements	1,628,672	1,607,325
Machinery and Equipment:		
Automotive	2,525,339	2,514,489
All Others	<u>716,249</u>	<u>726,430</u>
	<u>\$ 9,073,406</u>	<u>\$ 9,021,844</u>
Investment in General Fixed Assets	<u>\$ 9,073,406</u>	<u>\$ 9,021,844</u>



## **NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**A. Reporting Entity**

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

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

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

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

The Borough has the following funds and account group:

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

Trust Funds - Trust 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 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 (LOSAP) Fund – 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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

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.

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:

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Property Tax Revenues** - 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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - 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** - 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.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**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 per N.J.S.A. 40A:4 et seq.

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

Animal Control Trust Fund  
Other Trust Fund  
Length of Service Award Program Fund  
General Capital Fund  
Public Assistance 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. The 2012 budget was increased by \$139,493 as a result of emergency appropriations of \$13,993 and special emergencies totaling \$125,500. There was no increase in the original budget during 2011. The governing body approved several budget transfers during 2012 and 2011.

**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.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**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.

**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.

**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.

**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.

**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.

**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 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.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**General Fixed Assets (Continued)**

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 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:

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

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2011 balances to conform to the December 31, 2012 presentation.

**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.

**C. Basic Financial Statements**

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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the 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, 2012 AND 2011**

**NOTE 2 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.

**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.

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 \$100,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$1,970,627 and \$2,237,432 and bank and brokerage firm balances of the Borough's deposits amounted to \$2,028,590 and \$2,313,420, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2012</u>	<u>Bank Balance</u> <u>2011</u>
Insured	\$ 1,993,085	\$ 2,124,954
Uninsured and Collateralized	<u>35,505</u>	<u>188,466</u>
	<u>\$ 2,028,590</u>	<u>\$ 2,313,420</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, 2012 and 2011, the Borough's bank balance of \$35,505 and \$188,466 was exposed to custodial credit risk as follows:

	<u>2012</u>	<u>2011</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department not in the Borough's name	<u>\$ 35,505</u>	<u>\$ 188,466</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

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

As of December 31, 2012 and 2011, the Borough had the following investments:

	Fair Value LOSAP Only (Unaudited)
<u>2012</u>	
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department not in the Borough's name	
Length of Service Award Program	\$ <u>448,975</u>
<u>2011</u>	
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department not in the Borough's name	
Length of Service Award Program	\$ <u>364,571</u>

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

Interest earned in the General Capital Fund, Animal Control 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, 2012 AND 2011**

**NOTE 3 TAXES RECEIVABLE**

Receivables at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current</u>		
Property Taxes	\$ 147,263	\$ 152,749
Tax Title Liens	<u>30,846</u>	<u>28,562</u>
	<u>\$ 178,109</u>	<u>\$ 181,311</u>

In 2012 and 2011, the Borough collected \$155,445 and \$167,451 from delinquent taxes, which represented 84% and 87% of the prior year delinquent taxes receivable balance.

**NOTE 4 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>2012</u>	<u>2011</u>
<u>Issued</u>		
General		
Bonds, Notes and Loans	\$ 1,171,039	\$ 1,245,223
Less Funds Temporarily Held to Pay		
Bonds and Notes	<u>-</u>	<u>20,000</u>
Net Debt Issued	1,171,039	1,225,223
<u>Authorized But Not Issued</u>		
General		
Bonds, Notes and Loans	<u>1,049,924</u>	<u>585,000</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 2,220,963</u>	<u>\$ 1,810,223</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .22% and .17% and at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 2,220,963		\$ 2,220,963
School Debt	<u>4,759,273</u>	<u>\$ 4,759,273</u>	<u>-</u>
Total	<u>\$ 6,980,236</u>	<u>\$ 4,759,273</u>	<u>\$ 2,220,963</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	\$ 1,830,223	\$ 20,000	\$ 1,810,223
School Debt	<u>5,228,789</u>	<u>\$ 5,228,789</u>	<u>-</u>
Total	<u>\$ 7,059,012</u>	<u>\$ 5,248,789</u>	<u>\$ 1,810,223</u>

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

	<u>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 34,878,318	\$ 36,790,626
Net Debt	<u>2,220,963</u>	<u>1,810,223</u>
Remaining Borrowing Power	<u>\$ 32,657,355</u>	<u>\$ 34,980,403</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

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>2012</u>	<u>2011</u>
\$2,910,000, 2004 Bonds, due in annual installments of \$400,000 through September, 2014, interest at 2.40% to 3.75%	\$ 800,000	\$ 1,200,000

**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. The New Jersey Green Trust loan outstanding at December 31 is as follows:

	<u>2012</u>	<u>2011</u>
\$119,873, 1998 Loans, due in Semi-annual installments of \$3,341 to \$3,689 through February, 2018, interest at 2.00%	\$ 38,641	\$ 45,223

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>2012</u>	<u>2011</u>
\$258,844, 2012 Loan, due in Semi-annual installments of \$8,089 and \$16,178 through August 1, 2022, interest at 0%	\$ 242,666	
\$89,732, 2012 Loan, due in Annual installments of \$8,717 to \$9,447 through August 1, 2022, interest at 0.22% to 1.930%	89,732	-
	<u>\$ 332,398</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	Bonds		Loans		Total
	Principal	Interest	Principal	Interest	
2013	\$ 400,000	29,000	39,699	1,651	470,350
2014	400,000	15,000	39,853	1,498	456,351
2015			40,023	1,327	41,350
2016			40,208	1,144	41,352
2017			40,402	949	41,351
2018-2022	-	-	170,854	2,353	173,207
	<u>\$ 800,000</u>	<u>\$ 44,000</u>	<u>\$ 371,039</u>	<u>\$ 8,922</u>	<u>\$ 1,223,961</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance December 31, 2011	Additions	Reductions	Balance, December 31, 2012	Due Within One Year
<b>2012</b>					
General Capital Fund					
Bonds Payable	\$ 1,200,000		\$ 400,000	\$ 800,000	\$ 400,000
Intergovernmental Loans Payable	45,223	\$ 348,576	22,760	371,039	39,699
	<u>\$ 1,245,223</u>	<u>\$ 348,576</u>	<u>\$ 422,760</u>	<u>\$ 1,171,039</u>	<u>\$ 439,699</u>
<b>2011</b>					
General Capital Fund					
Bonds Payable	\$ 1,600,000		\$ 400,000	\$ 1,200,000	\$ 400,000
Intergovernmental Loans Payable	51,676	-	6,453	45,223	22,760
	<u>\$ 1,651,676</u>	<u>\$ -</u>	<u>\$ 406,453</u>	<u>\$ 1,245,223</u>	<u>\$ 422,760</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2012 and 2011.

