

Report of Audit
on the
Financial Statements
of the
Township of Harding
in the
County of Morris
New Jersey
for the
Year Ended
December 31, 2004

TOWNSHIP OF HARDING

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TOWNSHIP OF HARDING

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2004



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Harding
County of Morris
New Vernon, New Jersey 07976

We have audited the accompanying financial statements - statutory basis of the various individual funds and the account group of the Township of Harding, County of Morris, New Jersey as of and for the year ended December 31, 2004, and for the year ended December 31, 2004 as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Township of Harding, County of Morris. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Township of Harding as of December 31, 2003 were audited by other auditors whose report dated June 7, 2004 expressed an unqualified opinion of those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial statements 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township of Harding, County of Morris, prepares its financial statements on a prescribed basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY


In our opinion, because the Township of Harding prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the various individual funds of the Township of Harding as of December 31, 2004 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2004.


However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and account groups of the Township of Harding, County of Morris, as of December 31, 2004, and the results of its operations and changes in fund balance - statutory basis for the year then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2004, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2005 on our consideration of the Township of Harding's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - statutory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Township of Harding, County of Morris, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 31, 2005

CURRENT FUND

TOWNSHIP OF HARDING

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2004</u>	<u>BALANCE DECEMBER 31, 2003</u>
Cash	A-4	\$ 3,130,820.60	\$ 3,156,666.49
Change Fund	A-6	250.00	250.00
Due State of New Jersey - Senior Citizens and Veterans	A-7	3,100.10	2,850.10
		<u>\$ 3,134,170.70</u>	<u>\$ 3,159,766.59</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 239,744.20	\$ 249,381.37
Tax Title Liens Receivable	A-9	10,004.53	8,435.89
Revenue Accounts Receivable	A-13	14,569.41	18,580.32
Interfunds Receivable	A-12	1,028.58	1,900.00
	A	<u>\$ 265,346.72</u>	<u>\$ 278,297.58</u>
Deferred Charges	A-31	\$ 160,000.00	\$ 84,000.00
		<u>\$ 3,559,517.42</u>	<u>\$ 3,522,064.17</u>
Grant Fund:			
Cash	A-4	\$ 28,849.99	\$
Grants Receivable	A-29	18,677.05	18,006.04
Due Current	A-10	75,202.71	75,955.49
		<u>\$ 122,729.75</u>	<u>\$ 93,961.53</u>
		<u>\$ 3,682,247.17</u>	<u>\$ 3,616,025.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2004</u>	<u>BALANCE DECEMBER 31, 2003</u>
Appropriation Reserves	A-3:A-14	\$ 281,072.21	\$ 440,003.70
Prepaid Taxes	A-18	206,148.17	286,615.07
Accounts Payable	A-11	100,695.08	75,855.86
Tax Overpayments	A-17	32,162.61	
Interfunds Payable	A-12	84,945.48	182,801.27
Local District School Taxes Payable	A-27	0.52	0.52
Reserve For:			
Current Reserves - Unappropriated	A-15	25,419.18	23,467.22
Sale of Municipal Assets	A-25	8,482.00	
Tax Premiums	A-19	210.63	
Construction Code DCA - Due State of NJ	A-21	3,380.00	
Revaluation	A-22	1,370.00	1,370.00
		<u>\$ 743,885.88</u>	<u>\$ 1,010,113.64</u>
Reserve for Receivables and Other Assets	A	265,346.72	278,297.58
Fund Balance	A-1	<u>2,550,284.82</u>	<u>2,233,652.95</u>
		<u>\$ 3,559,517.42</u>	<u>\$ 3,522,064.17</u>
Grant Fund:			
Reserve for Grants - Unappropriated	A-24	\$ 12,213.95	\$ 23,361.67
Reserve for Grants - Appropriated	A-23	100,249.31	67,994.98
Due State of NJ - Clean Communities	A-30	2,604.88	2,604.88
Reserve for Accounts Payable	A-16	<u>7,661.61</u>	
		<u>\$ 122,729.75</u>	<u>\$ 93,961.53</u>
		<u>\$ 3,682,247.17</u>	<u>\$ 3,616,025.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2004</u>	<u>YEAR ENDED DECEMBER 31, 2003</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,615,000.00	\$ 1,550,000.00
Miscellaneous Revenue Anticipated	A-2	1,199,381.02	983,604.44
Receipts From Delinquent Taxes	A-2	248,615.29	363,357.82
Receipts From Current Taxes	A-2	17,094,506.51	16,048,685.79
Non-Budget Revenue	A-2	400,476.03	346,133.61
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	298,932.63	220,366.80
Cancel Reserves	A-15	23,069.92	
Accounts Payable Canceled	A-11	75,855.86	
Interfunds Returned		871.42	
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 20,956,708.68</u>	<u>\$ 19,512,148.46</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS"	A-3	\$ 3,687,017.13	\$ 4,439,779.60
Deferred Charges and Statutory Expenditures - Municipal	A-3	206,002.99	187,042.01
Other Operations Excluded From "CAPS"	A-3	1,525,943.91	234,374.78
Municipal Debt Service	A-3	382,569.73	494,640.48
Capital Improvements	A-3	200,000.00	200,000.00
Deferred Charges	A-3	28,000.00	28,000.00
Open Space Tax	A-28	388,375.08	386,595.00
Added Open Space Tax	A-28	8,428.98	4,363.29
County Tax	A-26	5,339,420.35	5,062,672.96
County Share of Added Taxes	A-26	107,426.78	59,989.54
Interfunds Advanced			1,900.00
Local District School Tax	A-27	7,158,452.50	6,783,168.50
Prior Year Tax Appeals Granted			10,898.50
Refund of Prior Year Revenue	A-4	97,439.36	
<u>TOTAL EXPENDITURES</u>		<u>\$ 19,129,076.81</u>	<u>\$ 17,893,424.66</u>
Excess to Fund Balance		\$ 1,827,631.87	\$ 1,618,723.80
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-31	104,000.00	
Statutory Excess in Revenue		\$ 1,931,631.87	\$ 1,618,723.80
Fund Balance, January 1	A	\$ 2,233,652.95	\$ 2,164,929.15
Decreased by:		\$ 4,165,284.82	\$ 3,783,652.95
Utilization as Anticipated Revenue	A-1:A-2	1,615,000.00	1,550,000.00
Fund Balance, December 31	A	<u>\$ 2,550,284.82</u>	<u>\$ 2,233,652.95</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2004

	REF.	BUDGET	ANTICIPATED NJS 40A: 4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 1,615,000.00		\$ 1,615,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 4,000.00	\$	\$ 4,120.00	\$ 120.00
Fees and Permits:					
Construction Code Official	A-13	90,000.00		150,656.00	60,656.00
Other	A-2	35,000.00		88,363.85	53,363.85
Municipal Court:					
Fines and Costs	A-13	150,000.00		219,667.73	69,667.73
Interest and Costs on Taxes	A-13	40,000.00		55,087.90	15,087.90
Legislative Initiative Block Grant	A-13	15,927.00		15,927.00	
Consolidated Municipal Property Tax Relief Aid	A-13	42,539.00		42,539.00	
Energy Receipts Tax	A-13	450,287.00		450,287.00	
Supplemental Energy Receipts Tax	A-13	24,627.00		24,627.00	
Garden State Trust Fund	A-15	397.30		397.30	
Municipal Alliance on Alcoholism and Drug Abuse	A-29	9,373.00		9,373.00	
Clean Communities Program	A-29	6,090.23	427.69	6,517.92	
Association of NJ Environmental Commission	A-29	22,625.00		22,625.00	
Community Foundation Grant	A-29	4,507.71		4,507.71	
Morris County Parks Commission	A-29		75,000.00	75,000.00	
Stormwater Management	A-29		5,000.00	5,000.00	
Recycling Tonnage Grant	A-29	7,137.55		7,137.55	
Drunk Driving Enforcement Fund	A-29	7,333.12		7,333.12	
DMV Inspections	A-29	8,891.00		8,891.00	
Body Armor Replacement	A-29	1,322.94		1,322.94	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 920,057.85	\$ 80,427.69	\$ 1,199,381.02	\$ 198,895.48
Receipts From Delinquent Taxes	A-1:A-8	\$ 200,000.00		\$ 248,615.29	\$ 48,615.29
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-8	\$ 4,079,245.50		\$ 5,061,361.83	\$ 982,116.33
<u>BUDGET TOTALS</u>		\$ 6,814,303.35	\$ 80,427.69	\$ 8,124,358.14	\$ 1,310,054.79
Non-Budget Revenues	A-2			400,476.03	400,476.03
		\$ 6,814,303.35	\$ 80,427.69	\$ 8,524,834.17	\$ 1,710,530.82
	REF.	A-3	A-3		

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2004

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A:8	\$ 17,094,506.51
Allocated To:		
County Taxes	A-8	\$ 5,446,847.13
Local District School Taxes	A-8	7,158,452.50
Municipal Open Space	A-8	<u>396,804.06</u>
Balance for Support of Municipal Budget Appropriations		\$ 4,092,402.82
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>968,959.01</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 5,061,361.83</u>
Other - Fees and Permits:		
Clerk	A-13	\$ 24,665.00
Planning Board	A-13	14,335.00
Board of Adjustment	A-13	7,900.00
Tax Collector	A-13	36.00
Health Department	A-13	38,274.35
Registrar	A-13	1,188.00
Police	A-13	<u>1,965.50</u>
	A-2	<u>\$ 88,363.85</u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Interest on Investments and Deposits		\$ 60,522.27
Cable TV Franchise Fee		3,331.39
Administrative Fee for Outside Police Overtime		17,896.50
Senior Citizens and Veterans Administrative Fee		905.00
Wildlife Refuge Revenue Sharing		281,394.00
Sale of Recyclables		18,325.30
Miscellaneous		7,076.57
Post Office Rent		11,000.00
Tax Collector		<u>25.00</u>
<u>Total Non-Budget Revenue</u>	A-1:A-2:A-4	<u>\$ 400,476.03</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2004

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 126,900.00	\$ 130,400.00	\$ 130,378.41	\$ 21.59	
Other Expenses	17,000.00	13,000.00	12,678.27	321.73	
Human Resources:					
Other Expenses	1,000.00	1,000.00	949.80	50.20	
Township Committee:					
Salaries and Wages	3,600.00	3,600.00	3,000.00	600.00	
Other Expenses	19,000.00	24,700.00	24,201.48	498.52	
Municipal Clerk:					
Salaries and Wages	67,391.13	75,291.13	75,262.50	28.63	
Other Expenses	8,500.00	8,600.00	8,533.71	66.29	
<u>DEPARTMENT OF FINANCE</u>					
Financial Administration:					
Salaries and Wages	95,998.00	90,898.00	90,548.96	349.04	
Other Expenses	9,000.00	11,000.00	9,974.93	1,025.07	
Audit	23,550.00	23,550.00	23,550.00		
Collection of Taxes:					
Salaries and Wages	53,108.48	55,008.48	54,909.16	99.32	
Other Expenses	10,000.00	10,000.00	9,512.54	487.46	
Assessment of Taxes:					
Salaries and Wages	38,264.00	38,364.00	37,897.32	466.68	
Other Expenses	1,900.00	2,600.00	2,428.51	171.49	
Revaluation of Real Property:					
Other Expenses	60,000.00	63,000.00	61,462.73	1,537.27	
Tax Map Revision:					
Other Expenses	8,000.00	8,000.00	7,752.48	247.52	
<u>LEGAL SERVICES AND COSTS</u>					
Legal Services and Costs:					
Salaries and Wages	25,000.00	25,000.00	23,333.36	1,666.64	
Other Expenses	145,000.00	105,000.00	91,066.91	13,933.09	
Municipal Prosecutor:					
Salaries and Wages	18,390.00	18,390.00	18,390.00		
Other Expenses	7,000.00	7,000.00	5,440.01	1,559.99	
Engineering Services and Costs:					
Other Expenses	150,000.00	167,000.00	166,867.73	132.27	
Planning Board:					
Salaries and Wages	18,720.00	18,720.00	18,719.01	0.99	
Other Expenses	40,000.00	50,000.00	48,571.30	3,428.70	
Litigation	20,000.00	20,000.00	17,241.19	2,758.81	
Master Plan:					
Other Expenses	10,000.00	76,000.00	72,948.42	3,051.58	
Board of Adjustment:					
Salaries and Wages	25,828.13	26,728.13	26,718.86	9.25	
Other Expenses	3,000.00	3,000.00	2,257.05	742.95	
Litigation	24,000.00	17,000.00	12,685.91	4,334.09	
<u>DEPARTMENT OF PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	1,321,660.39	1,284,860.39	1,278,377.39	6,483.00	
Other Expenses	70,000.00	65,700.00	62,460.98	3,239.02	
Purchased Police Vehicles	24,500.00	21,500.00	20,840.13	659.87	
Emergency Management:					
Other Expenses	2,000.00	2,000.00	1,650.15	349.85	
Aid to Volunteer Fire Companies:					
Other Expenses	4,250.00	4,250.00		4,250.00	
Fire:					
Fire Hydrant Service	8,000.00	8,000.00	4,288.90	3,711.10	
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Road Repairs and Maintenance					
Salaries and Wages	435,196.00	426,896.00	423,830.87	3,065.13	
Other Expenses	30,000.00	16,000.00	13,607.45	2,392.55	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2004

