

*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, 2015*



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TOWNSHIP OF HARDING

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2015 AND 2014



# 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

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Harding, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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



## **SUPLEE, CLOONEY & COMPANY**

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

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Township of Harding on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Harding as of December 31, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2015.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2015 and 2014, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

# SUPLEE, CLOONEY & COMPANY

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Harding's regulatory financial statements. The supplementary information and data and schedules of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2016 on our consideration of the Township of Harding's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Harding's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 16, 2016

CURRENT FUND

TOWNSHIP OF HARDING

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
Cash	A-4	\$ 5,116,990.06	\$ 5,067,745.38
Due State of New Jersey - Senior Citizens and Veterans	A-7	899.10	1,409.10
		<u>\$ 5,117,889.16</u>	<u>\$ 5,069,154.48</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 96,867.97	\$ 72,796.15
Interfunds Receivable	A-12	2,712.12	9,145.21
	A	<u>\$ 99,580.09</u>	<u>\$ 81,941.36</u>
Deferred Charges	A-28	\$ 30,000.00	\$
		<u>\$ 5,247,469.25</u>	<u>\$ 5,151,095.84</u>
Grant Fund:			
Cash	A-4	\$ 238,635.20	\$ 242,990.49
Grants Receivable	A-27	2,969.86	2,969.86
		<u>\$ 241,605.06</u>	<u>\$ 245,960.35</u>
		<u>\$ 5,489,074.31</u>	<u>\$ 5,397,056.19</u>

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

TOWNSHIP OF HARDING

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2015</u>	<u>BALANCE DECEMBER 31, 2014</u>
Appropriation Reserves	A-3:A-14	\$ 549,887.01	\$ 779,738.53
Prepaid Taxes	A-16	331,732.32	328,653.57
Tax Overpayments	A-15	3,078.15	
Accounts Payable	A-11	450,015.36	400,327.49
County Taxes Payable	A-24	8,199.67	
Interfunds Payable	A-12	1,190.27	2,255.23
Reserve for:			
FEMA	A-23	145,622.96	36,568.76
Construction Code DCA - Due State of NJ	A-19	5,282.00	3,065.00
Tax Appeals	A-20	361,508.87	336,710.99
Garden State Trust	A-9	6,887.00	6,887.00
Due State of NJ - Marriage	A-6	75.00	50.00
		<u>\$ 1,863,478.61</u>	<u>\$ 1,894,256.57</u>
Reserve for Receivables and Other Assets	A	99,580.09	81,941.36
Fund Balance	A-1	<u>3,284,410.55</u>	<u>3,174,897.91</u>
		<u>\$ 5,247,469.25</u>	<u>\$ 5,151,095.84</u>
Grant Fund:			
Reserve for Grants - Unappropriated	A-22	\$ 37,215.87	\$ 23,322.56
Reserve for Grants - Appropriated	A-21	199,022.80	200,578.58
Due Current Fund	A-17	30.60	36.33
Reserve for Accounts Payable	A-10	<u>5,335.79</u>	<u>22,022.88</u>
		<u>\$ 241,605.06</u>	<u>\$ 245,960.35</u>
		<u><u>\$ 5,489,074.31</u></u>	<u><u>\$ 5,397,056.19</u></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 - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2015</u>	<u>YEAR ENDED DECEMBER 31, 2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 1,748,113.00	\$ 1,770,000.00
Miscellaneous Revenue Anticipated	A-2	1,526,252.22	1,586,758.19
Receipts from Delinquent Taxes	A-2	78,841.14	134,932.97
Receipts from Current Taxes	A-2	21,712,634.79	21,140,759.57
Non-Budget Revenue	A-2	175,900.40	204,883.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-14	821,827.34	838,215.21
Cancel Accounts Payable	A-11	2,269.90	
Interfunds Returned		6,433.09	
<u>TOTAL REVENUE AND OTHER INCOME</u>		<u>\$ 26,072,271.88</u>	<u>\$ 25,675,548.97</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations within "CAPS"	A-3	\$ 5,368,304.00	\$ 5,414,105.00
Deferred Charges and Statutory Expenditures - Municipal	A-3	624,027.00	665,572.00
Other Operations Excluded from "CAPS"	A-3	364,746.00	440,091.96
Municipal Debt Service	A-3	752,710.21	768,479.37
Capital Improvements	A-3	450,000.00	450,000.00
Deferred Charges	A-3	54,060.00	62,500.00
Open Space Tax	A-26	808,458.00	709,761.00
Added Open Space Tax	A-26	1,190.27	2,255.23
County Tax	A-24	5,510,187.01	5,660,807.90
County Share of Added Taxes	A-24	8,199.67	18,630.17
Local District School Tax	A-25	10,085,451.00	9,410,398.00
Reserve for Tax Appeals	A-2:A-20	200,000.00	
Refund of Prior Year Revenue	A-4	17,313.08	
Interfunds Advanced			5,666.98
<u>TOTAL EXPENDITURES</u>		<u>\$ 24,244,646.24</u>	<u>\$ 23,608,267.61</u>
Excess in Revenue		\$ 1,827,625.64	\$ 2,067,281.36
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3:A-28	30,000.00	
Statutory Excess to Fund Balance		\$ 1,857,625.64	\$ 2,067,281.36
Fund Balance, January 1	A	\$ 3,174,897.91	\$ 2,877,616.55
Decreased by:		\$ 5,032,523.55	\$ 4,944,897.91
Utilization as Anticipated Revenue	A-1:A-2	1,748,113.00	1,770,000.00
Fund Balance, December 31	A	<u>\$ 3,284,410.55</u>	<u>\$ 3,174,897.91</u>

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

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

		<u>ANTICIPATED</u>			<u>EXCESS OR (DEFICIT)</u>
	<u>REF.</u>	<u>BUDGET</u>	<u>NJS 40A: 4-87</u>	<u>REALIZED</u>	
Fund Balance Anticipated	A-1	\$ 1,748,113.00		\$ 1,748,113.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-13	\$ 5,000.00	\$	\$ 5,376.00	\$ 376.00
Fees and Permits:					
Construction Code Official	A-13	250,000.00		458,630.00	208,630.00
Other	A-2	75,000.00		108,205.05	33,205.05
Municipal Court:					
Fines and Costs	A-13	60,000.00		52,406.52	(7,593.48)
Interest and Costs on Taxes	A-13	35,000.00		56,323.29	21,323.29
Interest on Investments and Deposits	A-13	15,000.00		26,822.36	11,822.36
Energy Receipts Tax	A-13	447,280.00		447,280.00	
Garden State Trust Fund	A-9	6,887.00		6,887.00	
The Farm at Harding	A-13	125,000.00		125,000.00	
COAH Development Trust Fund	A-13	95,000.00		95,000.00	
FEMA	A-23	36,000.00		36,000.00	
Recycling Tonnage	A-27	2,970.00		2,970.00	
Community Foundation	A-27	10,800.00		10,800.00	
Clean Communities	A-27	9,551.00		9,551.00	
Tennis Court Improvements	A-27		85,000.00	85,000.00	
<u>Total Miscellaneous Revenues</u>	A-1	\$ 1,173,488.00	\$ 85,000.00	\$ 1,526,251.22	\$ 267,763.22
Receipts From Delinquent Taxes	A-1	\$ 50,000.00		\$ 78,841.14	\$ 28,841.14
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2:A-8	\$ 5,405,442.00		\$ 5,977,315.84	\$ 571,873.84
<u>BUDGET TOTALS</u>		\$ 8,377,043.00	\$ 85,000.00	\$ 9,330,521.20	\$ 953,478.20
Non-Budget Revenues	A-2	\$		\$ 175,900.40	\$ 175,900.40
		\$ 8,377,043.00	\$ 85,000.00	\$ 9,506,421.60	\$ 1,129,378.60
	<u>REF.</u>	A-3	A-3		

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

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A:8	\$ 21,712,634.79
Allocated To:		
County Taxes	A-8	\$ 5,518,386.68
Local District School Taxes	A-8	10,085,451.00
Municipal Open Space	A-8	809,648.27
Reserve for Tax Appeals	A-20	200,000.00
Balance for Support of Municipal Budget Appropriations		\$ 5,099,148.84
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	878,167.00
Amount for Support of Municipal Budget Appropriations	A-2	\$ 5,977,315.84
Other - Fees and Permits:		
Tree Removal	A-13	\$ 425.00
Planning Board Fees	A-13	3,828.00
Board of Adjustments	A-13	12,000.00
Zoning	A-13	25,211.00
Board of Health	A-13	66,741.05
	A-2	\$ 108,205.05

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Tax Collector		\$
Wildlife Refuge Revenue Sharing		66,848.00
Cable & FIOS Franchise Fees		71,699.31
Clerk / Copies		1,536.93
Senior Citizens and Veterans Administrative Fee		125.40
Sale of Recyclables and Scrap		9,925.79
Construction Grading		14,615.00
Police Accident Reports		737.75
Usage of Municipal Fields		3,240.00
Miscellaneous		6,782.22
Property Lists		390.00
<u>Total Non-Budget Revenue</u>	A-1:A-2:A-4	\$ 175,900.40

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



TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	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	\$ 228,800.00	\$ 228,800.00	\$ 227,764.62	\$ 1,035.38	\$
Other Expenses	148,010.00	148,010.00	113,245.69	34,764.31	
Human Resources:					
Other Expenses	13,350.00	13,350.00	380.96	12,969.04	
Township Committee:					
Salaries and Wages	1,200.00	1,200.00	1,200.00		
Other Expenses	4,350.00	34,350.00	28,484.23	5,865.77	
Municipal Clerk:					
Salaries and Wages	60,700.00	60,700.00	58,006.55	2,693.45	
Other Expenses	24,700.00	24,700.00	24,692.40	7.60	
Election:					
Other Expenses	3,500.00	3,500.00	2,201.98	1,298.02	
<u>DEPARTMENT OF FINANCE</u>					
Financial Administration:					
Salaries and Wages	107,700.00	107,700.00	89,084.79	18,615.21	
Other Expenses	16,050.00	16,050.00	9,915.45	6,134.55	
Audit	31,000.00	31,000.00	26,375.00	4,625.00	
Collection of Taxes:					
Salaries and Wages	31,500.00	31,500.00	30,301.05	1,198.95	
Other Expenses	3,600.00	3,600.00	527.48	3,072.52	
Assessment of Taxes:					
Salaries and Wages	46,500.00	46,500.00	44,817.61	1,682.39	
Other Expenses	2,050.00	2,050.00	408.99	1,641.01	
Revaluation of Real Property:					
Other Expenses	36,000.00	36,000.00	23,346.18	12,653.82	
Tax Map Revision:					
Other Expenses	6,500.00	8,500.00	7,618.50	881.50	
<u>LEGAL SERVICES AND COSTS</u>					
Legal Services and Costs:					
Other Expenses	115,000.00	115,000.00	114,999.96	0.04	
Engineering Services and Costs:					
Other Expenses	52,500.00	52,500.00	31,093.50	21,406.50	
Planning Board:					
Salaries and Wages	8,900.00	8,900.00	6,193.27	2,706.73	
Other Expenses	24,550.00	24,550.00	21,452.50	3,097.50	
Board of Adjustment:					
Salaries and Wages	61,300.00	61,300.00	61,265.24	34.76	
Other Expenses	22,975.00	26,975.00	22,904.41	4,070.59	
<u>DEPARTMENT OF PUBLIC SAFETY</u>					
Police:					
Salaries and Wages	1,455,600.00	1,498,600.00	1,476,067.32	22,532.68	
Other Expenses	56,100.00	56,100.00	45,477.88	10,622.12	
Purchased Police Vehicles	33,000.00	33,000.00	32,801.02	198.98	
Emergency Management:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Fire:					
Fire Hydrant Service	6,000.00	6,000.00	6,000.00		
Aid to Volunteer Fire Companies	2,000.00	2,000.00		2,000.00	
<u>DEPARTMENT OF PUBLIC WORKS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	410,700.00	410,700.00	382,826.02	27,873.98	
Other Expenses	69,750.00	69,750.00	52,758.01	16,991.99	
Solid Waste Collection:					
Salaries and Wages	2,000.00	2,000.00		2,000.00	
Other Expenses	87,000.00	87,000.00	85,406.85	1,593.15	
Recycling Program:					
Salaries and Wages	6,000.00	6,000.00	5,502.16	497.84	
Other Expenses	11,600.00	11,600.00	4,710.98	6,889.02	

