

OFFICIAL STATEMENT DATED AUGUST 6, 2015

NEW ISSUE (BOOK-ENTRY ONLY)

RATING: Moody's: "Aa2"
(See "RATING" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income of the holders of the Bonds for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest will be included in the adjusted current earnings of a corporation for purposes of calculating the Federal alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

**BOROUGH OF HARRINGTON PARK
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY**

\$2,876,000

GENERAL OBLIGATION BONDS, SERIES 2015

(NON-CALLABLE)

(BANK QUALIFIED)

Dated: Date of Delivery

Due: August 15, as shown on the inside front cover

The \$2,876,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds") are general obligations of the Borough of Harrington Park, in the County of Bergen, State of New Jersey (the "Borough"). The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds and, unless paid from other sources, all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000, or any integral multiple thereof, with a minimum purchase of \$5,000, except that any Bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000, or any integral multiple thereof.

The Bonds shall bear interest from their date of delivery and will be payable semi-annually on the fifteenth day of February and August of each year, commencing February 15, 2016, at such rates of interest as shown on the inside front cover hereof until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Borough or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer, mailed, delivered or transmitted by the Borough to the registered owner thereof as of the Record Dates (as defined herein). While DTC is acting as securities depository for the Bonds, principal and interest will be payable by wire transfer to DTC or its nominee, Cede & Co., which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by, and are being issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), (ii) various bond ordinances of the Borough duly adopted by the Borough Council on the dates set forth herein and approved and published as required by law, and (iii) a resolution duly adopted by the Borough Council of the Borough on July 13, 2015. See "DESCRIPTION OF THE BONDS – Authorization for the Issuance of the Bonds" herein.

The Bonds are being issued to: (i) refund, on a current basis, bond anticipation notes of the Borough in the aggregate principal amount of \$960,000 issued on October 21, 2014, and bond anticipation notes of the Borough in the aggregate principal amount of \$1,668,500 issued on December 4, 2014, and both maturing on August 18, 2015; (ii) permanently finance the cost of various new capital improvements by and in the Borough in the amount of \$247,500; and (iii) pay the costs associated with the issuance of the Bonds.

The Bonds are not subject to optional redemption prior to their stated maturities.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Borough.

This cover page and inside front cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Borough, and certain other conditions. Certain legal matters will be passed upon for the Borough by the Borough Attorney, John R. Dineen, Esq., Netchert Dineen & Hillmann, Closter, New Jersey 07640. It is anticipated that the Bonds will be available for delivery through DTC on or about August 17, 2015.

**BOROUGH OF HARRINGTON PARK
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY**

**\$2,876,000
GENERAL OBLIGATION BONDS, SERIES 2015**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

Maturity (August 15)	Principal Amounts	Interest Rates	Yields	CUSIP Numbers*
2016	\$290,000	1.50%	0.40%	413820CK5
2017	295,000	1.50	0.75	413820CL3
2018	305,000	1.50	1.05	413820CM1
2019	310,000	1.50	1.15	413820CN9
2020	320,000	1.75	1.40	413820CP4
2021	325,000	2.00	1.70	413820CQ2
2022	335,000	2.00	2.00	413820CR0
2023	345,000	2.00	2.10	413820CS8
2024	351,000	2.20	2.20	413820CT6

* A registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's, a Standard & Poor's Financial Services LLC Business. The CUSIP numbers listed above are being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds. Neither the Borough nor the Underwriter make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**BOROUGH OF HARRINGTON PARK
IN THE COUNTY OF BERGEN
STATE OF NEW JERSEY**

MAYOR

Paul A. Hoelscher

BOROUGH COUNCIL

Gregory Evanella, President
Allan Napolitano
Joon Chung
Michael Rutigliano
Jordan Pedersen
Michelle Ryan

BOROUGH CLERK

Ann H. Bistriz

CHIEF FINANCIAL OFFICER

Kunjesh Trivedi

BOROUGH ATTORNEY

John R. Dineen, Esq.
Netchert Dineen & Hillman
Closter, New Jersey

INDEPENDENT AUDITORS

Lerch, Vinci & Higgins, LLP
Fair Lawn, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Borough of Harrington Park, in the County of Bergen, State of New Jersey (the "Borough") to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the Borough. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of such jurisdiction.

The presentation of information in this Official Statement is intended to show recent historic information and except as expressly stated otherwise, it is not intended to indicate future or continuing trends in the financial conditions or other affairs of the Borough. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The information contained herein has been provided by the Borough, The Depository Trust Company ("DTC") and other sources deemed reliable by the Borough; however, no representation or warranty is made as to its accuracy or completeness, and as to information from sources other than the Borough, such information is not to be construed as a representation or warranty by the Borough.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or owners of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The Borough has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement should be read in its entirety.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT
OF THE
BOROUGH OF HARRINGTON PARK
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY

\$2,876,000
GENERAL OBLIGATION BONDS, SERIES 2015

(NON-CALLABLE)
(BANK QUALIFIED)

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Borough of Harrington Park (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$2,876,000 General Obligation Bonds, Series 2015 (the "Bonds") of the Borough. This Official Statement, which includes the cover page, inside cover page and appendices attached hereto, has been authorized by the Borough Council of the Borough to be distributed in connection with the sale of the Bonds and executed by and on behalf of the Borough by its Chief Financial Officer.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Borough.

DESCRIPTION OF THE BONDS

General Description

The Bonds are dated their date of delivery and shall bear interest at the respective rates shown on the inside front cover page hereof from such date, payable semi-annually on the fifteenth day of February and August of each year, commencing February 15, 2016 (each an "Interest Payment Date"), until maturity. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective February 1 and August 1 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the Borough's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on August 15 in each of the years and in the respective principal amounts set forth on the inside front cover page hereof.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in

book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple thereof, with a minimum purchase of \$5,000 required, except that any Bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000, or any integral multiple thereof. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly by the Borough as Paying Agent, or some other paying agent as may be designated by the Borough, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds are not subject to optional redemption prior to their stated maturities.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are being issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), (ii) various bond ordinances of the Borough duly adopted by the Borough Council on the dates set forth in the chart on the following page and approved and published as required by law, and (iii) a resolution duly adopted by the Borough Council of the Borough on July 13, 2015.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication after final adoption of such statement. The Local Bond Law provides that, after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Borough.