	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land and Land Improvements	\$ 4,173,600	\$ 29,546		\$ 4,203,146
Buildings and Building Improvements	1,607,325	21,347		1,628,672
Machinery and Equipment	<u>3,240,919</u>	<u>102,413</u>	\$ 101,744	<u>3,241,588</u>
	<u>\$ 9,021,844</u>	<u>\$ 153,306</u>	<u>\$ 101,744</u>	<u>\$ 9,073,406</u>
	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land and Land Improvements	\$ 4,173,600			\$ 4,173,600
Buildings and Building Improvements	1,587,650	\$ 19,675		1,607,325
Machinery and Equipment	<u>3,090,683</u>	<u>164,241</u>	\$ 14,005	<u>3,240,919</u>
	<u>\$ 8,851,933</u>	<u>\$ 183,916</u>	<u>\$ 14,005</u>	<u>\$ 9,021,844</u>

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 6 DUE TO/FROM OTHER FUNDS**

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

	<u>2012</u>		<u>2011</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	\$ 115		\$ 225	
Other Trust Fund		\$ 54		\$ 65
Animal Control Fund		1		3
Public Assistance Fund				7
General Capital Fund	<u>-</u>	<u>60</u>	<u>-</u>	<u>150</u>
Total	<u>\$ 115</u>	<u>\$ 115</u>	<u>\$ 225</u>	<u>\$ 225</u>

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

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



**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 7 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 balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget (A)	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 166,969	\$ 166,970	\$ 112,287	\$ 112,000
Non-Cash Surplus	<u>232,768</u>	<u>1,879</u>	<u>255,725</u>	<u>78,909</u>
	<u>\$ 399,737</u>	<u>\$ 168,849</u>	<u>\$ 368,012</u>	<u>\$ 190,909</u>

(A) This amount represents the fund balance anticipated in the 2013 introduced budget. The 2013 budget has not been adopted as of the date of the audit.

**NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2012</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 13,993	\$ 13,993	
Special Emergency Authorizations (40A:4-55)	<u>125,500</u>	<u>25,100</u>	\$ 100,400
	<u>\$ 139,493</u>	<u>\$ 39,093</u>	<u>\$ 100,400</u>
<u>2011</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 3,817</u>	<u>\$ 3,817</u>	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 9 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, 2012 and 2011 to be \$561,948 and \$559,747, respectively, and is material to the financial statements.

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds**

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

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2012, 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:

- New members of PERS hired on or after June 28, 2012 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2012 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. 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 is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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 limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Actuarial Methods and Assumptions**

In the revised July 1, 2011 actuarial valuations, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) a revised investment rate of return for the PERS, PFRS and DCRP retirement systems from 8.25 percent to 7.95 percent; and (2) 4.52 percent and 6.32 percent for projected salary increases for the PERS and PFRS retirement systems, respectively.

**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% for PERS, 10.0% for PFRS and 5.5% for DCRP of employees' annual compensation.

**Annual Pension Cost (APC)**

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended December 31, 2012, 2011 and 2010, the Borough was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2012	\$ 266,089	\$ 130,251
2011	329,733	132,257
2010	271,404	120,062

**NOTE 11 RISK MANAGEMENT**

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

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

**BOROUGH OF HARRINGTON PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 RISK MANAGEMENT (Continued)**

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

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

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

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of 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</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 5,000		\$ 3,550	\$ 33,217
2011	5,000	-	7,257	31,683
2010	35,000	-	28,819	33,859

**NOTE 12 CONTINGENT LIABILITIES**

**Pending Tax Appeals** - Certain tax appeal cases were pending in the New Jersey Tax Court at December 31, 2012 and 2011. 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. Funding of any ultimate liability would be provided for in the budget, from fund balance or from a refunding bond ordinance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2012 and 2011, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 13 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, 2012 and 2011, the Borough has no arbitrage earnings due to the IRS.

**NOTE 14 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 a maximum of \$1,336 and \$1,307 for 2012 and 2011, respectively, for each eligible volunteer fire department member into the Plan.

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

VALIC is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

**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.

**BOROUGH OF HARRINGTON PARK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 14 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

**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 Funds.

**NOTE 15 DEFERRED SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

	2012 Local District <u>School</u>	2011 Local District <u>School</u>
Balance of Tax	\$ 5,246,366	\$ 5,155,490
Deferred	<u>5,153,622</u>	<u>5,062,747</u>
Taxes Payable	<u>\$ 92,744</u>	<u>\$ 92,743</u>

**NOTE 16 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>2012</u>		
Various Capital Improvements	\$ 14,888	2013
Triple Combination Pumper Truck	<u>509,935</u>	2013
	<u>\$524,823</u>	
<u>2011</u>		
Various Capital Improvements	\$186,372	2012



**CURRENT FUND**



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

Balance, December 31, 2011		\$ 753,453
Increased by Receipts:		
Collection of Taxes	\$ 21,946,678	
Revenue Accounts Receivable	563,389	
Miscellaneous Revenue Not Anticipated	186,222	
Federal and State Grants Received	110,837	
Receipts from Sale of Municipal Assets	5,239	
Budget Offsets	97,410	
State of New Jersey Senior Citizens' and Veterans' Deductions	45,500	
Unappropriated Reserves	18,027	
Receipts from General Capital Fund	154,964	
Receipts from Other Trust Fund	110,274	
Receipts from Public Assistance Fund	230	
Receipts from Animal Control Fund	<u>2,782</u>	
		<u>23,241,552</u>
		23,995,005
Decreased by Disbursements:		
2012 Budget Appropriations	5,486,519	
2011 Appropriation Reserves	167,896	
Accounts Payable	65,039	
Local District School Tax	10,216,368	
Regional High School Tax	4,869,421	
County Taxes	2,127,928	
Open Space Trust Fund	106,450	
Appropriated Reserves	55,210	
Refund of Tax Overpayments	<u>72,224</u>	
		<u>23,167,055</u>
Balance, December 31, 2012		<u>\$ 827,950</u>

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

Increased by Receipts:		
Taxes Receivable	\$	21,730,636
Revenue Accounts Receivable		
Interest and Costs on Taxes		37,739
Fees and Permits		4,063
Tax Overpayments		72,224
Prepaid Taxes		<u>102,016</u>
	\$	<u>21,946,678</u>
Decreased by Transfers to Treasurer		\$ <u>21,946,678</u>

EXHIBIT A-6

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

Balance, December 31, 2011	\$	14,631
Increased by:		
Cash Receipts	\$	45,500
Senior Deductions Disallowed by Tax Collector		500
Prior Year Senior Citizen Deductions Disallowed by Tax Collector		<u>750</u>
		<u>46,750</u>
		61,381
Decreased by:		
Senior Citizens' Deductions Per Tax Billings		3,250
Veterans' Deductions per Tax Billings		43,250
Sr. Citizens Deductions allowed by Tax Collector		250
Veterans' Deductions allowed by Tax Collector		<u>500</u>
		<u>47,250</u>
Balance, December 31, 2012	\$	<u>14,131</u>