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
DEPARTMENT OF PUBLIC WORKS (CONTINUED)					
Solid Waste Collection:					
Salaries and Wages	\$ 5,000.00	\$	\$	\$	
Other Expenses	70,000.00	73,000.00	72,900.00	100.00	
Recycling Program:					
Salaries and Wages	6,000.00	4,000.00	3,961.07	38.93	
Other Expenses	3,500.00	3,500.00	3,191.43	308.57	
Public Buildings and Grounds:					
Other Expenses	10,000.00	11,000.00	9,594.27	1,405.73	
Maintenance of the Municipal Building:					
Other Expenses	33,000.00	41,000.00	39,495.01	1,504.99	
Maintenance of the Municipal Garage:					
Other Expenses	12,000.00	11,000.00	10,867.75	132.25	
Vehicle Maintenance:					
Other Expenses	65,000.00	77,000.00	74,380.88	2,619.12	
Snow Removal:					
Salaries and Wages	10,000.00	10,000.00	3,594.19	6,405.81	
Other Expenses	20,000.00	20,000.00	17,777.13	2,222.87	
HEALTH AND HUMAN SERVICES					
Board of Health:					
Salaries and Wages	156,590.00	172,890.00	171,940.84	949.16	
Other Expenses	12,690.00	11,690.00	10,080.30	1,609.70	
Dog Regulation:					
Salaries and Wages	2,000.00	2,000.00	220.25	1,779.75	
Other Expenses	7,500.00	7,500.00	6,771.10	728.90	
Environmental Commission:					
Other Expenses	7,000.00	5,000.00	2,698.85	2,301.15	
Historic Preservation Commission:					
Other Expenses	4,000.00	4,000.00	912.56	3,087.44	
Open Space Commission:					
Other Expenses	1,000.00	1,000.00	34.52	965.48	
Public Assistance:					
Other Expenses	1,000.00	1,000.00	375.00	625.00	
PARKS AND RECREATION					
Department of Recreation:					
Other Expenses	5,000.00	5,000.00	2,500.00	2,500.00	
Aid to Museums:					
Other Expenses	3,200.00	3,200.00		3,200.00	
Municipal Services Act - Condo Reimbursement	20,000.00	20,000.00		20,000.00	
Accumulated Absences	50,000.00	53,100.00	53,044.62	55.38	
UNIFORM CONSTRUCTION CODE					
Construction Code Official:					
Salaries & Wages	97,581.00	117,581.00	117,316.25	264.75	
Other Expenses	17,000.00	19,000.00	15,032.90	3,967.10	
UNCLASSIFIED					
Electricity	36,000.00	36,000.00	30,966.84	5,033.16	
Telephone	33,000.00	37,500.00	32,871.65	4,628.35	
Natural Gas	9,000.00	9,000.00	7,917.09	1,082.91	
Street Lighting	7,500.00	7,500.00	6,205.41	1,294.59	
TOTAL OPERATIONS WITHIN "CAPS"	\$ 3,630,317.13	\$ 3,685,517.13	\$ 3,554,966.35	\$ 130,550.78	
Contingent	\$ 1,500.00	\$ 1,500.00	\$ 250.00	\$ 1,250.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 3,631,817.13	\$ 3,687,017.13	\$ 3,555,216.35	\$ 131,800.78	
Detail:					
Salaries and Wages	\$ 2,507,227.13	\$ 2,500,627.13	\$ 2,478,398.46	\$ 22,228.67	
Other Expenses	1,124,590.00	1,186,390.00	1,076,817.89	109,572.11	

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2004

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures:					
Public Employee's Retirement System	\$ 500.00	\$ 500.00	\$	\$ 500.00	
Social Security System (O.A.S.I.)	202,502.99	205,502.99	204,219.47	1,283.52	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"					
	\$ 203,002.99	\$ 206,002.99	\$ 204,219.47	\$ 1,783.52	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"					
	\$ 3,834,820.12	\$ 3,893,020.12	\$ 3,759,435.82	\$ 133,584.30	
OPERATIONS EXCLUDED FROM "CAPS"					
Municipal Court:					
Salaries and Wages	\$ 109,682.83	\$ 155,682.83	\$ 155,589.17	\$ 113.66	
Other Expenses	13,500.00	13,500.00	7,312.23	6,187.77	
Public Defender:					
Other Expenses	3,600.00	3,600.00	3,500.00	100.00	
Fair Share Housing Act:					
Other Expenses	8,000.00	8,000.00	6,262.15	1,737.85	
Engineering Services and Costs:					
Other Expenses	15,000.00	15,000.00	14,823.96	176.04	
Planning Board:					
Other Expenses	15,000.00	15,000.00	4,180.00	10,820.00	
Maintenance of Library:					
Other Expenses	39,200.00	39,200.00	39,200.00		
Insurance:					
Other Insurance Premiums	116,000.00	116,000.00	95,767.00	20,233.00	
Workers Compensation	55,000.00	55,000.00	54,690.00	310.00	
Group Insurance Plan for Employees	796,534.59	796,534.59	714,074.82	82,459.77	
Contribution to Police & Firemen's Retirement System	25,000.00	25,000.00	24,958.00	42.00	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS					
Bernards Township Zoning Officer	15,000.00	15,000.00	13,265.79	1,734.21	
Chatham Township Emergency Dispatch	56,000.00	56,000.00	55,000.00	1,000.00	
Hanover Township Board of Health	45,000.00	45,000.00	22,426.39	22,573.61	
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES					
Body Armor Replacement Fund	1,322.94	1,322.94	1,322.94		
Clean Communities Program (N.J.S.A. 40A:4-87 \$427.69)	6,090.23	6,517.92	6,517.92		
Community Foundation of NJ - Municipal Building Maintenance	4,507.71	4,507.71	4,507.71		
DMV Inspection Grant	8,891.00	8,891.00	8,891.00		
Drunk Driving Enforcement Fund	7,333.12	7,333.12	7,333.12		
Stormwater Management Grant (N.J.S.A. 40A:4-87 \$5,000.00)		5,000.00	5,000.00		
Glen Alpin Acquisition Grant		75,000.00	75,000.00		
Municipal Alliance					
Grant	9,373.00	9,373.00	9,373.00		
Match	2,343.25	2,343.25	2,343.25		
ANJEC Smart Growth					
Grant	22,625.00	22,625.00	22,625.00		
Match	17,375.00	17,375.00	17,375.00		
Recycling Tonnage Grant	7,137.55	7,137.55	7,137.55		
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 1,399,716.22	\$ 1,525,943.91	\$ 1,378,456.00	\$ 147,487.91	

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2004

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
DETAIL OPERATIONS-EXCLUDED FROM "CAPS"					
Salaries and Wages	\$ 109,882.83	\$ 155,682.83	\$ 155,569.17	\$ 113.66	
Other Expenses	1,289,833.39	1,370,261.08	1,222,886.83	147,374.25	
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 160,000.00	\$ 160,000.00	\$ 160,000.00	\$	
Technical Upgrades - Computer Systems	40,000.00	40,000.00	40,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS- EXCLUDED FROM "CAPS"</u>	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	\$	
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 210,000.00	\$ 210,000.00	\$ 210,000.00	\$	\$
Interest on Bonds	155,308.00	155,308.00	155,308.00		
Interest on Notes	17,500.00	17,500.00	17,261.73		238.27
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	\$ 382,808.00	\$ 382,808.00	\$ 382,569.73	\$	\$ 238.27
DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"					
Special Emergency Authorizations 5 Years (N.J.S.A. 40A:4-55) Revaluation	\$ 28,000.00	\$ 28,000.00	\$ 28,000.00	\$	\$
<u>TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"</u>	\$ 28,000.00	\$ 28,000.00	\$ 28,000.00	\$	\$
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 2,010,524.22	\$ 2,136,751.91	\$ 1,989,025.73	\$ 147,487.91	\$ 238.27
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 5,845,344.34	\$ 6,029,772.03	\$ 5,748,481.55	\$ 281,072.21	\$ 238.27
RESERVE FOR UNCOLLECTED TAXES	968,959.01	968,959.01	968,959.01		
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 6,814,303.35	\$ 6,998,731.04	\$ 6,717,420.56	\$ 281,072.21	\$ 238.27
REF.	A-2		A-1	A:A-1	
Amendment by (N.J.S.A. 40A:4-87)	A-2	\$ 80,427.69			
Emergency	A-31	104,000.00			
Budget	A-3	6,814,303.35			
		\$ 6,998,731.04			
Reserve for Uncollected Taxes	A-2		\$ 968,959.01		
Accounts Payable	A-11		100,695.08		
Emergency	A-31		28,000.00		
Reserve for Grants Appropriated	A-22		147,708.24		
Disbursements	A-4		5,472,058.23		
			\$ 6,717,420.56		

TRUST FUND

"B"

TOWNSHIP OF HARDING

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2004</u>	<u>BALANCE DECEMBER 31, 2003</u>
Animal Control Fund:			
Cash	B-1	\$ 1,574.05	\$ 316.78
	B	\$ 1,574.05	\$ 316.78
Other Funds:			
Cash	B-1	\$ 1,395,009.58	\$ 1,243,874.18
Green Acres Receivable	B-2	462,500.00	780,000.00
Interfunds Receivable	B-10	9,742.77	19,916.87
	B	\$ 1,867,252.35	\$ 2,043,791.05
		\$ 1,868,826.40	\$ 2,044,107.83
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State Department of Health	B-5	\$ 3.60	\$
Due Current Fund	B-6	1.07	
Reserve for Animal Control Expenditures	B-4	1,569.38	316.78
	B	\$ 1,574.05	\$ 316.78
Other Funds:			
Interfunds Payable	B-10	\$	\$ 25,977.00
Reserves For:			
Various Deposits	B-3	110,886.29	46,262.42
Developers' Deposits	B-7	549,191.97	625,249.58
Unemployment Insurance Compensation	B-8	53,116.18	52,801.00
Open Space Deposits	B-9	1,148,536.91	1,291,443.79
Law Enforcement Trust Fund	B-11	5,521.00	2,057.26
	B	\$ 1,867,252.35	\$ 2,043,791.05
		\$ 1,868,826.40	\$ 2,044,107.83

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	REF.	BALANCE DECEMBER 31, 2004	BALANCE DECEMBER 31, 2003
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 772,872.16	\$ 445,026.03
Deferred Charges to Future Taxation:			
Funded	C-5	4,386,287.38	4,695,228.54
Unfunded	C-7	5,159,300.00	2,590,300.00
Accounts Receivable	C-6	33,743.83	33,743.83
Due Current Fund	C-4		86,928.91
Due Trust Other Fund	C-16		25,977.00
		<u>\$ 10,352,203.37</u>	<u>\$ 7,877,204.31</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-11	\$ 3,578,000.00	\$ 3,788,000.00
Loans Payable	C-12	808,287.38	907,228.54
Bond Anticipation Note Payable	C-17	1,954,000.00	1,954,000.00
Due Current Fund	C-4	835.03	
Capital Improvement Fund	C-8	152,000.00	219,000.00
Improvement Authorizations:			
Funded	C-9	585,440.22	390,002.79
Unfunded	C-7:C-9	3,032,504.26	463,504.26
Reserve for:			
Open Space	C-15	154,500.00	154,500.00
Preliminary Costs	C-10	15,432.00	
Contracts Payable	C-14	70,235.76	
Fund Balance	C-1	<u>968.72</u>	<u>968.72</u>
		<u>\$ 10,352,203.37</u>	<u>\$ 7,877,204.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

REF.

