

*TOWNSHIP OF MENDHAM*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2012*

*NISIVOCCIA, LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2012

TOWNSHIP OF MENDHAM  
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TOWNSHIP OF MENDHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2012

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
Mendham, New Jersey

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

We have audited the financial statements – *regulatory basis* of the various funds of the Township of Mendham, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, as listed in the foregoing 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 accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as described in Note 1 to the financial statements. 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 misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. Except as discussed in the eighth paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinions.

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

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or the changes in financial position or where applicable cash flows thereof for the years then ended.

***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. The basis of accounting is not in conformity with U.S. Generally Accepted Accounting Principles but is in accordance with the accounting principles prescribed by the Division. As described in Note 1, based upon the underlying accounting records, we have not audited the general fixed assets account group.

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

In our opinion, except for the effects on the December 31, 2012 and 2011 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements – *regulatory basis* referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Mendham as of December 31, 2012 and 2011, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended in accordance with accounting principles on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards are also presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.



The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
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The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the 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 March 1, 2013 on our consideration of the Township of Mendham'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 Mendham's internal control over financial reporting and compliance.

*Nisivoccia, LLP*

March 1, 2013  
Mount Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Registered Municipal Accountant No. 447  
Certified Public Accountant

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
CURRENT FUND

TOWNSHIP OF MENDHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,166,319.11	\$ 1,805,125.23
Change Fund		320.00	320.00
		<u>2,166,639.11</u>	<u>1,805,445.23</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	245,894.38	334,470.57
Tax Title Liens Receivable	A-8	28,763.70	29,312.65
Revenue Accounts Receivable	A-9	10,123.73	6,758.33
Due from Animal Control Fund	B	9.20	
Due from General Capital Fund	C		45.65
Total Receivables and Other Assets		<u>284,791.01</u>	<u>370,587.20</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)		33,740.00	51,860.00
Total Deferred Charges		<u>33,740.00</u>	<u>51,860.00</u>
Total Regular Fund		<u>2,485,170.12</u>	<u>2,227,892.43</u>
Federal & State Grant Fund:			
Due from Current Fund	A	31,336.41	17,050.04
Grants Receivable	A-10	7,935.39	13,466.58
Total Federal and State Grant Fund		<u>39,271.80</u>	<u>30,516.62</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,524,441.92</u>	<u>\$ 2,258,409.05</u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET  
(Continued)

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 126,209.13	\$ 87,103.16
Unencumbered	A-3;A-11	87,887.63	88,235.53
		<u>214,096.76</u>	<u>175,338.69</u>
Accounts Payable - Vendors		1,667.30	
Prepaid Taxes		286,449.70	273,309.02
Due to State of New Jersey:			
Marriage Licenses		100.00	105.00
Department of Community Affairs Training Fees		3,080.00	2,833.00
Senior Citizens & Veterans Deductions		5,024.57	4,024.57
Due Federal & State Grant Fund	A	31,336.41	17,050.04
Due to Other Trust Funds	B	508,479.16	425,210.76
Due to General Capital Fund	C	20,338.43	
Due Mendham East Sewer Utility Operating Fund	D		28,321.50
Tax Overpayments		30,494.47	43,561.01
Tax Sale Premiums		152,200.00	68,100.00
Reserve for:			
Codification of Ordinances		4,098.00	4,098.00
Special Events Donation		2,000.00	2,000.00
Pending Tax Appeals		73,017.41	50,000.00
Environmental Commission		120.53	120.53
		<u>1,332,502.74</u>	<u>1,094,072.12</u>
Reserve for Receivables and Other Assets	A	284,791.01	370,587.20
Fund Balance	A-1	867,876.37	763,233.11
		<u>2,485,170.12</u>	<u>2,227,892.43</u>
Total Regular Fund			
		<u>2,485,170.12</u>	<u>2,227,892.43</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-14	9,337.86	2,269.92
Unappropriated Reserves	A-15	29,933.94	28,246.70
		<u>39,271.80</u>	<u>30,516.62</u>
Total Federal and State Grant Fund			
		<u>39,271.80</u>	<u>30,516.62</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,524,441.92</u>	<u>\$ 2,258,409.05</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	Year Ended December 31,	
Ref.	2012	2011
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 763,643.00	\$ 809,142.00
Miscellaneous Revenue Anticipated	1,387,930.10	1,249,445.61
Receipts from:		
Delinquent Taxes	337,565.49	201,518.55
Current Taxes	35,967,260.71	35,626,627.83
Nonbudget Revenue	150,137.68	146,054.64
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	15,349.88	1,471.13
Cancellation of Reserve for Fire Prevention		200.00
Cancellation of Reserve for Town Reassessment		1,981.00
Unappropriated Grant Reserve Canceled		22,704.02
Appropriated Grant Reserve Canceled		21,092.69
Cancellation of Accounts Payable		19,871.42
Cancellation of Due to State of New Jersey - Marriage License Fees	80.00	
Interfunds Returned	45.65	
Total Income	38,622,012.51	38,100,108.89
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Municipal Purposes	7,777,622.39	7,744,735.34
County Taxes	4,922,852.88	4,906,180.08
Due County for Added and Omitted Taxes	7,797.19	18,901.08
Local School District Taxes	15,074,661.00	15,066,984.00
Regional High School Taxes	9,494,842.30	9,188,864.03
Municipal Open Space Trust Taxes	435,684.50	436,668.52
Increase in Reserve for Pending Tax Appeals	28,000.00	50,000.00
Refund of Prior Year Revenue	5,802.00	9,945.04
Cancellation of Grants Receivable	6,454.79	
Interfunds Advanced	9.20	45.65
Total Expenditures	37,753,726.25	37,422,323.74
Excess in Revenue	868,286.26	677,785.15

TOWNSHIP OF MENDHAM  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2012</u>	<u>2011</u>
Statutory Excess to Fund Balance		\$ 868,286.26	\$ 677,785.15
<u>Fund Balance</u>			
Balance January 1		<u>763,233.11</u>	<u>894,589.96</u>
		1,631,519.37	1,572,375.11
Decreased by:			
Utilized as Anticipated Revenue		<u>763,643.00</u>	<u>809,142.00</u>
Balance December 31	A	<u>\$ 867,876.37</u>	<u>\$ 763,233.11</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 763,643.00		\$ 763,643.00	
Miscellaneous Revenue:				
Alcoholic Beverages	2,580.00		2,580.00	
Fees and Permits	64,941.40		73,728.85	\$ 8,787.45
Municipal Court - Fines and Costs	115,521.18		104,904.23	10,616.95 *
Interest and Costs on Taxes	69,147.89		89,758.93	20,611.04
Interest on Investments and Deposits	14,400.00		6,940.79	7,459.21 *
Energy Receipts Tax	459,000.00		459,000.00	
Watershed Aid	28,059.00		28,059.00	
Uniform Construction Code Fees	163,870.00		183,452.00	19,582.00
Joint Municipal Court - Mendham Borough	141,780.00		141,501.57	278.43 *
Joint Municipal Court - Mendham Borough - Public Defender	2,000.00			2,000.00 *
Recycling Tonnage Grant	10,561.00		10,561.00	
Clean Communities Grant		\$ 16,516.64	16,516.64	
Alcohol Education Rehabilitation Fund	1,618.04		1,618.04	
Body Armor Replacement Fund	1,607.70		1,607.70	
Over the Limit Under Arrest	5,000.00		5,000.00	
Reserve for Natural Area Maintenance	50,000.00		50,000.00	
Uniform Fire Safety Act	1,670.82		1,670.82	
Rents on Municipal Properties	13,800.00		13,800.00	
Recycling Rebates on Prior Year Collections	15,200.00		15,139.40	60.60 *
Annual CATV Gross Receipts	81,591.13		81,591.13	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Reserve to Pay Debt Service	\$ 10,500.00		\$ 10,500.00	
Reserve for Municipal Building	65,000.00		65,000.00	
Reserve for Capital Fund Balance	25,000.00		25,000.00	
	<u>1,342,848.16</u>	<u>\$ 16,516.64</u>	<u>1,387,930.10</u>	<u>\$ 28,565.30</u>
Receipts from Delinquent Taxes	<u>321,802.00</u>		<u>337,565.49</u>	<u>15,763.49</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	<u>6,318,312.62</u>		<u>7,016,422.84</u>	<u>698,110.22</u>
Budget Totals	8,746,605.78	16,516.64	9,505,561.43	742,439.01
Nonbudget Revenue			150,137.68	150,137.68
	<u>\$ 8,746,605.78</u>	<u>\$ 16,516.64</u>	<u>\$ 9,655,699.11</u>	<u>\$ 892,576.69</u>



TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 35,967,260.71
Allocated to:		
Local School District Taxes	\$ 15,074,661.00	
Regional High School Taxes	9,494,842.30	
Municipal Open Space Taxes	435,684.50	
County Taxes	4,922,852.88	
Due County for Added and Omitted Taxes	<u>7,797.19</u>	
		<u>29,935,837.87</u>
Balance for Support of Municipal Budget		6,031,422.84
 Add: Appropriated Reserve for Uncollected Taxes		 <u>985,000.00</u>
 Realized for Support of Municipal Budget		 <u><u>\$ 7,016,422.84</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 334,333.06
Tax Title Lien Redemptions	<u>3,232.43</u>
	<u><u>\$ 337,565.49</u></u>