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

Year	Balance December 31, 2011	2012 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	<u>Collected in</u>		Senior Citizens' and Veterans' Deductions Allowed	Remitted or Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2012
2011	\$ 152,749		\$ 1,946	\$ 750		\$ 155,445				
2012	-	\$ 22,150,685	-	500	\$ 121,525	21,575,191	\$ 47,250	\$ 257,672	\$ 2,284	\$ 147,263
	<u>\$ 152,749</u>	<u>\$ 22,150,685</u>	<u>\$ 1,946</u>	<u>\$ 1,250</u>	<u>\$ 121,525</u>	<u>\$ 21,730,636</u>	<u>\$ 47,250</u>	<u>\$ 257,672</u>	<u>\$ 2,284</u>	<u>\$ 147,263</u>

Analysis of 2012 Property Tax Levy

Tax Yield	
General Purpose	\$ 22,146,430
Added Taxes (R.S. 54:4-63.1 et seq).	<u>4,255</u>
	<u>\$ 22,150,685</u>
Tax Levy	
Regional High School Tax (Abstract)	\$ 4,869,421
Local District School Tax (Abstract)	10,307,244
County Tax (Abstract)	\$ 2,102,729
County Tax for Open Space Preservation	24,598
County Tax for Added and Omitted Taxes (R.S. 54:4-63.1 et seq.)	<u>601</u>
	2,127,928
Local Tax for Municipal Purposes (Abstract)	4,732,267
Additional Tax Levy	7,375
Open Space Tax	106,422
Additional Tax Levy - Open Space Tax	<u>28</u>
	<u>4,846,092</u>
	<u>\$ 22,150,685</u>

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

Balance, December 31, 2011	\$ 28,562
Increased by:	
Transfer from Taxes Receivable	<u>2,284</u>
Balance, December 31, 2012	<u>\$ 30,846</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2011	<u>\$ 59,720</u>
Balance, December 31, 2012	<u>\$ 59,720</u>

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

	Balance, December 31, <u>2011</u>	Accrued in 2012	<u>Collected</u>	Balance, December 31, <u>2012</u>
Clerk				
Licenses				
Alcoholic Beverages		\$ 1,371	\$ 1,371	
Other		39	39	
Fees and Permits		805	805	
Fire				
Fees and Permits		2,591	2,591	
Board of Health				
Licenses		1,830	1,830	
Fees and Permits		105	105	
Board of Adjustment/Planning Board				
Fees and Permits		1,605	1,605	
Tax Collector				
Fees and Permits		4,063	4,063	
Construction Code Official				
Fees and Permits		109,536	109,536	
Fines and Costs				
Municipal Court	\$ 2,215	41,565	40,205	\$ 3,575
Interest on Costs on Taxes		37,739	37,739	
Interest in Investments and Deposits		3,867	3,867	
Energy Receipts Taxes		441,107	441,107	
Consolidated Municipal Property				
Tax Relief Aid		6,631	6,631	
Watershed Moratorium Offset Aid		20,257	20,257	
Uniform Fire Safety Act		2,731	2,731	
Lease of Real Property - Cell Tower	-	40,245	40,245	-
	<u>\$ 2,215</u>	<u>\$ 716,087</u>	<u>\$ 714,727</u>	<u>\$ 3,575</u>
Cash Receipts:				
Treasurer			563,389	
Collector			41,802	
Due from Other Trust			109,536	
			<u>\$ 714,727</u>	

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u>	Balance December 31, <u>2011</u>	Authorized in 2012	Appropriated in 2012 <u>Budget</u>	Balance, December 31, <u>2012</u>
4/16/2007	Codification	\$ 19,085	\$ 3,817		\$ 3,817	
4/16/2012	Revaluation	117,000		\$ 117,000		\$ 117,000
4/16/2012	Zoning Map	8,500	-	8,500	-	8,500
			<u>\$ 3,817</u>	<u>\$ 125,500</u>	<u>\$ 3,817</u>	<u>\$ 125,500</u>

EXHIBIT A-12

**STATEMENT OF DEFERRED CHARGES  
N.J.S. 40A:4-47 EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Authorized in 2012	Balance, December 31, <u>2012</u>
7/19/2012	NJEIT Loan Program Debt Service	<u>\$ 13,993</u>	<u>\$ 13,993</u>
		<u>\$ 13,993</u>	<u>\$ 13,993</u>



**BOROUGH OF HARRINGTON PARK  
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Police	\$ 7,971	\$ 7,971	\$ 7,971	
Road Repairs and Maintenance	531	531	300	\$ 231
Recreation Services and Programs	200	200	50	150
Other Expenses				
Administrative and Executive	112	1,326	1,062	264
Financial Administration		178	178	
Audit Services		24,950	24,950	
Revenue Administration		40	40	
Assessment of Taxes	2,619	2,619		2,619
Legal Services and Costs				
Special Counsel	1,305	205	125	80
Miscellaneous	2,384	1,184	1,166	18
Engineering Services and Costs	1,010	5,528	5,518	10
Planning Board	1,373	373	309	64
Zoning Board of Adjustment	250	250	21	229
General Liability Insurance	4,308	48,880	48,433	447
Disability Insurance	176	176		176
Employee Group Health	1,381	1,381		1,381
Police	1,862	3,682	2,456	1,226
Fire	7,600	12,779	6,086	6,693
Uniform Fire Safety Act	1,883	1,883	1,845	38
Road Repair and Maintenance	3,290	5,610	2,735	2,875
Public Buildings and Grounds	188	188	30	158
Vehicle Maintenance				
Police - other Expenses	836	836	348	488
Streets and Roads	875	875		875
Board of Health	915	915	599	316
Senior Citizen Activities	725	725	725	
Seniors Transportation Agreement w/ Haworth	3,343	3,343	3,343	
Municipal Court	363	383	20	363
PEOSHA	400	400		400
State Uniform Construction Code	1,055	963	908	55

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses (continued)				
Utilities:				
Electricity	\$ 1,767	\$ 1,767	\$ 1,761	\$ 6
Street Lighting	3,613	3,613	10	3,603
Telephone and Telegraph	1,323	1,323	200	1,123
Water	386	386	386	
Natural Gas	51	51		51
Gasoline	5,837	5,837	3,683	2,154
Bergen County Landfill Dumping Fees	15,834	12,034	9,237	2,797
Social Security System	1,293	1,293	803	490
Recycling Tax Appropriation	703	703	446	257
LOSAP	34,000	37,400	37,386	14
Reserve for Tax Appeal	5,560	5,560	5,560	
Clean Communities Grant				
Recycling Program	6,366	6,366	6,366	
Buffer Zone Protection Program		11,089	11,089	
Municipal Alliance on Drug and Alcohol Abuse	1,879	1,879	1,879	
New Jersey Transportation Trust Fund Authority Act LaRoache Ave & Parkside Road	7,662	49,083	49,083	-
	<u>\$ 133,229</u>	<u>\$ 266,758</u>	<u>\$ 237,107</u>	<u>\$ 29,651</u>
Appropriation Reserves		\$ 133,229		
Encumbrances Payable		<u>133,529</u>		
		<u>\$ 266,758</u>		
Transferred to Appropriated Grant Reserves			\$ 68,417	
Transferred to Accounts Payable			48	
Transferred to Reserve for Tax Appeals			746	
Cash Disbursements			<u>167,896</u>	
			<u>\$ 237,107</u>	