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>BALANCE CANCELED</u>
<u>DEPARTMENT OF PUBLIC WORKS (CONTINUED)</u>					
Public Buildings and Grounds:					
Other Expenses	\$ 83,000.00	\$ 83,000.00	\$ 79,536.37	\$ 3,463.63	\$
Vehicle Maintenance:					
Other Expenses	52,600.00	58,600.00	50,314.25	8,285.75	
Snow Removal:					
Salaries and Wages	24,000.00	24,000.00	14,286.87	9,713.13	
Other Expenses	100,000.00	94,000.00	89,740.83	4,259.17	
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	138,600.00	168,100.00	165,632.32	2,467.68	
Other Expenses	17,175.00	17,175.00	10,803.76	6,371.24	
Dog Regulation:					
Other Expenses	2,500.00	2,500.00	650.00	1,850.00	
Environmental Commission:					
Salaries and Wages	2,000.00	2,000.00	1,650.00	350.00	
Other Expenses	4,550.00	4,550.00	290.00	4,260.00	
Historic Preservation Commission:					
Salaries and Wages	2,000.00	2,000.00	600.00	1,400.00	
Other Expenses	1,500.00	1,500.00		1,500.00	
Open Space Commission:					
Salaries and Wages	2,000.00	2,000.00	1,500.00	500.00	
Wildlife Management Committee:					
Other Expenses	2,000.00	2,000.00	600.00	1,400.00	
Public Assistance:					
Other Expenses	750.00	750.00		750.00	
<u>PARKS AND RECREATION</u>					
Department of Recreation:					
Other Expenses - Senior Citizens Program	4,000.00	4,000.00	4,000.00		
Park Maintenance:					
Other Expenses	40,000.00	40,000.00	26,812.83	13,187.17	
Aid to Library:					
Other Expenses	40,000.00	40,000.00	40,000.00		
<u>UNIFORM CONSTRUCTION CODE</u>					
Construction Code Official:					
Salaries and Wages	228,800.00	228,800.00	216,349.12	12,450.88	
Other Expenses	14,800.00	14,800.00	5,022.04	9,777.96	
<u>UNCLASSIFIED</u>					
Municipal Services Act	32,000.00	32,000.00	27,819.96	4,180.04	
Municipal Alliance	2,000.00	2,000.00		2,000.00	
Accumulated Absences	5,000.00	15,000.00	13,850.80	1,149.20	
Insurance:					
Other Insurance Premiums	165,000.00	165,000.00	152,000.00	13,000.00	
Group Insurance Plan for Employees	970,944.00	896,944.00	806,958.70	89,985.30	
Unemployment Insurance Reserve	100.00	100.00		100.00	
Health Benefit Waiver	20,000.00	20,000.00	16,869.94	3,130.06	
Motor Fuels	85,000.00	67,500.00	40,000.00	27,500.00	
Electricity	45,000.00	45,000.00	45,000.00		
Telephone	30,000.00	30,000.00	30,000.00		
Water and Sewage	1,000.00	1,000.00	250.00	750.00	
Natural Gas	26,000.00	26,000.00	17,200.00	8,800.00	
Street Lighting	5,000.00	5,000.00	3,000.00	2,000.00	
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>\$ 5,338,804.00</u>	<u>\$ 5,365,804.00</u>	<u>\$ 4,898,568.39</u>	<u>\$ 467,235.61</u>	<u>\$</u>
Contingent	\$ 2,500.00	\$ 2,500.00		2,500.00	\$
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN CAPS</u>	<u>\$ 5,341,304.00</u>	<u>\$ 5,368,304.00</u>	<u>\$ 4,898,568.39</u>	<u>\$ 469,735.61</u>	<u>\$</u>
Detail:					
Salaries and Wages	\$ 2,816,300.00	\$ 2,888,800.00	\$ 2,781,396.94	\$ 107,403.06	\$
Other Expenses	2,525,004.00	2,479,504.00	2,117,171.45	362,332.55	

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

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	BALANCE CANCELED
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Public Employee's Retirement System	\$ 141,210.00	\$ 141,210.00	\$ 133,591.63	\$ 7,618.37	\$
Police and Firemen's Retirement System	262,717.00	262,717.00	238,834.00	23,883.00	
Judgments	100.00	100.00		100.00	
Social Security System (O.A.S.I.)	220,000.00	220,000.00	202,320.97	17,679.03	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 624,027.00	\$ 624,027.00	\$ 574,746.60	\$ 49,280.40	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 5,965,331.00	\$ 5,992,331.00	\$ 5,473,314.99	\$ 519,016.01	\$
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Affordable Housing Act:					
Other Expenses	\$ 5,000.00	\$ 8,000.00	\$ 6,620.00	\$ 1,380.00	\$
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Police Dispatch - Interlocal	95,000.00	95,000.00	95,000.00		
Hanover Township Board of Health	58,425.00	58,425.00	55,885.00	2,540.00	
Joint Municipal Court	84,000.00	84,000.00	67,049.00	16,951.00	
Morris Township Partnership - Board of Health	1,000.00	1,000.00	1,000.00		
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Community Foundation Grant - The Ann Kirby Fund	10,800.00	10,800.00	10,800.00		
Recycling Tonnage	2,970.00	2,970.00	2,970.00		
Clean Community Program	9,551.00	9,551.00	9,551.00		
Traphagen Tennis Court Improvement (40:4-87+85,000.00)		85,000.00	85,000.00		
Matching Funds for Grants	10,000.00	10,000.00		10,000.00	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 276,746.00	\$ 364,746.00	\$ 333,875.00	\$ 30,871.00	\$
<u>DETAIL OPERATIONS-EXCLUDED FROM "CAPS"</u>					
Other Expenses	\$ 276,746.00	\$ 364,746.00	\$ 333,875.00	\$ 30,871.00	\$
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00		\$
TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"	\$ 450,000.00	\$ 450,000.00	\$ 450,000.00		\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 572,550.00	\$ 572,550.00	\$ 572,521.49	\$ 0.00	\$ 28.51
Interest on Bonds	180,190.00	180,190.00	180,188.72	0.00	1.28
TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"	\$ 752,740.00	\$ 752,740.00	\$ 752,710.21	\$ 0.00	\$ 29.79

TOWNSHIP OF HARDING

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"					
Deferred Charges to Future Taxation:					
Ordinance 2007-08	\$ 40,500.00	\$ 40,500.00	\$ 40,500.00	\$	\$
Ordinance 2001-18/2002-8	13,560.00	13,560.00	13,560.00		
TOTAL DEFERRED CHARGES-MUNICIPAL- EXCLUDED FROM "CAPS"	\$ 54,060.00	\$ 54,060.00	\$ 54,060.00	\$	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 1,533,546.00	\$ 1,621,546.00	\$ 1,590,645.21	\$ 30,871.00	\$ 29.79
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 7,498,877.00	\$ 7,613,877.00	\$ 7,063,960.20	\$ 549,887.01	\$ 29.79
RESERVE FOR UNCOLLECTED TAXES	878,167.00	878,167.00	878,167.00		
TOTAL GENERAL APPROPRIATIONS	\$ 8,377,044.00	\$ 8,492,044.00	\$ 7,942,127.20	\$ 549,887.01	\$ 29.79
REF.	A-2:A-3		A-1	A:A-1	
Budget	A-3	\$ 8,377,044.00			
Emergency	A-28	30,000.00			
Amendment - NJSA 40A: 4-87	A-2	85,000.00			
		\$ 8,492,044.00			
Reserve for Uncollected Taxes	A-2		\$ 878,167.00		
Accounts Payable	A-11		319,497.99		
Reserve for Grants Appropriated	A-21		108,321.00		
Disbursements	A-4		6,636,141.21		
			\$ 7,942,127.20		

TRUST FUND

"B"

TOWNSHIP OF HARDING

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

		BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>ASSETS</u>	<u>REF.</u>		
Animal Control Fund:			
Cash	B-1	\$ 14,000.16	\$ 12,121.29
	B	\$ 14,000.16	\$ 12,121.29
Other Funds:			
Cash	B-1	\$ 4,645,913.42	\$ 5,119,755.86
	B	\$ 4,645,913.42	\$ 5,119,755.86
		\$ 4,659,913.58	\$ 5,131,877.15
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-4	\$ 13,993.24	\$ 12,107.24
Due Current Fund	B-2	2.12	2.05
Due State of New Jersey	B-5	4.80	12.00
	B	\$ 14,000.16	\$ 12,121.29
Other Funds:			
Due Current Fund	B-10	\$ 1,375.83	\$ 6,827.16
Reserves For:			
Affordable Housing Contributions	B-12	243,750.81	132,909.41
The Farm at Harding	B-13	557,369.71	538,345.15
Payroll Trust	B-14	15,483.89	18,874.98
Flexible Spending	B-15	14,788.12	6,169.68
Health Savings	B-16	0.85	0.35
Health Reimbursement	B-17	1,484.20	2,377.21
Tree Preservation Escrow	B-6	131,983.02	116,968.25
Various Deposits	B-3	278,617.23	150,918.37
Developers' Deposits	B-7	1,924,162.44	2,133,018.10
Unemployment Insurance Compensation	B-8	73,098.51	69,313.70
Open Space Deposits	B-9	1,394,830.70	1,935,996.33
Law Enforcement Trust Fund	B-11	8,968.11	8,037.17
	B	\$ 4,645,913.42	\$ 5,119,755.86
		\$ 4,659,913.58	\$ 5,131,877.15

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 - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 3,528,635.64	\$ 3,201,056.85
Deferred Charges to Future Taxation:			
Funded	C-5	6,643,000.00	7,358,000.00
Unfunded	C-7	386,337.00	530,397.00
Accounts Receivable	C-6	256,743.83	256,743.83
		<u>\$ 10,814,716.47</u>	<u>\$ 11,346,197.68</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-11	\$ 6,643,000.00	\$ 7,358,000.00
Bond Anticipation Note Payable	C-16	320,000.00	410,000.00
Due Current Fund	C-10	112.36	23.31
Capital Improvement Fund	C-8	110,568.48	175,568.48
Improvement Authorizations:			
Funded	C-9	2,615,773.37	2,210,578.86
Unfunded	C-7:C-9	77,156.91	77,156.91
Reserve for:			
Open Space	C-14	154,500.00	154,500.00
Contracts Payable	C-13	117,580.08	138,499.85
Debt Service	C-15	317,931.00	68,776.00
Grants Receivable	C-4	223,000.00	223,000.00
Fund Balance	C-1	235,094.27	530,094.27
		<u>\$ 10,814,716.47</u>	<u>\$ 11,346,197.68</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 - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2015</u>	YEAR ENDED DECEMBER 31, <u>2014</u>
Balance, January 1	C	\$ 530,094.27	\$ 640,094.27
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9	<u>295,000.00</u>	<u>110,000.00</u>
Balance, December 31	C	\$ <u><u>235,094.27</u></u>	\$ <u><u>530,094.27</u></u>

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

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SEWER UTILITY FUND

"D"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

			BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>ASSETS</u>	<u>REF.</u>			
Operating Fund:				
Cash	D-4	\$	340,540.87	\$ 296,229.11
Due Sewer Capital Fund	D-18		<u>17.81</u>	<u>14,709.13</u>
		\$	<u>340,558.68</u>	<u>\$ 310,938.24</u>
Receivables with Full Reserves:				
Sewer Use Charges Receivable	D:D-9	\$	<u>3,452.56</u>	<u>\$ 2,864.45</u>
<u>Total Operating Fund</u>	D	\$	<u>344,011.24</u>	<u>\$ 313,802.69</u>
Capital Fund:				
Cash	D-4:D-5	\$	126,858.80	\$ 126,550.12
Fixed Capital	D-7		78,565.74	78,565.74
Fixed Capital Authorized and Uncompleted	D-10		<u>142,000.00</u>	<u>142,000.00</u>
<u>Total Capital Fund</u>	D	\$	<u>347,424.54</u>	<u>\$ 347,115.86</u>
		\$	<u>691,435.78</u>	<u>\$ 660,918.55</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>				
Operating Fund:				
Liabilities:				
Reserve for Prepaid Sewer Rents	D-11	\$	2,603.53	\$ 3,692.24
Reserve for Accounts Payable	D-17		6,200.43	7,862.33
Reserve for Sewer Rent Overpayments	D-20		81.03	
Appropriation Reserves	D-3:D-8		<u>70,561.68</u>	<u>57,937.40</u>
		\$	<u>79,446.67</u>	<u>\$ 69,491.97</u>
Reserve for Receivables	D:D-9		3,452.56	2,864.45
Fund Balance	D-1		<u>261,112.01</u>	<u>241,446.27</u>
<u>Total Operating Fund</u>	D	\$	<u>344,011.24</u>	<u>\$ 313,802.69</u>
Capital Fund:				
Improvement Authorizations-Funded	D-15	\$	58,840.99	\$ 63,793.49
Reserve for Contracts Payable	D-16		5,000.00	47.50
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
Capital Improvement Fund	D-12		60,000.00	45,000.00
Deferred Reserve for Amortization	D-13		142,000.00	142,000.00
Due Sewer Operating	D-19		<u>17.81</u>	<u>14,709.13</u>
<u>Total Capital Fund</u>	D	\$	<u>347,424.54</u>	<u>\$ 347,115.86</u>
		\$	<u>691,435.78</u>	<u>\$ 660,918.55</u>