Balance, December 31, 2003
and December 31, 2004

C

\$ 968.72

SEWER UTILITY FUND

"D"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

		BALANCE DECEMBER 31, 2004	BALANCE DECEMBER 31, 2003
<u>ASSETS</u>	<u>REF.</u>		
OPERATING FUND:			
Cash	D-4	\$ 171,988.72	\$ 147,825.07
Receivables with Full Reserves:			
Sewer Use Charges Receivable	D:D-9	\$ 15,000.68	\$ 8,182.85
<u>TOTAL OPERATING FUND</u>	D	\$ 186,989.40	\$ 156,007.92
CAPITAL FUND:			
Cash	D-4:D-5	\$ 28,514.64	\$ 28,450.00
Fixed Capital	D-13	78,565.74	78,565.74
Fixed Capital Authorized and Uncompleted	D-17	27,000.00	27,000.00
Due Sewer Operating Fund	D-15	35.36	100.00
<u>TOTAL CAPITAL FUND</u>	D	\$ 134,115.74	\$ 134,115.74
		\$ 321,105.14	\$ 290,123.66
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
OPERATING FUND:			
Liabilities:			
Interfunds Payable	D-7	\$ 35.36	\$ 2,000.00
Reserve for Accounts Payable	D-10	5,999.78	5,609.78
Sewer Overpayments	D-11	1,364.33	1,364.33
Appropriation Reserves	D-3:D-8	50,408.89	38,318.21
		\$ 57,808.36	\$ 47,292.32
Reserve for Receivables	D	15,000.68	8,182.85
Fund Balance	D-1	114,180.36	100,532.75
<u>TOTAL OPERATING FUND</u>	D	\$ 186,989.40	\$ 156,007.92
CAPITAL FUND:			
Improvement Authorizations-Funded	D-16	\$ 25,550.00	\$ 25,550.00
Reserve for Contribution in Aid of Construction	D-6	3,000.00	3,000.00
Reserve for Amortization	D-14	78,565.74	78,565.74
Deferred Reserve for Amortization	D-12	27,000.00	27,000.00
		\$ 134,115.74	\$ 134,115.74
<u>TOTAL CAPITAL FUND</u>	D	\$ 134,115.74	\$ 134,115.74
		\$ 321,105.14	\$ 290,123.66

The accompanying Notes to Financial Statements are an integral part of this statement.

"D-1"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER 31,</u> <u>2004</u>	<u>YEAR ENDED</u> <u>DECEMBER 31,</u> <u>2003</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-1:D-2	\$ 38,550.00	\$ 38,550.00
Sewer Use Charges	D-2	146,077.30	136,719.73
Miscellaneous Revenue Not Anticipated	D-2	5,511.32	657.04
Other Credits to Income:			
Consumer Overpayments Canceled			0.62
Unexpended Balance of Appropriation Reserves	D-8	<u>30,608.99</u>	<u>46,580.39</u>
<u>TOTAL INCOME</u>		<u>\$ 220,747.61</u>	<u>\$ 222,507.78</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 148,550.00	\$ 148,550.00
Capital Outlay	D-3	<u>20,000.00</u>	<u>20,000.00</u>
<u>TOTAL EXPENDITURES</u>		<u>\$ 168,550.00</u>	<u>\$ 168,550.00</u>
Statutory Excess to Surplus		\$ 52,197.61	\$ 53,957.78
Fund Balance, January 1	D	<u>100,532.75</u>	<u>85,124.97</u>
		\$ 152,730.36	\$ 139,082.75
Decreased by:			
Utilization as Anticipated Revenue	D-1:D-2	<u>38,550.00</u>	<u>38,550.00</u>
Fund Balance, December 31	D	<u>\$ 114,180.36</u>	<u>\$ 100,532.75</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING

SEWER UTILITY FUND

STATEMENT OF REVENUES - STATUTORY BASIS

YEAR ENDED DECEMBER 31, 2004

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Utilized	D-1	\$ 38,550.00	\$ 38,550.00	\$
Sewer Use Charges	D-1	<u>130,000.00</u>	<u>146,077.30</u>	<u>16,077.30</u>
<u>BUDGET TOTALS</u>		\$ 168,550.00	\$ 184,627.30	\$ 16,077.30
Non-Budget Revenue	D-1:D-4	<u> </u>	<u>5,511.32</u>	<u>5,511.32</u>
<u>BUDGET TOTALS</u>	D-3	\$ <u>168,550.00</u>	\$ <u>190,138.62</u>	\$ <u>21,588.62</u>

ANALYSIS OF REALIZED REVENUE:

Non-Budget Revenue:

Interest on Sewer Charges	\$ 535.59
Interest on Assessments	101.18
Miscellaneous	<u>4,874.55</u>
D-1:D-4	\$ <u>5,511.32</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARDING
SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2004

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
<u>OPERATING:</u>				
Salaries and Wages	\$ 8,550.00	\$ 8,550.00	\$ 4,940.00	\$ 3,610.00
Other Expenses	<u>140,000.00</u>	<u>140,000.00</u>	<u>113,201.11</u>	<u>26,798.89</u>
<u>TOTAL OPERATING</u>	<u>\$ 148,550.00</u>	<u>\$ 148,550.00</u>	<u>\$ 118,141.11</u>	<u>\$ 30,408.89</u>
<u>CAPITAL IMPROVEMENTS:</u>				
Capital Outlay	\$ 20,000.00	\$ 20,000.00	\$	\$ 20,000.00
	<u>\$ 168,550.00</u>	<u>\$ 168,550.00</u>	<u>\$ 118,141.11</u>	<u>\$ 50,408.89</u>
	<u>REF.</u>	<u>D-2</u>	<u>D-1</u>	<u>D</u>
Disbursements	D-4		\$ 117,751.11	
Reserve for Accounts Payable	D-10		<u>390.00</u>	
			<u>\$ 118,141.11</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2004</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2003</u>
<u>ASSETS</u>			
Cash-Treasurer:			
Public Assistance Trust Fund I	E-1	\$ 4,765.37	\$ 4,748.04
Public Assistance Trust Fund II	E-1	<u>421.38</u>	<u>419.34</u>
		<u>\$ 5,186.75</u>	<u>\$ 5,167.38</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance:			
Public Assistance Trust Fund I		\$ 4,765.37	\$ 4,748.04
Public Assistance Trust Fund II		<u>421.38</u>	<u>419.34</u>
		<u>\$ 5,186.75</u>	<u>\$ 5,167.38</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

TOWNSHIP OF HARDING

STATEMENT OF GENERAL FIXED ASSETS

BALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER <u>31, 2004</u>	BALANCE DECEMBER <u>31, 2003</u>
FIXED ASSETS		
Land & Land Improvements	\$ 26,781,740.54	\$ 26,781,740.54
Buildings	899,730.50	899,730.50
Machinery and Equipment	<u>1,455,879.28</u>	<u>1,455,879.28</u>
<u>TOTAL FIXED ASSETS</u>	\$ <u><u>29,137,350.32</u></u>	\$ <u><u>29,137,350.32</u></u>
RESERVE		
Investments in General Fixed Assets	\$ <u><u>29,137,350.32</u></u>	\$ <u><u>29,137,350.32</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HARDING

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Harding is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Harding include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Harding, as required by N.J.S.A.40A:5-5. Accordingly, the financial statements of the Township of Harding do not include the operations of the regional and local boards of education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Harding conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 financial transactions and accounts of the Township of Harding are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Township accounts for its financial transactions through the following individual funds and account groups:

Current Fund - resources and expenditures for governmental operations of a general nature, including grant funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned sewer utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - Utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows: A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amount that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property 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 in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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.

General Fixed Assets -Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm and updated by the Township. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation.

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - 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 the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital – Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization account in the utility capital fund represents changes to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Township of Harding had the following cash and cash equivalents at December 31, 2004:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Change Fund</u>	<u>Total</u>
Current Fund	\$3,130,820.60	\$250.00	\$3,131,070.60
Grant Fund	28,849.99		28,849.99
Animal Control Trust Fund	1,574.05		1,574.05
Other Trust Fund	1,395,009.58		1,395,009.58
General Capital Fund	772,872.16		772,872.16
Sewer Operating Fund	171,988.72		171,988.72
Sewer Capital Fund	28,514.64		28,514.64
Public Assistance Trust Fund	5,186.75		5,186.75
<u>Total - December 31, 2004</u>	<u>\$5,534,816.49</u>	<u>\$250.00</u>	<u>\$5,535,066.49</u>

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Harding's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2004 are detailed on Exhibit "C-11" and "C-17".

In addition, the Township has entered into a loan agreement with the State of New Jersey. The monies received from this loan are used to finance the Blue Mill Fields acquisition by the Township. A summary of these transactions for the year ended December 31, 2004 are detailed on Exhibit "C-12".

NOTE 3 - LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2004</u>	<u>Year 2003</u>	<u>Year 2002</u>
Issued:			
General:			
Bonds and Notes	\$ 5,532,000.00	\$ 5,742,000.00	\$ 5,493,000.00
Loans Payable	<u>808,287.38</u>	<u>907,228.54</u>	<u>1,004,220.16</u>
Debt Issued	\$ 6,340,287.38	\$ 6,649,228.54	\$ 6,497,220.16
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>3,205,300.00</u>	<u>636,300.00</u>	<u>311,300.00</u>
TOTAL BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	<u>\$ 9,545,587.38</u>	<u>\$ 7,285,528.54</u>	<u>\$ 6,808,520.16</u>

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT (AS AMENDED)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,385,000.00	\$ 5,385,000.00	\$
General Debt	<u>9,545,587.38</u>		<u>9,545,587.38</u>
	<u>\$ 14,930,587.38</u>	<u>\$ 5,385,000.00</u>	<u>\$ 9,545,587.38</u>

NET DEBT \$9,545,587.38 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, \$1,894,103,939.00 EQUALS 0.50%.

Borrowing Power Under NJSA 40A:2-6 As Amended

Equalized Valuation Basis - December 31, 2004	<u>\$ 1,894,103,939.00</u>
3 1/2% of Equalized Valuation Basis	\$ 66,293,637.87
Net Debt	<u>9,545,587.38</u>
Remaining Borrowing Power	<u>\$ 56,748,050.49</u>

Equalized Valuation Basis is the average of the equalized Valuation of real estate, including improvements and the assessed valuation of Class II railroad property of the Township of Harding for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

CALCULATION OF SELF-LIQUIDATING PURPOSE
SEWER UTILITY UNDER N.J.S.A. 40A2-45

Cash Receipts from Fees, Rents or Other

Charges for Year and Anticipated Surplus \$190,138.62

Deductions:

Operations and Maintenance 148,550.00

Excess in Revenues- Self-Liquidating \$ 41,588.62

NOTE 3 - LONG-TERM DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

<u>Calendar Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 225,000.00	\$ 146,698.00	\$ 371,698.00
2006	240,000.00	137,473.00	377,473.00
2007	255,000.00	127,633.00	382,633.00
2008	270,000.00	117,178.00	387,178.00
2009	285,000.00	106,108.00	391,108.00
2010	300,000.00	94,423.00	394,423.00
2011	315,000.00	82,123.00	397,123.00
2012	330,000.00	69,208.00	399,208.00
2013	340,000.00	55,678.00	395,678.00
2014	340,000.00	41,738.00	381,738.00
2015	340,000.00	27,798.00	367,798.00
2016	338,000.00	13,858.00	351,858.00
	<u>\$ 3,578,000.00</u>	<u>\$ 1,019,916.00</u>	<u>\$ 4,597,916.00</u>

Schedule of Annual Debt Service for Principal and Interest for Blue Mill Fields Acquisition Loan Payable

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 100,929.88	\$ 15,663.61	\$ 116,593.49
2006	102,958.57	13,634.92	116,593.49
2007	105,028.03	11,565.45	116,593.48
2008	107,139.09	9,454.39	116,593.48
2009	109,292.59	7,300.89	116,593.48
2010	111,489.37	5,104.11	116,593.48
2011	113,730.30	2,863.18	116,593.48
2012	57,719.55	577.20	58,296.75
	<u>\$ 808,287.38</u>	<u>\$ 66,163.75</u>	<u>\$ 874,451.13</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2004 which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2005 was \$1,860,500.00 for the Current Fund and \$38,760.13 for the Sewer Utility Operating Fund.

NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local High School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	Balance <u>December 31, 2004</u>	Balance <u>December 31, 2003</u>
Prepaid Taxes	\$ <u>206,148.17</u>	\$ <u>286,615.07</u>

NOTE 6: PENSION PLANS

Township employees, who are eligible for a pension plan, are enrolled in one of two pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System and the Police and Firemen's Retirement System. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Township's share of pension, which is based upon the annual billings received from the state, amounted to \$-0- for 2003 and \$24,958.00 for 2004.

Township employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: COMPENSATED ABSENCES

Effective January 1, 1987, the members of the Harding Township Police Department shall be entitled to compensable sick leave of eighteen (18) days per year to be cumulative up to a maximum of three hundred (300) days. For the period of January 1, 1973 through December 31, 1986, the members shall be entitled to compensable sick leave of twenty-four (24) days per year to be cumulative up to a maximum of two-hundred and seventy (270) days.

Those members who retire having attained both the required age and years of service, upon retirement shall be eligible to receive one (1) day's pay, at his or her then rate of pay, for every three (3) days of accrued unused sick leave based on the accrual rate of a maximum of eighteen (18) days per year to be cumulative up to a maximum of three hundred (300) days.

For purposes of the terminal leave payment calculation only, the eighteen (18) days per year specified above shall also apply to the period January 1, 1973 through December 31, 1986.

For all other full-time employees the following policy is in effect:

At the end of each calendar year, an employee's unused sick time is added to the allotment for the following year. Employees are entitled to accumulate up to a maximum of 100 days.

The accumulation continues indefinitely and employees will be paid for their total accumulated unused sick time based on the following table up to a maximum of \$10,000, whichever is less. Upon retirement in good standing with 15 years or more of total service with Harding Township, full time non-contractual employees will be compensated for unused accumulated sick leave, not to exceed 100 days, based upon the individual's regular rate of pay at the time of retirement according to the following payout schedule.

After 15 years of continuous service – 30% of accumulated sick time capped at \$5,000.

After 20 years of continuous service – 40% of accumulated sick time capped at \$7,000.

After 25 years of continuous service – 50% of accumulated sick time capped at \$10,000.

The Township has estimated the liability for unpaid sick pay to be \$233,000.00 and \$89,984.00 at December 31, 2004 and 2003, respectively, for the police department and \$49,830.00 and \$103,657.00, at December 31, 2004 and 2003, respectively, for other employees. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 8: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the Plan are held by an independent administrator, the Equitable Life Assurance Society of the United States (the "Equitable").

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan is fully contributory and the Township has no liabilities in conjunction with the plan.

NOTE 9: LITIGATION

The Township Attorney's letters did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Township.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2004. Any reduction in assessed valuation will result in a refund of prior years taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.40A:2-51. The Township has a reserve balance in the amount of \$185,276.96 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

The Township participated in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Report Section of the 2004 audit.

NOTE 11: CONTINGENT LIABILITIES (CONTINUED)

In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2004, the Township does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consisted of the following at December 31, 2004:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,028.58	\$ 84,945.48
Grant Fund	75,202.71	
Animal Control Trust Fund		1.07
Trust Other Fund	9,742.77	
General Capital Fund		835.03
Sewer Utility Operating		35.36
Sewer Utility Capital	35.36	
Payroll Account		192.48
	<u>\$ 86,009.42</u>	<u>\$ 86,009.42</u>

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2004, the following deferred charges are shown:

	<u>Balance December 31, 2003</u>	<u>Amount Resulting From 2004</u>	<u>Raised In 2004 Budget</u>	<u>Balance December 31, 2004</u>
Current Fund:				
Special Emergency-40A: 4-55 Master Plan	\$ 56,000.00	\$ 66,000.00	\$ 28,000.00	\$ 122,000.00
Emergency-40A: 4-46 Court Salaries		38,000.00		38,000.00
	<u>\$ 56,000.00</u>	<u>\$ 104,000.00</u>	<u>\$ 28,000.00</u>	<u>\$ 160,000.00</u>

TOWNSHIP OF HARDING
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2004

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2003	A	\$ 3,156,666.49	\$
Increased by Receipts:			
Taxes Receivable	A-8	\$ 17,011,006.73	\$
Petty Cash	A-5	300.00	
State of New Jersey-Senior Citizens and Veterans Deductions	A-7	45,250.00	
Interfunds	A-12	233,425.61	
Revenue Accounts Receivable	A-13	1,051,275.48	
Current Reserves - Unappropriated	A-15	25,419.18	
Miscellaneous Revenue Not Anticipated	A-2	400,476.03	
Tax Overpayments	A-17	32,162.61	
Prepaid Taxes	A-18	206,148.17	
Reserve for Sale of Municipal Assets	A-25	8,482.00	
Due Current Fund	A-10		2,343.16
Reserve for Grants-Appropriated	A-23		19,718.25
Reserve for Grants-Unappropriated	A-24		12,213.95
Grants Receivable	A-29		123,675.56
Construction Code DCA - Due State of NJ	A-21	14,671.00	
Reserve for Tax Premiums	A-19	210.63	
Reserve for Redemption of Outside Liens	A-20	138,163.87	
		<u>19,166,991.31</u>	<u>157,950.92</u>
		\$ 22,323,657.80	\$ 157,950.92
Decreased by Disbursements:			
2004 Appropriations	A-3	\$ 5,472,058.23	\$
Appropriation Reserves	A-14	141,071.07	
Interfunds	A-12	330,409.98	
Petty Cash	A-5	300.00	
Local District School Taxes Payable	A-27	7,158,452.50	
County Taxes Payable	A-26	5,446,847.13	
Municipal Open Space Taxes Payable	A-28	396,804.06	
Refund of Prior Year Revenue	A-1	97,439.36	
Construction Code DCA - Due State of NJ	A-21	11,291.00	
Due Current Fund	A-10		1,590.38
Reserve for Grants-Appropriated	A-23		127,510.55
Reserve for Redemption of Outside Liens	A-20	138,163.87	
		<u>19,192,837.20</u>	<u>129,100.93</u>
Balance, December 31, 2004	A	\$ <u>3,130,820.60</u>	\$ <u>28,849.99</u>

"A-5"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF PETTY CASH

OFFICE

Finance Department

INCREASE

DECREASE

\$ 300.00 \$ 300.00

\$ 300.00 \$ 300.00

REF.

A-4

A-4

"A-6"

SCHEDULE OF CHANGE FUND

OFFICE

Municipal Court

BALANCE
DECEMBER 31,
2003 AND 2004

\$ 250.00

\$ 250.00

REF.

A

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2003 (Due From)	A	\$	2,850.10
Increased by:			
Senior Citizens Deductions Per Tax Billing	A-7	\$	3,000.00
Veterans Deductions Per Tax Billing	A-7		41,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector	A-7		<u>750.00</u>
			<u>45,500.00</u>
		\$	<u>48,350.10</u>
Decreased by:			
Received From State	A-4		<u>45,250.00</u>
Balance, December 31, 2004 (Due From)	A	\$	<u><u>3,100.10</u></u>

ANALYSIS OF STATE SHARE OF 2004 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-7	\$	3,000.00	
Veterans Deductions Per Tax Billing	A-7		41,750.00	
Senior Citizens and Veterans Deductions Allowed by Collector	A-7		<u>750.00</u>	
	A-8			\$ <u><u>45,500.00</u></u>

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2003</u>	<u>2004 LEVY</u>	<u>2003</u>	<u>COLLECTIONS</u>	<u>2004</u>	<u>CANCELED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2004</u>
Prior	\$ 249,381.37			\$ 248,615.29	\$		\$ 766.08	\$
2004	\$ 249,381.37	\$ 17,431,847.80		\$ 248,615.29	\$		\$ 766.08	\$
				16,807,891.44		96,794.53	802.56	239,744.20
	\$ 249,381.37	\$ 17,431,847.80		286,615.07				
				286,615.07	\$	96,794.53	\$ 1,568.64	\$ 239,744.20
<u>REF.</u>	<u>A</u>		<u>A-2 A-18</u>	<u>A-2</u>			<u>A-9</u>	<u>A</u>

Collector
Senior Citizens and Veterans Deductions

<u>REF.</u>	
A-4	\$ 17,011,006.73
A-7	45,500.00
	\$ 17,056,506.73

ANALYSIS OF 2004 PROPERTY TAX LEVY

<u>TAX YIELD</u>	
General Property Tax	\$ 17,088,503.79
Added Taxes (54.4-63.1 et seq.)	343,344.01
	\$ 17,431,847.80

<u>TAX LEVY</u>	
Local District School Tax (Abstract)	\$ 7,158,452.50
County Tax (Abstract)	
County Open Space (Abstract)	
Due County for Added Taxes (54.4-63.1 et seq.)	5,339,420.35
<u>Total County Taxes</u>	107,426.78
	5,446,847.13

<u>Municipal Open Space Tax</u>	
Added Taxes	\$ 388,375.08
	8,428.98
	396,804.06

<u>Local Tax for Municipal Purposes (Abstract)</u>	
Add: Additional Tax Levied	\$ 4,079,245.50
Local Tax for Municipal Purposes Levied	268,627.90
	4,347,873.40
	\$ 17,431,847.80

"A-9"

TOWNSHIP OF HARDING
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2003	A	\$ 8,435.89
Increased by:		
Transfer From Taxes Receivable	A-8	<u>1,568.64</u>
Balance, December 31, 2004	A	\$ <u><u>10,004.53</u></u>

"A-10"

GRANT FUND
SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2003 (Due From)	A	\$ 75,955.49
Increased by:		
Disbursements	A-4	<u>1,590.38</u>
		\$ <u><u>77,545.87</u></u>
Decreased by:		
Receipts	A-4	<u>2,343.16</u>
Balance, December 31, 2004 (Due From)	A	\$ <u><u>75,202.71</u></u>

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2003	A	\$ 75,855.86
Increased by:		
2004 Budget Appropriations	A-3	100,695.08
		<u>\$ 176,550.94</u>
Decreased by:		
Cancellations	A-1	<u>75,855.86</u>
Balance, December 31, 2004	A	<u><u>\$ 100,695.08</u></u>

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER OPERATING FUND</u>	<u>PAYROLL ACCOUNT</u>
Balance, December 31, 2003								
Due To	A	\$ 182,801.27	\$ 75,955.49	\$	\$ 19,916.87	\$ 86,928.91	\$	\$
Due From	A	<u>1,900.00</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>1,900.00</u>	<u></u>
Receipts	A-4	\$ 233,425.61	\$ 1,590.38	\$ 1.81	\$ 63,796.40	\$ 166,137.02	\$ 1,900.00	\$
Disbursements	A-4	<u>330,409.98</u>	<u>2,343.16</u>	<u>2.88</u>	<u>73,970.50</u>	<u>253,900.96</u>	<u></u>	<u>192.48</u>
Balance, December 31, 2004								
Due To	A	\$ 84,945.48	\$ 75,202.71	\$	\$ 9,742.77	\$		\$
Due From	A	<u>1,028.58</u>	<u></u>	<u>1.07</u>	<u></u>	<u>835.03</u>		<u>192.48</u>

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>ACCOUNTS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2003</u>	<u>ACCRUED IN 2004</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2004</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	\$	\$ 4,120.00	\$ 4,120.00	\$
Fees and Permits	A-2		24,665.00	24,665.00	
Interest and Costs on Taxes	A-2		55,087.90	55,087.90	
Construction Code Official	A-2		150,656.00	150,656.00	
Planning Board:					
Fees and Permits	A-2		14,335.00	14,335.00	
Board of Adjustment:					
Fees and Permits	A-2		7,900.00	7,900.00	
Tax Collector:					
Fees and Permits	A-2		36.00	36.00	
Health Department:					
Fees and Permits	A-2		38,274.35	38,274.35	
Registrar:					
Fees and Permits	A-2		1,188.00	1,188.00	
Municipal Court:					
Fines and Costs	A-2	18,580.32	215,656.82	219,667.73	14,569.41
Police:					
Fees and Permits	A-2		1,965.50	1,965.50	
Energy Receipts Tax	A-2		450,287.00	450,287.00	
Supplemental Energy Receipts Tax	A-2		24,627.00	24,627.00	
Legislative Initiative Block Grant	A-2		15,927.00	15,927.00	
Consolidated Municipal Property Tax Relief Aid	A-2		42,539.00	42,539.00	
		<u>\$ 18,580.32</u>	<u>\$ 1,047,264.57</u>	<u>\$ 1,051,275.48</u>	<u>\$ 14,569.41</u>
<u>REF.</u>		A		A-4	A