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

Balance, December 31, 2011	\$ 133,529
Increased by:	
Charged to 2012 Budget Appropriations	<u>120,169</u>
	253,698
Decreased by:	
Transfer to Appropriation Reserves	<u>133,529</u>
Balance, December 31, 2012	<u>\$ 120,169</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2011	\$ 65,039
Increased by:	
Transfer from 2011 Appropriation Reserves	<u>48</u>
	65,087
Decreased by:	
Cash Disbursements	<u>65,039</u>
Balance, December 31, 2012	<u>\$ 48</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2011	\$ 121,525
Increased by:	
Collection - 2013 Taxes	<u>102,016</u>
	223,541
Decreased by:	
Application to 2012 Taxes	<u>121,525</u>
Balance, December 31, 2012	<u>\$ 102,016</u>

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

## Increased by:

Tax Levied	\$ 106,422	
Added Taxes	<u>28</u>	

\$ 106,450

## Decreased by:

Payment to Municipal Open Space and Recreation Trust Fund

\$ 106,450

**STATEMENT OF COUNTY TAXES PAYABLE**

## Increased by:

County Tax	\$ 2,102,729	
County Open Space Preservation	24,598	
Due County for Added and Omitted Taxes	592	
Due County Open Space Preservation Added and Omitted Taxes	<u>9</u>	

\$ 2,127,928

## Decreased by:

Payments

\$ 2,127,928

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

Balance, December 31, 2011		
School Tax Payable	\$ 92,743	
School Tax Deferred	<u>5,062,747</u>	
		\$ 5,155,490
Increased by:		
Levy School Year July 1, 2012 to June 30, 2013		<u>10,307,244</u>
		15,462,734
Decreased by:		
Payments		<u>10,216,368</u>
Balance, December 31, 2012		
School Tax Payable	92,744	
School Tax Deferred	<u>5,153,622</u>	
		\$ <u>5,246,366</u>
2012 Liability for Local District School Tax		
Tax Paid		\$ 10,216,368
Add Tax Payable, December 31, 2012		<u>92,744</u>
		10,309,112
Less Tax Payable, December 31, 2011		<u>92,743</u>
Amount Charged to Operations		\$ <u>10,216,369</u>

EXHIBIT A-20

**STATEMENT OF REGIONAL HIGH SCHOOL TAX**

Increased by:		
Levy - Calendar Year 2012		\$ 4,869,421
Decreased by:		
Payments		\$ <u>4,869,421</u>

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

Balance, December 31, 2011	\$ 1,300
Increased by:	
Cash Receipts	<u>5,239</u>
Balance, December 31, 2012	<u>\$ 6,539</u>

**STATEMENT OF RESERVE FOR TAX APPEALS**

Increased by:	
Transfer from 2011 Appropriation Reserves	<u>\$ 746</u>
Balance, December 31, 2012	<u>\$ 746</u>

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

	Balance, December 31, <u>2011</u>	<u>Accrued</u>	Cash <u>Collections</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
NJ Transportation Trust Fund Authority - 2010	\$ 76,173				\$ 76,173
Municipal Stormwater Grant	1,705				1,705
Municipal Alliance Program - 2010	3,885		\$ 2,025		1,860
Division of Highway Safety	437				437
Bergen County Open Space Grant	100,000		77,627	\$ 22,373	-
NJ Transportation Trust Fund Authority - 2011	43,246		4,170	39,076	-
Buffer Zone Protection Program	23,362		23,362		-
Municipal Alliance on Alcoholism and Drug Abuse-2011	3,100				3,100
Municipal Alliance on Alcoholism and Drug Abuse-2012		\$ 10,000			10,000
Drunk Driving Enforcement Fund	-	3,653	3,653	-	-
	<u>\$ 251,908</u>	<u>\$ 13,653</u>	<u>\$ 110,837</u>	<u>\$ 61,449</u>	<u>\$ 93,275</u>
			Cash Receipts <u>\$ 110,837</u>		
Appropriated Reserves				\$ 39,076	
Fund Balance				<u>22,373</u>	
				<u>\$ 61,449</u>	

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

	Balance, December 31, <u>2011</u>	Increased By: Charges to Appropriation <u>Reserves</u>	<u>Expended</u>	<u>Cancelled</u>	Balance, December 31, <u>2012</u>
NJ-DOT-2010	\$ 42,459		\$ 26,506		\$ 15,953
Local Pedestrian Safety Program	1,779		1,779		-
Drunk Driving Enforcement Fund	580				580
Alcohol Education and Rehabilitation	517				517
Municipal Stormwater Regulation Program	259				259
NJ-DOT- 2011		\$ 49,083	5,856	\$ 43,227	-
Buffer Zone Protection		11,089	11,089		-
Municipal Alliance Program - State	25				25
Municipal Alliance Program - Local	9,813		2,609		7,204
Municipal Alliance on Drug and Alcohol Abuse		1,879			1,879
Uniform Fire Safety Act	1,005		1,005		-
Clean Communities Grant	<u>2,338</u>	<u>6,366</u>	<u>6,366</u>	<u>-</u>	<u>2,338</u>
	<u>\$ 58,775</u>	<u>\$ 68,417</u>	<u>\$ 55,210</u>	<u>\$ 43,227</u>	<u>\$ 28,755</u>
		Grants Receivable		\$ 39,076	
		Fund Balance		<u>4,151</u>	
				<u>\$ 43,227</u>	

EXHIBIT A-25

**STATEMENT OF UNAPPROPRIATED RESERVES**

Balance, December 31, 2011	\$ 20,595
Increased by:	
Cash Receipts	<u>18,027</u>
	38,622
Decreased by:	
Revenue Realized in 2012 Budget	<u>20,595</u>
Balance, December 31, 2012	<u>\$ 18,027</u>
Clean Communities Program	\$ 7,727
Body Armor Fund	1,463
Recycling Tonnage Grant	<u>8,837</u>
	<u>\$ 18,027</u>

EXHIBIT A-26

**STATEMENT OF TAX OVERPAYMENTS**

Increased by:	
Overpayments in 2012	<u>\$ 72,224</u>
Decreased by:	
Refunds	<u>\$ 72,224</u>