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

TOWNSHIP OF HARDING

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2015</u>	YEAR ENDED DECEMBER 31, <u>2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-1:D-2	\$ 55,000.00	\$ 55,000.00
Sewer Use Charges	D-2	205,287.97	217,424.41
Miscellaneous Revenue Not Anticipated	D-2	11,406.52	1,591.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-8	<u>64,471.25</u>	<u>57,635.70</u>
<u>Total Income</u>		<u>\$ 336,165.74</u>	<u>\$ 331,652.09</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 244,500.00	\$ 243,000.00
Capital Outlay	D-3	15,000.00	15,000.00
Statutory Expenditures	D-3	<u>2,000.00</u>	<u>2,000.00</u>
<u>Total Expenditures</u>		<u>\$ 261,500.00</u>	<u>\$ 260,000.00</u>
Excess in Revenue		\$ 74,665.74	\$ 71,652.09
Fund Balance, January 1	D	<u>241,446.27</u>	<u>224,794.18</u>
		\$ 316,112.01	\$ 296,446.27
Decreased by:			
Utilization as Anticipated Revenue	D-1:D-2	<u>55,000.00</u>	<u>55,000.00</u>
Fund Balance, December 31	D	<u><u>\$ 261,112.01</u></u>	<u><u>\$ 241,446.27</u></u>

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

TOWNSHIP OF HARDING

SEWER UTILITY FUND

STATEMENT OF REVENUES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Utilized	D-1	\$ 55,000.00	\$ 55,000.00	\$ 0.00
Sewer Use Charges	D-1	<u>206,500.00</u>	<u>205,287.97</u>	<u>(1,212.03)</u>
<u>Budget Totals</u>		\$ 261,500.00	\$ 260,287.97	\$ (1,212.03)
Non-Budget Revenue	D-1:D-4	<u>                    </u>	<u>11,406.52</u>	<u>11,406.52</u>
<u>Budget Totals</u>	D-3	\$ <u>261,500.00</u>	\$ <u>271,694.49</u>	\$ <u>10,194.49</u>

ANALYSIS OF REALIZED REVENUE:

Non-Budget Revenue:

Interest on Deposits		\$ 562.39
Interest on Sewer Charges		<u>10,844.13</u>
	D-1:D-4	\$ <u>11,406.52</u>

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

TOWNSHIP OF HARDING

SEWER UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2015

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Operating:				
Salaries and Wages	\$ 25,000.00	\$ 25,000.00	\$ 12,240.00	\$ 12,760.00
Other Expenses	219,500.00	219,500.00	163,698.32	55,801.68
<u>Total Operating</u>	<u>\$ 244,500.00</u>	<u>\$ 244,500.00</u>	<u>\$ 175,938.32</u>	<u>\$ 68,561.68</u>
Capital Improvements:				
Capital Outlay	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$
Statutory Expenditures:				
Contribution to Social Security System	\$ 2,000.00	\$ 2,000.00	\$	\$ 2,000.00
	<u>\$ 261,500.00</u>	<u>\$ 261,500.00</u>	<u>\$ 190,938.32</u>	<u>\$ 70,561.68</u>
<u>REF.</u>	D-2	D-1		D
Disbursements	D-4		\$ 185,512.54	
Accounts Payable	D-17		5,425.78	
			<u>\$ 190,938.32</u>	

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

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PUBLIC ASSISTANCE TRUST FUND

"E"

TOWNSHIP OF HARDING

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>ASSETS</u>			
Cash:			
Public Assistance Trust Fund I	E-1	\$ <u>7,342.28</u>	\$ <u>7,342.47</u>
		\$ <u><u>7,342.28</u></u>	\$ <u><u>7,342.47</u></u>
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund I	E-2	\$ 7,341.34	\$ 7,341.34
Due Current Fund	E-3	<u>0.94</u>	<u>1.13</u>
		\$ <u><u>7,342.28</u></u>	\$ <u><u>7,342.47</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF HARDING  
STATEMENT OF GENERAL FIXED ASSETS  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Fixed Assets:		
Land and Land Improvements	\$ 21,574,031.00	\$ 21,574,031.00
Buildings	2,427,246.00	2,427,246.00
Machinery and Equipment	<u>1,003,670.00</u>	<u>1,298,468.00</u>
<u>Total Fixed Assets</u>	<u>\$ 25,004,947.00</u>	<u>\$ 25,299,745.00</u>
 Reserve:		
Investments in General Fixed Assets	<u>\$ 25,004,947.00</u>	<u>\$ 25,299,745.00</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, 2015 AND 2014

#### 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:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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<sup>st</sup> are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for 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<sup>st</sup> 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 - 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.



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6 Accounting for Governmental Fixed Assets, 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 \$5,000.00 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.

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. Per N.J.A.C. 5:30-5.6 fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost. Assets acquired prior to that date, may be valued at cost or estimated historical cost.

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" is done in compliance with N.J.A.C. 5:30-5.6. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, and cash in banks 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.

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Harding had the following cash and cash equivalents at December 31, 2015:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$ 5,172,911.53	\$ (55,921.47)	\$ 5,116,990.06
Grant Fund	238,635.19	0.01	238,635.20
Animal Control Trust Fund	14,000.16		14,000.16
Trust Other Fund	4,645,754.56	158.86	4,645,913.42
General Capital Fund	3,528,635.64		3,528,635.64
Sewer Utility Operating Fund	340,429.55	111.32	340,540.87
Sewer Utility Capital Fund	126,858.80		126,858.80
Public Assistance Trust Fund	7,342.28		7,342.28
<u>Total</u>	<u>\$ 14,074,567.71</u>	<u>\$ (55,651.28)</u>	<u>\$ 14,018,916.43</u>

NOTE 2: CASH AND CASH EQUIVALENT (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2015, based upon the coverage provided by FDIC and NJGUDPA, there were no accounts exposed to custodial credit risk. Of the cash balance in the bank, \$750,000.00 was covered by Federal Depository Insurance and \$13,324,567.71 was covered by NJGUDPA.

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;
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;

NOTE 2: CASH AND CASH EQUIVALENT (CONTINUED)

B. Investments (Continued)

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
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.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

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.

NOTE 3: LONG-TERM DEBT (CONTINUED)

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

<u>Year</u>	<u>General</u>		<u>Open Space</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 576,722.06	\$ 158,001.95	\$ 146,277.94	\$ 88,324.80	\$ 969,326.75
2017	248,022.92	135,625.91	151,977.08	83,105.34	618,731.25
2018	257,323.78	126,782.34	157,676.22	77,686.41	619,468.75
2019	266,624.64	117,279.96	163,375.36	71,863.79	619,143.75
2020	275,925.50	107,107.15	169,074.50	65,630.35	617,737.50
2021	288,326.65	127,757.52	176,673.35	59,147.58	651,905.10
2022	300,727.79	85,482.65	184,272.21	52,379.85	622,862.50
2023	306,928.37	74,012.37	188,071.63	45,351.38	614,363.75
2024	319,329.51	62,033.64	195,670.49	38,011.36	615,045.00
2025	331,730.66	49,459.27	203,269.34	30,306.36	614,765.63
2026	344,131.81	36,149.34	210,868.19	22,150.66	613,300.00
2027	359,633.24	22,074.04	220,366.76	13,525.96	615,600.00
2028	372,034.39	7,440.69	227,965.61	4,559.31	612,000.00
	<u>\$ 4,247,461.32</u>	<u>\$ 1,109,206.83</u>	<u>\$ 2,395,538.68</u>	<u>\$ 652,043.15</u>	<u>\$ 8,404,249.98</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT

General Serial Bonds:

\$8,725,000.00 General Obligation Bonds of 2008 due in annual installments of \$320,000 to \$600,000 at a variable interest rate	\$ 6,305,000.00
\$4,168,000.00 General Obligation Bonds of 2001 due in annual installments of \$185,000 to \$340,000 at an interest rate of 4.10%	<u>338,000.00</u>
	<u>\$ 6,643,000.00</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2015, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>66,337.00</u>
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CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY UNDER N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents, or Other Charges for Year and Anticipated Surplus	\$ 216,694.49
Deductions:	
Operations and Maintenance	<u>163,698.32</u>
Excess in Revenues - Self-Liquidating	<u>\$ 52,996.17</u>



NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued:			
General:			
Bonds and Notes	\$ <u>6,963,000.00</u>	\$ <u>7,768,000.00</u>	\$ <u>8,503,000.00</u>
Debt Issued	\$ <u>6,963,000.00</u>	\$ <u>7,768,000.00</u>	\$ <u>8,503,000.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	<u>66,337.00</u>	<u>120,397.00</u>	<u>182,897.00</u>
TOTAL BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	\$ <u><u>7,029,337.00</u></u>	\$ <u><u>7,888,397.00</u></u>	\$ <u><u>8,685,897.00</u></u>

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

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 0.299%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ <u>1,790,000.00</u>	\$ <u>1,790,000.00</u>	\$
General Debt	<u>7,029,337.00</u>	<u>317,931.00</u>	<u>6,711,406.00</u>
	\$ <u><u>8,819,337.00</u></u>	\$ <u><u>2,107,931.00</u></u>	\$ <u><u>6,711,406.00</u></u>

Net debt \$6,711,406.00 divided by equalized valuation basis per N.J.S.A. 40A:2-2, \$2,241,067,065.33 equals 0.299%.

Borrowing Power Under N.J.S.A. 40A:2-6

Equalized Valuation Basis - December 31, 2015	\$ <u><u>2,241,067,065.33</u></u>
3 1/2% of Equalized Valuation Basis	\$ <u>78,437,347.29</u>
Net Debt	<u>6,711,406.00</u>
Remaining Borrowing Power	\$ <u><u>71,725,941.29</u></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) preceeding years.

NOTE 4: SHORT-TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

The Township had the following outstanding note(s) at year end:

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
General Capital	0.84%	2/11/16	\$ <u>320,000.00</u>
			\$ <u>320,000.00</u>

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6% The Township did not have any Tax Anticipation Notes in 2015.

NOTE 5: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2015 which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2016 was \$1,863,500.00 for the Current Fund and \$55,000.00 for the Sewer Utility Operating Fund.

NOTE 6: 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	Balance
<u>December 31, 2015</u>	<u>December 31, 2014</u>
\$ <u>331,732.32</u>	\$ <u>328,653.57</u>

NOTE 7: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

NOTE 7: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effective July 2015 PERS provides for employee contributions of 7.06% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTE 7: PENSION PLANS (CONTINUED)

Funding Policy (Continued)

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2015, members contributed at a uniform rate of 10.00% of base salary.

Certain Township employees are also covered by the Federal Insurance Contribution Act. The Township's share of pension costs, which is based upon the annual billings received from the State, amounted to \$372,425.63 for 2015, \$406,219.13 for 2014, and \$427,240.00 for 2013.

All contributions were equal to the required contributions for each of the three years, respectively.