Purpose of the Bonds

The Bonds are being issued to: (i) refund, on a current basis, bond anticipation notes of the Borough in the aggregate principal amount of \$960,000 issued on October 21, 2014, and bond anticipation notes of the Borough in the aggregate principal amount of \$1,668,500 issued on December 4, 2014, and both maturing on August 18, 2015; (ii) permanently finance the cost of various new capital improvements by and in the Borough in the amount of \$247,500; and (iii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Borough, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, useful life, authorization and the amount of Bonds to be issued for such purposes. The bond ordinances are as follows:

Ordinance Number	Description and Date of Final Adoption	Useful Life	Authorization	Amount of Bonds
598	Acquisition of Equipment for the Department of Public Works, finally adopted 4/17/06	8.79 years	\$ 165,000	\$ 165,000
675	Various 2012 Capital Improvements, finally adopted 10/15/12	11.73 years	\$ 813,500	\$ 813,500
691	Various 2014 Capital Improvements, finally adopted 7/21/14	9.14 years	\$ 1,668,500	\$ 1,668,500
698	Various 2015 Capital Improvements, finally adopted 7/13/15	5.27 years	\$ 229,473	\$ 229,000
				\$ 2,876,000

SECURITY FOR THE BONDS

The Bonds are valid and legally binding general obligations of the Borough for which the full faith and credit of the Borough are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds. The Borough has the power and is obligated by the Local Bond Law to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the principal of the Bonds and the interest thereon without limitation as to rate or amount.

The Borough is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual budget unless provision has been made for payment of its general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF BONDS" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State, or any county, municipality or any political subdivision thereof other than the Borough.

NO DEFAULT

The Borough has not defaulted in the payment of the principal of, redemption premium, if any, and interest on any of its bonds, notes or other obligations.

MARKET PROTECTION

Other than the Bonds, the Borough does not anticipate issuing any other bonds or notes for the remainder of calendar year 2015.

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, as set forth on the inside front cover hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be

the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "Omnibus Proxy") to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE BOROUGH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough

or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry only system.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and, if applicable, approved by the Mayor prior to publication. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period, all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Bonds are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial installments and that, unlike school debt, and with some exceptions, including self-liquidating obligations, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Borough are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the Borough) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original issuance of the notes and each anniversary date thereafter unless an amount of such note at least equal to the first legally payable installment of the anticipated

bonds (the first year's principal payment) is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than one hundred twenty (120) days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, the present value of unfunded accrued liabilities for State administered early retirement incentive benefits, amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board must approve the authorization of the issuance of refunding bonds and must provide a certificate or endorsement of consent to any issue of refunding bonds. If the refunding bonds are issued in accordance with the provisions of N.J.A.C. 5:30-2.5, no approval is required by the Local Finance Board, Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Local Finance Board"). However, the details of the sale, issuance and delivery of the refunding bonds must be delivered to the Local Finance Board within ten (10) days of the delivery of the refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

As shown in APPENDIX A, the Borough has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the Borough may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the Borough must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the Borough and that the proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its outstanding obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year,

in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The Borough has not exceeded its debt limit.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months after the close of the Borough's fiscal year, and must include recommendations for improvement of the Borough's financial procedures. The audit report must be filed with the Borough Clerk and be available for review during regular municipal business hours and shall, within five (5) days thereafter, be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual audit report is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

DEBT INFORMATION OF THE BOROUGH

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt

Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the Borough Clerk. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the Borough conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Borough does not record obligations for accumulated unused vacation, sick pay and absences.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, serve to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, (ii) each

local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in a separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

The Borough introduced its calendar year 2015 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)" and submitted the 2015 budget to the Director for his review, approval and certification prior to its final adoption. The Borough adopted its 2015 calendar year budget on April 20, 2015.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. The Borough submitted its budget to the Director for approval and did not review its own budget.

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1 et seq.) and Property Tax Levy Cap

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. The Borough has utilized this procedure to establish its CAP at 3.5%. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Borough did not utilize any of its available "Cap Bank" in its 2015 Budget. The Borough has \$432,744

remaining in its “Cap Bank” for use in future years. Along with the permitted increases for total general appropriations, there are certain items that are allowed to increase outside the “CAP”.

Additionally, P.L. 2010, c.44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care costs in excess of two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division of Local Government Services has advised that counties and municipalities must comply with both budget “CAP” and the tax levy limitation. Neither the tax levy limitation nor the “CAP” law, however, limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the procedures provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects (“special emergencies”) such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this clause (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance or resolution and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & - & \text{Anticipated Revenues} \\ \text{and School Levies} & & = \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \end{array}$$
$$\begin{array}{rcl} \frac{\text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes}}{\text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)}} & & \text{Amount to be} \\ & = & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income approach (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

Upon the filing of certified adopted budgets by the Borough, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection of taxes to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special taxing district.

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Fiscal year municipalities follow the same general rationale for the billing of property taxes, however, billing is processed semi-annually. The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency, and then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as hereinafter defined) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, upon collection by the tax collector, all delinquent taxes and other municipal charges owing, due and payable collected by the tax collector. The statute

sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to petition the County Board of Taxation on or before the first day of April of the current tax year for review or the first day of May for municipalities that have undertaken a revaluation or reassessment in the current year. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX MATTERS

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest on the Bonds to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance and delivery of the Bonds. The Borough has covenanted in its tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the aforementioned covenant, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code on individuals and corporations. However, the interest on the Bonds owned by a corporation will be included in such corporation's "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporation's alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

Premium Bonds

Under Section 171(a)(2) of the Code, no deduction is allowable for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on the Bonds maturing on August 15 in each of the years 2016 through 2021, inclusive. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser's basis in such Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(2) of the Code.

Discount Bonds

Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on August 15, 2023 (the "Discount Bonds") and their initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters

or wholesalers), at which price a substantial amount of the Discount Bonds was sold, constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that, under existing laws of the State, interest on the Bonds and any gain realized on the sale of the Bonds are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of delivery of the Bonds and assumes no obligation to update its opinion after such date to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Bonds as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See [Appendix C](#) for the complete text of the proposed form of Bond Counsel's approving legal opinions with respect to the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE OWNERSHIP OF THE BONDS (INCLUDING, BUT NOT LIMITED TO, THOSE LISTED ABOVE).

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Borough has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Borough, including the Bonds, and such Bonds are authorized security for any and all public deposits.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

The undertakings of the Borough should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; and provides that the plan must be accepted in writing by or on behalf of a class of creditors holding at least two-thirds in amount and more than one-half in number of the listed creditors of that class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a local unit, including the Borough, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission (as hereinafter defined) must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

The Borough has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Borough expects to utilize the benefits of its provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment

of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the Borough defaults for over sixty (60) days in the payment of the principal of or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the Borough in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the Borough is so in default. Once a judgment is entered by the Superior Court to the effect that the Borough is in default, the Municipal Finance Commission (the "Commission") would become operative in the Borough. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE BOROUGH

Upon the delivery of the Bonds, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Borough, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Borough from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Bonds shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Bonds and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of any of said officers to their respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of the legality thereof by Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters with respect to the Bonds will be passed on for the Borough by its counsel, John R. Dineen, Esq., Netchert Dineen & Hillman, Closter, New Jersey (the "Borough Attorney").

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Kunjesh Trivedi, Chief Financial Officer, Borough of Harrington Park, 85 Harriot Avenue, Harrington Park, NJ 07640, (201) 768-8185, or John T. Kelly, Esq., Bond Counsel to the Borough, Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6139.