## **TRUST FUNDS**



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

	<u>Animal Control</u> <u>Trust Fund</u>	<u>Other Trust Fund</u>	<u>Open Space</u>
Balance, December 31, 2011	\$ 6,514	\$ 416,186	\$ 364,880
Increased by:			
Dog License Fees	\$ 6,220		
Due State of New Jersey			
State Training Fees		\$ 4,520	
Domestic Violence Fees		325	
Dog License Fees	923		
Late Charges	2,750	110	
Interest on Deposits	30	701	\$ 853
Open Space Taxes			106,450
Subdivision Applications		41,751	
Cat License Fees		1,251	
Tennis Fees		1,050	
Parking Offenses Adjudication Act Fees		4	
Recycling Program Receipts		20,699	
Dedicated Recreation Fees		31,800	
Payroll Deductions		4,278,492	
Construction Code Fees		109,536	
Affordable Housing Fees		10,810	
Green Team/Environmental Commission - Donations		212	
Tax Sale Premiums		14,700	
Budget Appropriation-Unemployment	-	5,000	-
	<u>9,923</u>	<u>4,520,961</u>	<u>107,303</u>
	16,437	4,937,147	472,183
Decreased by:			
Due State of New Jersey			
Domestic Violence Fees		250	
State Training Fees		4,633	
Dog License Fees	923		
Unemployment Claims		3,421	
Animal Control Fund Expenditures	9,115		
Subdivision Applications		39,339	
Cat License Expenditures		391	
Payroll Deductions		4,270,118	
Recycling Program Expenditures		32,747	
Dedicated Recreation Fees		38,395	
Tax Sale Premiums		4,700	
Street Opening Deposits		1,000	
Open Space Expenditures			47,783
Payments to Current Fund	2,782	110,274	-
	<u>12,820</u>	<u>4,505,268</u>	<u>47,783</u>
Balance, December 31, 2012	<u>\$ 3,617</u>	<u>\$ 431,879</u>	<u>\$ 424,400</u>

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

Balance, December 31, 2011	\$ 6,510
Increased by:	
Dog License Fees Collected	<u>6,220</u>
	12,730
Decreased by:	
Expenditures Under R.S. 4:19-15.11	<u>9,115</u>
Balance, December 31, 2012	<u>\$ 3,615</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2011	\$ 5,100
2010	<u>5,180</u>
	<u>\$ 10,280</u>

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

Balance, December 31, 2011	\$ 1
Increased by:	
State License Fees	\$ 622
Pilot Clinic Control	124
Animal Population Control	<u>177</u>
	<u>923</u>
	924
Decreased by:	
Payments to State of New Jersey	<u>923</u>
Balance, December 31, 2012	<u>\$ 1</u>

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

Balance, December 31, 2011		\$ 3
Increased by:		
Non-Budget Revenue - Late Charges	\$ 2,750	
Interest on Deposits	<u>30</u>	
		<u>2,780</u>
		2,783
Decreased by:		
Payments to Current Fund		<u>2,782</u>
Balance, December 31, 2012		<u>\$ 1</u>

## EXHIBIT B-7

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

Balance, December 31, 2011	\$ 59,821
Balance, December 31, 2012	<u>\$ 59,821</u>

## EXHIBIT B-8

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

Balance, December 31, 2011	\$ 77,964
Increase by:	
Cash Receipts	<u>41,751</u>
	119,715
Decreased by:	
Cash Disbursements	<u>39,339</u>
Balance, December 31, 2012	<u>\$ 80,376</u>

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

Balance, December 31, 2011	\$ 3,000
Decreased by:	
Cash Disbursements	<u>1,000</u>
Balance, December 31, 2012	<u>\$ 2,000</u>

EXHIBIT B-10

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

Balance, December 31, 2011	\$ 2,601
Increase by:	
Cash Receipts	<u>1,251</u>
	3,852
Decreased by:	
Cash Disbursements	<u>391</u>
Balance, December 31, 2012	<u>\$ 3,461</u>

EXHIBIT B-11

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

Balance, December 31, 2011	\$ 7,061
Increased by:	
Cash Receipts	<u>1,050</u>
Balance, December 31, 2012	<u>\$ 8,111</u>

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

Balance, December 31, 2011	\$	180
Increased by:		
Cash Receipts		4
Balance, December 31, 2012	\$	184

EXHIBIT B-13

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

Balance, December 31, 2011	\$	30,485
Increased by:		
Cash Receipts		20,699
		51,184
Decreased by:		
Cash Disbursements		32,747
Balance, December 31, 2012	\$	18,437

EXHIBIT B-14

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

Balance, December 31, 2011	\$	26,232
Increased by:		
Cash Receipts		31,800
		58,032
Decreased by:		
Cash Disbursements		38,395
Balance, December 31, 2012	\$	19,637

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

Balance, December 31, 2011	\$ 2,649
Increased by:	
Cash Receipts	<u>4,520</u>
	7,169
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>4,633</u>
Balance, December 31, 2012	<u>\$ 2,536</u>

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

Balance, December 31, 2011	\$ 50
Increased by:	
Cash Receipts	<u>325</u>
	375
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>250</u>
Balance, December 31, 2012	<u>\$ 125</u>



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

Balance, December 31, 2011		\$ 31,683
Increased by:		
Budget Appropriations-2012	\$ 5,000	
Interest on Deposits	<u>84</u>	
		<u>5,084</u>
		36,767
Decreased by:		
Due to State of New Jersey		<u>3,550</u>
Balance, December 31, 2012		<u>\$ 33,217</u>

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

Balance, December 31, 2011		\$ 65
Increased by:		
Interest on Deposits	\$ 617	
Late Fees - Cat Licenses	110	
Building Department Fees	<u>109,536</u>	
		<u>110,263</u>
		110,328
Decreased by:		
Cash Disbursements		<u>110,274</u>
Balance, December 31, 2012		<u>\$ 54</u>

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

Balance, December 31, 2011	\$ <u>1,097</u>
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Balance, December 31, 2012	\$ <u>1,097</u>
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**STATEMENT OF RESERVE FOR COMMUNITY PARKS - RECREATION  
OTHER TRUST FUND**

Balance, December 31, 2011	\$ <u>28,161</u>
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Balance, December 31, 2012	\$ <u>28,161</u>
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**BOROUGH OF HARRINGTON PARK**  
**STATEMENT OF RESERVE FOR AFFORDABLE HOUSING - DEVELOPER'S FEES**  
**OTHER TRUST FUND**

Balance, December 31, 2011	\$ 50,429
Increased by:	
Cash Receipts	<u>10,810</u>
Balance, December 31, 2012	<u>\$ 61,239</u>

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

Balance, December 31, 2011	\$ 364,880
Increased by:	
Interest on Deposits	\$ 853
2012 Tax Levy	106,422
Added Tax Levy	<u>28</u>
	<u>107,303</u>
	472,183
Decreased by:	
Cash Disbursements	<u>47,783</u>
Balance, December 31, 2012	<u>\$ 424,400</u>