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2015.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$3,013,383.00 for the Township of Harding's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.0134238375 percent, which was a decrease of 0.0027761063 percent from its proportion measured as of June 30, 2014.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$97,912.00 for the Township of Harding's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$133,550.00

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$71,889.00
Changes of assumptions		323,613.00
Net difference between projected and actual earnings on pension plan investments	\$48,449.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>469,118.00</u>	
	<u>\$517,567.00</u>	<u>\$395,502.00</u>

Other local amounts reported by the State as the Township's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	(\$35,140.00)
2017	(\$35,139.00)
2018	(\$35,139.00)
2019	\$10,049.00
2020	(\$26,696.00)

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Township's Proportion	0.0134238375%	0.0161999438%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	



NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Township's proportionate share of the pension liability	\$3,745,266.00	\$3,013,383.00	\$2,399,777.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$5,558,354.00 for the Township of Harding's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.0333704519 percent, which was an increase of 0.0022750713 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$378,042.00. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$238,834.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$47,943.00	
Changes of assumptions		\$1,026,210.00
Net difference between projected and actual earnings on pension plan investments	96,738.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>653,293.00</u>	<u>249,553.00</u>
	<u>\$797,974.00</u>	<u>\$1,275,763.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$65,590.00
2017	\$65,590.00
2018	\$65,590.00
2019	\$165,379.00
2020	\$115,640.00

**Additional Information**

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Township's Proportion	0.0333704519%	0.0310953806%

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	June 30, 2015		June 30, 2014	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate- Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Township's proportionate share of the PFRS pension liability	\$7,327,675.00	\$5,558,354.00	\$4,115,631.00

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

NOTE 8: 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 \$652,799.00 at December 31, 2015 for the police department and \$239,852.00 at December 31, 2015 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 9: 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 10: 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 11: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2015. Any reduction in assessed valuation will result in a refund of prior year's 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.A. 40A:2-51. At December 31, 2015, the Township had a reserve for tax appeals of \$361,508.87.

NOTE 12: 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 2015 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2015, the Township does not believe that any material liabilities will result from such audits.



NOTE 13: 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.

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

<u>Year</u>	<u>Interest on Deposits</u>	<u>Payroll Deductions &amp; Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 104.10	\$ 3,680.71	\$	\$ 73,098.51
2014	104.35	0.00	738.29	69,313.70
2013	107.66	5,000.00	120.51	69,947.64

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances consisted of the following at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 2,712.12	\$ 1,190.27
Grant		30.60
Animal Control Fund		2.12
Trust Other	1,190.27	2,566.10
General Capital Fund		112.36
Sewer Utility Operating Fund	17.81	
Sewer Utility Capital Fund		17.81
Public Assistance Trust Fund		0.94
	<u>\$ 3,920.20</u>	<u>\$ 3,920.20</u>

All interfund balances resulted from the time lag between the dates that payments between funds are made.

NOTE 15: GASB 45 - OTHER POST-RETIREMENT BENEFITS

The Township provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements. Commencing with the year ending December 31, 2014 the above noted post employment benefits require the Township to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Government Accounting Standard Board (GASB) requires the Township to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Township has contractually agreed to provide employees once they have retired.

The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Township will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets.

The Township's expense for the post-retirement portion of health benefits billings for the years ended December 31, 2015, 2014, and 2013 were \$399,366.51, \$330,911.49, and \$330,256.89 respectively.

NOTE 16: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through May 16, 2016 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

TOWNSHIP OF HARDING  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2015

## TOWNSHIP OF HARDING

## CURRENT FUND

## SCHEDULE OF CASH - TREASURER

	REF.	CURRENT FUND	GRANT FUND
Balance, December 31, 2014	A	\$ 5,067,745.38	\$ 242,990.49
Increased by Receipts:			
Taxes Receivable	A-8	\$ 21,437,322.40	\$
Petty Cash	A-5	300.00	
State of New Jersey-Senior Citizens and Veterans Deductions	A-7	26,010.00	
Interfunds	A-12	12,273.81	
Revenue Accounts Receivable	A-13	1,375,044.22	
Miscellaneous Revenue Not Anticipated	A-2	175,900.40	
Tax Overpayments	A-15	31,200.40	
Prepaid Taxes	A-16	331,732.28	
Reserve for FEMA	A-23	145,054.20	
Reserve for Grants-Unappropriated	A-22		37,214.31
Grants Receivable	A-27		85,000.00
Due Current Fund	A-17		389.10
Reserve for Garden State Trust	A-9	6,887.00	
Construction Code DCA - Due State of NJ	A-19	13,628.00	
Reserve for Due State of NJ - Marriage	A-6	525.00	
Reserve for Redemption of Outside Liens	A-18	36,707.10	
		<u>23,592,584.81</u>	<u>122,603.41</u>
		\$ 28,660,330.19	\$ 365,593.90
Decreased by Disbursements:			
2015 Appropriations	A-3	\$ 6,636,141.21	\$
Appropriation Reserves	A-14	214,900.06	
Interfunds	A-12	6,905.68	
Petty Cash	A-5	300.00	
Local District School Taxes Payable	A-25	10,085,451.00	
County Taxes Payable	A-24	5,510,187.01	
Municipal Open Space Taxes Payable	A-26	809,648.27	
Tax Appeals	A-20	175,202.12	
Construction Code DCA - Due State of NJ	A-19	11,411.00	
Reserve for Due State of NJ - Marriage	A-6	500.00	
Tax Overpayments	A-15	28,091.99	
Reserve for Accounts Payable	A-11	10,581.61	
Refund of Prior Revenue	A-1	17,313.08	
Due Current Fund	A-17		394.83
Reserve for Grants-Appropriated	A-21		126,563.87
Reserve for Redemption of Outside Liens	A-18	36,707.10	
		<u>23,543,340.13</u>	<u>126,958.70</u>
Balance, December 31, 2015	A	\$ <u>5,116,990.06</u>	\$ <u>238,635.20</u>

"A-5"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF PETTY CASH

OFFICE

INCREASE

DECREASE

Finance Department

\$ 300.00      \$ 300.00

REF.

A-4

A-4

"A-6"

SCHEDULE OF RESERVE FOR STATE OF NEW JERSEY - MARRIAGE LICENSES

Balance, December 31, 2014	A	\$ 50.00
Increased by:		
Receipts	A-4	<u>525.00</u>
		\$ <u>575.00</u>
Decreased by:		
Disbursements	A-4	<u>500.00</u>
Balance, December 31, 2015	A	\$ <u>75.00</u>

TOWNSHIP OF HARDING

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2014 (Due From)	A	\$	1,409.10
Increased by:			
Senior Citizens Deductions Per Tax Billing	A-7	\$	750.00
Veterans/Widow of Veteran Deductions Per Tax Billing	A-7		<u>24,750.00</u>
			25,500.00
		\$	<u>26,909.10</u>
Decreased by:			
Received From State	A-4		<u>26,010.00</u>
Balance, December 31, 2015 (Due From)	A	\$	<u><u>899.10</u></u>

ANALYSIS OF STATE SHARE OF 2015 SENIOR  
CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing	A-7	\$	750.00
Veterans Deductions Per Tax Billing	A-7		<u>24,750.00</u>
	A-8	\$	<u><u>25,500.00</u></u>

"A-8"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>	<u>2015 LEVY &amp; ADDED</u>	<u>COLLECTIONS</u>		<u>CANCELED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
			<u>2014</u>	<u>2015</u>		
Prior	\$ 72,796.15	\$ 6,046.06	\$	\$ 78,841.14	\$	\$ 1.07
2015		21,860,713.69	328,653.53	21,383,981.26	51,212.00	96,866.90
	<u>\$ 72,796.15</u>	<u>\$ 21,866,759.75</u>	<u>\$ 328,653.53</u>	<u>\$ 21,462,822.40</u>	<u>\$ 51,212.00</u>	<u>\$ 96,867.97</u>
<u>REF.</u>	A		A-2:A-16	A-2		A
			<u>REF.</u>			
	Collector		A-4	\$ 21,437,322.40		
	Senior Citizens and Veterans Deductions		A-7	25,500.00		
				<u>\$ 21,462,822.40</u>		

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD

General Property Tax		\$ 21,828,377.80
Added Taxes (54:4-63.1 et.seq.)		32,335.89
		<u>\$ 21,860,713.69</u>

TAX LEVY

Local District School Tax (Abstract)	A-2:A-25		\$ 10,085,451.00
County Tax (Abstract)		\$ 5,289,671.97	
County Open Space (Abstract)		220,515.04	
	A-24	\$ 5,510,187.01	
Due County for Added Taxes (54:4-63.1 et.seq.)	A-24	8,199.67	
<u>Total County Taxes</u>	A-2		5,518,386.68
Municipal Open Space Tax	A-26	\$ 808,458.00	
Added Taxes	A-26	1,190.27	
	A-2		809,648.27
Local Tax for Municipal Purposes (Abstract)	A-2	\$ 5,405,442.00	
Add: Additional Tax Levied		41,785.74	
Local Tax for Municipal Purposes Levied			5,447,227.74
			<u>\$ 21,860,713.69</u>

"A-9"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR GARDEN STATE TRUST

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 6,887.00
Increased by:		
Receipts	A-4	6,887.00
		\$ <u>13,774.00</u>
Decreased by:		
Miscellaneous Revenue Anticipated	A-2	<u>6,887.00</u>
Balance, December 31, 2015	A	\$ <u><u>6,887.00</u></u>

"A-10"

GRANT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2014	A	\$ 22,022.88
Increased by:		
Current Year Accounts Payable	A-21	5,335.79
		\$ <u>27,358.67</u>
Decreased by:		
Transferred to Grants Appropriated	A-21	<u>22,022.88</u>
Balance, December 31, 2015	A	\$ <u><u>5,335.79</u></u>



TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 400,327.49
Increased by:			
2015 Budget Appropriations	A-3	\$ 319,497.99	
Tax Overpayments	A-15	30.26	
Appropriation Reserves	A-14	<u>129,637.11</u>	
			<u>449,165.36</u>
			\$ <u>849,492.85</u>
Decreased by:			
Transfer to Appropriation Reserves	A-14	386,625.98	
Disbursed	A-4	10,581.61	
Canceled	A-1	<u>2,269.90</u>	
			<u>399,477.49</u>
Balance, December 31, 2015	A		\$ <u><u>450,015.36</u></u>

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF INTERFUNDS

	REF.	TOTAL	GRANT FUND	ANIMAL CONTROL FUND	TRUST OTHER FUND								GENERAL CAPITAL FUND	PUBLIC ASSISTANCE FUND
					REGULAR TRUST	PAYROLL TRUST	PLANNING ESCROW	GRADING	TREE PRESERVATION	ENGINEERING ESCROW	OPEN SPACE	PERF. BONDS		
Balance, December 31, 2014														
Due From	A	\$ 9,145.21	\$ 36.33	\$ 2.05	\$ 30.63	\$ 8,813.37	\$ 18.69	\$ 37.68	\$ 14.61	\$ 23.86		\$ 143.55	\$ 23.31	\$ 1.13
Due To	A	<u>2,255.23</u>									<u>2,255.23</u>			
Receipts	A-4	\$ 12,273.81	\$ 394.83	\$ 27.96	\$ 476.84	\$ 6,395.23	\$ 1,159.92	\$ 258.90	\$ 102.11	\$ 153.91	\$ 1,190.27	\$ 908.92	\$ 1,193.67	\$ 11.25
Disbursements	A-4	<u>6,905.68</u>	<u>389.10</u>	<u>28.03</u>	<u>482.25</u>		<u>1,150.32</u>	<u>239.74</u>	<u>96.27</u>	<u>142.01</u>	<u>2,255.23</u>	<u>828.95</u>	<u>1,282.72</u>	<u>11.06</u>
Balance, December 31, 2015														
Due From	A	\$ 2,712.12	\$ 30.60	\$ 2.12	\$ 36.04	\$ 2,418.14	\$ 9.09	\$ 18.52	\$ 8.77	\$ 11.96		\$ 63.58	\$ 112.36	\$ 0.94
Due To	A	<u>1,190.27</u>									<u>1,190.27</u>			

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>ACCOUNTS</u>	<u>REF.</u>	<u>ACCRUED</u> <u>IN 2015</u>	<u>COLLECTED</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	\$ 5,376.00	\$ 5,376.00
Interest and Costs on Taxes	A-2	56,323.29	56,323.29
Interest on Investments and Deposits	A-2	26,822.36	26,822.36
Construction Code Official	A-2	458,630.00	458,630.00
Tree Removal:			
Fees and Permits	A-2	425.00	425.00
Board of Adjustment:			
Fees and Permits	A-2	12,000.00	12,000.00
Planning Board:			
Fees and Permits	A-2	3,828.00	3,828.00
Zoning:			
Fees and Permits	A-2	25,211.00	25,211.00
Board of Health:			
Fees and Permits	A-2	66,741.05	66,741.05
Municipal Court:			
Fines and Costs	A-2	52,406.52	52,406.52
Energy Receipts Tax	A-2	447,281.00	447,281.00
COAH Development Trust Fund	A-2	95,000.00	95,000.00
The Farm at Harding	A-2	125,000.00	125,000.00
		<u>\$ 1,375,044.22</u>	<u>\$ 1,375,044.22</u>
	<u>REF.</u>		A-4