LITIGATION

To the knowledge of the Borough Attorney, there is no litigation of any nature now pending or threatened against the Borough, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or collection of taxes to pay the principal of and interest on the Bonds, or any action contesting the corporate existence or boundaries of the Borough or the title or office of any of its present officers. Further, to the knowledge of the Borough Attorney, there is no litigation presently pending or threatened against the Borough that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough Attorney and delivered to the purchaser of the Bonds at the closing.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The Borough has covenanted for the benefit of the holders and the beneficial owners of the Bonds to provide certain annual financial information and operating data of the Borough on or prior to July 31 of each year, commencing July 31, 2016 (for the fiscal year ending December 31, 2015), and to comply with the other requirements of Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, as set forth in a Continuing Disclosure Certificate (the "Disclosure Certificate") to be executed and delivered by the Borough simultaneously with the issuance of the Bonds in substantially the form attached hereto as Appendix D. Pursuant to the Disclosure Certificate, the Borough will covenant and agree to file such annual financial information, including certain operating data, and notices of certain events specified in the Rule, if material, with the Municipal Securities Rulemaking Board (the "MSRB"), or such other entity as may be designated by the MSRB, at the times and in the manner set forth in the Disclosure Certificate.

The Borough failed to timely file a listed event notice with the MSRB as required by a previous continuing disclosure undertaking in connection with a bond insurer rating change on its previously outstanding bonds which occurred in January 2013. The Borough filed such event notice with the MSRB on July 20, 2015. The Borough is now in compliance with all previous continue disclosure undertakings in all material respects. The Borough has implemented procedures to remedy the prior oversight and anticipates engaging an independent entity to make all future filings required by the Disclosure Certificate with the MSRB on behalf of the Borough in order to ensure that the Borough will be in compliance with all of its filing obligations under the Disclosure Certificate.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement, but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement, nor verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Borough Auditor has participated in the preparation of the information contained in APPENDIX A to this Official Statement on behalf of the Borough, but has not independently verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The Borough Attorney has not participated in the preparation of the information contained in this Official Statement, nor has the Borough Attorney verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section herein under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained by the Borough from sources which the Borough considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Bonds.

An explanation of the significance of such rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Such rating reflects only the view of Moody's. There is no assurance that such rating will continue for any period of time or that such rating will not be revised or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. Any revision or withdrawal of such rating may have an adverse effect on the marketability and market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by Robert W. Baird & Co. Incorporated, Red Bank, New Jersey (the "Underwriter") at a purchase price of \$2,876,000.00. The purchase price of the Bonds reflects the par amount of the Bonds equal to \$2,876,000.00, less an Underwriter's discount of \$24,172.35, plus a net original issue premium of \$24,172.35. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page of this Official Statement, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

FINANCIAL STATEMENTS

The financial statements of the Borough for the years ended December 31, 2014 and 2013, together with the related notes to the financial statements (the "Financial Statements"), are presented in Appendix B to this Official Statement. The Financial Statements referenced above have been audited by Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, independent auditors (the "Borough Auditor"), as stated in its report appearing in Appendix B.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

**BOROUGH OF HARRINGTON PARK, IN THE
COUNTY OF BERGEN, STATE OF NEW
JERSEY**

/s/ Kunjesh Trivedi

**KUNJESH TRIVEDI,
Chief Financial Officer**

DATED: August 6, 2015

APPENDIX A

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
PERTAINING TO THE BOROUGH OF HARRINGTON PARK,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

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GENERAL INFORMATION

Size and Geographical Location

The Borough is located in the Northeastern section of Bergen County, New Jersey, approximately 12 miles north of the George Washington Bridge. It encompasses approximately two square miles and is bounded on the north by the Borough of Old Tappan, on the west by the Borough of Emerson and the Township of River Vale, on the south by the Borough of Closter, and on the east by the Borough of Norwood. The Oradell Reservoir and its water shed buffer zones located in the South end of the Borough, cover approximately 18% of the Borough's land.

Early History

Harrington Township from which Harrington Park was formed in 1904 was originally part of Old Hackensack Township, a large pre-revolutionary designation populated by Dutch farmers from Manhattan. After its separation from Old Hackensack Township in 1775, Harrington Township included all the land between the Hudson and Hackensack Rivers, from Rockland County on the north to Hackensack on the south. In 1836, Harrington Township was reduced by half when Washington Township was formed from the western half of Harrington Township. As the years passed, first one and then another Borough broke off to make their own way and Harrington Township soon was no more.

The area known today as Harrington Park was originally inhabited by the Leni Lenape Indians prior to Peter Haring, a north Hollander, establishing a settlement here in the early 17th Century. During Colonial times most of the Borough's land was used for farming. With the start of the 20th Century, the Borough realized steady residential growth principally in the form of owner occupied, single family dwellings. Today Harrington Park is virtually an all residential community, approximately 95% developed. The Borough's assessed real property is divided as follows: 95% residential and 5% commercial. The median value of homes and the median family income are well above the state and national levels.

Governmental Structure

Harrington Park is governed by a Mayor and six Council members elected for terms of four and three years, respectively. All serve without pay or expenses. The Borough Council generally meets two Monday evenings each month. The first meeting is characterized as a work session. The second meeting is a regularly scheduled public meeting. All meetings are open to the public in compliance with New Jersey's Sunshine Law. During Council meetings citizens are given an opportunity to address the Mayor and Council on proposed ordinances or any other issue of concern.

Transportation

Harrington Park residents enjoy an excellent transportation network. Buses from town and trains in neighboring towns transport commuters on a regularly scheduled basis directly to New York City and surrounding communities, including some located in Rockland County, New York State.

Residents have access to all parts of New York and New Jersey via the Garden State Parkway, the New Jersey Turnpike, the Palisades Interstate Parkway, the New York Thruway, Route 80, Route 17 and Route 4.

The Borough is approximately 45 minutes from Newark and Laguardia Airports and about 1 hour from Kennedy Airport.

Protection

Harrington Park is served by a Police Department and a volunteer fire department. First aid and ambulance services are provided by the volunteer ambulance corp. and is available on a 24 hour basis.

Sanitation

Garbage collection is provided to all residents on a weekly basis during the winter months and twice weekly from April through October. For these services the Borough contracts with a private contractor. Recycling pick-up is provided to all homes on a monthly basis. This service is provided by Borough employees.

Sanitary sewerage is removed from the Borough's collection system by means of the Bergen County Utilities Authority trunk system.

Utilities

Electricity is supplied to the Borough by Orange and Rockland Electric Company. Gas is supplied to the Borough by Public Service Electric & Gas. Water is supplied to the Borough by United Water New Jersey.

Municipal Library

The Borough has a modern library housed in its own facility with access to the county wide Bergen County Central Library System (BCCLS) network for procuring selected volumes and resource material. Operations are guided by a Library Board which includes the Mayor, Superintendent of Schools and five members who are appointed by the Governing Body.