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF 2003 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2003	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
Administrative & Executive	\$ 27,565.78	\$ 7,565.78	\$ 70.00	\$ 7,495.78
Mayor & Council	600.00	600.00		600.00
Municipal Clerk	3,616.11	3,616.11		3,616.11
Financial Administration	6,616.44	6,616.44	188.16	6,428.28
Collection of Taxes	2,134.20	2,134.20		2,134.20
Assessment of Taxes	1,329.25	1,329.25	203.84	1,125.41
Planning Board	1,797.36	1,797.36		1,797.36
Board of Adjustment	1,874.83	1,874.83		1,874.83
Uniform Construction Code	3,159.34	3,159.34	489.79	2,669.55
Police	18,932.53	18,932.53	1,687.01	17,245.52
Health Service	1,273.65	1,273.65		1,273.65
Streets & Roads	21,046.66	21,046.66		21,046.66
Solid Waste Collection	5,000.00	5,000.00		5,000.00
Recycling	1,548.38	1,548.38	172.53	1,375.85
Municipal Court	12.74	12.74		12.74
<u>OTHER EXPENSES:</u>				
Administrative & Executive	2,375.99	2,375.99	1,900.68	475.31
Human Resources	1,000.00	1,000.00	37.29	962.71
Municipal Clerk	589.82	589.82	488.64	101.18
Financial Administration	868.15	868.15	242.00	626.15
Financial Administration - Audit	23,500.00	23,500.00	16,800.00	6,700.00
Assessment of Taxes	2,595.52	2,595.52	20.59	2,574.93
Collection of Taxes	6,045.35	6,045.35	3,143.35	2,902.00
Legal Services and Costs	59,814.87	59,814.87	14,816.55	44,998.32
Engineering Services and Costs	53,227.21	53,227.21	26,409.21	26,818.00
Planning Board	20,673.53	20,673.53	7,359.47	13,314.06
Planning Board Master Plan	9,642.50	9,642.50	603.75	9,038.75
Uniform Construction Code	3,786.41	3,786.41	18.63	3,767.78
Board of Adjustments	13,280.48	13,280.48		13,280.48
Group Insurance for Employees	1,671.09	1,671.09	1,516.20	154.89
Worker's Compensation	1,413.00	1,413.00		1,413.00
Fire Hydrant Services	7,993.88	7,993.88		7,993.88
Police	10,715.71	10,715.71	6,535.88	4,179.83
Streets & Roads	22,478.01	22,478.01	12,458.03	10,019.98
Emergency Management	346.27	346.27	298.61	47.66
Aid to Ambulance Comp.	4,250.00	4,250.00		4,250.00
Prosecutors Office	1,049.92	1,049.92	850.00	199.92
Solid Waste Collection	4,252.26	4,252.26		4,252.26
Recycling	3,104.80	3,104.80	846.80	2,258.00
Buildings and Grounds	7,718.75	7,718.75	3,817.00	3,901.75
Maint. Of Municipal Garage	3,197.86	3,197.86	2,148.07	1,049.79
Condominium Reimbursement	15,000.00	31,000.00	25,491.12	5,508.88
Health Service	13,761.26	13,761.26	549.36	13,211.90
Welfare Administration	625.00	625.00		625.00
Board of Recreation	3,223.65	3,223.65	1,500.00	1,723.65
Animal Control Cost	45.74	45.74		45.74
Environmental Commission	534.78	534.78	71.00	463.78
Accumulated Leave Comp	2,500.00	2,500.00		2,500.00
Contingency	415.68	415.68	400.00	15.68
Electricity	6,985.11	6,985.11	2,132.48	4,852.63
Telephone	1,323.21	3,323.21	3,071.06	252.15
Natural Gas	502.47	2,502.47	2,455.70	46.77
Street Lighting	2,293.28	2,293.28	562.97	1,730.31
Contribution to Social Security	17.76	17.76		17.76

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF 2003 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2003	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (cont'd):</u>				
Municipal Court	\$ 3,263.38	\$ 3,263.38	\$ 496.83	\$ 2,766.55
Public Defender	1,600.00	1,600.00	750.00	850.00
Fair Share Housing	21,240.23	21,240.23	468.47	20,771.76
Clean Communities Program	4,573.50	4,573.50		4,573.50
<u>TOTAL</u>	<u>\$ 440,003.70</u>	<u>\$ 440,003.70</u>	<u>\$ 141,071.07</u>	<u>\$ 298,932.63</u>
<u>REF.</u>	A		A-4	A-1

"A-15"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF CURRENT RESERVES - UNAPPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2003	A	\$	23,467.22
Increased by:			
Receipts	A-4		<u>25,419.18</u>
		\$	<u>48,886.40</u>
Decreased by:			
Unappropriated Applied	A-2	\$	397.30
Cancel Reserves	A-1		<u>23,069.92</u>
			<u>23,467.22</u>
Balance, December 31, 2004	A	\$	<u><u>25,419.18</u></u>

ANALYSIS OF BALANCE:

N.J. Municipal Homeland Security	\$	25,000.00
Garden State Trust Fund		<u>419.18</u>
	\$	<u><u>25,419.18</u></u>

"A-16"

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Increased by:			
Transferred from Grants Appropriated	A-23	\$	<u>7,661.61</u>
Balance, December 31, 2004	A	\$	<u><u>7,661.61</u></u>

"A-17"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

REF.

Increased by:		
Overpayments in 2004	A-4	\$ <u>32,162.61</u>
Balance, December 31, 2004	A	\$ <u><u>32,162.61</u></u>

"A-18"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2003	A	\$ 286,615.07
Increased by:		
Collection of 2005 Taxes	A-4	<u>206,148.17</u>
		\$ <u>492,763.24</u>
Decreased by:		
Applied to 2004 Taxes	A-8	<u>286,615.07</u>
Balance, December 31, 2004	A	\$ <u><u>206,148.17</u></u>

"A-19"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX PREMIUMS

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>210.63</u>
Balance, December 31, 2004	A	\$ <u><u>210.63</u></u>

"A-20"

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

Increased by:		
Receipts	A-4	\$ 138,163.87
Decreased by:		
Disbursements	A-4	\$ <u><u>138,163.87</u></u>

"A-21"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION CODE DCA - DUE STATE OF N.J.

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ 14,671.00
Decreased by:		
Disbursements	A-4	<u>11,291.00</u>
Balance, December 31, 2004	A	\$ <u><u>3,380.00</u></u>

"A-22"

SCHEDULE OF RESERVE FOR REVALUATION

Balance, December 31, 2003 and December 31, 2004	A	\$ <u><u>1,370.00</u></u>
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TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2003	BUDGET APPROPRIATION	EXPENDED	ACCOUNTS PAYABLE	BALANCE DECEMBER 31, 2004
Supplemental Safe Neighborhoods Program	\$ 5,559.54	\$	\$	\$	\$ 5,559.54
Drunk Driving Enforcement Fund	3,795.12	7,333.12	390.00		10,738.24
Clean Communities Program		6,517.92			6,517.92
Alcohol Education Rehabilitation Fund	1,523.69				1,523.69
Recycling Tonnage Grant	12,537.91	7,137.55	2,538.55		17,136.91
Municipal Alliance Program & match	15,269.79	11,716.25	9,896.32	2,000.00	15,089.72
Environmental Services	19,940.51			2,126.93	17,813.58
Body Armor Replacement Fund	4,620.11	1,322.94	1,246.08	2,492.16	2,204.81
NJ DEP - Great Swamp Project	4,748.41				4,748.41
Community Foundation		4,507.71		1,042.52	3,465.19
Association of NJ Environmental Commission		40,000.00	38,439.60		1,560.40
Stormwater Management		5,000.00			5,000.00
Glen Alpin Acquisition - Morris County Park Comm.		75,000.00	75,000.00		
DMV Inspections		8,891.00			8,891.00
	<u>\$ 67,995.08</u>	<u>\$ 167,426.49</u>	<u>\$ 127,510.55</u>	<u>\$ 7,661.61</u>	<u>\$ 100,249.41</u>

REF.

A

A-4

A-16

A

Budget

A-3

\$ 147,708.24

Matching Funds for Grants

A-4

19,718.25

\$ 167,426.49

"A-24"

TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

	BALANCE DECEMBER 31, 2003	RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2004
Recycling Tonnage Grant	\$ 7,137.55	\$ 1,793.65	\$ 7,137.55	\$ 1,793.65
Drunk Driving Enforcement Fund	7,333.12		7,333.12	
DMV Inspections	8,891.00	10,420.30	8,891.00	10,420.30
	<u>\$ 23,361.67</u>	<u>\$ 12,213.95</u>	<u>\$ 23,361.67</u>	<u>\$ 12,213.95</u>
<u>REF.</u>	A	A-4	A-29	A

"A-25"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ <u>8,482.00</u>
Balance, December 31, 2004	A	\$ <u><u>8,482.00</u></u>

"A-26"

SCHEDULE OF COUNTY TAXES PAYABLE

Increased by:			
2004 Levy	A-1:A-8	\$ 5,339,420.35	
Added and Omitted	A-1:A-8	<u>107,426.78</u>	
			\$ 5,446,847.13
Decreased by:			
Disbursements	A-4		\$ <u><u>5,446,847.13</u></u>

"A-27"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2003	A	\$	0.52
Increased by:			
School Levy	A-1:A-8		<u>7,158,452.50</u>
		\$	<u>7,158,453.02</u>
Decreased by:			
Disbursements	A-4		<u>7,158,452.50</u>
Balance, December 31, 2004	A	\$	<u><u>0.52</u></u>

"A-28"

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

Increased by:			
2004 Tax Levy	A-1:A-8	\$	388,375.08
Added Taxes	A-1:A-8		<u>8,428.98</u>
		\$	396,804.06
Decreased by:			
Disbursements	A-4	\$	<u><u>396,804.06</u></u>

TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2003	BUDGET APPROPRIATION	RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2004
Municipal Alliance on Alcoholism and Drug Abuse	\$ 10,852.63	\$ 9,373.00	\$ 5,768.44	\$	\$ 14,457.19
Office on Environmental Services	7,153.41		4,183.55		2,969.86
Clean Communities Program		6,517.92	6,517.92		
Association of NJ Environmental Commission		22,625.00	22,625.00		
Community Foundation Grant		4,507.71	4,507.71		
Morris County Parks Commission		75,000.00	75,000.00		
Stormwater Management		5,000.00	3,750.00		1,250.00
Recycling Tonnage Grant		7,137.55		7,137.55	
Drunk Driving Enforcement Fund		7,333.12		7,333.12	
DMV Inspections		8,891.00		8,891.00	
Body Armor Replacement		1,322.94	1,322.94		
	<u>\$ 18,006.04</u>	<u>\$ 147,708.24</u>	<u>\$ 123,675.56</u>	<u>\$ 23,361.67</u>	<u>\$ 18,677.05</u>
<u>REF.</u>	A	A-2	A-4	A-24	A

"A-30"

TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - CLEAN COMMUNITIES

REF.