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

Balance, December 31, 2011	\$ 60,564
Increased by:	
Cash Receipts	<u>4,278,492</u>
	4,339,056
Decreased by:	
Cash Disbursements	<u>4,270,118</u>
Balance, December 31, 2012	<u>\$ 68,938</u>

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

Balance, December 31, 2011	\$ 34,000
Increased by:	
Cash Receipt	<u>14,700</u>
	48,700
Decreased by:	
Cash Disbursements	<u>4,700</u>
Balance, December 31, 2012	<u>\$ 44,000</u>

EXHIBIT B-25

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

Balance, December 31, 2011	\$ 144
Increased by:	
Cash Receipts	<u>212</u>
Balance, December 31, 2012	<u>\$ 356</u>

EXHIBIT B-26

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

Increased by:	
Unemployment Claims	\$ 3,550
Decreased by:	
Cash Disbursements - Payments to the State of New Jersey	<u>3,421</u>
Balance, December 31, 2012	<u>\$ 129</u>

**GENERAL CAPITAL FUND**



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

Balance, December 31, 2011		\$	682,874
Increased by Receipts:			
Budget Appropriation			
Capital Improvement Fund	\$	10,000	
Receipt from NJEIT Loan Program		299,916	
Interest on Deposits		<u>874</u>	
			<u>310,790</u>
			993,664
Decreased by Disbursements:			
Improvement Authorizations		371,284	
Contracts Payable		184,836	
Payments to Current Fund		<u>154,964</u>	
			<u>711,084</u>
Balance, December 31, 2012		\$	<u><u>282,580</u></u>

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

	Balance, December 31, <u>2012</u>
Fund Balance	\$ 172,843
Due to Current Fund	60
Contracts Payable	524,823
Grants Receivable	(146,500)
Due from NJEIT Loan Program	(48,660)
Improvement Authorizations:	
598 Acquisition of DPW Equipment	(143,982)
659 Various Capital Improvements	183,749
665 Dredging and Restoration of Blanch Brook	65,927
675 Various Capital Improvements	<u>(325,680)</u>
	<u>\$ 282,580</u>

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, December 31, 2011	\$ 1,245,223
Increased by:	
Issuance of NJEIT Loan	<u>348,576</u>
	\$ 1,593,799
Decreased by:	
2012 Budget Appropriations to Pay Bonds	\$ 400,000
2012 Budget Appropriations to Pay Green Trust Loan	6,582
2012 Budget Appropriations to Pay NJEIT Loan	<u>16,178</u>
	<u>422,760</u>
Balance, December 31, 2012	<u>\$ 1,171,039</u>



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

Ord. No.	Improvement Description	Balance, December 31, 2011	Authorized in 2012	Loan Proceeds	Balance, December 31, 2012	Expenditures	Analysis of Balance, December 31, 2012 Unexpended Improvement Authorizations
598	Acquisition of DPW Equipment	\$ 165,000			\$ 165,000	\$ 143,982	\$ 21,018
665	Dredging & Restoration Blanch Brook	420,000		\$ 348,576	71,424		71,424
675	Various Capital Improvements	-	\$ 813,500	-	813,500	325,680	487,820
		<u>\$ 585,000</u>	<u>\$ 813,500</u>	<u>\$ 348,576</u>	<u>\$ 1,049,924</u>	<u>\$ 469,662</u>	<u>\$ 580,262</u>

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

	<u>Total</u>	Department of Transportation <u>Ord. 675</u>
Increased by:		
Grants Awarded	\$ 146,500	\$ 146,500
 Balance, December 31, 2012	 <u>\$ 146,500</u>	 <u>\$ 146,500</u>
 <u>Analysis of Balance</u>		
<u>Pledged to Ordinance</u>		
Ord. 675	<u>\$ 146,500</u>	
	 <u>\$ 146,500</u>	

**STATEMENT OF DUE FROM NJEIT LOAN PROGRAM**

Increased by:	
Grant Awarded	\$ 348,576
 Decreased by:	
Cash Receipts	<u>299,916</u>
 Balance, December 31, 2012	 <u>\$ 48,660</u>

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

Balance, December 31, 2011	\$ 40,000
Increased by:	
2012 Budget Appropriation	<u>10,000</u>
	50,000
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>50,000</u>
Balance, December 31, 2012	<u>\$ -</u>

**STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2011	\$ 186,372
Increased by:	
Contract Awards	<u>524,310</u>
	710,682
Decreased by:	
Cancellation of Prior Year Contracts Payable	\$ 1,023
Cash Disbursements	<u>184,836</u>
	<u>185,859</u>
Balance, December 31, 2012	<u>\$ 524,823</u>

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

<u>Improvements</u>		<u>Balance, December 31, 2011</u>		<u>Authorization</u>	<u>Cancellation of</u>	<u>Expended</u>	<u>Balance, December 31, 2012</u>	
		<u>Funded</u>	<u>Unfunded</u>	<u>2012</u>	<u>Prior Year Payable</u>		<u>Funded</u>	<u>Unfunded</u>
598	Acquisition of DPW Equipment		\$ 21,018					\$ 21,018
659	Various Capital Improvements	\$ 280,157			1,023	\$ 97,431	\$ 183,749	
665	Dredging & Restoration of Blanch Brook		413,334			275,983	65,927	71,424
675	Various Capital Improvements	-	-	\$ 1,010,000	-	522,180	-	487,820
		<u>\$ 280,157</u>	<u>\$ 434,352</u>	<u>\$ 1,010,000</u>	<u>\$ 1,023</u>	<u>\$ 895,594</u>	<u>\$ 249,676</u>	<u>\$ 580,262</u>
	Cash Disbursements					\$ 371,284		
	Contracts Payable					524,310		
						<u>\$ 895,594</u>		
	Deferred Charges to Future Taxation - Unfunded			\$ 813,500				
	Capital Improvement Fund			50,000				
	N.J. Department of Transportation			146,500				
				<u>\$ 1,010,000</u>				

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

Balance, December 31, 2011		\$	150
Increased by:			
Interest on Deposits	\$	874	
Budget Appropriations:			
Fund Balance		134,000	
Reserve for Payment of Debt		<u>20,000</u>	
			<u>154,874</u>
			155,024
Decreased by:			
Payments to Current Fund			<u>154,964</u>
Balance, December 31, 2012		\$	<u>60</u>

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2011	\$ 20,000
Decreased by:	
Due to Current Fund - Anticipated Revenue	<u>20,000</u>
Balance, December 31, 2012	<u>\$ -</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>Maturity of Bonds Outstanding December 31, 2012</u>		<u>Interest Rate</u>		<u>Balance,</u>	<u>Decrease</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>			<u>December 31, 2011</u>		<u>December 31, 2012</u>
Various Improvement Bonds	9/15/2004	\$ 2,910,000	9/15/13-14	\$ 400,000	2.40-3.75 %		\$ 1,200,000	\$ 400,000	\$ 800,000
							\$ 1,200,000	\$ 400,000	\$ 800,000
						Paid by Budget Appropriation		\$ 400,000	