Education

The Borough's school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a five member Board of Education elected by the voters of the school district. The school district neither receives nor sends students, except for a limited number of special education students. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. The school system is comprised of 1 elementary school which houses students in Kindergarten through Grade 8. The Borough is also part of the Northern Valley Regional High School District which consists of high school students in grades 9 through 12 residing in the Boroughs of Closter, Demarest, Haworth, Northvale, Norwood and Old Tappan.

Population

Population trends for the Borough, County and the State of New Jersey since 1980 are shown below:

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2014</u>
Borough of Harrington Park	4,532	4,617	4,740	4,664	4,781
County of Bergen	845,385	825,380	884,118	905,116	933,572
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	8,938,175

Source: U.S. Census Bureau.

Income as of 2013

	Median Household Income	Median Family Income	Per Capita Income
Borough of Harrington Park	\$115,875	\$132,108	\$49,159
County of Bergen	81,708	100,310	42,006
State of New Jersey	69,811	84,904	34,858

Source: U.S. Census Bureau, 2009 - 2013 American Community Survey 5 Year Estimates

ECONOMIC AND DEMOGRAPHIC INFORMATION**Labor Force, Employment and Unemployment**

For the years 2014 to 2010, the New Jersey Department of Labor reported the following annual average employment information for the Borough of Harrington Park, the County of Bergen and the State of New Jersey:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Borough of Harrington Park</u>				
2014	2,264	2,156	108	4.8%
2013	2,246	2,127	119	5.3%
2012	2,423	2,283	140	5.8%
2011	2,406	2,270	136	5.7%
2010	2,407	2,268	139	5.8%
<u>County of Bergen</u>				
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
2012	479,549	441,164	38,385	8.0%
2011	479,131	441,277	37,854	7.9%
2010	477,342	438,688	38,654	8.1%
<u>State of New Jersey</u>				
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,561,800	4,136,900	424,900	9.3%
2011	4,535,800	4,112,200	423,600	9.4%
2010	4,545,600	4,108,700	436,900	9.6%

Source: New Jersey Department of Labor, Division of Labor Market and Demographic Research

DEBT INFORMATION

Debt Statements

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2014

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 949,265,307
3 1/2% Borrowing Margin	33,224,286
Net Debt Issued, Outstanding and Authorized	3,002,075
Remaining Municipal Borrowing Capacity	30,222,211
Local School	
3% Borrowing Margin	28,477,959
Debt, Issued, Outstanding and Authorized	2,342,000
Remaining School Borrowing Capacity	26,135,959
Regional School	
3% Borrowing Margin	28,477,959
Debt, Issued, Outstanding and Authorized	1,465,692
Remaining School Borrowing Capacity	27,012,267

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2014	\$ 6,817,603	\$ 3,002,075	0.316%
2013	6,071,681	1,773,428	0.185%
2012	6,980,236	2,220,963	0.22%
2011	7,059,012	1,810,223	0.17%
2010	8,747,967	3,087,676	0.27%

Source: Borough of Harrington Park Annual Audit Reports

**Statement of Indebtedness
As of December 31, 2014**

GENERAL PURPOSES

Notes	\$	2,628,500	
Loans		291,487	
Bonds and Notes Authorized But Not Issued		89,924	
	\$		3,009,911

LOCAL SCHOOL

Debt Issued and Outstanding	2,342,000
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REGIONAL SCHOOL

Debt Issued, Outstanding and Authorized	1,465,692
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TOTAL GROSS DEBT 6,817,603

STATUTORY DEDUCTIONS

Municipal Purpose	7,836	
School Purposes	3,807,692	
		3,815,528

TOTAL NET DEBT \$ 3,002,075

OVERLAPPING DEBT

County of Bergen (Note 1)	4,727,041	
Bergen County Utilities Authority (2)	1,173,112	
		5,900,153

GROSS DEBT

Per Capita (2014 Census -4,781)	\$	1,426
Percent of Net Valuation Taxable (2015 - \$895,233,500)		0.76%
Percent of Estimated True Value of Real Property (2015 - \$957,430,915)		0.71%

NET MUNICIPAL DEBT

Per Capita (2014 Census -4,781)	\$	628
Percent of Net Valuation Taxable (2015 - \$895,233,500)		0.34%
Percent of Estimated True Value of Real Property (2015 - \$957,430,915)		0.31%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2014 Census -4,781)	\$	2,660
Percent of Net Valuation Taxable (2015 - \$895,233,500)		1.42%
Percent of Estimated True Value of Real Property (2015 - \$957,430,915)		1.33%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2014 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Harrington Park

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Anticipated Revenues					
Fund Balance	\$ 291,440	\$ 344,000	\$ 168,849	\$ 190,909	\$ 446,067
Miscellaneous Revenues	830,255	914,379	841,453	825,685	950,736
Receipts from Delinquent Taxes	150,000	134,000	140,000	140,000	150,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>4,879,318</u>	<u>4,870,436</u>	<u>4,804,366</u>	<u>4,732,267</u>	<u>4,618,810</u>
	<u>\$ 6,151,013</u>	<u>\$ 6,262,815</u>	<u>\$ 5,954,668</u>	<u>\$ 5,888,861</u>	<u>\$ 6,165,613</u>
Appropriations					
Salaries and Wages	\$ 2,482,356	\$ 2,473,033	\$ 2,378,953	\$ 2,265,397	\$ 2,161,199
Other Expenses	2,625,379	2,478,966	2,375,597	2,431,135	2,472,583
Deferred Charges and Statutory Expenditures	670,396	544,807	513,636	495,357	560,809
Capital Improvement Fund	90,000	90,000	10,000	10,000	262,250
Municipal Debt Service	58,882	466,911	471,484	452,955	462,455
Reserve for Uncollected Taxes	<u>224,000</u>	<u>209,098</u>	<u>204,998</u>	<u>234,017</u>	<u>246,317</u>
	<u>\$ 6,151,013</u>	<u>\$ 6,262,815</u>	<u>\$ 5,954,668</u>	<u>\$ 5,888,861</u>	<u>\$ 6,165,613</u>

Source: Borough of Harrington Park Adopted Budgets.

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance</u> <u>December 31</u>	<u>Utilized in Budget</u> <u>of Succeeding Year</u>
2014	\$ 760,418	\$ 291,440
2013	618,337	344,000
2012	399,737	168,849
2011	368,012	190,909
2010	589,067	446,067

Source: Borough of Harrington Park Annual Audit Reports.

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2014	\$ 23,225,465	\$ 22,290,585	98.86%
2013	22,394,523	22,234,904	99.27%
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%

Source: Borough of Harrington Park Annual Audit Reports.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2014	\$ 34,408	\$ 218,437	\$ 252,845	1.09%
2013	32,593	145,060	177,653	0.79%
2012	30,846	147,263	178,109	0.80%
2011	28,562	152,749	181,311	0.83%
2010	26,342	165,208	191,550	0.89%

Source: Borough of Harrington Park Annual Audit Reports.