Balance, December 31, 2003
and December 31, 2004

A

\$ 2,604.88

"A-31"

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

Balance, December 31, 2003

A

\$ 84,000.00

Increased by:

Amount Resulting from 2004

A-3

104,000.00
\$ 188,000.00

Decreased by:

Budget

A-3

28,000.00

Balance, December 31, 2004

A

\$ 160,000.00

ANALYSIS OF BALANCE:

Emergency per N.J.S.A. 40A 4-55 - Master Plan

\$ 122,000.00

Emergency per N.J.S.A. 40A 4-46 - Court Salaries

38,000.00

\$ 160,000.00

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2003	B	\$ 316.78	\$ 1,243,874.18
Increased by Receipts:			
Green Acres Receivable	B-2	\$	\$ 317,500.00
Reserve for Animal Control	B-4	5,107.60	
Due State of New Jersey	B-5	645.00	
Developers' Deposits	B-7		802,645.61
Unemployment Insurance Compensation	B-8		315.18
Reserve for Various Trust Deposits	B-3		278,209.24
Reserve for Open Space Deposits	B-9		1,425,976.25
Interfunds	B-10		229,970.50
Reserve for Law Enforcement Trust Fund	B-11		3,463.74
Due Current Fund	B-6	2.88	
		<u>5,755.48</u>	<u>3,058,080.52</u>
		\$ 6,072.26	\$ 4,301,954.70
Decreased by Disbursements:			
New Jersey State Board of Health	B-5	\$ 641.40	\$
Expenditures Under R.S.4:19-15.11	B-4	3,855.00	
Reserve For:			
Various Trust Deposits	B-3		213,585.37
Developers' Deposits	B-7		878,703.22
Open Space Deposits	B-9		1,568,883.13
Due Current Fund	B-6	1.81	
Interfunds	B-10		245,773.40
		<u>4,498.21</u>	<u>2,906,945.12</u>
Balance, December 31, 2004	B	\$ <u>1,574.05</u>	\$ <u>1,395,009.58</u>

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF GREEN ACRES RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2003	B	\$ 780,000.00
Decreased by:		
Receipts	B-1	<u>317,500.00</u>
Balance, December 31, 2004	B	<u>\$ 462,500.00</u>

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2003</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2004</u>
Recycling	\$ 14,249.49	\$	\$ 728.24	\$ 13,521.25
Police Outside Overtime	26,016.50	202,714.42	211,271.50	17,459.42
Tax Sale Premiums	210.63	68,000.00	210.63	68,000.00
Employee 457 Plan		3,971.68		3,971.68
Public Defender		1,550.00		1,550.00
POAA		6.00		6.00
Due State of NJ - Marriage Licenses	75.00	525.00	325.00	275.00
Municipal Alliance Program	5,710.80	1,442.14	1,050.00	6,102.94
	<u>\$ 46,262.42</u>	<u>\$ 278,209.24</u>	<u>\$ 213,585.37</u>	<u>\$ 110,886.29</u>
<u>REF.</u>	B	B-1	B-1	B

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2003	B	\$ 316.78
Increased by:		
Receipts	B-1	5,107.60
		\$ <u>5,424.38</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11	B-1	<u>3,855.00</u>
Balance, December 31, 2004	B	\$ <u><u>1,569.38</u></u>

DOG LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2002	\$ 4,420.00
2003	<u>4,517.12</u>
	\$ <u><u>8,937.12</u></u>

"B-5"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DUE STATE DEPARTMENT OF HEALTH - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Increased by:			
State Registration Fees Collected	B-1	\$	645.00
Decreased by:			
Paid to State Department of Health	B-1		<u>641.40</u>
Balance, December 31, 2004	B	\$	<u><u>3.60</u></u>

"B-6"

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

Increased by:			
Receipts	B-1	\$	2.88
Decreased by:			
Disbursements	B-1		<u>1.81</u>
Balance, December 31, 2004 (Due To)	B	\$	<u><u>1.07</u></u>

"B-7"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DEVELOPERS' DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2003	B	\$ 625,249.58
Increased by:		
Receipts	B-1	<u>802,645.61</u>
		\$ 1,427,895.19
Decreased by:		
Disbursements	B-1	<u>878,703.22</u>
Balance, December 31, 2004	B	<u><u>\$ 549,191.97</u></u>

ANALYSIS OF BALANCE:

Technical Review Escrow	\$ 76,304.42
Engineering Escrow	189,457.95
Performance Bond Escrow	<u>283,429.60</u>
	<u><u>\$ 549,191.97</u></u>

"B-8"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF UNEMPLOYMENT INSURANCE COMPENSATION

	<u>REF.</u>	
Balance, December 31, 2003	B	\$ 52,801.00
Increased by:		
Interest	B-1	<u>315.18</u>
Balance, December 31, 2004	B	\$ <u>53,116.18</u>

"B-9"

SCHEDULE OF RESERVE FOR OPEN SPACE DEPOSITS

Balance, December 31, 2003	B	\$ 1,291,443.79
Increased by:		
Tax Levy		\$ 388,375.08
Tax Levy-Added		8,428.98
Interest		4,172.19
Other		<u>1,025,000.00</u>
	B-1	<u>1,425,976.25</u>
		\$ <u>2,717,420.04</u>
Decreased by:		
Disbursements	B-1	<u>1,568,883.13</u>
Balance, December 31, 2004	B	\$ <u>1,148,536.91</u>

ANALYSIS OF BALANCE:

Open Space Trust	\$ 678,535.91
Green Trust	14,916.00
Green Acres Program	<u>455,085.00</u>
	\$ <u>1,148,536.91</u>

"B-10"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2003				
Due To	B	\$ 25,977.00	\$	\$ 25,977.00
Due From	B	<u>19,916.87</u>	<u>19,916.87</u>	<u></u>
Receipts	B-1	\$ 229,970.50	\$ 73,970.50	\$ 156,000.00
Disbursements	B-1	<u>245,773.40</u>	<u>63,796.40</u>	<u>181,977.00</u>
Balance, December 31, 2004				
Due From	B	\$ <u>9,742.77</u>	\$ <u>9,742.77</u>	

"B-11"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2003	B	\$ 2,057.26
Increased by:		
Receipts	B-1	<u>3,463.74</u>
Balance, December 31, 2004	B	\$ <u><u>5,521.00</u></u>

TOWNSHIP OF HARDING
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2003	C		\$ 445,026.03
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-8	\$ 160,000.00	
Due Current Fund	C-4	253,900.96	
Due Trust Other Fund	C-2	181,977.00	
Bond Anticipation Note	C-17	1,954,000.00	
Reserve for Open Space	C-15	156,000.00	
Morris County Open Space Grant	C-6	500,000.00	
Deferred Charges to Future Taxation - Unfunded	C-7:C-9	<u>450,000.00</u>	
			<u>3,655,877.96</u>
			\$ <u>4,100,903.99</u>
Decreased by Disbursements:			
Contracts Payable	C-14	\$ 1,051,826.81	
Bond Anticipation Note	C-17	1,954,000.00	
Reserve for Preliminary Costs	C-10	68.00	
Due Trust Other Fund	C-2	156,000.00	
Due Current Fund	C-4	<u>166,137.02</u>	
			<u>3,328,031.83</u>
Balance, December 31, 2004	C		\$ <u><u>772,872.16</u></u>

"C-3"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2004</u>
Capital Improvement Fund	\$ 152,000.00
Due Current Fund	835.03
Reserve for Open Space	154,500.00
Morris County Open Space Grant Receivable	(33,743.83)
Reserve for Preliminary Costs	15,432.00
Reserve for Contracts Payable	70,235.76
Fund Balance	968.72
Unexpended Proceeds of Bond Anticipation Notes Listed on "C-7"	10,000.00
Improvement Authorizations Funded- Listed on "C-9"	585,440.22
Unfunded Improvements Expended- Listed on "C-7"	<u>(182,795.74)</u>
	<u>\$ 772,872.16</u>
<u>REF.</u>	C

"C-4"

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2003 (Due From)	C	\$ 86,928.91
Increased by:		
Disbursements	C-2	<u>166,137.02</u>
		<u>\$ 253,065.93</u>
Decreased by:		
Receipts	C-2	<u>253,900.96</u>
Balance, December 31, 2004 (Due To)	C	<u>\$ 835.03</u>

"C-5"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2003	C	\$	4,695,228.54
Decreased by:			
Bonds Paid by Budget	C-11	\$	210,000.00
Loans Paid by Open Space Trust	C-12		<u>98,941.16</u>
			<u>308,941.16</u>
Balance, December 31, 2004	C	\$	<u>4,386,287.38</u>

"C-6"

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance, December 31, 2003	C	\$	33,743.83
Increased by:			
County Open Space Grant	C-9		<u>500,000.00</u>
		\$	<u>533,743.83</u>
Decreased by:			
Receipts	C-2		<u>500,000.00</u>
Balance, December 31, 2004	C	\$	<u>33,743.83</u>
<u>ANALYSIS OF BALANCE:</u>			
Transportation Trust Fund Receivable		\$	<u>33,743.83</u>

[illegible]

"C-8"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2003	C	\$	219,000.00
Increased by:			
2004 Budget Appropriation	C-2		<u>160,000.00</u>
		\$	<u>379,000.00</u>
Decreased by:			
Appropriated to Finance:			
Improvement Authorizations	C-9	\$	211,500.00
Preliminary Costs	C-10		<u>15,500.00</u>
			<u>227,000.00</u>
Balance, December 31, 2004	C	\$	<u><u>152,000.00</u></u>

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	GENERAL IMPROVEMENTS:	ORDINANCE		BALANCE DECEMBER 31, 2003		2004 AUTHORIZATIONS	EXPENDED	BALANCE DECEMBER 31, 2004	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
1-94	Acquisition of Land	03/07/94	\$ 930,000.00	\$ 1,920.60	\$	\$	\$	\$ 1,920.60	\$
6-97	Various Capital Improvements	08/11/97	596,000.00	22,083.16			2,692.75	19,390.41	
4-98	Various Capital Improvements	07/13/98	191,000.00	22,939.65			10,080.00	12,859.65	
7-99	Various Capital Improvements	05/14/99	420,000.00	112,586.73	107,000.00		4,320.50	108,266.23	107,000.00
5-01	Acquisition of Land	03/07/01	25,977.00	25,977.00				25,977.00	
6-01	Various Capital Improvements	03/07/01	115,000.00	7,990.25			2,326.97	5,663.28	
14-01	Various Capital Improvements	07/18/01	153,300.00	5,033.00	300.00			5,033.00	300.00
18-01/8-02	Acquisition of Land	10/17/01	1,800,000.00		21,204.26				21,204.26
5-02	Acquisition of Land	05/01/02	150,000.00	150,000.00				150,000.00	
9-02	Various Capital Improvements	09/04/02	160,000.00	18,740.33			6,503.50	12,236.83	
14-03	Various Capital Improvements	06/18/03	54,500.00	18,812.79			812.79	18,000.00	
15-03	Acquisition of Land	07/16/03	1,100,000.00		335,000.00				335,000.00
20-03	Computer System Upgrade	10/01/03	19,500.00	3,919.28			2,522.95	1,396.33	
4-13	Acquisition of Land	06/16/04	2,525,000.00			2,525,000.00		125,000.00	2,400,000.00
4-16	Acquisition of Land	07/07/04	1,150,000.00			1,150,000.00	967,775.10	13,224.90	169,000.00
4-20	Various Capital Improvements	09/07/04	211,500.00			211,500.00	125,028.01	86,471.99	
				\$ 390,002.79	\$ 463,504.26	\$ 3,886,500.00	\$ 1,122,062.57	\$ 585,440.22	\$ 3,032,504.26
REF.				C	C		C-14	C:C-3	C:C-7
Deferred Charges To Future Taxation - Unfunded				C-7		\$ 3,019,000.00			
Reserve from Open Space				C-15		156,000.00			
County Open Space Grant				C-6		500,000.00			
Capital Improvement Fund				C-8		211,500.00			
						\$ 3,886,500.00			

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR PRELIMINARY COSTS

	<u>REF.</u>	
Increased by:		
Transferred from Capital Improvement Fund	C-8	\$ 15,500.00
Decreased by:		
Disbursements	C-2	<u>68.00</u>
Balance, December 31, 2004	C	\$ <u>15,432.00</u>

"C-11"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>PRINCIPAL REQUIREMENTS OF BOND OUTSTANDING DECEMBER 31, 2004</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2003</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2004</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2001	October 15, 2001	\$ 4,168,000.00	10/15/05	\$ 225,000.00	4.10%			
			10/15/06	240,000.00	4.10%			
			10/15/07	255,000.00	4.10%			
			10/15/08	270,000.00	4.10%			
			10/15/09	285,000.00	4.10%			
			10/15/10	300,000.00	4.10%			
			10/15/11	315,000.00	4.10%			
			10/15/12	330,000.00	4.10%			
			10/15/13	340,000.00	4.10%			
			10/15/14	340,000.00	4.10%			
			10/15/15	340,000.00	4.10%			
			10/15/16	338,000.00	4.10%	\$ 3,788,000.00	\$ 210,000.00	\$ 3,578,000.00
						\$ 3,788,000.00	\$ 210,000.00	\$ 3,578,000.00
<u>REF.</u>						C	C-5	C