Uniform Construction Code Fees

Received by the Treasurer	<u>\$ 183,452.00</u>
	<u><u>\$ 183,452.00</u></u>

Fees and Permits

Clerk	\$ 914.00
Board of Health	41,085.00
Police	20,638.20
Planning and Zoning	1,670.00
Other	<u>9,421.65</u>
	<u><u>\$ 73,728.85</u></u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Analysis of Interest on Investments:

Treasurer	\$ 5,623.59
Due from Animal Control Fund:	
Interest on Investments	9.20
Due from Other Trust Funds:	
Interest on Investments	690.57
Due from General Capital Fund:	
Interest on Investments	617.43
	<hr/>
	\$ 6,940.79
	<hr/> <hr/>

Analysis of Nonbudget Revenue:

Treasurer:		
Senior and Veterans Deductions Administrative Fee	\$ 625.00	
OPRA Requests Fees	43.95	
Division of Motor Vehicles - Fines	6,155.00	
FEMA Reimbursements	89,086.40	
DPW Garage	1,669.12	
Auction Receipts	30,431.45	
Public Assistance Account II Closed	776.12	
Prior Year Voided Checks	5,979.66	
Other Miscellaneous	2,959.85	
	<hr/>	
	\$ 137,726.55	
Tax Collector	2,411.13	
Public Assistance Account II Closed - Due from Other Trust Funds	10,000.00	
	<hr/>	
	\$ 150,137.68	
	<hr/> <hr/>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 157,590.00	\$ 160,090.00	\$ 160,079.41	\$ 10.59	
Other Expenses	42,050.00	41,550.00	41,533.68	16.32	
Mayor and Council:					
Salaries & Wages	11,750.00	11,750.00	11,750.00		
Other Expenses	17,750.00	9,250.00	8,854.53	395.47	
Municipal Clerk:					
Salaries & Wages	51,500.00	51,500.00	51,500.00		
Other Expenses	500.00	500.00	407.25	92.75	
Financial Administration:					
Salaries & Wages	102,000.00	102,000.00	102,000.00		
Other Expenses	7,000.00	5,500.00	5,185.31	314.69	
Annual Audit	38,000.00	38,000.00	38,000.00		
Management Information Services:					
Other Expenses	36,000.00	36,000.00	34,569.27	1,430.73	
Revenue Administration (Tax Collection):					
Salaries & Wages	56,712.00	57,312.00	57,312.00		
Other Expenses	3,350.00	2,850.00	2,362.58	487.42	
Tax Assessment Administration:					
Salaries & Wages	39,678.00	39,678.00	39,673.09	4.91	
Other Expenses	8,300.00	8,300.00	8,299.09	0.91	
Legal Services and Costs:					
Other Expenses - General	41,000.00	45,050.28	44,292.63	757.65	
Other Expenses - Labor/Personnel	8,000.00	6,000.00	6,000.00		
Other Expenses - Tax Appeals	8,000.00	9,649.72	9,649.72		
Environmental Commission (R.S. 40:56A-1 et seq.):					
Other Expenses	500.00	500.00	500.00		

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TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
GENERAL GOVERNMENT:					
Engineering Services and Costs:					
Other Expenses	\$ 24,000.00	\$ 25,000.00	\$ 22,135.91	\$ 2,864.09	
Open Space Committee:					
Other Expenses	200.00	200.00		200.00	
Historic Preservation:					
Other Expenses	700.00	700.00	138.80	561.20	
Aid to Museums (N.J.S.A. 40:55D-1)	500.00	500.00	500.00		
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	14,500.00	15,500.00	15,500.00		
Other Expenses	16,000.00	15,000.00	14,439.88	560.12	
Board of Adjustment:					
Salaries & Wages	13,000.00	14,500.00	14,500.00		
Other Expenses	4,850.00	3,850.00	3,309.54	540.46	
General Liability Insurance	121,000.00	119,800.00	119,770.44	29.56	
Workers Compensation Insurance	122,245.86	122,245.86	122,245.86		
Group Insurance Plan for Employees	555,000.00	550,000.00	549,888.49	111.51	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,440,400.00	1,463,900.00	1,463,898.36	1.64	
Other Expenses	78,950.00	84,950.00	81,950.41	2,999.59	
Other Expenses - Purchase of Vehicles	10,000.00	10,000.00	9,984.32	15.68	
Municipal Court:					
Salaries & Wages	90,780.00	86,030.00	86,030.00		
Other Expenses	11,700.00	11,700.00	9,988.53	1,711.47	
Public Defender (P.L. 1997, Chapter 256):					
Other Expenses	2,000.00	2,000.00	2,000.00		

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TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC SAFETY (Cont'd):					
Municipal Prosecutor:					
Other Expenses	\$ 15,000.00	\$ 15,000.00	\$ 14,779.80	\$ 220.20	
Contractual Radio Dispatch	138,000.00	138,000.00	138,000.00		
Emergency Management Services					
Salaries & Wages	2,000.00	2,000.00	2,000.00		
Other Expenses	500.00	500.00	130.00	370.00	
Aid to Volunteer Fire Company	45,000.00	43,000.00	43,000.00		
First Aid Organization Contribution	4,000.00	4,000.00	4,000.00		
Fire:					
Salaries & Wages	8,772.00	8,272.00	8,272.00		
Other Expenses	1,000.00	500.00	226.19	273.81	
Fire Hydrant Service	63,000.00	63,000.00	58,874.52	4,125.48	
PUBLIC WORKS:					
Street Road Repairs and Maintenance:					
Salaries & Wages	760,000.00	745,000.00	742,380.02	2,619.98	
Other Expenses	218,550.00	218,550.00	194,829.60	23,720.40	
Sanitation:					
Trash Removal	216,000.00	215,000.00	214,604.88	395.12	
Public Building and Grounds:					
Other Expenses	47,400.00	46,400.00	40,120.08	6,279.92	
Tree Protection:					
Other Expenses	500.00				
Snow Removal:					
Other Expenses	68,300.00	66,300.00	61,921.82	4,378.18	
Storm Water Management:					
Other Expenses	2,000.00	7,000.00	7,000.00		

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<b>HEALTH AND WELFARE:</b>					
Board of Health:					
Salaries & Wages	\$ 18,500.00	\$ 22,250.00	\$ 22,250.00		
Other Expenses	1,100.00	1,100.00	1,044.53	\$ 55.47	
Health Services Contract	101,000.00	101,000.00	100,748.00	252.00	
Animal Control:					
Other Expenses	15,000.00	15,000.00	14,664.00	336.00	
Senior Citizen Programs:					
Other Expenses	22,484.00	22,484.00	22,461.12	22.88	
Other Expenses - From Donations	1,000.00	1,000.00	1,000.00		
<b>PARKS AND RECREATION:</b>					
Board of Recreation Commissioners:					
Salaries & Wages	40,290.00	40,290.00	36,407.07	3,882.93	
Celebration of Public Events:					
Other Expenses	2,000.00	2,000.00	2,000.00		
Maintenance of Parks:					
Other Expenses	15,850.00	15,850.00	15,821.77	28.23	
<b>UNIFORM CONSTRUCTION CODE:</b>					
Construction Official:					
Salaries & Wages	76,500.00	84,500.00	84,500.00		
Other Expenses	18,250.00	20,750.00	19,748.11	1,001.89	
Other Code Enforcement:					
Salaries & Wages	40,188.00	40,188.00	40,188.00		

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNCLASSIFIED:					
Reserve for Sick Leave Benefits	\$ 10,000.00	\$ 9,000.00		\$ 9,000.00	
Utilities	306,000.00	305,100.00	\$ 302,436.84	2,663.16	
Total Operations Within "CAPS"	5,393,689.86	5,404,389.86	5,331,657.45	72,732.41	
Contingent	2,000.00	1,000.00	1,000.00		
Total Operations Including Contingent Within "CAPS"	5,395,689.86	5,405,389.86	5,332,657.45	72,732.41	
Detail:					
Salaries & Wages	2,934,160.00	2,953,760.00	2,938,239.95	15,520.05	
Other Expenses	2,461,529.86	2,451,629.86	2,394,417.50	57,212.36	
Statutory Expenditures - Municipal Within "CAPS"					
Contribution to Public Employees Retirement System (ERIP)	12,549.00	12,549.00	12,549.00		
Public Employees' Retirement System	206,283.00	207,583.00	207,576.51	6.49	
Social Security System (O.A.S.I.)	233,000.00	222,000.00	219,991.27	2,008.73	
Police & Fireman's Retirement System of NJ	332,540.00	332,540.00	332,540.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	784,372.00	774,672.00	772,656.78	2,015.22	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,180,061.86	6,180,061.86	6,105,314.23	74,747.63	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Operations Excluded from "CAPS":					
Aid to Privately Owned Library (R.S. 40A:54-35):					
Other Expenses	\$ 210,000.00	\$ 210,000.00	\$ 210,000.00		
Contribution to :					
Length of Service Award	58,000.00	58,000.00	47,400.00	\$ 10,600.00	
Shared Service Agreements:					
Municipal Court:					
Other Expenses	141,780.00	141,780.00	139,240.00	2,540.00	
Public Defender (P.L. 1997, Chapter 256):					
Other Expenses	2,000.00	2,000.00	2,000.00		
State and Federal Programs Offset by Revenue:					
Over the Limit Under Arrest	5,000.00	5,000.00	5,000.00		
Body Armor Replacement Fund	1,607.70	1,607.70	1,607.70		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$16,516.64)		16,516.64	16,516.64		
Recycling Tonnage Grant	10,561.00	10,561.00	10,561.00		
Alcohol Rehabilitation Education Fund	1,618.04	1,618.04	1,618.04		
Municipal Alliance Grant - Matching Funds	2,500.00	2,500.00	2,500.00		
Total Operations Excluded from "CAPS"	<u>433,066.74</u>	<u>449,583.38</u>	<u>436,443.38</u>	<u>13,140.00</u>	
Detail:					
Other Expenses	<u>433,066.74</u>	<u>449,583.38</u>	<u>436,443.38</u>	<u>13,140.00</u>	



TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Capital Improvements - Excluded form "CAPS"					
Capital Improvement Fund	\$ 164,000.00	\$ 164,000.00	\$ 164,000.00		
Total Capital Improvements - Excluded from "CAPS"	164,000.00	164,000.00	164,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	565,000.00	565,000.00	565,000.00		
Payment of Bond Anticipation Notes and Capital Notes	94,950.00	94,950.00	94,450.00		\$ 500.00
Interest on Bonds	266,665.00	266,665.00	266,665.00		
Interest on Notes	39,742.18	39,742.18	39,742.15		0.03
Total Municipal Debt Service - Excluded from "CAPS"	966,357.18	966,357.18	965,857.15		500.03
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorization - 5 Years (N.J.S.A 40A:4-55)	18,120.00	18,120.00	18,120.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	18,120.00	18,120.00	18,120.00		
Total General Appropriations - Excluded from "CAPS"	1,581,543.92	1,598,060.56	1,584,420.53	\$ 13,140.00	500.03
Subtotal General Appropriations	7,761,605.78	7,778,122.42	7,689,734.76	87,887.63	500.03
Reserve for Uncollected Taxes	985,000.00	985,000.00	985,000.00		
Total General Appropriations	\$ 8,746,605.78	\$ 8,763,122.42	\$ 8,674,734.76	\$ 87,887.63	\$ 500.03

Ref.

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TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 8,746,605.78	
Added by N.J.S.A. 40A:4-87		16,516.64	
		<u>\$ 8,763,122.42</u>	
Cash Disbursed			\$ 7,482,152.11
Encumbrances Payable	A		126,209.13
Deferred Charges			18,120.00
Due to General Capital Fund			258,450.00
Reserve for Uncollected Taxes			985,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			35,303.38
Local Matching Funds			2,500.00
			<u>8,907,734.62</u>
Less: Appropriation Refunds			<u>232,999.86</u>
			<u>\$ 8,674,734.76</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
TRUST FUNDS

**TOWNSHIP OF MENDHAM**  
**COMPARATIVE BALANCE SHEET - TRUST FUNDS**

	Ref.	December 31	
		2012	2011
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 5,486.34	\$ 1,187.74
Change Fund		20.00	20.00
		<u>5,506.34</u>	<u>1,207.74</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	942,237.82	1,130,248.79
Cash - Petty Cash - Recreation		500.00	500.00
Investments - Zero Coupon Bonds		107,129.59	133,010.10
Due from Current Fund	A	508,479.16	425,210.76
		<u>1,558,346.57</u>	<u>1,688,969.65</u>
<b><u>TOTAL ASSETS</u></b>		<b><u>\$ 1,563,852.91</u></b>	<b><u>\$ 1,690,177.39</u></b>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Animal Control Fund:			
Prepaid Municipal Licenses		\$ 1,710.00	
Due to Current Fund	A	9.20	
Due to State of New Jersey		528.60	\$ 31.20
Reserve for Animal Control Fund Expenditures	B-6	3,258.54	1,176.54
		<u>5,506.34</u>	<u>1,207.74</u>
Other Trust Funds:			
Due to General Capital Fund	C	205,989.73	205,989.73
Due Public Assistance Fund	F		10,000.00
Reserve for:			
Developers' Deposits		379,043.96	405,670.30
State Unemployment Insurance		33,035.12	38,211.55
Recreation		96,009.73	90,716.12
Parking Offenses Adjudication Act		378.18	376.87
Open Space Preservation		632,438.82	703,759.79
Trail Maintenance		260.75	260.75
Road Detail		106,030.03	86,114.33
Public Defender		11,518.17	8,416.35
Snow Removal		12.54	12.54
Dodge Grant		490.05	490.05
Fishing Contest		1,000.52	2,636.83
Forfeited Assets		1,413.08	648.10
Municipal Alliance		4,719.73	5,202.71
Natural Area Maintenance		25,618.71	75,618.71
Police Donations		37,230.09	33,650.00
TV Operations/Programs		23,157.36	21,194.92
		<u>1,558,346.57</u>	<u>1,688,969.65</u>
<b><u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u></b>		<b><u>\$ 1,563,852.91</u></b>	<b><u>\$ 1,690,177.39</u></b>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 410,028.79	\$ 446,524.59
Accounts Receivable:			
New Jersey Department of Transportation		326,000.00	201,000.00
Homeland Security Grant		31,500.00	31,500.00
Mendham Soccer and Lacrosse Clubs		70,000.00	70,000.00
New Jersey Department of Environmental Protection - Board of Public Utilities (Energy Assistance)		161,117.51	120,617.51
Due from Current Fund	A	20,338.43	
Due from Other Trust Funds - Open Space	B	205,989.73	205,989.73
Deferred Charges to Future Taxation:			
Funded		12,938,123.37	13,884,473.68
Unfunded	C-4	3,851,564.96	3,190,464.96
<u>TOTAL ASSETS</u>		<u>\$ 18,014,662.79</u>	<u>\$ 18,150,570.47</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 3,716,000.00	3,164,500.00
Serial Bonds Payable	C-8	11,419,000.00	12,139,000.00
Green Acres Loan Payable	C-9	1,519,123.37	1,745,473.68
Improvement Authorizations:			
Funded	C-5	190,521.35	249,504.98
Unfunded	C-5	608,128.19	190,706.28
Due to Current Fund	A		45.65
Capital Improvement Fund	C-6	7,247.65	6,197.65
Reserve for:			
Preliminary Expenses - Appraisals		35.00	35.00
Recreation Improvements		7,000.00	7,000.00
Future Recreation Commission Center Complex		9,000.00	9,000.00
Road Improvements		300.00	300.00
Municipal Building Improvements		148,000.00	213,000.00
Municipal Facilities		190,000.00	190,000.00
Payment of Debt Service		182,682.73	193,182.73
Fund Balance	C-1	17,624.50	42,624.50
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 18,014,662.79</u>	<u>\$ 18,150,570.47</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE

	<u>Ref.</u>		
Balance December 31, 2011	C	\$	42,624.50
Decreased by:			
Revenue Anticipated in 2012 Budget			<u>25,000.00</u>
Balance December 31, 2012	C	\$	<u><u>17,624.50</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
MENDHAM EAST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 87,367.25	\$ 14,953.36
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	11,421.87	14,036.74
Due from Current Fund	A		28,321.50
Due from Mendham East Sewer Utility Capital Fund	D		4.19
Due from Mendham West Sewer Utility Operating Fund	E		5,845.82
Total Operating Fund		98,789.12	63,161.61
Capital Fund:			
Cash and Cash Equivalents	D-4		28,707.26
Due from Mendham East Sewer Utility Operating Fund	D	36,219.21	
Fixed Capital	D-10	3,491,715.89	1,887,337.14
Fixed Capital Authorized & Uncompleted	D-11		1,585,000.00
Total Capital Fund		3,527,935.10	3,501,044.40
<u>TOTAL ASSETS</u>		\$ 3,626,724.22	\$ 3,564,206.01

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-12	\$ 3,331.69	\$ 9,524.62
Encumbered	D-3;D-12	16,407.05	13,999.15
		<u>19,738.74</u>	<u>23,523.77</u>
Prepaid/Overpaid Sewer Rents		61.05	975.23
Accrued Interest on Bonds & Loans		13,258.78	13,340.21
Due to Mendham East Sewer Utility Capital Fund	D	36,219.21	
		<u>69,277.78</u>	<u>37,839.21</u>
Reserve for Receivables	D	11,421.87	14,036.74
Fund Balance	D-1	18,089.47	11,285.66
		<u>18,089.47</u>	<u>11,285.66</u>
Total Operating Fund		<u>98,789.12</u>	<u>63,161.61</u>
Capital Fund:			
United States Department of Agriculture Loans Payable	D-18	1,133,127.32	1,147,457.11
Serial Bonds Payable	D-19		7,000.00
Improvement Authorizations:			
Funded	D-14		320.07
Due to Mendham East Sewer Utility Operating Fund	D		4.19
Due to Mendham West Sewer Utility Capital Fund	E	1,756.14	
Capital Improvement Fund	D-15	34,143.00	28,383.00
Reserve for Amortization	D-16	2,358,588.57	1,767,880.03
Deferred Reserve for Amortization	D-16A		550,000.00
Fund Balance	D-1A	320.07	
		<u>320.07</u>	<u></u>
Total Capital Fund		<u>3,527,935.10</u>	<u>3,501,044.40</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,626,724.22</u>	<u>\$ 3,564,206.01</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 9,200.00	\$ 8,000.00
Rents		258,222.87	251,493.03
Miscellaneous Revenue		2,245.64	2,844.29
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		9,524.62	11,866.45
Total Income		279,193.13	274,203.77
<u>Expenditures</u>			
Budget Expenditures:			
Operating		163,200.00	163,000.00
Capital Improvements		25,160.00	25,500.00
Debt Service		71,548.32	69,594.69
Deferred Charges and Statutory Expenditures		3,281.00	4,881.00
Total Expenditures		263,189.32	262,975.69
Excess in Revenue/Statutory Excess to Fund Balance		16,003.81	11,228.08
<u>Fund Balance</u>			
Balance January 1		11,285.66	8,057.58
		27,289.47	19,285.66
Decreased by:			
Utilized as Anticipated Revenue		9,200.00	8,000.00
Balance December 31	D	\$ 18,089.47	\$ 11,285.66