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

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Date Issued</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding December 31, 2012</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2011</u>	<u>Decrease</u>	<u>Balance, December 31, 2012</u>
483	Acq. Of Watershed Lands	5/18/1998	\$ 119,873	2/18/2013	\$ 3,341	2.00%	\$ 45,223	\$ 6,582	\$ 38,641
				8/18/2013	3,374				
				2/18/2014	3,408				
				8/18/2014	3,442				
				2/18/2015	3,476				
				8/18/2015	3,511				
				2/18/2016	3,546				
				8/18/2016	3,582				
				2/18/2017	3,617				
				8/18/2017	3,654				
				2/18/2018	3,690				
							-	-	-
							<u>\$ 45,223</u>	<u>\$ 6,582</u>	<u>\$ 38,641</u>
Paid by Budget Appropriation								<u>\$ 6,582</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	Increase	Decrease	Balance, December 31, 2012			
				Date	Amount							
665	Dredging & Restoration Blanch Brook	5/23/2012	\$ 348,576	2/1/2013	\$ 8,089	0 %						
				8/1/2013	16,178							
				2/1/2014	8,089							
				8/1/2014	16,178							
				2/1/2015	8,089							
				8/1/2015	16,178							
				2/1/2016	8,089							
				8/1/2016	16,178							
				2/1/2017	8,089							
				8/1/2017	16,178							
				2/1/2018	8,089							
				8/1/2018	16,178							
				2/1/2019	8,089							
				8/1/2019	16,178							
				2/1/2020	8,089							
				8/1/2020	16,178							
				2/1/2021	8,088							
				8/1/2021	16,177							
				2/1/2022	8,088							
				8/1/2022	16,177		\$ 258,844	\$ 16,178	\$ 242,666			
665	Dredging & Restoration Blanch Brook	5/23/2012	89,732	8/1/2013	8,717	0.220						
				8/1/2014	8,736	0.370						
				8/1/2015	8,769	0.500						
				8/1/2016	8,813	0.590						
				8/1/2017	8,864	0.790						
				8/1/2018	8,935	1.030						
				8/1/2019	9,027	1.270						
				8/1/2020	9,141	1.550						
				8/1/2021	9,283	1.770						
				8/1/2022	9,447	1.930	89,732	-	89,732			
							\$ 348,576	\$ 16,178	\$ 332,398			
				Paid by Budget Appropriation								\$ 16,178

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

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	Balance, December 31, <u>2011</u>	Authorized <u>in 2012</u>	Loan <u>Proceeds</u>	Balance, December 31, <u>2012</u>
598	Acquisition of DPW Equipment	\$ 165,000			\$ 165,000
665	Dredging & Restoration Blanch Brook	420,000		\$ 348,576	71,424
675	Various Capital Projects	<u>-</u>	<u>\$ 813,500</u>	<u>-</u>	<u>813,500</u>
		<u>\$ 585,000</u>	<u>\$ 813,500</u>	<u>\$ 348,576</u>	<u>\$ 1,049,924</u>

**PUBLIC ASSISTANCE FUND**



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

	P.A.T.F. <u>Account #1</u>	P.A.T.F. <u>Account #2</u>	<u>Total</u>
Balance, December 31, 2011	\$ 230	\$ 13,095	\$ 13,325
Increased by Receipts:			
Cash Receipts		277	277
Interest on Deposits	-	12	12
	230	13,384	13,614
Decreased by Disbursements:			
Cash Disbursements - Due to State of NJ		13,384	13,384
Transfer to Current Fund	230	-	230
Balance, December 31, 2012	\$ -	\$ -	\$ -

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	P.A.T.F. <u>Account #1</u>	P.A.T.F. <u>Account #2</u>	<u>Total</u>
Balance, December 31, 2011	\$ 223	\$ 13,095	\$ 13,318
Increase by:			
Cash Receipts		277	277
Interest on Deposits	-	12	12
	223	13,384	13,607
Decreased by Disbursements:			
Cash Disbursements - Due to State of NJ		13,384	13,384
Transfer to Current Fund	223	-	223
	223	13,384	13,607
Balance, December 31, 2012	\$ -	\$ -	\$ -

**BOROUGH OF HARRINGTON PARK  
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>	<u>Total</u>
Cash Receipts		\$ 277	\$ 277
Interest on Deposits	\$ -	12	12
 Revenues	 <u>\$ -</u>	 <u>\$ 289</u>	 <u>\$ 289</u>

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2011	\$ 7
Decreased by:	
Transfer to Current Fund	<u>7</u>
Balance, December 31, 2012	<u>\$ -</u>

**BOROUGH OF HARRINGTON PARK**  
**COUNTY OF BERGEN**

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**PART II**

**GOVERNMENT AUDITING STANDARDS**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements—regulatory basis of the Borough of Harrington Park, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough's financial statements, and have issued our report thereon dated March 20, 2013 which was adverse as a result of the financial statements being prepared in accordance with financial reporting provisions 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. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Harrington Park's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

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

### **Compliance and Other Matters**

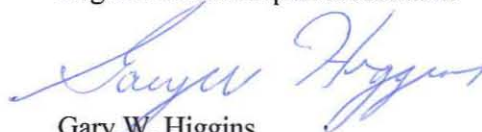
As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405

Fair Lawn, New Jersey  
March 20, 2013

**BOROUGH OF HARRINGTON PARK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Grant Year	CFDA <u>Number</u>	Grant Award <u>Amount</u>	2012 Grant <u>Receipts</u>	Balance, December 31, <u>2011</u>	Revenue <u>Realized</u>	<u>Expenditures</u>	(A) <u>Adjustment</u>	Balance, December 31, <u>2012</u>
Department of Transportation									
Trust Fund Authority Act - 2010	2010	20.205	\$ 425,000		\$ 42,459		\$ 26,506		\$ 15,953
Trust Fund Authority Act - 2011	2011	20.205	150,000	\$ 4,170	7,662		5,856	\$ 1,806	-
Trust Fund Authority Act - 2012 (Ord. #675)	2012	20.205	146,500		-	\$ 146,500	-	-	146,500
					<u>\$ 50,121</u>	<u>\$ 146,500</u>	<u>\$ 32,362</u>	<u>\$ 1,806</u>	<u>\$ 162,453</u>