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2014	\$ 59,720
2013	59,720
2012	59,720
2011	59,720
2010	59,720

Source: Borough of Harrington Park Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2015 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Untited Water Resources	\$ 20,784,500
Quantmeyer	3,713,600
Rockland Electric	2,681,800
76 Schaalenburgh Rd	2,312,400
Resident	1,473,500
Resident	1,389,800
Resident	1,315,100
Resident	1,203,000
Resident	1,182,300
Resident	1,168,400
	<u>\$ 37,224,400</u>

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2015	\$ 12,498,400	\$ 427,418,300	\$ 14,314,400	\$ 454,231,100
2014	12,498,400	855,446,400	28,221,900	896,166,700
2013 (1)	12,498,400	856,365,100	28,418,700	897,282,200
2012	14,736,500	1,016,222,100	32,441,300	1,063,399,900
2011	15,178,500	1,025,271,300	38,817,600	1,079,267,400

(1) - The Borough underwent a revaluation of real property effective January 2013

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2015	\$ 895,233,500	\$ -	\$ 895,233,500	93.55%	\$ 957,430,915
2014	896,166,700	-	896,166,700	95.34%	940,449,312
2013 (1)	897,282,200	-	897,282,200	97.77%	918,267,901
2012	1,063,399,900	820,664	1,064,220,564	108.23%	983,913,449
2011	1,079,267,400	877,805	1,080,145,205	104.27%	1,036,552,493

(1) - The Borough underwent a revaluation of real property effective January 2013

Source: Bergen County Abstract of Ratables and 2015 Preliminary Equalization Table.

**Components of Real Estate Tax Rate
(per \$100 of Assessment)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2014	\$ 2.593	\$ 0.554	\$ 1.218	\$ 0.576	\$ 0.245
2013 (1)	2.495	0.544	1.172	0.546	0.233
2012	2.081	0.453	0.969	0.458	0.201
2011	2.021	0.437	0.449	0.937	0.198
2010	1.987	0.420	0.427	0.930	0.210

(1) - The Borough underwent a revaluation of real property effective January 2013

Source: Tax Collector.

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>
2014	\$ 23,255,465	\$ 4,988,250	\$ 10,913,243	\$ 5,163,061	\$ 2,190,911
2013	22,394,523	4,813,089	10,511,669	4,895,170	2,174,595
2012	22,150,685	4,846,092	10,307,244	4,869,421	2,127,928
2011	21,854,202	4,758,794	10,125,493	4,845,650	2,124,265
2010	21,593,726	4,633,535	10,125,493	4,655,556	2,179,142

Source: Borough of Harrington Park Annual Audit Reports.

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APPENDIX B

**FINANCIAL STATEMENTS OF THE BOROUGH OF HARRINGTON PARK
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013**

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Harrington Park, as of December 31, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the years, ended December 31, 2014, and 2013 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Harrington Park prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Harrington Park as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 42 percent and 41 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Harrington Park as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2014 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

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

By/s/ LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
April 20, 2015

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

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

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

	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 282,546	\$ 259,565
Encumbrances Payable	64,003	9,456
Accounts Payable	278	1,976
Due to Other Trust Fund	4,653	71,837
Due to Open Space Trust Fund	69	
Prepaid Taxes	83,432	95,906
Tax Overpayments	35,956	31,656
Local District School Tax Payable	91,372	92,451
County Tax Payable		684
Lien Redemption Payable		1,188
Due to State of New Jersey Senior Citizens and Veterans Deductions	12,381	12,631
Reserve for Tax Appeals	41,562	41,562
Reserve for Sale of Municipal Assets	6,539	6,539
Appropriated Reserves	43,938	30,202
Unappropriated Reserves	21,127	19,336
Emergency Note Payable	<u>75,000</u>	<u>-</u>
	762,856	674,989
Reserve for Receivables	317,401	349,385
Fund Balance	<u>760,418</u>	<u>618,337</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 1,840,675</u>	 <u>\$ 1,642,711</u>

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

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

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

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

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>		<u>2013</u>	
	<u>Budget After</u> <u>Modifications</u>	<u>Realized</u>	<u>Budget After</u> <u>Modifications</u>	<u>Realized</u>
FUND BALANCE ANTICIPATED	\$ 344,000	\$ 344,000	\$ 168,849	\$ 168,849
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	1,600	1,620	1,371	1,620
Other	3,600	2,558	1,800	3,646
Fees and Permits				
Other	15,000	17,945	13,000	17,434
Fines and Costs				
Municipal Court	50,000	70,582	40,000	65,945
Interest and Costs on Taxes	35,000	47,891	35,000	43,452
Interest in Investments and Deposits	5,300	7,813	5,300	5,809
Cablevision Fess	36,064	36,064	36,022	36,022
Energy Receipts Taxes	447,738	447,738	447,738	447,738
Watershed Moratorium Offset Aid	20,757	20,257	20,257	20,257
Uniform Construction Code Fees	115,000	121,057	85,000	143,671
Reserve for Recycling Tonnage Grant	8,508	8,508	8,837	8,837
Senior Citizen Activities - CDBG	2,350	2,350	54,810	54,810
Reserved for Clean Communities Program	9,072	9,072	7,727	7,727
Municipal Alliance on Alcoholism and Drug Abuse	9,000	9,000	9,520	9,520
Reserve for Body Armor Replacement Program	1,756	1,756	1,464	1,463
FEMA - Reimbursements	22,099	70,254	-	-
Uniform Fire Safety Act	922	2,647	1,996	1,793
Lease of Real Property - Cell Tower	36,891	40,391	40,000	36,891
Donations - Borough Newsletter	7,300	8,700	-	-
Capital Surplus	86,422	86,422	86,421	86,421
	<u>914,379</u>	<u>1,012,625</u>	<u>896,263</u>	<u>993,056</u>
RECEIPTS FROM DELINQUENT TAXES	<u>134,000</u>	<u>145,045</u>	<u>140,000</u>	<u>136,507</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax for Municipal Purposes	4,568,578	4,529,070	316,507	316,507
Minimum Library Tax	313,713	313,713	4,487,859	4,538,961
	<u>4,882,291</u>	<u>4,842,783</u>	<u>4,804,366</u>	<u>4,855,468</u>
Total General Revenues	<u>\$ 6,274,670</u>	<u>\$ 6,344,453</u>	<u>\$ 6,009,478</u>	<u>\$ 6,153,880</u>