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2012

	<u>Ref.</u>	
Increased by:		
Cancellation of Fully Funded Improvement Authorizations		\$ 320.07
		<hr/>
Balance December 31, 2012	D	\$ 320.07
		<hr/> <hr/>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 9,200.00	\$ 9,200.00	
Rents	252,450.00	258,222.87	\$ 5,772.87
Miscellaneous Revenue	1,550.00	2,245.64	695.64
	<u>\$ 263,200.00</u>	<u>\$ 269,668.51</u>	<u>\$ 6,468.51</u>

Analysis of Sewer Rents Realized:

Collections	\$ 257,247.64
Overpayments Applied	975.23
	<u>\$ 258,222.87</u>

Analysis of Miscellaneous Revenue

Interest on Sewer Rents	\$ 2,045.26
Interest on Deposits:	
Cash Received by Treasurer	95.48
Due from Mendham East Sewer Capital Fund	104.90
	<u>\$ 2,245.64</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balances Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Other Expenses	\$ 162,000.00	\$ 163,200.00	\$ 163,170.56	\$ 29.44	
Capital Improvements:					
Capital Improvement Fund	5,760.00	5,760.00	5,760.00		
Capital Outlay	19,000.00	19,400.00	19,378.75	21.25	
Debt Service:					
Payment of Bond Principal	7,000.00	7,000.00	7,000.00		
Interest on Bonds	169.00	169.00	168.93		\$ 0.07
USDA Loan - Principal and Interest	64,390.00	64,390.00	64,379.39		10.61
Statutory Expenditures:					
Social Security System (OASI)	4,881.00	3,281.00		3,281.00	
	<u>\$ 263,200.00</u>	<u>\$ 263,200.00</u>	<u>\$ 259,857.63</u>	<u>\$ 3,331.69</u>	<u>\$ 10.68</u>

Ref.

D

Cash Disbursed	\$ 187,472.05
Accrued Interest on Bonds & Loans	50,218.53
Due to Sewer Utility Capital Fund Mendham East	5,760.00
Encumbrances Payable	16,407.05
	<u>\$ 259,857.63</u>

D

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
MENDHAM WEST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2012	2011
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 3,793.86	
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-6	3,161.60	\$ 3,788.53
Due Mendham West Sewer Utility Capital Fund	E	16,000.00	16,099.00
Deferred Charges:			
Expenditures Without an Appropriation		5,135.08	
Total Operating Fund		28,090.54	19,887.53
Capital Fund:			
Cash and Cash Equivalents	E-4	38,743.86	56,599.00
Due Mendham East Sewer Utility Capital Fund	D	1,756.14	
Fixed Capital	E-10	2,024,995.59	2,022,495.59
Total Capital Fund		2,065,495.59	2,079,094.59
<u>TOTAL ASSETS</u>		<u>\$ 2,093,586.13</u>	<u>\$ 2,098,982.12</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-12	\$ 1,503.85	\$ 890.25
Encumbered	E-3;E-12	8,625.83	7,679.91
		10,129.68	8,570.16
Prepaid/Overpaid Sewer Rents		2.44	35.90
Due Mendham East Sewer Utility Operating Fund	E		5,845.82
		10,132.12	14,451.88
Reserve for Receivables	E	3,161.60	3,788.53
Fund Balance	E-1	14,796.82	1,647.12
Total Operating Fund		28,090.54	19,887.53
Capital Fund:			
Due Mendham West Sewer Utility Operating Fund	E	16,000.00	16,099.00
Reserve for Amortization	E-16	2,024,995.59	2,022,495.59
Reserve for Future Sewer Improvements		24,500.00	40,500.00
Total Capital Fund		2,065,495.59	2,079,094.59
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,093,586.13</u>	<u>\$ 2,098,982.12</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE

		Year Ended December 31,	
	<u>Ref.</u>	2012	2011
<u>Revenue and Other Income Realized</u>			
Rents		\$ 103,502.93	\$ 103,246.67
Reserve for Future Sewer Improvements		16,000.00	5,599.00
Miscellaneous Revenue		355.52	399.07
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		890.25	
Total Income		120,748.70	109,244.74
<u>Expenditures</u>			
Budget Expenditures:			
Operating		104,599.00	103,500.00
Capital Outlay		3,000.00	3,000.00
Deferred Charges			1,097.62
Expenditures Without an Appropriation		5,135.08	
Total Expenditures		112,734.08	107,597.62
Excess in Revenue		8,014.62	1,647.12
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		5,135.08	
Statutory Excess to Fund Balance		13,149.70	1,647.12
<u>Fund Balance</u>			
Balance January 1		1,647.12	-0-
Balance December 31	E	\$ 14,796.82	\$ 1,647.12

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE  
YEAR ENDED DECEMBER 31, 2012

	Budget Anticipated	Realized	Excess/ Deficit*
Sewer Rents	\$ 102,000.00	\$ 103,502.93	\$ 1,502.93
Reserve for Future Sewer Improvements	5,599.00	16,000.00	10,401.00
	<u>107,599.00</u>	<u>119,502.93</u>	<u>11,903.93</u>
Miscellaneous Revenue Not Anticipated		<u>355.52</u>	<u>355.52</u>
	<u>\$ 107,599.00</u>	<u>\$ 119,858.45</u>	<u>\$ 12,259.45</u>
<u>Analysis of Sewer Rents Realized:</u>			
Collections		\$ 103,467.03	
Prepaid/Overpaid Sewer Rents Applied		<u>35.90</u>	
		<u>\$ 103,502.93</u>	
<u>Analysis of Miscellaneous Revenue Not Anticipated</u>			
Interest on Delinquent Sewer Rents		<u>\$ 355.52</u>	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES  
YEAR ENDED DECEMBER 31, 2012

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Other Expenses	\$ 104,599.00	\$ 104,599.00	\$ 103,595.15	\$ 1,003.85	
Capital Improvements:					
Capital Outlay	3,000.00	3,000.00	2,500.00	500.00	
	<u>\$ 107,599.00</u>	<u>\$ 107,599.00</u>	<u>\$ 106,095.15</u>	<u>\$ 1,503.85</u>	<u>\$ -0-</u>

Ref.

E

Cash Disbursed  
Encumbrances

E

\$ 97,469.32  
8,625.83  
  
\$ 106,095.15

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
PUBLIC ASSISTANCE FUND

TOWNSHIP OF MENDHAM  
PUBLIC ASSISTANCE FUND  
COMPARATIVE BALANCE SHEET

		December 31,	
	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1		\$ 771.71
Due from Other Trust Fund - Reserve for Road Detail	B		10,000.00
<u>TOTAL ASSETS</u>		<u>\$ -0-</u>	<u>\$ 10,771.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance			\$ 10,771.71
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ -0-</u>	<u>\$ 10,771.71</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT



TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

TOWNSHIP OF MENDHAM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
 (UNAUDITED)

	December 31,	
	2012	2011
<u>ASSETS</u>		
Land	\$ 27,290,692.00	\$ 27,290,692.00
Buildings and Improvements	1,798,860.05	1,798,860.05
Equipment	6,998,763.13	6,856,256.00
<u>TOTAL ASSETS</u>	<u>\$ 36,088,315.18</u>	<u>\$ 35,945,808.05</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 36,088,315.18</u>	<u>\$ 35,945,808.05</u>
<u>TOTAL RESERVES</u>	<u>\$ 36,088,315.18</u>	<u>\$ 35,945,808.05</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Mendham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Mendham, as required by N.J.S. 40A:5-5. Accordingly, the financial statements do not include the operations of the municipal library, or volunteer fire and first aid squads.

Governmental Accounting Standards Board publication Codification of Government Accounting and Financial Reporting Standards, Section 2100 "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Government Accounting and Financial Reporting Standards, Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Mendham 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 (the "Division"). 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 Township of Mendham accounts for its financial transactions through the following separate funds:

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

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

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

Sewer Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned sewer utilities.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E - "Basis of Accounting".

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Township of Mendham 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, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the significant policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Had the Township's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Sewer Utility Capital Funds would be depreciated.

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded deferred charges represent improvement authorizations where permanent financing has been obtained. Unfunded deferred charges represent improvement authorizations where no or temporary financing has been obtained. A municipality can permanently finance unfunded deferred charges through budget appropriation, grant funds, or by issuing bonds, loans or capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include:

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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.