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

(A) Cancelled Allotment

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, 2012**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>2012 Grant Receipts</u>	<u>Balance, December 31, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>(A) Adjustment</u>	<u>Balance, December 31, 2012</u>	<u>Cumulative Expenditures</u>
Clean Communities Grant Program	4900-765-178900							
2009			\$ 2,338				\$ 2,338	\$ 6,135
2011			6,366		\$ 6,366			14,832
2012		\$ 15,591		\$ 7,864	727		7,137	727
Body Armor Replacement Fund	*	2,730		1,267	1,267			1,267
Alcohol Education Rehabilitation & Enforcement	9735-760-098		517				517	
Drunk Driving Enforcement Fund	1110-448-031020-22	3,653	580	3,653	325		3,908	325
Recycling Tonnage Grant	*	20,301		11,464	11,464			11,464
Municipal Stormwater Grant	*		259				259	6,563
General Welfare Assistance	7500-150-158010-60		13,095			\$ 13,095	-	
<u>Passed Through County of Bergen</u>								
Department of Transportation								
Local Pedestrian Safety Program	01-480-078-6320-ADG-6010		1,779		1,779			1,779
Municipal Alliance Program - 2012	*			10,000	8,439		1,561	8,439
Municipal Alliance Program - 2009	*		25	-	-	-	25	9,975
		<u>\$ 24,959</u>	<u>\$ 34,248</u>	<u>\$ 30,367</u>	<u>\$ 13,095</u>		<u>\$ 15,745</u>	

\*Not Available

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

(A) Funds returned to State of NJ

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, 2012**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal 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 and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted 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(B) to the Borough's financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule 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	\$ 34,536		\$ 34,536
General Capital Fund	<u>-</u>	<u>\$ 146,500</u>	<u>146,500</u>
	<u>\$ 34,536</u>	<u>\$ 146,500</u>	<u>\$ 181,036</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, 2012**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2012, which is not required to be reported on the schedule of expenditures of state financial assistance, is as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Trust	V226-6020	\$ 38,641
NJEIT Program		<u>332,398</u>
		<u>\$371,039</u>



**BOROUGH OF HARRINGTON PARK**

**BERGEN COUNTY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2012**



**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

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

	<u>Year 2012</u>			<u>Year 2011</u>		
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>	
<b>REVENUE AND OTHER INCOME REALIZED</b>						
Fund Balance Utilized	\$ 190,909	0.82 %	\$	446,067	1.91 %	
Miscellaneous - From Other Than Local						
Property Tax Levies	904,496	3.90		1,005,922	4.31	
Collection of Delinquent Taxes and Tax Title Liens	155,445	0.67		167,451	0.72	
Collection of Current Tax Levy	21,743,466	93.65		21,471,119	91.89	
Other Credits	<u>223,217</u>	<u>0.96</u>		<u>274,376</u>	<u>1.17</u>	
Total Income	<u>23,217,533</u>	<u>100.00 %</u>		<u>23,364,935</u>	<u>100.00 %</u>	
<b>EXPENDITURES</b>						
Budget Expenditures						
Municipal Purposes	5,791,101	25.03 %		5,915,722	25.56 %	
County Taxes	2,127,928	9.20		2,124,265	9.18	
Local and Regional School Taxes	15,085,790	65.21		14,971,143	64.70	
Municipal Open Space Tax	106,450	0.46		108,146	0.47	
Other Expenditures	<u>23,123</u>	<u>0.10</u>		<u>20,647</u>	<u>0.09</u>	
Total Expenditures	<u>23,134,392</u>	<u>100.00 %</u>		<u>23,139,923</u>	<u>100.00 %</u>	
Excess in Revenue over Expenditures Before Adjustments	83,141			225,012		
Adjustments to Income before Fund Balance:						
Expenditures Included Above Which are by Statute						
Deferred Charges to Budget of Succeeding Year	<u>139,493</u>			<u>-</u>		
Statutory Excess in Fund Balance	222,634			225,012		
Fund Balance, January 1	<u>368,012</u>			<u>589,067</u>		
	590,646			814,079		
Less Utilization as Anticipated Revenue	<u>190,909</u>			<u>446,067</u>		
Fund Balance, December 31	<u>\$ 399,737</u>			<u>\$ 368,012</u>		

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$2.081</u>	<u>\$2.02</u>	<u>\$1.98</u>

Apportionment of Tax Rate

Municipal	.413	.427	.410
Municipal Open Space Tax	.009	.010	.010
Regional High School	.458	.449	.427
Local School	.969	.937	.930
County (Includes County Open Space Tax)	.201	.198	.210

Assessed Valuation Basis

2012	<u>\$1,064,220,564</u>	
2011		<u>\$1,080,145,205</u>
2010		<u>\$1,089,458,350</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>	Percentage of <u>Collection</u>
2012	\$ 22,150,685	\$ 21,743,466	98.16%
2011	21,854,202	21,471,119	98.24%
2010	21,593,726	21,245,998	98.38%

**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>	Percentage of <u>Tax Levy</u>
2012	\$ 30,846	\$ 147,263	\$ 178,109	0.80%
2011	28,562	152,749	181,311	0.83%
2010	26,342	165,208	191,550	0.89%

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**Property Acquired By Tax Title Lien Foreclosure**

No properties have been acquired in 2012 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>
2012	\$59,720
2011	59,720
2010	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	2012	\$399,737	\$168,849 (A)
	2011	368,012	190,909
	2010	589,067	446,067
	2009	834,786	632,703
	2008	1,306,436	716,000

(A) This amount represents the fund balance anticipated in the 2013 introduced budget. The 2013 budget has not been adopted as of the date of audit.

**(B) 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		
John Dunlea	Council President		
Glenn Quantmeyer	Councilman		
Allan Napolitano	Councilman		
Jonathan Roth	Councilman		
Joon Chung	Councilwoman		
Greg Evanella	Councilman		
Ann H. Bistriz	Borough Clerk		
Toni Flyge	Payroll/Accounts Clerk-Tax Office		
Anne E. Murphy	Tax Collector, Tax Search Officer, Chief Financial Officer		
Raymond Damiano	Assessor		
Joseph Zavarino	Construction Official		
Mark Kiernan	Superintendent of Public Works		
Albert Maaloof	Chief of Police (July 2012 – present)		
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 \$1,000,000 for all employees.

**BOROUGH OF HARRINGTON PARK  
SUPPORTING DATA**

**GENERAL COMMENTS**

**Current Year**

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.

**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 \$21,000, 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 qualified and the Borough, by resolution, has increased the bid threshold to \$36,000.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Lynn-Higgins Stream Cleaning Project  
Triple Combination Pumper Truck

Revaluation of Real Property

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

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

## **BOROUGH OF HARRINGTON PARK SUPPORTING DATA**

### **GENERAL COMMENTS**

#### **Collection of Interest on Delinquent Taxes and Assessments**

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

The Governing Body on January 1, 2012, 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 with the interest for 30 days after the due date at the daily rate of .0000021%.

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 September 24, 2003 and was complete. No tax sale was required during 2012.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	4
2011	4
2010	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.

Status of Prior Years' Audit Findings/Recommendations

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

\* \* \* \* \*

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



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405