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	TRANSFERS AND PRIOR PAYABLES	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>					
Administrative and Executive	\$ 50,774.39	\$	\$ 50,774.39	\$	\$ 50,774.39
Township Committee	1,200.00		1,200.00		1,200.00
Municipal Clerk	698.24		698.24		698.24
Financial Administration	16,326.73		16,326.73		16,326.73
Collection of Taxes	1,913.18		1,913.18		1,913.18
Assessment of Taxes	7,256.41		7,256.41		7,256.41
Planning Board	17,550.00		17,550.00		17,550.00
Board of Adjustment	3,438.80		3,438.80		3,438.80
Police	137,992.14		137,992.14		137,992.14
Road Repair and Maintenance	1,882.85		1,882.85		1,882.85
Solid Waste Collection	2,100.00		2,100.00		2,100.00
Recycling Program	1,674.56		1,674.56		1,674.56
Snow Removal	6,817.32		6,817.32		6,817.32
Environmental Commission	450.00		450.00		450.00
Historical Preservation Commission	650.00		650.00		650.00
Open Space Commission	650.00		650.00		650.00
Wildlife Management Committee	1,400.00		1,400.00		1,400.00
Construction Code	5,947.20		5,947.20		5,947.20
<u>OTHER EXPENSES:</u>					
Administrative and Executive	1,056.06	39,271.40	40,327.46	39,734.49	592.97
Human Resources	16,440.00		16,440.00		16,440.00
Township Committee	1,660.76	220.50	1,881.26	700.00	1,181.26
Municipal Clerk	3,078.78	4,092.86	7,171.64	4,152.09	3,019.55
Election	830.60		830.60		830.60
Financial Administration	6,288.18	1,463.97	7,752.15	1,464.47	6,287.68
Financial Administration - Audit	3,525.00	1,500.00	5,025.00	1,500.00	3,525.00
Collection of Taxes	3,159.80		3,159.80		3,159.80
Assessment of Taxes	696.75	1,139.40	1,836.15	1,139.40	696.75
Revaluation of Real Property	14,000.00	3,842.00	17,842.00	3,842.00	14,000.00
Tax Map Revision	6,500.00		6,500.00		6,500.00
Legal Services and Costs	55,764.90	2,341.93	58,106.83	4,501.53	53,605.30
Engineering Services and Costs	18,419.52	4,467.80	22,887.32	6,592.80	16,294.52
Planning Board	231.60	5,809.25	6,040.85	5,809.25	231.60
Board of Adjustments	13,373.00	454.78	13,827.78	454.78	13,373.00
Police	7,401.44	17,614.22	25,015.66	17,713.65	7,302.01
Purchased Police Vehicles	192.59		192.59		192.59
Emergency Management	1,000.00		1,000.00		1,000.00
Fire: Fire Hydrant Service	500.00	268.00	768.00	436.00	332.00
Aid to Volunteer Fire Companies	2,000.00		2,000.00		2,000.00
Road Repair and Maintenance	247.83	9,352.30	9,600.13	3,623.65	5,976.48
Solid Waste Collection	4,284.95		4,284.95		4,284.95
Recycling Program	6,052.86	3,876.88	9,929.74	2,979.75	6,949.99
Buildings and Grounds	343.30	12,972.39	13,315.69	7,746.19	5,569.50
Vehicle Maintenance	3,385.34	17,423.68	20,809.02	17,336.47	3,472.55
Snow Removal	25,615.35	42,223.16	67,838.51	6,928.37	60,910.14
Board of Health	31,511.30	6,779.56	38,290.86	6,750.39	31,540.47
Dog Regulation	1,744.11	19.91	1,764.02	19.91	1,744.11
Environmental Commission	3,900.00		3,900.00		3,900.00
Historical Preservation Commission	1,500.00		1,500.00		1,500.00

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	TRANSFERS AND PRIOR PAYABLES	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>					
Municipal Services Act	\$ 4,163.58	\$	\$ 4,163.58	\$	\$ 4,163.58
Department of Recreation - Youth Program	1,000.00		1,000.00		1,000.00
Aid To Museums	1,500.00		1,500.00		1,500.00
Park Maintenance	11,940.28	950.00	12,890.28	300.00	12,590.28
Public Assistance	750.00		750.00		750.00
Municipal Alliance	2,000.00		2,000.00		2,000.00
Construction Code Official	9,109.92	2,990.08	12,100.00	3,345.16	8,754.84
Other Insurance Premiums	19,801.12	34,549.72	54,350.84	34,549.72	19,801.12
Group Insurance for Employees	72,000.39	115,951.07	187,951.46	131,786.31	56,165.15
Health Benefit Waiver	5,241.50		5,241.50	1,250.00	3,991.50
Motor Fuels	1,500.00	23,673.01	25,173.01	7,465.03	17,707.98
Electricity	8,000.00	6,440.87	14,440.87	6,440.87	8,000.00
Telephone		7,814.63	7,814.63	7,814.63	
Water and Sewerage	750.00	30.49	780.49	36.24	744.25
Natural Gas	11,000.00	3,210.07	14,210.07	2,681.07	11,529.00
Street Lighting	2,000.00	1,273.63	3,273.63	1,273.63	2,000.00
Public Employees Retirement System	14,903.87		14,903.87		14,903.87
Social Security System (O.A.S.I.)	35,441.50		35,441.50		35,441.50
Police & Firemen's Retirement System	24,349.00		24,349.00		24,349.00
Judgments	100.00		100.00		100.00
Affordable Housing Act	5,000.00		5,000.00		5,000.00
Police Dispatch - Interlocal	538.53		538.53		538.53
Hanover Township Board of Health	9,425.00	14,608.42	24,033.42	14,169.32	9,864.10
Joint Municipal Court	30,298.00		30,298.00		30,298.00
Matching Funds For Grants	13,000.00		13,000.00		13,000.00
Contingent	2,500.00		2,500.00		2,500.00
<u>TOTAL</u>	<u>\$ 779,738.53</u>	<u>\$ 386,625.98</u>	<u>\$ 1,166,364.51</u>	<u>\$ 344,537.17</u>	<u>\$ 821,827.34</u>
<u>REF.</u>	A	A-11			A-1
Disbursed	A-4			\$ 214,900.06	
Accounts Payable	A-11			<u>129,637.11</u>	
				<u>\$ 344,537.17</u>	

"A-15"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Increased by:			
Overpayments in 2014	A-4	\$	31,200.40
Decreased by:			
Disbursements	A-4	\$	28,091.99
Accounts Payable	A-11		<u>30.26</u>
			<u>28,122.25</u>
Balance, December 31, 2015	A	\$	<u><u>3,078.15</u></u>

"A-16"

SCHEDULE OF PREPAID TAXES

Balance, December 31, 2014	A	\$	328,653.57
Increased by:			
Collection of 2016 Taxes	A-4		<u>331,732.28</u>
		\$	<u>660,385.85</u>
Decreased by:			
Applied to 2015 Taxes	A-8		<u>328,653.53</u>
Balance, December 31, 2015	A	\$	<u><u>331,732.32</u></u>

"A-17"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF DUE CURRENT FUND - GRANT FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due To)	A	\$ 36.33
Increased by:		
Receipts	A-4	389.10
		\$ <u>425.43</u>
Decreased by:		
Disbursements	A-4	<u>394.83</u>
Balance, December 31, 2015 (Due To)	A	\$ <u><u>30.60</u></u>

"A-18"

SCHEDULE OF RESERVE FOR REDEMPTION OF OUTSIDE LIENS

Increased by:		
Receipts	A-4	\$ 36,707.10
Decreased by:		
Disbursements	A-4	\$ <u>36,707.10</u>

"A-19"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION CODE DCA - DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 3,065.00
Increased by:		
Receipts	A-4	13,628.00
		\$ <u>16,693.00</u>
Decreased by:		
Disbursements	A-4	<u>11,411.00</u>
Balance, December 31, 2015	A	\$ <u><u>5,282.00</u></u>

"A-20"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2014	A	\$ 336,710.99
Increased by:		
Allocated from Current Taxes	A-2	200,000.00
		\$ <u>536,710.99</u>
Decreased by:		
Disbursements	A-4	<u>175,202.12</u>
Balance, December 31, 2015	A	\$ <u><u>361,508.87</u></u>



TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2014	BUDGET APPROPRIATION	EXPENDED	ACCOUNTS PAYABLE	BALANCE DECEMBER 31, 2015
Drunk Driving Enforcement Fund	\$ 1,302.99	\$	\$ 1,302.89	\$ 0.10	\$
Clean Communities Program	41,312.76	9,551.00	800.00		50,063.76
Garden State Historic Preservation Trust	50,165.56				50,165.56
Alcohol Education Rehabilitation Fund	890.39				890.39
Recycling Tonnage Grant	36,551.54	2,970.00	5,684.30	1,937.70	31,899.54
Environmental Services	20,940.51				20,940.51
Body Armor Replacement Fund	11,798.81		2,735.00		9,063.81
NJ DEP - Great Swamp Project	4,748.41				4,748.41
Tennis Court Improvement Grant		85,000.00	85,000.00		
Bulletproof Vest	675.00				675.00
Community Foundation - Margetts Field	1,190.00			608.00	582.00
Community Foundation - Ann Kirby	2,906.22	10,800.00	31,041.68	(19,232.89)	1,897.43
Association of NJ Environmental Commission	2,060.40				2,060.40
Municipal Stormwater Regulation Program	5,148.50				5,148.50
NJ Highlands Water Protection - COAH	7,500.00				7,500.00
WHIP Grant and Match	1,194.75				1,194.75
NJ DOT Municipal Aid - Sand Spring Road	12,192.74				12,192.74
	<u>\$ 200,578.58</u>	<u>\$ 108,321.00</u>	<u>\$ 126,563.87</u>	<u>\$ (16,687.09)</u>	<u>\$ 199,022.80</u>

REF.

A

A-3:A-27

A-4

A

Accounts Payable A-10  
Transferred From Accounts Payable A-10

\$ 5,335.79  
(22,022.88)

\$ (16,687.09)

TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS UNAPPROPRIATED

	BALANCE DECEMBER 31, 2014	RECEIPTS	APPLIED TO REVENUE	BALANCE DECEMBER 31, 2015
Recycling Tonnage Grant	\$ 2,970.82	\$	\$ 2,970.00	\$ 0.82
Alcohol Education Rehabilitation Program		29.47		29.47
Margett's Field		1,870.00		1,870.00
Body Armor Grant		1,426.14		1,426.14
Clean Community Grant	9,551.01	11,667.17	9,551.00	11,667.18
Drunk Driving Enforcement Grant		2,959.91		2,959.91
Community Foundation Grant - Ann Kirby	10,800.73	19,261.62	10,800.00	19,262.35
	<u>\$ 23,322.56</u>	<u>\$ 37,214.31</u>	<u>\$ 23,321.00</u>	<u>\$ 37,215.87</u>
<u>REF.</u>	A	A-4	A-27	A

"A-23"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF RESERVE FOR FEMA

	<u>REF.</u>	
Balance, December 31, 2014	A	\$ 36,568.76
Increased by:		
Receipts	A-4	<u>145,054.20</u>
		\$ 181,622.96
Decreased by:		
Miscellaneous Revenue Anticipated	A-2	<u>36,000.00</u>
Balance, December 31, 2015	A	<u>\$ 145,622.96</u>

"A-24"

SCHEDULE OF COUNTY TAXES PAYABLE

Increased by:		
2015 Levy	A-1:A-8	\$ 5,510,187.01
Added and Omitted	A-1:A-8	<u>8,199.67</u>
		\$ 5,518,386.68
Decreased by:		
Disbursements	A-4	<u>5,510,187.01</u>
Balance, December 31, 2015	A	<u>\$ 8,199.67</u>

"A-25"

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

REF.