"C-12"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF LOANS PAYABLE

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>PRINCIPAL REQUIREMENTS OF LOAN OUTSTANDING DECEMBER 31, 2004</u>		<u>INTEREST RATE</u>	<u>BALANCE</u>	<u>DECREASED</u>	<u>BALANCE</u>
			<u>DATE</u>	<u>AMOUNT</u>		<u>DECEMBER 31, 2003</u>		<u>DECEMBER 31, 2004</u>
Blue Mill Fields Acquisition	June 12, 1992	\$ 1,875,000.00	03/12/05	\$ 50,213.87	2.00%			
			09/12/05	50,716.01	2.00%			
			03/12/06	51,223.17	2.00%			
			09/12/06	51,735.40	2.00%			
			03/12/07	52,252.75	2.00%			
			09/12/07	52,775.28	2.00%			
			03/12/08	53,303.03	2.00%			
			09/12/08	53,836.06	2.00%			
			03/12/09	54,374.42	2.00%			
			09/12/09	54,918.17	2.00%			
			03/12/10	55,467.35	2.00%			
			09/12/10	56,022.02	2.00%			
			03/12/11	56,582.24	2.00%			
			09/12/11	57,148.06	2.00%			
			03/12/12	57,719.55	2.00%	\$ 907,228.54	\$ 98,941.16	\$ 808,287.38
						\$ 907,228.54	\$ 98,941.16	\$ 808,287.38

"C-13"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2004</u>
7-99	Various Capital Improvements	\$ 107,000.00
14-01	Various Capital Improvements	300.00
18-01/8-02	Acquisition of Land (B51, L34)	204,000.00
15-03	Acquisition of Land (B23, L1)	325,000.00
13-04	Acquisition of Land	2,400,000.00
16-04	Acquisition of Land	169,000.00
		<u>\$ 3,205,300.00</u>

"C-14"

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>	
Increased by:		
Improvement Authorizations	C-9	\$ 1,122,062.57
Decreased by:		
Disbursements	C-2	<u>1,051,826.81</u>
Balance, December 31, 2004	C	<u>\$ 70,235.76</u>

"C-15"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR OPEN SPACE

	<u>REF.</u>	
Balance, December 31, 2003	C	\$ 154,500.00
Increased by:		
Receipts	C-2	<u>156,000.00</u>
		\$ <u>310,500.00</u>
Decreased by:		
Fund Improvement Authorizations	C-9	<u>156,000.00</u>
Balance, December 31, 2004	C	\$ <u><u>154,500.00</u></u>

"C-16"

SCHEDULE OF DUE TRUST OTHER FUND

Balance December 31, 2003 (Due From)	C	\$ 25,977.00
Increased by:		
Disbursements	C-2	<u>156,000.00</u>
		\$ <u>181,977.00</u>
Decreased by:		
Receipts	C-2	\$ <u><u>181,977.00</u></u>

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>ORDINANCE</u>	<u>ORIGINAL DATE OF ISSUE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2003</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2004</u>
18-01/8-02 Acquisition of Land	8/22/02 - 12/18/02	8/20/04	8/19/05	1.69%	\$ 1,510,000.00	\$ 1,510,000.00	\$ 1,510,000.00	\$ 1,510,000.00
15-03 Acquisition of Land	8/22/03	8/20/04	8/19/05	1.69%	444,000.00	444,000.00	444,000.00	444,000.00
					<u>\$ 1,954,000.00</u>	<u>\$ 1,954,000.00</u>	<u>\$ 1,954,000.00</u>	<u>\$ 1,954,000.00</u>
				<u>REF.</u>	C	C-2	C-2	C:C-7

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2003	D	\$ <u>147,825.07</u>	\$ <u>28,450.00</u>
Increased by Receipts:			
Sewer Use Charges Receivable	D-9	\$ 146,077.30	\$
Miscellaneous Revenue Not Anticipated	D-1:D-2	5,511.32	
Due Sewer Operating Fund	D-7		64.64
		\$ <u>151,588.62</u>	\$ <u>64.64</u>
		\$ <u>299,413.69</u>	\$ <u>28,514.64</u>
Decreased by Disbursements:			
2004 Budget Appropriations	D-3	\$ 117,751.11	\$
2003 Appropriation Reserves	D-8	7,709.22	
Interfunds	D-7	1,964.64	
		\$ <u>127,424.97</u>	\$ <u></u>
Balance, December 31, 2004	D	\$ <u><u>171,988.72</u></u>	\$ <u><u>28,514.64</u></u>

"D-5"

TOWNSHIP OF HARDING

SEWER UTILITY CAPITAL FUND

ANALYSIS OF SEWER UTILITY CAPITAL CASH

		BALANCE DECEMBER 31, 2004
Contribution in Aid of Construction	\$	3,000.00
Due Sewer Operating Fund		(35.36)
Improvement Authorizations - Funded		<u>25,550.00</u>
	\$	<u>28,514.64</u>
	<u>REF.</u>	D

"D-6"

SCHEDULE OF RESERVE FOR CONTRIBUTION IN AID OF CONSTRUCTION

	<u>REF.</u>	
Balance, December 31, 2003 and December 31, 2004	D	\$ <u>3,000.00</u>

"D-7"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>SEWER CAPITAL FUND</u>	<u>CURRENT FUND</u>
Balance, December 31, 2003 Due To	D	\$ 2,000.00	\$ 100.00	\$ 1,900.00
Disbursements	D-4	<u>1,964.64</u>	<u>64.64</u>	<u>1,900.00</u>
Balance, December 31, 2004 Due To	D	\$ <u>35.36</u>	\$ <u>35.36</u>	

"D-8"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF 2003 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2003</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Operating:			
Other Expenses	\$ 21,965.05	\$ 7,709.22	\$ 14,255.83
Capital Improvements:			
Capital Outlay	<u>16,353.16</u>	<u> </u>	<u>16,353.16</u>
	<u>\$ 38,318.21</u>	<u>\$ 7,709.22</u>	<u>\$ 30,608.99</u>
<u>REF.</u>	D	D-4	D-1

"D-9"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2003	D	\$ 8,182.85
Increased by:		
Sewer Charges Levied (Net)		152,895.13
		\$ <u>161,077.98</u>
Decreased By:		
Receipts	D-4	<u>146,077.30</u>
Balance, December 31, 2004	D	\$ <u><u>15,000.68</u></u>

"D-10"

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE - OPERATING FUND

Balance, December 31, 2003	D	\$ 5,609.78
Increased by:		
2004 Appropriations	D-3	<u>390.00</u>
Balance, December 31, 2004	D	\$ <u><u>5,999.78</u></u>

"D-11"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

REF.

Balance, December 31, 2003
and December 31, 2004

D

\$ 1,364.33

"D-12"

TOWNSHIP OF HARDING
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>BALANCE DECEMBER 31, 2003 AND 2004</u>
15-02	Improvements to Sewer Pumping Station	12/30/02	\$ 27,000.00
			<u>\$ 27,000.00</u>
		<u>REF.</u>	D

"D-13"

SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2003 AND 2004</u>
Air Blower	\$ 525.00
Gas Detector	3,016.46
Two-Way Recovery System	1,692.72
Sewer Pump Station	4,201.72
Super Shredder	15,976.00
Franklin Miller Grinder	4,120.00
Suction Piping	2,290.00
Fence	1,825.00
Motor	1,851.50
Emergency Generator	13,100.00
Equipment - Pump Station	1,772.93
Pump Repair	24,547.57
Other	<u>3,646.84</u>
	<u>\$ 78,565.74</u>
	<u>REF.</u> D

"D-14"

TOWNSHIP OF HARDING

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

REF.

Balance, December 31, 2003
and December 31, 2004

D

\$ 78,565.74

"D-15"

SCHEDULE OF DUE SEWER OPERATING FUND

Balance, December 31, 2003 (Due From)

D

\$ 100.00

Decreased by:

Receipts

D-4

64.64

Balance, December 31, 2004 (Due From)

D

\$ 35.36

"D-16"

TOWNSHIP OF HARDING

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2003 AND 2004 FUNDED</u>
		<u>DATE</u>	<u>AMOUNT</u>	
15-02	Improvements to Sewer Pumping Station	12/31/02	\$ 27,000.00	\$ <u>25,550.00</u>
				\$ <u>25,550.00</u>
			<u>REF.</u>	D

"D-17"

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>BALANCE DECEMBER 31, 2003 AND 2004</u>
15-02	Improvements to Sewer Pumping Station	12/31/02	\$ <u>27,000.00</u>
			\$ <u>27,000.00</u>
		<u>REF.</u>	D

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>	<u>PUBLIC ASSISTANCE TRUST FUND I</u>	<u>PUBLIC ASSISTANCE TRUST FUND II</u>	<u>FUND TOTAL</u>
Balance, December 31, 2003	E	\$ 4,748.04	\$ 419.34	\$ 5,167.38
Increased by Receipts:				
Interest Earned		<u>17.33</u>	<u>2.04</u>	<u>19.37</u>
Balance, December 31, 2004	E	<u>\$ 4,765.37</u>	<u>\$ 421.38</u>	<u>\$ 5,186.75</u>

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION PER N.J.S.A.40A:5-5

REF.

Balance, December 31, 2004	E-3	\$	5,186.75
Increased by:			
Receipts			<u>10.38</u>
Balance, April 30, 2005		\$	<u><u>5,197.13</u></u>

RECONCILIATION - APRIL 30, 2005

Balance on Deposit Per Statement of
J.P. Morgan Chase

Account #007-8355628-01

PNC Bank

Account #81-0241-3718

Balance, April 30, 2005

	<u>P.A.T.F. I ACCOUNT</u>		<u>P.A.T.F. II ACCOUNT</u>		<u>TOTAL</u>
\$	4,772.63	\$		\$	4,772.63
			424.50		424.50
\$	<u><u>4,772.63</u></u>	\$	<u><u>424.50</u></u>	\$	<u><u>5,197.13</u></u>

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2004

REF.

Balance, December 31, 2003		\$	5,167.38
Increased by:			
Receipts			<u>19.37</u>
Balance, December 31, 2004	E-2	\$	<u><u>5,186.75</u></u>

RECONCILIATION - DECEMBER 31, 2004

Balance on Deposit Per Statement of
J.P. Morgan Chase

Account #007-8355628-01

PNC Bank

Account #81-0241-3718

Balance, December 31, 2004

	<u>P.A.T.F. I ACCOUNT</u>		<u>P.A.T.F. II ACCOUNT</u>		<u>TOTAL</u>
\$	4,765.37	\$		\$	4,765.37
			<u>421.38</u>		<u>421.38</u>
\$	<u><u>4,765.37</u></u>	\$	<u><u>421.38</u></u>	\$	<u><u>5,186.75</u></u>

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES
YEAR ENDED DECEMBER 31, 2004

	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Interest Earned	\$ <u>17.33</u>	\$ <u>2.04</u>	\$ <u>19.37</u>
<u>TOTAL RECEIPTS</u>	\$ <u>17.33</u>	\$ <u>2.04</u>	\$ <u>19.37</u>

TOWNSHIP OF HARDING

PART II

REPORTS ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Westfield 908-789-9300

Somerville 908-725-6688

Fax 908-789-8535

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the Township Committee
Township of Harding
County of Morris
New Vernon, New Jersey 07976

We have audited the accompanying financial statements - statutory basis of the Township of Harding, County of Morris, New Jersey as of and for the year ended December 31, 2004, and have issued our report thereon dated May 31, 2005. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Harding prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Harding's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendation Section of this report.

SUPLEE, CLOONEY & COMPANY

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Harding's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted immaterial matters involving internal control structure and its operations which are discussed in Part III, General Comments and Recommendations Section of this report.