General Fixed Assets (Unaudited) - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets and buildings are recorded at estimated historical cost, except for land which is recorded at assessed value in the year of acquisition. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the current fund, general capital fund, and sewer utility funds. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Sewer Utility Funds do not record depreciation on fixed assets.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current operating, Sewer Utilities, and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2012	2011	2010
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$16,654,123.37	\$17,048,973.68	\$ 17,914,514.00
Mendham East Sewer Utility:			
Bonds, Notes and Loans	1,133,127.32	1,154,457.11	1,173,179.96
Net Debt Issued	<u>17,787,250.69</u>	<u>18,203,430.79</u>	<u>19,087,693.96</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Open Space Trust Fund	632,438.82	703,759.79	801,169.75
Reserve to Pay Debt Service -			
General Capital Fund	182,682.73	193,182.73	214,543.00
	<u>16,972,129.14</u>	<u>17,306,488.27</u>	<u>18,071,981.21</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>135,564.96</u>	<u>25,964.96</u>	<u>184,825.00</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$17,107,694.10</u>	<u>\$17,332,453.23</u>	<u>\$ 18,256,806.21</u>



TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 Revised Annual Debt Statement and indicates a statutory net debt of .79%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 9,860,000.00	\$ 9,860,000.00	
Regional High School District Debt	4,718,476.21	4,718,476.21	
Mendham East Sewer Utility Debt	1,133,127.32	1,133,127.32	
General Debt	<u>16,789,688.33</u>	<u>815,121.55</u>	<u>\$ 15,974,566.78</u>
	<u>\$ 32,501,291.86</u>	<u>\$ 16,526,725.08</u>	<u>\$ 15,974,566.78</u>

Net Debt: \$15,864,966.78 divided by Average Equalized Valuations of \$2,013,577,552 of Real Property = .79%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 70,475,214.32
Net Debt	<u>15,974,566.78</u>
Remaining Borrowing Power	<u>\$ 54,500,647.54</u>

Calculation of "Self-Liquidating Purpose", Sewer Utility Per  
N.J.S. 40A:2-45 - Mendham East

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 269,668.51
Deductions:	
Operating and Maintenance Costs	\$ 166,481.00
Debt Service	<u>71,548.32</u>
	<u>238,029.32</u>
Excess in Revenue	<u>\$ 31,639.19</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

**TOWNSHIP OF MENDHAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
Serial Bonds:				
General Capital Fund	\$ 11,629,000.00		\$ 690,000.00	\$ 10,939,000.00
Open Space Trust Fund	1,265,000.00		65,000.00	1,200,000.00
Sewer Capital Fund	12,000.00		5,000.00	7,000.00
Bond Anticipation Notes:				
General Capital Fund	3,053,150.00	\$ 3,164,500.00	3,053,150.00	3,164,500.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	1,967,364.00		221,890.32	1,745,473.68
Sewer Capital Fund:				
USDA Loans	1,161,179.96		13,722.85	1,147,457.11
	<u>\$ 19,087,693.96</u>	<u>\$ 3,164,500.00</u>	<u>\$ 4,048,763.17</u>	<u>\$ 18,203,430.79</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/11	Additions	Retirements	Balance 12/31/12
Serial Bonds:				
General Capital Fund	\$ 10,939,000.00		\$ 641,000.00	\$ 10,298,000.00
Open Space Trust Fund	1,200,000.00		79,000.00	1,121,000.00
Sewer Capital Fund	7,000.00		7,000.00	
Bond Anticipation Notes:				
General Capital Fund	3,164,500.00	\$ 3,716,000.00	3,164,500.00	3,716,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	1,745,473.68		226,350.31	1,519,123.37
Sewer Capital Fund:				
USDA Loans	1,147,457.11		14,329.79	1,133,127.32
	<u>\$ 18,203,430.79</u>	<u>\$ 3,716,000.00</u>	<u>\$ 4,132,180.10</u>	<u>\$ 17,787,250.69</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Township's debt issued and outstanding on December 31, 2012 is described as follows:

General Capital Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
04/01/15	3.50%	\$ 1,074,000.00
02/01/24	3.25-3.75%	9,224,000.00
		<u>\$ 10,298,000.00</u>

Open Space Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
09/01/22	3.75-4.70%	\$ 635,000.00
02/01/24	3.00-3.75%	486,000.00
		<u>\$ 1,121,000.00</u>

Green Acres Loans Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
03/16/17	2.00%	\$ 134,002.65
07/21/17	2.00%	715,640.61
01/24/22	2.00%	401,688.07
01/24/22	2.00%	267,792.04
		<u>\$ 1,519,123.37</u>

General Capital Bond Anticipation Notes Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
05/24/13	1.25%	<u>\$ 3,716,000.00</u>

Mendham East - Sewer Capital Fund  
United States Department of Agriculture Loan Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
09/28/46	4.375%	<u>\$ 1,133,127.32</u>
Total Debt Issued and Outstanding		<u>\$ 17,787,250.69</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Five  
Years and Thereafter for Bonded Debt Issued and Outstanding

Calendar Year	General Capital*		Total
	Principal	Interest	
2013	\$ 750,000.00	\$ 374,872.50	\$ 1,124,872.50
2014	780,000.00	349,560.00	1,129,560.00
2015	809,000.00	323,408.76	1,132,408.76
2016	845,000.00	297,138.76	1,142,138.76
2017	885,000.00	270,473.76	1,155,473.76
2018-2022	5,100,000.00	876,336.28	5,976,336.28
2023-2024	2,250,000.00	84,243.75	2,334,243.75
Total	<u>\$ 11,419,000.00</u>	<u>\$ 2,576,033.81</u>	<u>\$ 13,995,033.81</u>

\* - Includes debt to be paid by the Open Space Trust Fund

Green Acres Loans Payable

On September 19, 1997, the Township of Mendham entered into an agreement with the New Jersey Department of Environmental Protection Fund for a loan under the Green Acres program, in the aggregate amount of \$503,143, which represents a direct obligation of the Township. The loan agreements were obtained to finance the acquisition of open space property known as "Buttermilk Falls Property".

Principal payments on the Loan commenced on March 6, 1998, and will continue on an annual basis over 20 years at 2.00% interest. The Township will be responsible for all such interest and principal payments.

On April 19, 2002, the Township of Mendham entered into three additional agreements with the New Jersey Department of Environmental Protection for loans under the Green Acres program, in the aggregate amount of \$3,200,000, which represent direct obligations of the Township. The loans were obtained to finance the acquisition of three open space properties known as "Buttermilk Falls Property" in the amount of \$1,950,000; "Seeing Eye Property" in the amount of \$750,000; and "Tompkins Property" in the amount of \$500,000.

Principal payments on the Loans commenced on January 24, 2003, and will continue on an annual basis over 20 years at 2.00% interest. The Township will be responsible for all such interest and principal payments.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 2: Long-Term Debt (Cont'd)

United States Department of Agriculture Loan Payable

On September 28, 2006, the Township of Mendham entered into an agreement with the United States Department of Agriculture, in the aggregate amount of \$1,210,500, which represents a direct obligation of the Township. The loan agreement was obtained to finance improvements to the Mendham East Sewer Utility system.

Principal payments on the Loan commenced on March 28, 2007, and will continue on an annual basis over 20 years at 4.375% interest. The Township will be responsible for all such interest and principal payments.

Schedule of Annual Debt Service for Principal and Interest for the Next Five  
Years and Thereafter for Loans Issued and Outstanding

Calendar Year	General Capital		Mendham East Sewer Utility Capital		Total
	Green Acres Loans		USDA Loan		
	Principal	Interest	Principal	Interest	
2013	\$ 230,899.96	\$ 29,233.71	\$ 14,963.57	\$ 49,412.43	\$ 324,509.67
2014	235,541.04	24,592.63	15,625.39	48,750.61	324,509.67
2015	240,275.42	19,858.23	16,316.48	48,059.53	324,509.66
2016	245,104.96	15,028.71	17,038.13	47,337.87	324,509.67
2017	234,388.06	10,102.09	17,791.71	46,584.29	308,866.15
2018-2022	332,913.93	16,866.52	101,481.60	220,398.40	671,660.45
2023-2027			125,998.40	195,881.60	321,880.00
2028-2032			156,438.18	165,441.82	321,880.00
2033-2037			194,231.90	127,648.10	321,880.00
2038-2042			241,156.10	80,723.90	321,880.00
2043-2047			232,085.86	23,262.75	255,348.61
Total	\$1,519,123.37	\$ 115,681.89	\$1,133,127.32	\$1,053,501.30	\$3,821,433.88

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2013 has not been introduced. Thus, the amounts of fund balance at December 31, 2012 which will be included in the Current Fund and the Sewer Utility Operating Funds' budgets for the year ending December 31, 2013 are not known at this date.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

**Note 4: Deferred Charges to be Raised in Succeeding Years**

Certain expenditures are required to be deferred to budgets of the exceeding years. At December 31, 2012, the following deferred charges are shown on the Township's balance sheets:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Required</u> <u>2013 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding Years'</u> <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations	\$ 33,740.00	\$ 18,120.00	\$ 15,620.00
Mendham West Sewer Operating Fund:			
Expenditures Without an Appropriation	5,135.08	5,135.08	

The appropriations in the 2013 Current Fund budget and the 2013 Mendham West Sewer Operating budget will not be less than that required by statute.

**Note 5: Local School District Taxes**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Township of Mendham has not elected to defer school taxes.

**Note 6: Pension Plans**

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. As a general rule, all full-time employees are eligible to join one of these two public employees' retirement systems.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above system funds and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 6: Pension Plans (Cont'd)

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

The Township's contributions to PFRS amounted to \$332,540, \$374,370 and \$326,496, for 2012, 2011 and 2010, respectively. The Township's contributions to PERS amounted to \$207,577, \$191,021, and \$148,671, for 2012, 2011 and 2010, respectively.

The Township also made contributions of \$12,549 and \$12,066 in 2012 and 2011, respectively, to PERS related to the Early Retirement Incentive Program elected by the Township.