Increased by:		
School Levy	A-1:A-8	\$ <u>10,085,451.00</u>
Decreased by:		
Disbursements	A-4	\$ <u><u>10,085,451.00</u></u>

"A-26"

SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE

Increased by:			
2015 Tax Levy	A-1:A-8	\$	808,458.00
Added Taxes	A-1:A-8		<u>1,190.27</u>
			\$ <u>809,648.27</u>
Decreased by:			
Disbursements	A-4		\$ <u><u>809,648.27</u></u>

"A-27"

TOWNSHIP OF HARDING

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2014	BUDGET APPROPRIATIONS	RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2015
Recycling Tonnage	\$	\$ 2,970.00	\$	\$ 2,970.00	\$
Office of Environmental Service	2,969.86				2,969.86
Community Foundation Grant - Ann Kirby		10,800.00		10,800.00	
Tennis Court Improvement Grant		85,000.00	85,000.00		
Clean Communities		9,551.00		9,551.00	
	<u>\$ 2,969.86</u>	<u>\$ 108,321.00</u>	<u>\$ 85,000.00</u>	<u>\$ 23,321.00</u>	<u>\$ 2,969.86</u>
REF.	A	A-2:A-21	A-4	A-22	A

TOWNSHIP OF HARDING

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - EMERGENCIES

	<u>REF.</u>	
Increased by:		
Emergencies - 2015	A-3	\$ <u>30,000.00</u>
Balance, December 31, 2015	A	\$ <u><u>30,000.00</u></u>

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2014	B	\$ 12,121.29	\$ 5,119,755.86
Increased by Receipts:			
Due State of New Jersey - Animal Control Reserve for:	B-5	\$ 792.60	\$
Animal Control Fund Expenditures	B-4	9,748.50	
Developers' Deposits	B-7		175,792.56
Unemployment Insurance Compensation	B-8		3,784.81
Various Trust Deposits	B-3		269,858.82
Open Space Deposits	B-9		823,924.62
Law Enforcement Trust Fund	B-11		930.94
Affordable Housing Contributions	B-12		218,830.41
The Farm at Harding	B-13		258,274.22
Payroll Trust	B-14		3,585,744.62
Flexible Spending	B-15		10,062.08
Health Savings	B-16		60,530.61
Health Reimbursement	B-17		42,668.82
Tree Preservation Escrow	B-6		34,884.67
Due Current Fund	B-2:B-10	<u>28.72</u>	<u>10,694.43</u>
		\$ <u>10,569.82</u>	<u>5,495,981.61</u>
		\$ 22,691.11	\$ 10,615,737.47
Decreased by Disbursements:			
Due State of New Jersey - Animal Control Reserve For:	B-5	\$ 799.80	\$
Animal Control Fund Expenditures	B-4	7,862.50	
Affordable Housing Contributions	B-12		107,989.01
The Farm at Harding	B-13		239,249.66
Payroll Trust	B-14		3,589,135.71
Flexible Spending	B-15		1,443.64
Health Savings	B-16		60,530.11
Health Reimbursement	B-17		43,561.83
Tree Preservation Escrow	B-6		19,869.90
Various Trust Deposits	B-3		142,159.96
Developers' Deposits	B-7		384,648.22
Open Space Deposits	B-9		1,365,090.25
Due Current Fund	B-2:B-10	<u>28.65</u>	<u>16,145.76</u>
		<u>8,690.95</u>	<u>5,969,824.05</u>
Balance, December 31, 2015	B	\$ <u>14,000.16</u>	\$ <u>4,645,913.42</u>

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DUE CURRENT FUND - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due To)	B	\$ 2.05
Increased by:		
Receipts	B-1	28.72
		\$ <u>30.77</u>
Decreased by:		
Disbursements	B-1	<u>28.65</u>
Balance, December 31, 2015 (Due To)	B	\$ <u><u>2.12</u></u>



"B-3"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR VARIOUS DEPOSITS

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2014	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE DECEMBER 31, 2015
Recycling	\$ 13,521.25	\$	\$	\$ 13,521.25
Police Outside Overtime	1,061.00	123,943.75	113,083.50	11,921.25
Tax Sale Premiums	42,000.00	90,100.00		132,100.00
Employee 457 Plan	31,414.18		5,075.00	26,339.18
Public Defender	2,589.80			2,589.80
POAA	85.00			85.00
Snow Removal	16,646.51			16,646.51
Accumulated Leave	22,890.85		3,249.29	19,641.56
Municipal Alliance Program	7,112.50	42,500.00	14,359.31	35,253.19
Credit Card Fees		402.57	180.35	222.22
Police Donation	13,597.28	12,912.50	6,212.51	20,297.27
	<u>\$ 150,918.37</u>	<u>\$ 269,858.82</u>	<u>\$ 142,159.96</u>	<u>\$ 278,617.23</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, 2014	B	\$ 12,107.24
Increased by:		
Receipts	B-1	9,748.50
		\$ <u>21,855.74</u>
Decreased by:		
Disbursements	B-1	<u>7,862.50</u>
Balance, December 31, 2015	B	\$ <u><u>13,993.24</u></u>

DOG LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2014	\$ 8,948.70
2013	<u>9,311.00</u>
	\$ <u><u>18,259.70</u></u>

"B-5"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 12.00
Increased by:		
State Registration Fees Collected	B-1	792.60
		\$ <u>804.60</u>
Decreased by:		
Paid to State Department of Health	B-1	799.80
Balance, December 31, 2015	B	\$ <u><u>4.80</u></u>

"B-6"

SCHEDULE OF RESERVE FOR TREE PRESERVATION ESCROW

Balance, December 31, 2014	B	\$ 116,968.25
Increased by:		
Receipts	B-1	34,884.67
		\$ <u>151,852.92</u>
Decreased by:		
Disbursements	B-1	19,869.90
Balance, December 31, 2015	B	\$ <u><u>131,983.02</u></u>

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DEVELOPERS' DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 2,133,018.10
Increased by:		
Receipts	B-1	<u>175,792.56</u>
		\$ 2,308,810.66
Decreased by:		
Disbursements	B-1	<u>384,648.22</u>
Balance, December 31, 2015	B	\$ <u><u>1,924,162.44</u></u>

ANALYSIS OF BALANCE:

Technical Review Escrow	\$ 104,314.41
Engineering Escrow	218,158.39
Performance Bond Escrow	1,426,291.60
Grading Permit Escrow	<u>175,398.04</u>
	\$ <u><u>1,924,162.44</u></u>

"B-8"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF UNEMPLOYMENT INSURANCE COMPENSATION

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 69,313.70
Increased by:		
Receipts	B-1	<u>3,784.81</u>
Balance, December 31, 2015	B	\$ <u>73,098.51</u>

"B-9"

SCHEDULE OF RESERVE FOR OPEN SPACE DEPOSITS

Balance, December 31, 2014	B		\$ 1,935,996.33
Increased by:			
Tax Levy		\$ 808,458.00	
Tax Levy-Added		1,190.27	
Interest & Other Deposits		<u>14,276.35</u>	
	B-1		<u>823,924.62</u>
			\$ <u>2,759,920.95</u>
Decreased by:			
Debt Contributions		\$ 269,495.41	
Other Disbursements		<u>1,095,594.84</u>	
	B-1		<u>1,365,090.25</u>
Balance, December 31, 2015	B		\$ <u>1,394,830.70</u>

"B-10"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due to, Net)	B	\$ 6,827.16
Increased by:		
Receipts	B-1	10,694.43
		<u>\$ 17,521.59</u>
Decreased by:		
Disbursements	B-1	16,145.66
		<u>16,145.66</u>
Balance, December 31, 2015 (Due to, Net)	B	<u>\$ 1,375.93</u>
<u>Analysis of Balance:</u>		
Regular Trust		\$ 36.04
Open Space		(1,190.27)
Payroll		2,418.14
Grading Permit Escrow		18.52
Tree Preservation		8.77
Technical Review Escrow		9.09
Engineering Escrow		11.96
Performance Bonds		63.58
		<u>63.58</u>
Total - Due to Current Fund		<u>\$ 1,375.83</u>

"B-11"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

Balance, December 31, 2014	B	\$ 8,037.17
Increased by:		
Receipts	B-1	930.94
		<u>930.94</u>
Balance, December 31, 2015	B	<u>\$ 8,968.11</u>

"B-12"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING CONTRIBUTION

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 132,909.41
Increased by:		
Receipts	B-1	218,830.41
		<u>\$ 351,739.82</u>
Decreased by:		
Disbursements	B-1	107,989.01
		<u>107,989.01</u>
Balance, December 31, 2015	B	<u><u>\$ 243,750.81</u></u>

"B-13"

SCHEDULE OF RESERVE FOR THE FARM AT HARDING

Balance, December 31, 2014	B	\$ 538,345.15
Increased by:		
Receipts	B-1	258,274.22
		<u>\$ 796,619.37</u>
Decreased by:		
Disbursements	B-1	239,249.66
		<u>239,249.66</u>
Balance, December 31, 2015	B	<u><u>\$ 557,369.71</u></u>

"B-14"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR PAYROLL TRUST

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 18,874.98
Increased by:		
Receipts	B-1	<u>3,585,744.62</u>
		\$ <u>3,604,619.60</u>
Decreased by:		
Disbursements	B-1	<u>3,589,135.71</u>
Balance, December 31, 2015	B	\$ <u><u>15,483.89</u></u>

"B-15"

SCHEDULE OF RESERVE FOR FLEXIBLE SPENDING

Balance, December 31, 2014	B	\$ 6,169.68
Increased by:		
Receipts	B-1	<u>10,062.08</u>
		\$ <u>16,231.76</u>
Decreased by:		
Disbursements	B-1	<u>1,443.64</u>
Balance, December 31, 2015	B	\$ <u><u>14,788.12</u></u>



"B-16"

TOWNSHIP OF HARDING

TRUST FUND

SCHEDULE OF RESERVE FOR HEALTH SAVINGS

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 0.35
Increased by:		
Receipts	B-1	<u>60,530.61</u>
		\$ <u>60,530.96</u>
Decreased by:		
Disbursements	B-1	<u>60,530.11</u>
Balance, December 31, 2015	B	\$ <u><u>0.85</u></u>

"B-17"

SCHEDULE OF RESERVE FOR HEALTH REIMBURSEMENT

Balance, December 31, 2014	B	\$ 2,377.21
Increased by:		
Receipts	B-1	<u>42,668.82</u>
		\$ <u>45,046.03</u>
Decreased by:		
Disbursements	B-1	<u>43,561.83</u>
Balance, December 31, 2015	B	\$ <u><u>1,484.20</u></u>

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	C	\$	3,201,056.85
Increased by Receipts:			
Budget Appropriations:			
Capital Improvement Fund	C-8	\$	450,000.00
Deferred Charges to Future Taxation - Unfunded	C-7		144,060.00
Due Current Fund	C-10		1,282.72
Reserve to Pay Notes	C-15		317,931.00
Bond Anticipation Note	C-16		320,000.00
			<u>1,233,273.72</u>
		\$	<u>4,434,330.57</u>
Decreased by Disbursements:			
Contracts Payable	C-13	\$	425,725.26
Due Current Fund	C-10		1,193.67
Reserve To Pay Notes	C-15		68,776.00
Bond Anticipation Note	C-16		410,000.00
			<u>905,694.93</u>
Balance, December 31, 2015	C	\$	<u><u>3,528,635.64</u></u>

"C-3"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2015
Capital Improvement Fund	\$ 110,568.48
Reserve for Grants Receivable	223,000.00
Reserve for Open Space	154,500.00
Grants Receivable	(256,743.83)
Reserve for Contracts Payable	117,580.08
Reserve to Pay Notes	317,931.00
Due Current Fund	112.36
Fund Balance	235,094.27
Unexpended Proceeds of Bond Anticipation Notes Listed on "C-7"	41,759.91
Improvement Authorizations Funded- Listed on "C-9"	2,615,773.37
Unfunded Improvements Expended- Listed on "C-7"	(30,940.00)
	<u>\$ 3,528,635.64</u>

REF.