**2014 STATEMENT OF EXPENDITURES
CURRENT FUND**

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

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

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

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

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

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

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

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

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

	<u>Appropriated</u>		<u>Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>	<u>Over- Expended</u>
OPERATIONS - EXCLUDED						
FROM "CAPS"						
NJPDES Permit - Stormwater Permit						
Engineering -Other Expenses	\$ 4,400	\$ 4,400	\$ 1,980	\$ 2,420		
Snow Removal - State of Emergency	31,099	31,099	22,483	8,616		
Bergen County Utilities Authority						
Operating	242,855	242,855	242,855			
Debt Service	110,486	110,486	110,486			
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	313,713	313,713	313,713	-		
LOSAP	35,000	35,000		35,000		
Recycling Tax Appropriation	6,717	6,717	5,621	1,096		
Reserve Tax Appeals	2,500	2,500	-	2,500	-	-
	<u>746,770</u>	<u>746,770</u>	<u>697,138</u>	<u>49,632</u>	<u>-</u>	<u>-</u>
Total Other Operations - Excluded from "CAPS"						
INTERLOCAL MUNICIPAL SERVICE						
AGREEMENTS						
9-1-1 Interlocal Agreement						
Municipal Court Administrator -	4,664	4,664	4,664			
Borough of Norwood	25,530	25,530	25,530			
Reserve 911	500	500	500	-	-	-
	<u>30,694</u>	<u>30,694</u>	<u>30,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements						
PUBLIC AND PRIVATE PROGRAMS						
OFFSET BY REVENUES						
Clean Communities Grant						
(Ch. 187, P.L. 1986)						
Recycling Program	9,072	9,072	1,467	7,605		
Municipal Alliance Program (State and Local Match)	11,250	11,250	10,353	897		
Body Armor Replacement Program	1,756	1,756	1,756	-		
Recycling Tonnage Grant	8,508	8,508	8,508	-		
Matching Funds for Grants	5,000	5,000		5,000		
Senior Citizen Activities - CDBG	2,350	2,350	2,225	125	-	-
	<u>37,936</u>	<u>37,936</u>	<u>24,309</u>	<u>13,627</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues						
Total Operations Excluded from "CAPS"						
	<u>815,400</u>	<u>815,400</u>	<u>752,141</u>	<u>63,259</u>	<u>-</u>	<u>-</u>
Detail:						
Other Expenses	815,400	815,400	752,141	63,259	-	-

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>	
CAPITAL IMPROVEMENTS -						
EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 90,000	\$ 90,000	\$ 90,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -						
EXCLUDED FROM "CAPS"						
Payment of Bond Principal	400,000	400,000	400,000			
Interest on Bonds	15,000	15,000	15,000			
Interest on Bond Anticipation Notes Green Trust Loan Program	10,560	10,560	10,531		\$ 29	
Loan Repayments for Principal and Interest NJIT Loan Program	7,455	7,455	7,454		1	
Loan Repayments for Principal and Interest	<u>33,896</u>	<u>33,896</u>	<u>33,896</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>466,911</u>	<u>466,911</u>	<u>466,881</u>	<u>-</u>	<u>30</u>	<u>-</u>
DEFERRED CHARGES MUNICIPAL -						
EXCLUDED FROM "CAPS"						
Emergency Authorizations - Special Emergency Authorizations - 5 years	30,000	30,000	30,000			
	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>55,100</u>	<u>55,100</u>	<u>55,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,427,411</u>	<u>1,427,411</u>	<u>1,364,122</u>	<u>\$ 63,259</u>	<u>30</u>	<u>-</u>
Subtotal General Appropriations	6,065,572	6,140,572	5,860,425	282,546	30	\$ 2,429
Reserve for Uncollected Taxes	<u>209,098</u>	<u>209,098</u>	<u>209,098</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 6,274,670</u>	<u>\$ 6,349,670</u>	<u>\$ 6,069,523</u>	<u>\$ 282,546</u>	<u>\$ 30</u>	<u>\$ 2,429</u>
Original Budget		\$ 6,274,670				
Emergency Appropriations 40A:4-47		<u>75,000</u>				
		<u>\$ 6,349,670</u>				

**2013 STATEMENT OF EXPENDITURES
CURRENT FUND**

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

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

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

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

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

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

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

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

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

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

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

	<u>Appropriated</u>		<u>Expended</u>			<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Canceled</u>	
CAPITAL IMPROVEMENTS -						
EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 10,000	\$ 10,000	\$ 10,000	-	-	-
Total Capital Improvements Excluded From "CAPS"	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -						
EXCLUDED FROM "CAPS"						
Payment of Bond Principal	400,000	400,000	400,000			
Interest on Bonds	29,000	29,000	29,000			
Loan Repayments for Principal and Interest	7,455	7,455	7,454		\$ 1	
Loan Repayments for Interest	<u>35,029</u>	<u>35,029</u>	<u>35,028</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>471,484</u>	<u>471,484</u>	<u>471,482</u>	<u>-</u>	<u>2</u>	<u>-</u>
DEFERRED CHARGES MUNICIPAL -						
EXCLUDED FROM "CAPS"						
Emergency Authorizations -	13,993	13,993	13,993			
Special Emergency Authorizations - 5 years	<u>25,100</u>	<u>25,100</u>	<u>25,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>39,093</u>	<u>39,093</u>	<u>39,093</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,327,149</u>	<u>1,378,219</u>	<u>1,299,240</u>	<u>\$ 78,977</u>	<u>2</u>	<u>-</u>
Subtotal General Appropriations	5,749,670	5,834,480	5,580,277	259,565	2	\$ 5,364
Reserve for Uncollected Taxes	<u>204,998</u>	<u>204,998</u>	<u>204,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 5,954,668</u>	<u>\$ 6,039,478</u>	<u>\$ 5,785,275</u>	<u>\$ 259,565</u>	<u>\$ 2</u>	<u>\$ 5,364</u>
Original Budget		5,954,668				
Appropriations by 40A:4-87		<u>54,810</u>				
		6,009,478				
Emergency Appropriations 40A:4-47		<u>30,000</u>				
		<u>\$ 6,039,478</u>				

The Accompanying Notes are an Integral Part of these Financial Statements

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

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

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

	<u>2014</u>	<u>2013</u>
LIABILITIES AND RESERVES		
ANIMAL CONTROL TRUST FUND		
Due to Current Fund		\$ 3,320
Reserve for Animal Control Fund Expenditures	\$ 5,288	3,858
	<u>5,288</u>	<u>7,178</u>
OTHER TRUST FUND		
Developer's Deposits	59,821	59,821
Street Opening Deposits - Developers	2,000	2,000
Subdivision Applications - Developers	76,314	91,771
Payroll Deductions	90,782	86,007
Dedicated Funds		
Cat License Fees	4,959	4,305
Tennis Program Reserve - Recreation	8,911	8,911
Unemployment Insurance Trust	26,530	31,833
Parking Offenses Adjudication Act	192	188
Recycling Program	2,673	18,919
Recreation Fees	8,890	18,095
Community Parks - Recreation	28,161	28,161
Green Team/Environmental Commission-Donations	528	343
Police - Donations	4,000	4,000
World Trade Center Assistance	1,097	1,097
Beautification	92	
Tree Fees	16,354	
Due to State of New Jersey		
State Training Fees	7,018	2,365
Domestic Violence Fees	78	103
Tax Sale Premiums	101,400	31,900
Reserve for Affordable Housing - Developer's Fees	71,662	60,129
	<u>511,462</u>	<u>449,948</u>
MUNICIPAL OPEN SPACE AND RECREATION TRUST FUND		
Contracts Payable	143,602	
Reserve for Open Space Expenditures	331,744	465,528
	<u>475,346</u>	<u>465,528</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)		
Reserve for LOSAP	705,333	638,330
	<u>705,333</u>	<u>638,330</u>
Total Liabilities and Reserves	<u>\$ 1,697,429</u>	<u>\$ 1,560,984</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF HARRINGTON PARK
COMPARATIVE STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>		<u>2013</u>	
	<u>Anticipated</u>	<u>Realized</u>	<u>Anticipated</u>	<u>Realized</u>
Amount to be Raised by Taxation	\$ 89,616	\$ 89,685	\$ 106,422	\$ 89,754
	<u>\$ 89,616</u>	<u>\$ 89,685</u>	<u>\$ 106,422</u>	<u>89,754</u>