Note 7: Accrued Sick Benefits

The Township permits employees to accrue a limited amount of unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$77,735 at December 31, 2012. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

**TOWNSHIP OF MENDHAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2012**  
(Continued)

**Note 8: Selected Tax Information**

	2012	2011	2010
<u>Tax Rate</u>	\$ 1.92	\$ 1.90	\$ 1.89
<u>Apportionment of Tax Rate</u>			
Municipal	0.36	0.36	0.36
County	0.26	0.26	0.27
Local School	0.80	0.80	0.79
Regional High School	0.50	0.49	0.47
<u>Assessed Valuations</u>			
2012	\$ 1,890,259,447		
2011		\$ 1,889,924,347	
2010			\$ 1,889,936,443

**Comparison of Tax Levies and Collections Currently**

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$ 36,312,255.27	\$ 35,967,260.71	99.04%
2011	36,065,039.59	35,626,627.83	98.78%
2010	35,780,415.41	35,509,633.63	99.24%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

**Note 9: Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.



TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Township to purchase the following types 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;
- (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;

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd)

- (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 the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (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 statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2012, cash and cash equivalents of the Township of Mendham consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Money Market</u>	<u>Totals</u>
Current	\$ 320.00	\$ 2,166,319.11		\$ 2,166,639.11
Animal Control	20.00	5,486.34		5,506.34
Other Trust	500.00	747,638.90	\$ 194,598.92	942,737.82
General Capital		410,028.79		410,028.79
Sewer Utility:				
Operating - East		87,367.25		87,367.25
Operating - West		3,793.86		3,793.86
Capital - West		38,743.86		38,743.86
	<u>\$ 840.00</u>	<u>\$ 3,459,378.11</u>	<u>\$ 194,598.92</u>	<u>\$ 3,654,817.03</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

During the period ended December 31, 2012, the Township held one investment. The carrying amount of the Township's cash and cash equivalents at December 31, 2012, was \$3,655,317.03 and the bank balance was \$3,679,689.69.

Investments - Zero Coupon Bonds

On October 30, 2000, the Township received a donation of various investments from the New Jersey Conservation Foundation. The contributions are to be used to pay a portion of the debt service for the acquisition of land for open space. The zero coupon bonds have been included in the Other Trust Funds at their fair market value of \$107,129.59 at December 31, 2012 and \$133,010.10 at December 31, 2011.

Note 10: 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. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Township of Mendham is a member of the Morris County Municipal Joint Insurance Fund. The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 10: Risk Management (Cont'd)

The December 31, 2012 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2011 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 25,146,526
Net Assets	\$ 11,920,742
Total Revenue	\$ 17,214,724
Total Expenses	\$ 16,582,186
Change in Net Assets	\$ 632,538
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for these funds are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund  
PERMA Risk Management Services  
9 Campus Drive, Suite 16  
Parsippany, NJ 07054  
(973) 587-0555

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.

The following is a summary of Township contributions, employee contributions, interest earned, 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:

Year	Township Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2012	\$ -0-	\$ 4,165.08	\$ 66.85	\$ 9,408.36	\$ 33,035.12
2011	788.13	3,646.49	193.38	22,764.37	38,211.55
2010	-0-	4,554.38	348.01	6,977.11	56,347.92

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2012:

Fund	Interfund Receivable	Interfund Payable
Current	\$ 9.20	\$ 560,154.00
Federal and State Grant	31,336.41	
Other Trust	508,479.16	205,989.73
Animal Control		9.20
General Capital	226,328.16	
Sewer Utility Operating - Mendham East		36,219.21
Sewer Utility Capital - Mendham East	36,219.21	1,756.14
Sewer Utility Operating - Mendham West	16,000.00	
Sewer Utility Capital - Mendham West	1,756.14	16,000.00
	<u>\$ 820,128.28</u>	<u>\$ 820,128.28</u>

The interfund receivable in the Current Fund due from the Animal Control Fund represents interest earnings in the Animal Control Fund not turned over to the Current Fund at December 31, 2012. The interfund payable in the Current Fund due to the Other Trust Funds represents the net balance of interest earned in the Other Trust Funds which was not transferred to the Current Fund, and the Open Space Tax Levy which was not transferred to the Other Trust Funds. The interfund payable in the Current Fund due to the General Capital Fund represents the net balance of interest earned in the General Capital Fund due to the Current Fund offset by a portion of the appropriations in the Current Fund budget for Capital Improvement Fund due to the General Capital Fund. The interfund payable in the Current Fund to the Federal and State Grant Fund represents the combination of Federal and State grant expenditures paid and grant receipts collected by the Current Fund. The interfund between the Mendham East Sewer Utility Operating and Capital Funds represents the net balance of interest earned which was not transferred to the Operating Fund offset by the budget appropriation in the Operating Fund which is due to the Capital Fund. The interfund between the Mendham West Sewer Utility Operating and Capital Funds represents revenue anticipated by the Operating Fund. The interfund between Mendham East Sewer Utility Capital Fund and Mendham West Sewer Utility Capital Fund represents an advance from Sewer West to Sewer East that was not returned by year end. The interfund between the Other Trust Fund and the General Capital Fund is due to grant monies received in the Other Trust Fund that were used to fund Ordinances in the General Capital Fund.

Note 12: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

Note 12: Contingent Liabilities (Cont'd)

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Various tax appeals have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals has not been determined; however, the Township Tax Assessor will aggressively defend the Township's assessments. The Township has recorded a reserve for pending tax appeals as of December 31, 2012 in the amount of \$73,017.41 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

Note 13: Reserve for Future Sewer Improvements

The Mendham West Sewer Utility Capital Fund balance sheet reflects a Reserve for Future Sewer Improvements as of December 31, 2012 in the amount of \$24,500. These funds represent the accumulation of prior year unexpended capital outlay appropriations raised in the Mendham West Sewer Operating Fund. This reserve will be utilized by the Township to fund future capital improvements for the maintenance of the Mendham West sewer plant.

Note 14: Open Space Trust Fund

On November 2, 1993, the Township created an Open Space Trust Fund with a tax levy of up to \$.045 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Township. As of December 31, 2012, the balance in the Open Space Trust Fund was \$632,438.82 which consists of \$525,309.23 from local sources and \$107,129.59 from a donation from the NJ Conservation Foundation.

Note 15: Economic Dependency

The Township of Mendham receives a substantial amount of support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 16: Deferred Compensation Plans

The Township offers its employees deferred compensation plans (the "plans") created in accordance with Section 457 of the Internal Revenue Code. The plans, which are administered by VALIC and Lincoln National Life Insurance Company, are available to all Township employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency or upon death to their beneficiaries.

TOWNSHIP OF MENDHAM

SUPPLEMENTARY DATA

TOWNSHIP OF MENDHAM  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2012

Name	Title	Amount of Bond	Name of Corporate Surety
Samuel K. Tolley	Mayor		
Richard Merkt	Deputy Mayor		
Chris Baumann	Committee Member		
Maribeth Thomas	Committee Member		
Robert O. Strobel	Committee Member		
Stephen P. Mountain	Township Administrator	(1)	
Timothy B. Day	Chief Financial Officer	\$ 1,000,000.00	Municipal Excess Liability/ Morris County Municipal JIF
Marie Kenia	Tax Collector, Utility Collector and Tax Search Officer	1,000,000.00	Municipal Excess Liability/ Morris County Municipal JIF
Kathleen Potter	Township Clerk, Assessment/Subdivision Searcher, Registrar of Vital Statistics	(1)	
David H. Read, Sr.	Superintendent of Public Works	(1)	
John M. Mills, III	Township Attorney		
Peter Fico	Township Prosecutor		
Gary F. Troxell	Magistrate/Court Judge	(1)	
Lisa Conover	Court Administrator/Violations Clerk	(1)	
Susan Piscitello	Deputy Court Administrator	(1)	
Meriette Arwady	Deputy Court Administrator	(1)	
Russ Heiney	Construction Code Official/Fire Official - Acting	(1)	
Scott Holzhauer	Township Tax Assessor	(1)	
Paul Ferriero & John Hansen	Township Engineers	(1)	
Steve Crawford	Police Chief	(1)	
Jay Alderton	Fire Chief	(1)	
Lori Dent	Recreation Director	(1)	

All bonds were examined and were properly executed.

(1) All employees, who are not specifically bonded, are covered under \$ 950,000 and \$50,000 Faithful Performance Blanket Bonds with the Municipal Excess Liability Joint Insurance Fund and Morris County Municipal Joint Insurance Fund, respectively.



TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
CURRENT FUND

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> A	\$ 1,805,125.23
Increased by Receipts:		
Tax Collector	\$ 36,691,686.99	
Revenue Accounts Receivable	1,105,427.00	
Interest on Investments	5,623.59	
Miscellaneous Revenue Not Anticipated	137,726.55	
Due Federal and State Grant Fund:		
Grant Receivable	21,828.24	
Unappropriated Reserves	14,238.78	
Due Other Trust Funds:		
Interfunds Advanced:		
Open Space	76,500.00	
Due to the State of New Jersey:		
Marriage License Fees	300.00	
DCA Training Fees	14,166.00	
Veterans and Senior Citizens' Deductions	31,250.00	
Appropriation Refunds	232,999.86	
Appropriation Reserve Refunds	15,715.72	
		<hr/>
		38,347,462.73
		<hr/>
		40,152,587.96
Decreased by Disbursements:		
2012 Appropriation Expenditures	7,482,152.11	
2011 Appropriation Reserves	174,037.23	
Regional High School Taxes	9,494,842.30	
Local School Taxes	15,074,661.00	
County Taxes	4,930,650.07	
Due Other Trust Funds:		
Open Space	368,225.53	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

Ref.