C

"C-4"

SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

Balance, December 31, 2014 and December 31, 2015	C	\$ <u>223,000.00</u>
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"C-5"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 7,358,000.00
Decreased by:		
Bonds Paid by Budget and Open Space	C-11	<u>715,000.00</u>
Balance, December 31, 2015	C	<u>\$ 6,643,000.00</u>

"C-6"

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance, December 31, 2014 and December 31, 2015	C	\$ <u>256,743.83</u>
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ANALYSIS OF BALANCE:

Morris County Open Space Grant	\$ 223,000.00
Transportation Trust Fund Receivable	<u>33,743.83</u>
	<u>\$ 256,743.83</u>

[illegible]

TOWNSHIP OF HARDING  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 175,568.48
Increased by:		
2015 Budget Appropriation	C-2	450,000.00
		\$ <u>625,568.48</u>
Decreased by:		
Appropriated to Finance:		
Improvement Authorizations	C-9	<u>515,000.00</u>
Balance, December 31, 2015	C	\$ <u><u>110,568.48</u></u>

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	GENERAL IMPROVEMENTS:	ORDINANCE		BALANCE DECEMBER 31, 2014		2015 AUTHORIZATIONS	CONTRACTS PAYABLE	BALANCE DECEMBER 31, 2015	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
2004-16	Acquisition of Land	07/07/04	\$ 1,150,000.00	\$ 141,664.90	\$ 33,790.00	\$	\$	\$ 141,664.90	\$ 33,790.00
2004-20	Various Capital Improvements	09/07/04	211,500.00	30,395.08				30,395.08	
2005-8/2005-16	Restoration/Rehabilitation-Glen Alpin	05/18/05-09/06/05	1,000,000.00	413,400.33				413,400.33	
2005-14	Various Public Improvements/Acquisitions	07/13/05	284,500.00	43,798.47			5,514.10	38,284.37	
2006-02	Restoration/Rehabilitation-Glen Alpin	03/01/06	850,000.00		43,366.91				43,366.91
2006-10	Various Public Improvements	09/03/06	107,500.00	47,115.00				47,115.00	
2007-07	Various Public Improvements	06/20/07	402,500.00	53,525.59			15,000.00	38,525.59	
2008-9	Various Improvements	05/07/08	519,000.00	145,018.81			17,103.82	127,914.99	
2009-4	Various Public Improvements/Acquisitions	06/10/09	344,500.00	38,793.00				38,793.00	
2010-12	Various Public Improvements/Acquisitions	08/18/10	369,500.00	253,808.55			4,178.00	249,630.55	
2011-07	Various Public Improvements/Acquisitions	05/18/11	336,500.00	73,451.74			41,401.22	32,050.52	
2012-03	Various Public Improvements/Acquisitions	05/31/12	350,500.00	77,475.73			13,343.96	64,131.77	
2013-03	Various Public Improvements/Acquisitions	06/10/13	436,500.00	262,180.49			66,980.18	195,200.31	
2014-04	Various Public Improvements/Acquisitions	05/12/14	750,000.00	629,951.17			152,884.86	477,066.31	
2015-3	Various Public Improvements/Acquisitions	04/13/15	810,000.00			810,000.00	88,399.35	721,600.65	
				\$ 2,210,578.86	\$ 77,156.91	\$ 810,000.00	\$ 404,805.49	\$ 2,615,773.37	\$ 77,156.91
REF.				C	C	C-1:C-8	C-13	C:C-3	C:C-7

TOWNSHIP OF HARDING  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due to)	C	\$ 23.31
Increased by:		
Receipts	C-2	<u>1,282.72</u>
		\$ 1,306.03
Decreased by:		
Disbursements	C-2	<u>1,193.67</u>
Balance, December 31, 2015 (Due to)	C	<u><u>\$ 112.36</u></u>



"C-11"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

### SCHEDULE OF SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	PRINCIPAL REQUIREMENTS OF BOND OUTSTANDING			INTEREST RATE	BALANCE DECEMBER 31, 2014	DECREASED	BALANCE DECEMBER 31, 2015
			DECEMBER 31, 2015						
			DATE	AMOUNT					
General Improvement Bonds of 2001	October 15, 2001	\$ 4,168,000.00	10/15/16	\$ 338,000.00	4.10%	\$ 678,000.00	\$ 340,000.00	\$ 338,000.00	
General Improvement Bonds of 2008	February 15, 2008	8,725,000.00	02/15/16	385,000.00	3.50%				
			02/15/17	400,000.00	3.50%				
			02/15/18	415,000.00	3.50%				
			02/15/19	430,000.00	3.75%				
			02/15/20	445,000.00	3.75%				
			02/15/21	465,000.00	3.75%				
			02/15/22	485,000.00	3.75%				
			02/15/23	495,000.00	3.80%				
			02/15/24	515,000.00	3.85%				
			02/15/25	535,000.00	3.875%				
			02/15/26	555,000.00	4.00%				
			02/15/27	580,000.00	4.00%				
			02/15/28	600,000.00	4.00%	6,680,000.00	375,000.00	6,305,000.00	
					\$ 7,358,000.00	\$ 715,000.00	\$ 6,643,000.00		
					REF.	C	C-5	C	

"C-12"

TOWNSHIP OF HARDING

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>
2001-18 / 2002-8	Acquisition of Land	\$ 30,940.00
2004-16	Acquisition of Land	33,790.00
2006-2	Restoration-Glen Alpin	<u>1,607.00</u>
		<u>\$ 66,337.00</u>

"C-13"

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 138,499.85
Increased by:		
Improvement Authorizations	C-9	<u>404,805.49</u>
		<u>\$ 543,305.34</u>
Decreased by:		
Disbursements	C-2	<u>425,725.26</u>
Balance, December 31, 2015	C	<u>\$ 117,580.08</u>

"C-14"

TOWNSHIP OF HARDING  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR OPEN SPACE

REF.

Balance, December 31, 2014 and December 31, 2015	C	\$ <u>154,500.00</u>
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"C-15"

SCHEDULE OF RESERVE TO PAY NOTES

Balance, December 31, 2014	C	\$ 68,776.00
Increased by:		
Receipts	C-2	<u>317,931.00</u>
		\$ 386,707.00
Decreased by:		
Disbursements	C-2	<u>68,776.00</u>
Balance, December 31, 2015	C	\$ <u>317,931.00</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, 2014</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2015</u>
2006-2 Rest./Rehab. of Glen Alpin	8/16/06	2/13/2015	2/11/2016	0.84%	\$ <u>410,000.00</u>	\$ <u>320,000.00</u>	\$ <u>410,000.00</u>	\$ <u>320,000.00</u>
					\$ <u>410,000.00</u>	\$ <u>320,000.00</u>	\$ <u>410,000.00</u>	\$ <u>320,000.00</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, 2014	D	\$ <u>296,229.11</u>	\$ <u>126,550.12</u>
Increased by Receipts:			
Sewer Use Charges Receivable	D-9	\$ 201,595.73	\$
Miscellaneous Revenue Not Anticipated	D-2	11,406.52	
Prepaid Sewer Rents	D-11	2,603.53	
Due Sewer Capital	D-18	14,899.30	
Sewer Overpayments	D-20	81.03	
Due Sewer Operating	D-19		207.98
Capital Improvement Fund	D-12		15,000.00
		\$ <u>230,586.11</u>	\$ <u>15,207.98</u>
		\$ <u>526,815.22</u>	\$ <u>141,758.10</u>
Decreased by Disbursements:			
2015 Budget Appropriations	D-3	\$ 185,512.54	\$
2014 Appropriation Reserves	D-8	553.83	
Due Sewer Capital	D-18	207.98	
Due Sewer Operating	D-19		14,899.30
		\$ <u>186,274.35</u>	\$ <u>14,899.30</u>
Balance, December 31, 2015	D	\$ <u><u>340,540.87</u></u>	\$ <u><u>126,858.80</u></u>

"D-5"

TOWNSHIP OF HARDING  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER UTILITY CAPITAL CASH

	BALANCE DECEMBER <u>31, 2015</u>
Contribution in Aid of Construction	\$ 3,000.00
Capital Improvement Fund	60,000.00
Due Sewer Operating	17.81
Reserve for Contracts Payable	5,000.00
Improvement Authorizations - Funded	<u>58,840.99</u>
	\$ <u><u>126,858.80</u></u>
<u>REF.</u>	D

"D-6"

SCHEDULE OF RESERVE FOR CONTRIBUTION IN AID OF CONSTRUCTION

Balance, December 31, 2014 and December 31, 2015	D	\$ <u><u>3,000.00</u></u>
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"D-7"

TOWNSHIP OF HARDING  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2014 AND 2015</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><u>78,565.74</u></u>
<u>REF.</u>	D

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2014</u>	ACCOUNTS PAYABLE	BUDGET AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$ 13,000.00	\$	\$ 13,000.00	\$	\$ 13,000.00
Other Expenses	43,664.40	7,862.33	51,526.73	1,328.48	50,198.25
Statutory Expenditures:					
Contribution to Social Security	<u>1,273.00</u>		<u>1,273.00</u>		<u>1,273.00</u>
	<u>\$ 57,937.40</u>	<u>\$ 7,862.33</u>	<u>\$ 65,799.73</u>	<u>\$ 1,328.48</u>	<u>\$ 64,471.25</u>
<u>REF.</u>	D	D-17			D-1
Disbursements	D-4			\$ 553.83	
Accounts Payable	D-17			<u>774.65</u>	
				<u>\$ 1,328.48</u>	



"D-9"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF SEWER USE CHARGES RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2014	D		\$ 2,864.45
Increased by:			
Sewer Charges Levied (Net)			205,876.08
			\$ 208,740.53
Decreased By:			
Receipts	D-4	\$ 201,595.73	
Prepaid Applied	D-11	3,692.24	
			205,287.97
Balance, December 31, 2015	D		\$ 3,452.56

"D-10"

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE NUMBER</u>	<u>ORDINANCE DATE</u>	<u>BALANCE DECEMBER 31, 2014 &amp; 2015</u>
Improvements to Sewer Pumping Station	15-02	12/31/02	\$ 57,000.00
Various Improvements and Acquisitions	07-11	5/18/11	50,000.00
Improvements to Sewer Pumping Station	07-14	6/9/14	35,000.00
			\$ 142,000.00
		<u>REF.</u>	D

"D-11"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF RESERVE FOR PREPAID SEWER RENTS

	<u>REF.</u>	
Balance, December 31, 2014	D	\$ 3,692.24
Increased by:		
Receipts	D-4	<u>2,603.53</u>
		\$ 6,295.77
Decreased by:		
Applied to Revenue	D-9	<u>3,692.24</u>
Balance, December 31, 2015	D	\$ <u>2,603.53</u>

"D-12"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2014	D	\$ 45,000.00
Increase by:		
Receipts	D-4	<u>15,000.00</u>
Balance, December 31, 2015	D	\$ <u>60,000.00</u>

"D-13"

TOWNSHIP OF HARDING

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2015	D	\$ <u>142,000.00</u>
<u>Analysis of Balance:</u>		
15-02 Improvements to Sewer Pumping Station		\$ 27,000.00
10-08 Various Improvements		30,000.00
07-11 Various Improvements and Acquisitions		50,000.00
07-14 Improvements to Sewer Pumping Station		<u>35,000.00</u>
		\$ <u>142,000.00</u>

"D-14"

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Balance, December 31, 2014 and December 31, 2015	D	\$ <u>78,565.74</u>
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"D-15"

TOWNSHIP OF HARDING

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2014	CANCELED CONTRACTS PAYABLE	CONTRACTS PAYABLE	BALANCE DECEMBER 31, 2015
		DATE	AMOUNT	FUNDED			FUNDED
10-08	Various Improvements	6/4/08	\$ 30,000.00	\$ 57.50	\$	\$	\$ 57.50
07-11	Various Improvements and Acquisitions	5/18/11	50,000.00	28,735.99	47.50	5,000.00	23,783.49
07-14	Various Improvements	6/9/14	35,000.00	35,000.00			35,000.00
				<u>\$ 63,793.49</u>	<u>\$ 47.50</u>	<u>\$ 5,000.00</u>	<u>\$ 58,840.99</u>
			<u>REF.</u>	D	D-16	D-16	D

"D-16"

TOWNSHIP OF HARDING  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	D	\$	47.50
Increased by:			
Improvement Authorizations	D-15		5,000.00
		\$	<u>5,047.50</u>
Decreased by:			
Canceled	D-15		<u>47.50</u>
Balance, December 31, 2015	D	\$	<u><u>5,000.00</u></u>

"D-17"

SEWER UTILITY FUND  
SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

Balance, December 31, 2014	D	\$	7,862.33
Increase by:			
2015 Appropriations	D-3	\$	5,425.78
2014 Appropriation Reserves	D-8		<u>774.65</u>
			<u>6,200.43</u>
		\$	<u>14,062.76</u>
Decreased by:			
Transferred to Appropriation Reserves	D-8		<u>7,862.33</u>
Balance, December 31, 2015	D	\$	<u><u>6,200.43</u></u>

"D-18"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF DUE SEWER CAPITAL FUND

	<u>REF.</u>	
Balance, December 31, 2014 (Due from)	D	\$ 14,709.13
Increased by:		
Disbursements	D-4	207.98
		\$ <u>14,917.11</u>
Decreased by		
Receipts	D-4	<u>14,899.30</u>
Balance, December 31, 2015 (Due from)	D	\$ <u><u>17.81</u></u>

"D-19"

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DUE SEWER OPERATING FUND

Balance, December 31, 2014 (Due to)	D	\$ 14,709.13
Increased by:		
Receipts	D-4	207.98
		\$ <u>14,917.11</u>
Decreased by:		
Disbursements	D-4	<u>14,899.30</u>
Balance, December 31, 2015 (Due to)	D	\$ <u><u>17.81</u></u>

"D-20"

TOWNSHIP OF HARDING

SEWER UTILITY FUND

SCHEDULE OF SEWER OVERPAYMENTS

REF.