EXHIBIT B-2a

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

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

EXHIBIT B-2b

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

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

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

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

There were bonds and notes authorized but not issued at December 31, 2014 and 2013 amounting to \$89,924 and \$89,924, respectively.

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

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

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

	<u>2014</u>	<u>2013</u>
General Fixed Assets		
Land and Land Improvements	\$ 4,203,146	\$ 4,203,146
Buildings and Building Improvements	1,628,672	1,628,672
Machinery and Equipment:		
Automotive	3,036,144	3,005,478
All Others	<u>757,828</u>	<u>716,249</u>
	<u>\$ 9,625,790</u>	<u>\$ 9,553,545</u>
Investment in General Fixed Assets	<u>\$ 9,625,790</u>	<u>\$ 9,553,545</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Description of Regulatory Basis of Accounting

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

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

C. Basis of Presentation – Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

Financial Statements – Regulatory Basis

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Animal Control Trust Fund

Other Trust Fund

Length of Service Award Program Trust Fund

General Capital Fund

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

<u>2014</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Uniform Fire Safety Act – Other Expenses	\$2,150	\$2,664	\$514
Vehicle Maintenance - Streets and Roads			
Other Expenses	7,500	8,923	1,423
Maintenance of Parks – Other Expenses	8,000	8,162	162
Senior Citizen Activities	3,150	3,480	<u>330</u>
			<u>\$2,429</u>
 <u>2013</u>			
Current Fund			
Social Security System (O.A.S.I)	\$86,000	\$91,364	\$5,364

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

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

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

<u>Depository Account</u>	<u>2014</u>	<u>2013</u>
Insured	\$ 4,348,081	\$ 3,264,100
Uninsured and Collateralized	<u>35,531</u>	<u>35,521</u>
	<u>\$ 4,383,612</u>	<u>\$ 3,299,621</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, the Borough's bank balances of \$35,531 and \$35,521 were exposed to custodial credit risk as follows:

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

B. Investments

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

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

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

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

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

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

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

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

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

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

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

NOTE 4 TAXES RECEIVABLE

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

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

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

NOTE 5 DUE TO/FROM OTHER FUNDS

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

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

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

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2014</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 75,000	\$ 75,000	
Overexpenditure of Appropriations	2,429	2,429	
Special Emergency Authorizations (40A:4-55)	<u>75,300</u>	<u>25,100</u>	\$ 50,200
	<u>\$ 152,729</u>	<u>\$ 102,529</u>	<u>\$ 50,200</u>
<u>2013</u>			
Current Fund			
Emergency Authorizations (40A:4-47)	\$ 30,000	\$ 30,000	
Overexpenditure of Appropriations	5,364	5,364	
Special Emergency Authorizations (40A:4-55)	<u>100,400</u>	<u>25,100</u>	\$ 75,300
	<u>\$ 135,764</u>	<u>\$ 60,464</u>	<u>\$ 75,300</u>

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

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31.

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

NOTE 8 FUND BALANCES APPROPRIATED

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

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

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

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2014 and 2013.

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
Land and Land Improvements	\$ 4,203,146			\$ 4,203,146
Buildings and Building Improvements	1,628,672			1,628,672
Machinery and Equipment	<u>3,721,727</u>	\$ 72,245	\$ -	<u>3,793,972</u>
	<u>\$ 9,553,545</u>	<u>\$ 72,245</u>	<u>\$ -</u>	<u>\$ 9,625,790</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Land Improvements	\$ 4,203,146			\$ 4,203,146
Buildings and Building Improvements	1,628,672			1,628,672
Machinery and Equipment	<u>3,241,588</u>	\$ 765,139	\$ 285,000	<u>3,721,727</u>
	<u>\$ 9,073,406</u>	<u>\$ 765,139</u>	<u>\$ 285,000</u>	<u>\$ 9,553,545</u>

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

NOTE 10 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .316% and .185% at December 31, 2014 and 2013, respectively.

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 1,781,264	\$ 7,836	\$ 1,773,428
School Debt	<u>4,290,417</u>	<u>4,290,417</u>	<u>-</u>
Total	<u>\$ 6,071,681</u>	<u>\$ 4,298,253</u>	<u>\$ 1,773,428</u>

Statutory Borrowing Power

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

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

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

General Intergovernmental Loans Payable

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

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

The Borough has entered into loan agreements with the New Jersey Environmental Infrastructure Trust for the financing relating to the dredging and restoration of Blanch Brook. The New Jersey Environmental Infrastructure Trust loans outstanding at December 31 are as follows:

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	Loans		Total
	Principal	Interest	
2015	\$ 40,023	\$ 1,328	\$ 41,351
2016	40,208	1,143	41,351
2017	40,402	948	41,350
2018	36,890	732	37,622
2019	33,294	603	33,897
2020-2022	<u>100,670</u>	<u>1,017</u>	<u>101,687</u>
	<u>\$ 291,487</u>	<u>\$ 5,771</u>	<u>\$ 297,258</u>

Changes in Long-Term Municipal Debt

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

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

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

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

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

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

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

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

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Emergency Notes

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

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

2013

None

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

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

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

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Basis of Accounting

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

Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

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

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

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

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

During the years ended December 31, 2014, 2013 and 2012, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2014	\$ 260,251	\$ 128,847
2013	261,855	126,533
2012	266,089	130,251

NOTE 14 RISK MANAGEMENT

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

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

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

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

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

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

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2014		\$ 5,445	\$ 26,530
2013		1,467	31,833
2012	\$ 5,000	3,550	33,217

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2014 and 2013. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2014 and 2013, the Borough reserved \$41,562 and \$41,562, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

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

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

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

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

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

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

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

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

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

NOTE 18 HURRICANE SANDY

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

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APPENDIX C

FORM OF APPROVING LEGAL OPINION

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August ____, 2015

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

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of \$2,876,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds") of the Borough of Harrington Park, in the County of Bergen (the "Borough"), a body politic and corporate of the State of New Jersey (the "State").

The Bonds are authorized by, and are being issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances of the Borough duly adopted by the Borough Council on the dates set forth in the Official Statement dated August 6, 2015 and approved and published as required by law; and (iii) a resolution duly adopted by the Borough Council of the Borough on July 13, 2015.