Decreased by Disbursements (Cont'd):

Due General Capital Fund:

Interfunds Returned \$ 136,948.49

Due Mendham East Sewer Utility Operating Fund 28,321.50

Tax Overpayments 76,401.78

Due to the State of New Jersey:

Marriage License Fees 225.00

DCA Training Fees 13,919.00

Reserve for Pending Tax Appeals 4,982.59

Refund of Prior Year Revenue 5,802.00

Third Party Tax Title Liens 96,264.81

Tax Sale Premiums 68,100.00

Due Federal and State Grant Fund:

Appropriated Grant Reserves 30,735.44

\$ 37,986,268.85

Balance December 31, 2012

A

\$ 2,166,319.11

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2012

## Increased by Receipts:

Taxes Receivable	\$ 35,998,034.75
2013 Prepaid Taxes	286,449.70
Tax Title Lien Redemptions	3,232.43
Interest and Costs on Taxes	89,758.93
Tax Overpayments	63,335.24
Tax Sale Premiums	152,200.00
Third Party Tax Liens	96,264.81
Other Miscellaneous	2,411.13
	<hr/> 36,691,686.99

## Decreased by:

Paid to Treasurer	<u><u>\$ 36,691,686.99</u></u>
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TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Collections		NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2011		2011	2012				Dec. 31, 2012
2011	\$ 334,470.57			\$ 334,333.06		\$ 2.51	\$ 135.00	
2012		\$ 36,312,255.27	\$ 273,309.02	35,663,701.69	\$ 30,250.00	96,578.01	2,522.17	\$ 245,894.38
	<u>\$ 334,470.57</u>	<u>\$ 36,312,255.27</u>	<u>\$ 273,309.02</u>	<u>\$35,998,034.75</u>	<u>\$ 30,250.00</u>	<u>\$ 96,580.52</u>	<u>\$ 2,657.17</u>	<u>\$ 245,894.38</u>

Ref.

A

A

Analysis of 2012 Property Tax Levy

## Tax Yield:

General Purpose Tax	\$36,227,441.07
Business Personal Property Taxes	27,735.18
Added, Omitted & Rollback Taxes	<u>57,079.02</u>
	<u>\$36,312,255.27</u>

## Tax Levy:

Local School District Taxes	\$15,074,661.00
Regional High School District Taxes	9,494,842.30
County Taxes	\$4,922,852.88
Due County for Added and Omitted Taxes	<u>7,797.19</u>
	4,930,650.07
Due Other Trust Funds:	
Local Tax for Open Space	<u>435,684.50</u>
	29,935,837.87
Local Tax for Municipal Purposes Levied	6,318,312.62
Additional Taxes Levied	<u>58,104.78</u>
	<u>6,376,417.40</u>
	<u>\$36,312,255.27</u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 29,312.65
Increased by:		
Transfer from Taxes Receivable	\$ 2,657.17	
Interest and Costs Accrued at Tax Sale	<u>26.31</u>	
		<u>2,683.48</u>
		31,996.13
Decreased by:		
Tax Title Lien Redemptions		<u>3,232.43</u>
Balance December 31, 2012	A	<u>\$ 28,763.70</u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2011	Accrued	Collected	Balance Dec. 31, 2012
Licenses:				
Alcoholic Beverage Licenses		\$ 2,580.00	\$ 2,580.00	
Fees and Permits:				
Clerk		914.00	914.00	
Board of Health		41,085.00	41,085.00	
Police		20,638.20	20,638.20	
Planning and Zoning		1,670.00	1,670.00	
Other		9,421.65	9,421.65	
Municipal Court:				
Fines and Costs	\$ 6,758.33	108,269.63	104,904.23	\$ 10,123.73
Energy Tax Receipts		459,000.00	459,000.00	
Watershed Aid		28,059.00	28,059.00	
Uniform Construction Code Fees		183,452.00	183,452.00	
Shared Service Agreement:				
Joint Municipal Court with Mendham Borough		141,501.57	141,501.57	
Uniform Fire Safety Act		1,670.82	1,670.82	
Rents on Municipal Properties		13,800.00	13,800.00	
Recycling Rebates on Prior Year Collections		15,139.40	15,139.40	
Annual CATV Gross Receipts		81,591.13	81,591.13	
	<u>\$ 6,758.33</u>	<u>\$ 1,108,792.40</u>	<u>\$ 1,105,427.00</u>	<u>\$ 10,123.73</u>
<u>Ref.</u>	A			A

TOWNSHIP OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2011	Budget Revenue Realized	Cash Received	Cancelled	Transferred From Unappropriated Reserves	Balance Dec. 31, 2012
Clean Communities Grant		\$ 16,516.64	\$ 16,516.64			
Body Armor Replacement Fund		1,607.70			\$ 1,607.70	
Federal Highway Administration Trail Grant	\$ 2,600.00					\$ 2,600.00
Alcohol Education Rehabilitation Fund		1,618.04			1,618.04	
Recycling Tonnage Grant		10,561.00	5,311.60		5,143.68	105.72
NJ Division of Highway Traffic Safety: Over the Limit Under Arrest Grant		5,000.00			4,182.12	817.88
NJ Highlands Water Protection & Planning Council: Initial Assessment Grant	10,866.58			\$ 6,454.79		4,411.79
	<u>\$ 13,466.58</u>	<u>\$ 35,303.38</u>	<u>\$ 21,828.24</u>	<u>\$ 6,454.79</u>	<u>\$ 12,551.54</u>	<u>\$ 7,935.39</u>
<u>Ref.</u>	A					A



TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<b>General Administration:</b>				
Salaries & Wages		\$ 1,500.00	\$ 1,500.00	
Other Expenses	\$ 1,849.02	1,049.02	1,047.89	\$ 1.13
<b>Mayor and Council:</b>				
Salaries & Wages	249.96	0.96		0.96
<b>Municipal Clerk:</b>				
Salaries & Wages	18.72	768.72	750.00	18.72
Other Expenses	332.45	2.45		2.45
<b>Financial Administration:</b>				
Salaries & Wages	924.36	1,250.36	1,250.00	0.36
Other Expenses	14.88	14.88	4.08	10.80
<b>Management Information Services:</b>				
Other Expenses	1,642.89	852.89	833.22	19.67
<b>Revenue Administration (Tax Collection):</b>				
Salaries & Wages		500.00	500.00	
Other Expenses	406.47	6.47		6.47
<b>Tax Assessment Administration:</b>				
Salaries & Wages	6.08	506.08	500.00	6.08
Other Expenses	1,085.53	1,085.53	1,085.53	
<b>Legal Services and Costs:</b>				
Other Expenses - Labor/Personnel	1,287.48	2,287.48	2,145.50	141.98
Other Expenses - Tax Appeals	1,075.67	5,875.67	5,327.67	548.00
<b>Engineering Services and Costs:</b>				
Other Expenses	485.43	485.43	485.43	
<b>Environmental Commission:</b>				
Other Expenses	60.00	60.00	60.00	
<b>Open Space Committee:</b>				
Other Expenses	151.85	1.85		1.85
<b>Historical Preservation:</b>				
Other Expenses	500.00	500.00	500.00	
<b>Municipal Land Use Law:</b>				
Planning Board:				
Salaries & Wages		500.00	500.00	
Other Expenses	1,470.72	1,470.72	1,470.72	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Municipal Land Use Law:				
Board of Adjustment:				
Other Expenses	\$ 770.53	\$ 770.53		\$ 770.53
General Liability Insurance	20.70	20.70		20.70
Workers Compensation Insurance	2.92	2.92		2.92
Group Insurance Plan for Employees	999.28			
Fire:				
Salaries & Wages	450.16	125.16		125.16
Fire Hydrant Services	10,219.16	10,219.16	\$ 10,219.16	
Prosecutor:				
Other Expenses	10.00	10.00		10.00
Contractual Radio Dispatch	272.32	272.32	272.32	
Municipal Court:				
Salaries and Wages		1,750.00	1,750.00	
Other Expenses	845.63	865.52	790.10	75.42
Police:				
Salaries & Wages	7,964.89	10,464.89	10,464.89	
Other Expenses	20,430.56	20,430.56	19,733.49	697.07
Aid to Volunteer Fire Company	1,872.83	872.83	342.52	530.31
Street and Road Repairs and Maintenance:				
Salaries & Wages	326.43	1,326.43	1,326.43	
Other Expenses	31,648.01	26,082.29	23,522.39	2,559.90
Sanitation - Trash Removal:				
Other Expenses	7,536.00	7,536.00	7,536.00	
Public Building and Grounds:				
Other Expenses	3,271.34	3,896.34	3,896.34	
Tree Protection:				
Other Expenses	438.48	0.48		0.48
Snow Removal:				
Other Expenses	6,751.64	7,751.64	6,745.00	1,006.64
Board of Health:				
Salaries & Wages		500.00	500.00	
Other Expenses	781.05	1.05		1.05
Health Services Contract	93.00	3.00		3.00

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Senior Citizen Programs:				
Other Expenses	\$ 3,391.42	\$ 3,391.42	\$ 3,391.42	
Board of Recreation Commissioners:				
Salaries & Wages	676.93	676.93	676.93	
Construction Code Official:				
Salaries & Wages		500.00	500.00	
Other Expenses	2,600.70	3,600.70	3,600.70	
Other Code Enforcement:				
Salaries & Wages	1.85	501.85	500.00	\$ 1.85
Unclassified:				
Length of Service Award Program	22,750.00	22,750.00	22,750.00	
Utilities	28,747.04	32,297.04	23,511.08	8,785.96
Contributions to:				
Social Security System (O.A.S.I.)	2,815.39	0.39		0.39
Shared Service Agreement:				
Municipal Court - O&E Borough Share	8,088.92	0.03		0.03
	<u>\$ 175,338.69</u>	<u>\$ 175,338.69</u>	<u>\$ 159,988.81</u>	<u>\$ 15,349.88</u>
<u>Balance December 31, 2011:</u>	<u>Ref.</u>			
Unencumbered	A \$ 88,235.53			
Encumbered	A <u>87,103.16</u>			
	<u>\$ 175,338.69</u>			
			\$ 174,037.23	
			1,667.30	
			<u>175,704.53</u>	
			15,715.72	
			<u>\$ 159,988.81</u>	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

Ref.