Increased by:

Receipts

D-4

\$ 81.03

Balance, December 31, 2015

D

\$ 81.03

"E-1"

TOWNSHIP OF HARDING  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>	
Balance, December 31, 2014	E	\$ 7,342.47
Increased by:		
Receipts	E-1	11.06
		\$ <u>7,353.53</u>
Decreased by:		
Disbursements	E-1	11.25
Balance, December 31, 2015	E	\$ <u><u>7,342.28</u></u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2014 and December 31, 2015	E	\$ <u><u>7,341.34</u></u>
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"E-3"

SCHEDULE OF DUE CURRENT FUND

Balance, December 31, 2014 (Due to)	E	\$ 1.13
Increased by:		
Receipts	E-1	11.06
		\$ <u>12.19</u>
Decreased by:		
Disbursements	E-1	11.25
Balance, December 31, 2015 (Due to)	E	\$ <u><u>0.94</u></u>



TOWNSHIP OF HARDING

PART II

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Harding, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated May 16, 2016. 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.

***Internal Control Over Financial Reporting***

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

## SUPLEE, CLOONEY & COMPANY

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

May 16, 2016

SCHEDULE 1

TOWNSHIP OF HARDING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

<u>FEDERAL GRANTOR/PASS THROUGH</u> <u>GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>GRANTOR'S</u> <u>NUMBER</u>	<u>GRANT PERIOD</u> <u>FROM</u> <u>TO</u>	<u>GRANT</u> <u>AWARD</u> <u>AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE</u> <u>EXPENDITURES</u> <u>DECEMBER</u> <u>31, 2015</u>
<u>Department of Homeland Security</u>							
Disaster Assistance (2453)	97.036	PA-02-NJ-4086-PW-02453	10/30/12 4/30/13	\$ 265,192.84	\$ 145,054.20	\$	\$ 265,192.84
Disaster Assistance (3862)	97.036	PA-02-NJ-4086-PW-03862	10/30/12 4/30/13	68,933.51			68,933.51
					<u>\$ 145,054.20</u>	<u>\$ 0.00</u>	<u>\$ 334,126.35</u>

## TOWNSHIP OF HARDING

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2015

<u>STATE GRANTOR DEPARTMENT/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2015</u>
<u>DEPARTMENT OF LAW AND PUBLIC SAFETY</u>					
Drunk Driving Enforcement Fund - Prior	1110-100-066-1110-YYYY	\$ 1,874.56	\$	\$ 1,302.99	\$ 1,874.56
Drunk Driving Enforcement Fund - Unappropriated	1110-100-066-1110-YYYY	2,959.91	2,959.91		
Alcohol Education Rehabilitation - Prior	9735-760-098-Y900-001-X100-6020	890.39			
Alcohol Education Rehabilitation - Unappropriated	9735-760-098-Y900-001-X100-6020	29.47	29.47		
			\$ 2,989.38	\$ 1,302.99	\$ 1,874.56
<u>DIVISION OF CRIMINAL JUSTICE</u>					
Body Armor Replacement Fund - Prior	1020-718-066-1020-001-YCJS-6120	13,479.07	\$	\$ 2,735.00	\$ 4,415.26
Body Armor Replacement Fund - Unappropriated	1020-718-066-1020-001-YCJS-6120	1,426.14	1,426.14		
			\$ 1,426.14	\$ 2,735.00	\$ 4,415.26
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Clean Communities Grant - Prior	4900-765-042-4900-004-V42Y-6020	52,067.70	\$	\$ 800.00	\$ 11,554.94
Clean Communities Grant	4900-765-042-4900-004-V42Y-6020	9,551.00			
Clean Communities Grant - Unappropriated	4900-765-042-4900-004-V42Y-6020	11,667.17	9,551.01		
Recycling Tonnage Grant - Prior	4900-752-042-4900-001-V42Y-6020	36,551.54		7,622.00	7,622.00
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	2,970.00			
Office of Environmental Services - Prior	4800-100-042-4800-090-V78X-6120	25,000.00			4,059.49
Association of NJ Environmental Commission - Prior	4800-100-042-4800-090-V78X-6120	22,625.00			20,564.60
NJ Highlands Water Protection - Prior		7,500.00			
Municipal Stormwater Regulation Program - Prior		10,000.00			4,851.50
Great Swamp Project - Prior		20,000.00			15,251.59
			\$ 9,551.01	\$ 8,422.00	\$ 63,904.12
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>					
Garden State Historic Preservation Trust-Prior		750,000.00	\$	\$	\$ 699,834.44
<u>DEPARTMENT OF TRANSPORTATION</u>					
Municipal Aid - Sand Spring Road - Prior	6320-480-078-6320-AJG-TCAP-6010	75,000.00	\$	\$	\$ 62,807.26
<u>TOTAL</u>			\$ 13,966.53	\$ 12,459.99	\$ 832,835.64

TOWNSHIP OF HARDING

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

YEAR ENDED DECEMBER 31, 2015

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 Township's financial statements - regulatory 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 report.

#### NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. All of these amounts are reported in the Current and Grant Funds in 2015.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$ 145,054.20	\$	\$	\$ 145,054.20
Grant Fund	<u>- 0 -</u>	<u>13,966.53</u>	<u>108,247.78</u>	<u>122,214.31</u>
	<u>\$ 145,054.20</u>	<u>\$ 13,966.53</u>	<u>\$ 108,247.78</u>	<u>\$ 267,268.51</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ <u>- 0 -</u>	\$ <u>12,459.99</u>	\$ <u>97,416.79</u>	\$ <u>109,876.78</u>
	<u>\$ - 0 -</u>	<u>\$ 12,459.99</u>	<u>\$ 97,416.79</u>	<u>\$ 109,876.78</u>

#### NOTE 5. OTHER

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

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COMMENTS AND RECOMMENDATIONS

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

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,748,113.00	6.70%	\$ 1,770,000.00	6.89%
Miscellaneous - From Other Than Local Property Tax Levies	2,532,682.95	9.71%	2,629,856.43	10.24%
Collection of Delinquent Taxes and Tax Title Liens	78,841.14	0.30%	134,932.97	0.53%
Collections of Current Tax Levy	21,712,634.79	83.29%	21,140,759.57	82.34%
<u>Total Revenue</u>	<u>\$ 26,072,271.88</u>	<u>100.00%</u>	<u>\$ 25,675,548.97</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 7,613,847.21	31.40%	\$ 7,800,748.33	33.04%
County Taxes	5,518,386.68	22.76%	5,679,438.07	24.06%
Local School District Taxes	10,085,451.00	41.60%	9,410,398.00	39.86%
Municipal Open Space Taxes	809,648.27	3.34%	712,016.23	3.02%
Other Expenditures	217,313.08	0.90%	5,666.98	0.02%
<u>Total Expenditures</u>	<u>\$ 24,244,646.24</u>	<u>100.00%</u>	<u>\$ 23,608,267.61</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,827,625.64		\$ 2,067,281.36	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	30,000.00			
Statutory Excess to Fund Balance	\$ 1,857,625.64		\$ 2,067,281.36	
Fund Balance - January 1	3,174,897.91		2,877,616.55	
	\$ 5,032,523.55		\$ 4,944,897.91	
Less: Utilization as Anticipated Revenue	1,748,113.00		1,770,000.00	
Fund Balance, December 31	<u>\$ 3,284,410.55</u>		<u>\$ 3,174,897.91</u>	

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

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 55,000.00	16.36%	\$ 55,000.00	16.58%
Collection of Sewer Use Charges	205,287.97	61.07%	217,424.41	65.56%
Miscellaneous	75,877.77	22.57%	59,227.68	17.86%
<u>Total Revenue</u>	<u>\$ 336,165.74</u>	<u>100.00%</u>	<u>\$ 331,652.09</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 244,500.00	93.50%	\$ 243,000.00	93.46%
Capital Improvements	15,000.00	5.74%	15,000.00	5.77%
Statutory Expenditures	2,000.00	0.76%	2,000.00	0.77%
<u>Total Expenditures</u>	<u>\$ 261,500.00</u>	<u>100.00%</u>	<u>\$ 260,000.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 74,665.74		\$ 71,652.09	
Fund Balance - January 1	241,446.27		224,794.18	
	\$ 316,112.01		\$ 296,446.27	
Less: Utilization as Anticipated Revenue	55,000.00		55,000.00	
Fund Balance, December 31	<u>\$ 261,112.01</u>		<u>\$ 241,446.27</u>	

### COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ <u>1.080</u>	\$ <u>1.043</u>	\$ <u>1.073</u>
Municipal (Including Open Space)	\$ 0.308	\$ 0.299	\$ 0.317
County (Including Open Space)	0.273	0.280	0.293
Local School	<u>0.499</u>	<u>0.464</u>	<u>0.463</u>

#### Assessed Valuations:

2015	<u>\$2,019,860,930.00</u>	
2014	<u>\$2,027,888,710.00</u>	
2013		<u>\$2,042,922,710.00</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>
2015	\$21,860,713.69	\$21,712,634.79	99.32%
2014	21,220,053.81	21,140,759.57	99.63%
2013	22,048,171.09	21,830,906.35	99.01%

### 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>
2015	\$ -0-	\$96,867.97	\$96,867.97	0.44%
2014	-0-	72,796.12	72,796.12	0.34%
2013	-0-	134,932.97	134,932.97	0.61%

### COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
2015	\$205,876.08	\$205,287.97
2014	215,918.68	213,485.57
2013	213,695.46	209,325.28

### COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$3,284,410.55	\$1,863,500.00
2014	3,174,897.91	1,748,113.00
2013	2,877,616.55	1,770,000.00
2012	2,535,022.28	1,770,000.00
2011	2,644,444.57	1,870,000.00

<u>Year</u>	<u>Balance Sewer Operating Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2015	\$261,112.01	\$55,000.00
2014	241,446.27	55,000.00
2013	224,794.18	55,000.00
2012	231,432.54	55,000.00
2011	245,589.93	50,000.00

## 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>
Nicolas Platt	Mayor - Committee Chair	*
Ned Ward	Deputy Mayor – Committee Vice-Chair	*
Nanette DiTosto	Committee Member	*
Devanshu Modi	Committee Member	*
Christopher Yates	Committee Member	*
Gail McKane	Administrator, Clerk, Registrar, QPA	*
Himanshu Shah	Chief Financial Officer	*
Kathleen Silber	Tax Collector	*
Mary Ellen Balady	Construction Official	*
Mark Giansanti	Police Chief	*
Lori Taglairino	Planning Board Administrator	*
Karen Zaborsky	Zoning Officer, Board of Adjustment Administrator	*
Tracy Toribio	Superintendent of Public Works, Principal Public Works Manager	*
Irena Bairova	Health Administrator	*

\* Officials and employees handling and collecting Township funds are covered by the Township's employee dishonesty blanket coverage up to \$1,000,000.00. The policy was examined and was properly executed.

TOWNSHIP OF HARDING

PART III

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

## GENERAL COMMENTS

### CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S.A. 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 July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. The bid threshold in accordance with N.J.A.C. 40A:11-3 was increased to \$36,000 by resolution of the governing body.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

- Website Development
- Network Support Services
- Snow and Ice Removal
- Park and Lawn Care Services
- General Road Repairs

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 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 \$36,000.00 "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."

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

Township Attorney	Bond Counsel
Township Engineer	Special Tax Counsel
Township Auditor	Other Legal Services
Township Planner	GIS Consultant



## 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 6, 2015 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.
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 20, 2015 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>
2015	0
2014	0
2013	0

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>	
Information Tax Positive Confirmation	35
Delinquent Tax Positive Confirmation	10
Information Utility Positive Confirmation	10
Delinquent Utility Positive Confirmation	5

## OTHER COMMENTS

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

With regards to payroll processing, the township did not have evidence on file of having a contract with its payroll services provider, does not have an ordinance authorizing the use of a service provider, and does not have a resolution designating an approval officer, as required by N.J.A.C. 5:30-17.

### RECOMMENDATION

That the Township take the necessary steps to make its payroll processing procedures be in compliance with the regulations set forth in N.J.A.C. 5:30-17.