This report is intended for the information of the Township of Harding, County of Morris, New Jersey, the Division of Local Government Services and federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 31, 2005

TOWNSHIP OF HARDING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2004

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL C.F.D.A. NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>GRANT PERIOD</u>		<u>2004 RECEIPTS</u>	<u>2004 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2004</u>
			<u>FROM</u>	<u>TO</u>			
<u>Pass Through From State of New Jersey</u>							
<u>U.S. Department of Environmental Protection</u>							
Great Swamp Project	66.460	\$ 20,000.00	6/30/96	7/1/98	\$		\$ 15,941.51
				<u>TOTAL</u>	\$ -0-	\$ -0-	\$ 15,941.51

TOWNSHIP OF HARDING

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2004

STATE GRANTOR DEPARTMENT/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT AWARD AMOUNT	2004 RECEIPTS	2004 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2004
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>					
Drunk Driving Enforcement Fund - prior	1110-100-066-1110-YYYY	\$ 12,290.95	\$	\$ 390.00	\$ 8,885.83
Drunk Driving Enforcement Fund - 2004	1110-100-066-1110-YYYY	7,333.12			
Alcohol Education Rehabilitation Fund - prior	9735-760-098-Y900-001-X100-6020	1,523.69			
			\$	\$ 390.00	\$ 8,885.83
<u>NJ DIVISION OF CRIMINAL JUSTICE</u>					
Body Armor Replacement Fund - prior	1020-718-066-1020-001-YCJS-6120	4,620.11	\$	\$ 2,415.30	\$ 2,415.30
Body Armor Replacement Fund - 2004	1020-718-066-1020-001-YCJS-6120	1,322.94	1,322.94	1,322.94	1,322.94
			\$ 1,322.94	\$ 3,738.24	\$ 3,738.24
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Clean Communities Grant - 1993	4900-765-042-4900-004-VCMB-6020	6,317.00	\$	\$	\$ 3,712.12
Clean Communities Grant - 2004	4900-765-042-4900-004-VCMB-6020	6,517.92	6,517.92		
Recycling Tonnage Grant - prior	4900-752-042-4900-001-V42Y-6020	19,675.36		2,538.55	9,676.00
Recycling Tonnage Grant - 2004	4900-752-042-4900-001-V42Y-6020	7,137.55			
Recycling Tonnage Grant - unappropriated	4900-752-042-4900-001-V42Y-6020	1,793.65	1,793.65		
Office of Environmental Services - 1998		2,500.00			2,029.75
Office of Environmental Services - 1999		2,500.00			
Office of Environmental Services - 2000		2,500.00			
Office of Environmental Services - 2002		2,000.00			
Office of Environmental Services - 2003		2,500.00			
Association of NJ Environmental Commission - 2004		22,625.00	22,625.00	22,625.00	22,625.00
Stormwater Management		5,000.00	3,750.00		
Green Acres Program	4870-727-042-4800	1,500,000.00	317,500.00		455,085.00
			\$ 352,166.57	\$ 25,163.55	\$ 493,127.87
<u>DEPARTMENT OF TRANSPORTATION</u>					
Transportation Trust Fund (Ord. 9-02)	02-480-078-6320-250-6010	95,000.00			95,000.00
<u>Pass Through County of Morris</u>					
Municipal Alliance on Alcoholism and Drug Abuse - 2002		11,238.00	\$	\$	\$ 7,680.17
Municipal Alliance on Alcoholism and Drug Abuse - 2003		9,960.00	5,768.44	7,600.45	8,600.45
Municipal Alliance on Alcoholism and Drug Abuse - 2004		9,373.00		1,494.62	1,494.62
			\$ 5,768.44	\$ 9,095.07	\$ 17,775.24
<u>TOTAL</u>			\$ 359,277.95	\$ 38,386.86	\$ 618,527.18

TOWNSHIP OF HARDING

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2004

NOTE 1. GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal and state financial assistance programs of the Township of Harding, County of Morris, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - statutory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - STATUTORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's statutory basis financial statements. These amounts are reported in either the Current Fund, General Capital Fund or Trust Other Fund.

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedules.

PART III
TOWNSHIP OF HARDING
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2004

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

	YEAR 2004		YEAR 2003	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,615,000.00	7.70%	\$ 1,550,000.00	7.94%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,998,586.88	9.54%	1,550,104.85	7.95%
Collection of Delinquent Taxes				
and Tax Title Liens	248,615.29	1.19%	363,357.82	1.86%
Collections of Current Tax Levy	<u>17,094,506.51</u>	<u>81.57%</u>	<u>16,048,685.79</u>	<u>82.25%</u>
Total Revenue	\$ <u>20,956,708.68</u>	<u>100.00%</u>	\$ <u>19,512,148.46</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 6,029,533.76	31.52%	\$ 5,583,836.87	31.21%
County Taxes	5,446,847.13	28.47%	5,122,662.50	28.63%
Local School District Taxes	7,158,452.50	37.41%	6,783,168.50	37.91%
Municipal Open Space Taxes	396,804.06	2.07%	390,958.29	2.18%
Other Expenditures	<u>97,439.36</u>	<u>0.53%</u>	<u>12,798.50</u>	<u>0.07%</u>
Total Expenditures	\$ <u>19,129,076.81</u>	<u>100.00%</u>	\$ <u>17,893,424.66</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	\$ 1,827,631.87		\$ 1,618,723.80	
Fund Balance - January 1	<u>2,233,652.95</u>		<u>2,164,929.15</u>	
	\$ 4,061,284.82		\$ 3,783,652.95	
Less: Utilization as Anticipated Revenue	<u>1,615,000.00</u>		<u>1,550,000.00</u>	
Fund Balance, December 31	\$ <u>2,446,284.82</u>		\$ <u>2,233,652.95</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SEWER UTILITY OPERATING FUND

	YEAR 2004		YEAR 2003	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 38,550.00	17.47%	\$ 38,550.00	17.33%
Collection of Sewer Use Charges	146,077.30	66.17%	136,719.73	61.44%
Miscellaneous	36,120.31	16.36%	47,238.05	21.23%
<u>Total Revenue</u>	\$ 220,747.61	100.00%	\$ 222,507.78	100.00%
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 148,550.00	88.13%	\$ 148,550.00	88.13%
Capital Improvements	20,000.00	11.87%	20,000.00	11.87%
<u>Total Expenditures</u>	\$ 168,550.00	100.00%	\$ 168,550.00	100.00%
Excess in Revenue	\$ 52,197.61		\$ 53,957.78	
Fund Balance - January 1	100,532.75		85,124.97	
	\$ 152,730.36		\$ 139,082.75	
Less: Utilization as Anticipated Revenue	38,550.00		38,550.00	
Fund Balance, December 31	\$ 114,180.36		\$ 100,532.75	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tax Rate	\$ <u>0.880</u>	\$ <u>0.840</u>	\$ <u>0.800</u>
Municipal	\$ 0.232	\$ 0.224	\$ 0.220
County	0.278	0.265	0.254
Local School	<u>0.370</u>	<u>0.351</u>	<u>0.326</u>

Assessed Valuations:

2004	<u>\$1,941,875,430.00</u>		
2003		<u>\$1,932,977,780.00</u>	
2002			<u>\$1,936,398,631.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of the tabulation will indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2004	\$17,431,847.80	\$17,094,506.51	98.06%
2003	\$16,326,005.19	\$16,048,685.79	98.30%
2002	\$15,538,765.82	\$15,188,668.36	97.75%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2004	\$10,004.53	\$239,744.20	\$249,748.73	1.43%
2003	\$8,435.89	\$249,381.37	\$257,817.26	1.57%
2002	\$7,669.81	\$268,053.00	\$275,722.81	1.81%

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2004	\$152,895.13	\$146,077.30
2003	\$140,593.06	\$136,719.73
2002	\$139,798.13	\$138,214.36

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2004	\$2,550,284.82	\$1,860,500.00
2003	\$2,233,652.95	\$1,550,000.00
2002	\$2,155,273.76	\$1,300,000.00
2001	\$1,861,010.24	\$1,316,000.00
2000	\$1,858,006.82	\$1,200,000.00

<u>Year</u>	<u>Balance Sewer Utility Operating Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2004	\$114,180.36	\$38,760.13
2003	\$100,532.75	\$38,550.00
2002	\$85,124.97	\$38,550.00
2001	\$79,510.69	\$47,500.00
2000	\$95,829.24	\$47,500.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
John Murray	Mayor – Committee Chair	*
Louis Lanzerotti	Committee Vice-Chair	*
Epsey Farrell	Committee Member	*
Mary Prendergast	Committee Member	*
Donald Dinsmore	Committee Member	*
Lyn Evers	Administrator & Treasurer (from 1/7/04) Acting Chief Financial Officer (from 1/7/04 to 5/5/04)	\$ 35,000.00
Himanshu Shah	Chief Financial Officer (from 5/5/04)	*
Garry Annibal	Assistant Administrator (from 4/7/04)	*
Linda Peralta	Clerk, Registrar & Assessment Search Officer (from 12/1/04)	
	Acting Clerk, Registrar, and Assessment Search Officer (from 1/7/04 to 12/1/04)	*
	Deputy Clerk/Deputy Registrar (from 2/19/03 to 4/7/04)	
Mary Ellen Balady	Construction Official (from 11/15/04 - full time)	*
Noreen Morris	Board of Health Secretary/Planning Board Administrator (to 8/1/04)	
Pamela Kelly	Deputy Court Administrator (from 7/15/02 to 4/7/04) Deputy Registrar/Board of Health Secretary (from 4/7/04)	\$ 15,000.00
Maryanne Gruszecki	Planning Board Administrator (from 12/22/04)	*
Karen Zaborsky	Board of Adjustment Administrator	*
Timothy Day	Deputy Treasurer	*
Joyce Otrisal	Tax Collector	\$125,000.00
Brenda Zimmerman	Court Administrator (to 10/3/04)	
Barbara Schwab	Court Administrator (from 11/1/04)	\$ 10,000.00
Terry Masino	Deputy Court Administrator (from 6/21/04)	\$ 10,000.00
Robert Schaul	Municipal Court Judge	\$ 6,000.00
Peter Fico	Prosecutor	*
Kevin Gaffney	Police Chief	*
Kenneth Noetzli	Fire Chief-New Vernon	*
Roger Clapp – Cooper, Rose & English	Attorney and Bond Counsel	
Robert Fox – Apgar Associates	Engineer	
Tracy Toribio	Superintendent of Public Works, Principal Public Works Manager	*
Gary Wilshaw	Asst. Superintendent of Public Works	*
Hosea Harvey	Zoning Officer	*
Mary Demeter	Construction Secretary (to 4/00/04)	

* All officials and employees (except as noted) handling and collecting Township funds are covered by the Township's insurance policy. The above surety bonds are written by the Selective Insurance Company of America. All of the bonds were examined and were properly executed.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c. 198 (C.40A:11-3), except by contract or agreement.

Effective April 17, 2000, the bid threshold in accordance with N.J.S.A.40A:11-4 is \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

"Fall Clean Up Week" Disposal Services

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6".

**COLLECTION OF INTEREST ON DELINQUENT
TAXES AND ASSESSMENTS**

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

The governing body on January 7, 2004 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Committee of the Township of Harding, as follows:

1. Taxes shall be collected quarterly on February 1, May 1, August 1 and November 1, 2004.
2. Payment of taxes shall be remitted to the Tax Collector of the Township of Harding.
3. Interest shall be charged and calculated at the rate of 8% per annum on first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, to be calculated from the date the tax was payable until the date of actual payment received.
4. There shall be a 10 day grace period, after which unpaid taxes will be charged interest from the due date.
5. Redemption fee for Tax Sale Certificates to the Municipality as follows:
 - 2% on Certificates \$200.00 to \$4,999.99
 - 4% on Certificates \$5,000.00 to \$9,999.99
 - 6% on Certificates over \$10,000.00
6. Redemption amounts shall be obtained from the Tax Collector. A \$25.00 fee will be charged for each additional request for a redemption calculation.
 - 6a. Duplicate Tax Sale Certificate - \$100.00 fee
 - 6b. In lieu of publication, notice of tax sale to be mailed - \$25.00 fee
7. Bad check fee of \$20.00 shall be charged on all returned checks.
8. The Township Clerk is hereby directed to publish a copy of this resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on November 23, 2004 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2004	1
2003	1
2002	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	
Payments of 2005 Taxes	20
Payments of 2004 Taxes	20
Delinquent Taxes	10
Payments of 2005 Sewer Utility Charges	10
Payments of 2004 Sewer Utility Charges	10
Delinquent Sewer Utility Charges	5

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

General Outside Departments

The Township's Departments do not utilize the same uniform system of bookkeeping for their financial activities. Basically, each department has established its own procedures to account for various fees that are collected. We noted that monthly reports were not prepared and reconciled to the records in the finance office.

OTHER COMMENTS (CONTINUED)

Fixed Assets

The Township's fixed asset ledger was not updated during the fiscal year 2004.

Surety Bonds

Our audit disclosed that the Municipal Court deputy clerks were not covered by a surety bond.

Encumbrance System

We noted that numerous purchases are made directly by various department heads. As a result, funds are not encumbered against amounts appropriated before goods or services are ordered and purchases are made without any certification of availability of funds obtained from the Chief Financial Officer. In effect, the controls that minimize the possibility of overexpenditures and unauthorized purchases are not in operation. In addition, the encumbrance accounting system required by the Division of Local Government Services Technical Accounting Directive No. 85-1 cannot be adequately maintained.

RECOMMENDATIONS

That all Township departments maintain adequate cash receipts journals.

That all Township departments prepare monthly reports that are reconciled to the records in the finance office.

That the Township update its fixed asset ledger.

That all municipal court employees be covered by surety bonds.

That an encumbrance accounting system be maintained in accordance with Technical Accounting Directive #85-1.