The Bonds are being issued to: (i) refund, on a current basis, bond anticipation notes of the Borough in the aggregate principal amount of \$960,000 issued on October 21, 2014, and bond anticipation notes of the Borough in the aggregate principal amount of \$1,668,500 issued on December 4, 2014, and both maturing on August 18, 2015; (ii) permanently finance the cost of various new capital improvements by and in the Borough in the amount of \$247,500; and (iii) pay the costs associated with the issuance of the Bonds.

The Bonds are issued in fully registered, book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$5,000, or any integral multiple thereof, with a minimum purchase of \$5,000 required, except that any Bonds in excess of the largest principal amount equaling a multiple of \$5,000 shall be in denominations of \$1,000, or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the

Bonds, payments of the principal of and interest on the Bonds will be made by the Borough, as Paying Agent (or a Paying Agent duly appointed by the Borough) directly to Cede & Co., as nominee for DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of February and August, commencing February 15, 2016, in each year until maturity, and shall mature on August 15, in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$290,000	1.50%	2021	\$325,000	2.00%
2017	295,000	1.50	2022	335,000	2.00
2018	305,000	1.50	2023	345,000	2.00
2019	310,000	1.50	2024	351,000	2.20
2020	320,000	1.75			

The Bonds are not subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the authorization, sale, issuance and delivery of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the authorization, sale, issuance and delivery of the Bonds pursuant to the Local Bond Law, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough enforceable in accordance with their terms, and (iii) the Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds and, unless paid from other sources, all the taxable property within the Borough is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest on the Bonds to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance and delivery of the Bonds. The Borough has covenanted in its tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Borough with the aforementioned covenant, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code on individuals and corporations. However, the interest on the Bonds owned by a corporation will be included in such corporation’s “adjusted current earnings” (as defined in Section 56(g) of the Code) in calculating such corporation’s alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

Under Section 171(a)(2) of the Code, no deduction is allowable for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on the Bonds maturing on August 15 in each of the years 2016 through 2021, inclusive. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser’s basis in such Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(2) of the Code.

We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on August 15, 2023 (the “Discount Bonds”) and their initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Discount Bonds was sold, constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Discount Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.

We are also of the opinion that, under existing laws of the State, interest on the Bonds and any gain realized on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

We are further of the opinion that the Bonds constitute “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

Except as stated in the preceding five (5) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the Bonds, as executed by the Borough, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated August ____, 2015 (the "Disclosure Certificate") is executed and delivered by the Borough of Harrington Park, in the County of Bergen, State of New Jersey (the "Borough" or the "Issuer") in connection with the issuance of its \$2,876,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are authorized by, and are being issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented; (ii) various bond ordinances of the Borough duly adopted by the Borough Council and approved and published as required by law; and (iii) a resolution entitled, "RESOLUTION PROVIDING FOR THE COMBINATION OF CERTAIN BOND ORDINANCES AND DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$2,876,000 GENERAL OBLIGATION BONDS, SERIES 2015 OF THE BOROUGH OF HARRINGTON PARK, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO" (the "Bond Resolution"), duly adopted by the Borough Council of the Borough on July 13, 2015. The Borough covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Borough for the benefit of the holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Rule (as defined below). The Borough acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borough pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Borough with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Borough with EMMA pursuant to Section 5 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Chief Financial Officer of the Borough or his designee, or such other person as the Borough shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Borough or any Dissemination Agent subsequently designated in writing by the Borough which has filed with the Borough a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Borough or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Borough shall provide or cause to be provided to the Dissemination Agent not later than July 15 of each year, commencing July 15, 2016 (for the fiscal year ending December 31, 2015), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Borough may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Borough are not available by such date, the Borough shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Borough, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Borough.

(b) Not later than July 31 of each year (commencing July 31, 2016), the Dissemination Agent shall file with EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Borough does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Borough (if the Dissemination Agent is not the Borough).

(d) Each year the Dissemination Agent shall file a report with the Borough (if the Dissemination Agent is not the Borough), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Borough changes, the Borough shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five

(5) business days after the receipt thereof from the Borough, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Borough's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Borough (as of December 31 of each year).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State;

(b) The most current annual debt statement of the Borough (as of December 31); and

(c) The general financial information and operating data of the Borough consistent with the information set forth in Appendix A to the Official Statement dated August 6, 2015 prepared in connection with the sale of the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borough is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA. If the document incorporated by reference is a final official statement, it must have been filed with EMMA. The Borough shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the holders of the Bonds, if material;

8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Borough;
13. The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

The Borough shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with EMMA in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an opinion of counsel

(b) Whenever the Borough has or obtains knowledge of the occurrence of any of the Listed Events, the Borough shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Borough determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Borough shall promptly notify the Dissemination Agent in writing (if the Borough is not the Dissemination Agent) and the Borough shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Borough determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Borough shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Borough) and the Dissemination Agent (if the Dissemination Agent is not the Borough) shall be instructed by the Borough not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the Borough (if the Dissemination Agent is not the Borough). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Borough's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Borough is no longer an "Obligated Person" (as defined in the Rule). The Borough shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. The Borough failed to timely file a listed event notice with the MSRB as required by a previous continuing disclosure undertaking in connection with a bond insurer rating change on its previously outstanding bonds which occurred in January 2013. The Borough filed such event notice with the MSRB on July 20, 2015. The Borough is now in compliance with all previous continue disclosure undertakings in all material respects.

SECTION 8. Dissemination Agent; Compensation. The Borough may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Borough. The Borough shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Borough may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Borough to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the Borough, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The Borough shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Borough shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borough. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Borough from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Borough chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Borough shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Borough to comply with any provision of this Disclosure Certificate, the Holders of at least 25% in aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borough to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Borough to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Borough agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Borough) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. To the extent permitted by law, the Borough further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Borough under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borough, the Dissemination Agent, the Underwriter and the Beneficial Owners of the Bonds, including the holders of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Borough:

Borough of Harrington Park
85 Harriot Avenue
Harrington Park, NJ 07640
Attention: Chief Financial Officer

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

Borough of Harrington Park
85 Harriot Avenue
Harrington Park, NJ 07640
Attention: Chief Financial Officer

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Borough and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Borough and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey, as applicable.

**BOROUGH OF HARRINGTON PARK
IN THE COUNTY OF BERGEN,
STATE OF NEW JERSEY**

By: _____
**KUNJESH TRIVEDI,
Chief Financial Officer**

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: Borough of Harrington Park,
in the County of Bergen, State of New Jersey

Name of Issue: \$2,876,000 General Obligation Bonds, Series 2015
Dated: August ____, 2015
(CUSIP Number: 413820CT6)

Date of Issuance: August ____, 2015

NOTICE IS HEREBY GIVEN that the above designated Borough has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated August ____, 2015 executed by the Borough.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Borough)

cc: The Borough

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