Increased by:

Levy - Calendar Year 2012

\$ 15,074,661.00

Decreased by:

Payments to Local School District

\$ 15,074,661.00

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

Ref.

Increased by:

Levy - Calendar Year 2012

\$ 9,494,842.30

Decreased by:

Payments to Regional School District

\$ 9,494,842.30

**TOWNSHIP OF MENDHAM**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF APPROPRIATED RESERVES - FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2011	Transferred from 2012 Budget Appropriations	Expended	Balance Dec. 31, 2012
Clean Communities Grant		\$ 16,516.64	\$ 16,516.64	
Recycling Tonnage Grant		10,561.00	5,674.22	\$ 4,886.78
Body Armor Replacement Fund	\$ 380.92	1,607.70	1,391.50	597.12
Alcohol Rehabilitation Fund	1,889.00	1,618.04	2,153.08	1,353.96
NJ Division of Highway Traffic Safety:				
Over the Limit Under Arrest Grant		5,000.00	5,000.00	
Municipal Alliance Grant - Matching Funds		2,500.00		2,500.00
	<u>\$ 2,269.92</u>	<u>\$ 37,803.38</u>	<u>\$ 30,735.44</u>	<u>\$ 9,337.86</u>
<u>Ref.</u>	A			A
Federal/State Grants		\$ 35,303.38		
Local Match		<u>2,500.00</u>		
		<u>\$ 37,803.38</u>		

TOWNSHIP OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES - FEDERAL AND STATE GRANTS

	Balance Dec. 31, 2011	Transferred to Grants Receivable	Cash Received	Balance Dec. 31, 2012
Recycling Tonnage Grant	\$ 5,143.68	\$ 5,143.68		
Alcohol Education Rehabilitation Fund	1,618.04	1,618.04	\$ 1,834.74	\$ 1,834.74
Body Armor Replacement Fund	1,607.70	1,607.70	1,725.92	1,725.92
Drunk Driving Enforcement Fund	6,085.16		8,678.12	14,763.28
Over the Limit Under Arrest	4,182.12	4,182.12		
Federal Emergency Management Agency	9,610.00			9,610.00
New Jersey Sustainable Energy			2,000.00	2,000.00
	<u>\$ 28,246.70</u>	<u>\$ 12,551.54</u>	<u>\$ 14,238.78</u>	<u>\$ 29,933.94</u>
<u>Ref.</u>	A			A

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
TRUST FUNDS

TOWNSHIP OF MENDHAM  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2011	B	\$ 1,187.74	\$ 1,130,248.79
Increased by Receipts:			
Township Dog License Fees		\$ 2,210.00	
Penalties on Dog License Fees		171.00	
Cat License Fees		363.00	
Other Miscellaneous		1,340.00	
State Dog License Fees		507.00	
Prepaid Municipal Licenses		1,710.00	
Interest Earned		9.20	
Investments			\$ 27,000.00
Due Current Fund:			
Interest Earned			690.57
Interfund Returned		14,664.00	368,225.53
Reserve for:			
Developers' Deposits			146,519.62
State Unemployment Insurance			4,231.93
Recreation			85,128.00
Parking Offenses Adjudication Act			1.31
Open Space Trust Fund:			
Interest Earned			74.18
Donations/Reimbursements			248,003.75
Road Detail			145,959.11
Public Defender			13,081.24
Fishing Contest			1,203.69
Forfeited Assets			1,702.18
Municipal Alliance			20,843.73
Police Donations			41,500.52
TV Operations/Programs			21,813.03
		<u>20,974.20</u>	<u>1,125,978.39</u>
		22,161.94	2,256,227.18



TOWNSHIP OF MENDHAM  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Animal Control Expenditures		\$ 16,666.00	
Due to State of New Jersey		9.60	
Due Current Fund:			
Interfund Advanced			\$ 76,500.00
Reserve for:			
Developers' Deposits Refunds			173,145.96
State Unemployment Insurance			9,408.36
Recreation			79,834.39
Open Space Trust Fund			753,352.89
Road Detail			128,893.41
Public Defender			9,979.42
Fishing Contest			3,840.52
Forfeited Assets			937.20
Municipal Alliance			21,326.71
Police Donations			36,919.91
TV Operations/Programs			19,850.59
		<u>\$ 16,675.60</u>	<u>\$ 1,313,989.36</u>
Balance December 31, 2012	B	<u>\$ 5,486.34</u>	<u>\$ 942,237.82</u>

TOWNSHIP OF MENDHAM  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 1,176.54
Increased by:		
Dog License Fees	\$ 2,210.00	
Penalties	171.00	
Cat License Fees	363.00	
Miscellaneous	1,340.00	
2012 Budget Appropriation	<u>14,664.00</u>	
		<u>18,748.00</u>
		19,924.54
Decreased by:		
Expenditures Under R.S. 4:19-15.11		<u>16,666.00</u>
Balance December 31, 2012	B	<u>\$ 3,258.54</u>
<u>License Fees Collected</u>		
2010	\$ 2,842.00	
2011	<u>2,454.40</u>	
Maximum Allowable Reserve	<u>\$ 5,296.40</u>	

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 446,524.59
Increased by:		
Due Current Fund:		
Interest Earned	\$ 617.43	
Interfund Advanced	136,948.49	
Bond Anticipation Notes	3,716,000.00	
Improvement Authorization Refunds	12,012.05	
		<u>3,865,577.97</u>
		4,312,102.56
Decreased by:		
Improvement Authorization Expenditures	737,573.77	
Bond Anticipation Notes	3,164,500.00	
		<u>3,902,073.77</u>
Balance December 31, 2012	C	<u>\$ 410,028.79</u>

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	From	To	
Capital Fund Balance	\$ 42,624.50					\$ 25,000.00		\$ 17,624.50
Capital Improvement Fund	6,197.65					162,950.00	\$ 164,000.00	7,247.65
Reserve for:								
Preliminary Expenses - Appraisals	35.00							35.00
Payment of Debt Service	193,182.73					10,500.00		182,682.73
Recreation Improvements	7,000.00							7,000.00
Road Maintenance Fund	300.00							300.00
Municipal Bldg. Improvements	213,000.00					65,000.00		148,000.00
Municipal Facility	190,000.00							190,000.00
Recreation Center	9,000.00							9,000.00
Homeland Security Grants Receivable	(31,500.00)							(31,500.00)
New Jersey Department of:								
Transportation Grants Receivable	(201,000.00)					125,000.00		(326,000.00)
Environmental Protection Grant Receivable	(120,617.51)					40,500.00		(161,117.51)
Mendham Soccer & Lacrosse Club Receivable	(70,000.00)							(70,000.00)
Due Current Fund	45.65		\$ 137,565.92			258,450.00	100,500.00	(20,338.43)
Due Open Space Trust Fund	(205,989.73)							(205,989.73)

Ord. No.	Improvement Description							
01-99/								
16-02	Manage Open Space	292.35	915.60	\$ 7,141.25				(5,933.30)
19-06	Construct Fire Station	2,038.21		2,663.12		\$ 624.91		
06-07	Environ. Comm. Projects	5,210.35		5,210.35				
07-07	Various Improvements	194,423.73		20,239.64		4,575.09		178,759.18
13-07	Various Improvements	4,330.08		3,712.42				617.66
01-08	Various Improvements	4,361.56	\$ 204,893.42	6,615.56	\$ 225,399.42	20,506.00		(2,254.00)

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2011	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2012
			Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	From	To	
03-08	Acquisition of Property - 22 St. Johns Drive	\$ (400.00)	\$ 974,682.00			\$ 1,096,941.00		\$ 12,659.00	\$ (110,000.00)
09-08/	Various								
11-08	Improvements	28,752.76		\$ 4,538.45	\$ 31,404.20				1,887.01
12-08	Acquire Pitney Property	14,457.50					\$ 5,200.00		9,257.50
03-09	Various Improvements	40.00	184,954.69		40.00	200,107.69		15,153.00	
08-09	Improve Land/Facilities & Acquire Equipment	7,025.20	104,808.48		7,025.20	112,515.48		7,707.00	
13-09	Various Improvements	187.69	210,811.97			230,047.97		19,236.00	187.69
15-09	Various Improvements		289,410.79			301,790.79		12,380.00	
20-09	Various Improvements		331,091.00			337,900.00		6,809.00	
01-10	Various Equipment		383,677.19			383,677.19			
07-10	Various Capital Improvements	2,074.70	29,520.46		2,028.20	29,520.46			46.50
02-11	Various Capital Improvements	151,452.17	246,600.00		62,832.40	246,600.00			88,619.77
03-12/ 06-12	Various Capital Improvements		755,550.00	6,558.00	588,661.43			328,450.00	501,896.57
		\$ 446,524.59	\$ 3,716,000.00	\$ 149,577.97	\$ 737,573.77	\$ 3,164,500.00	\$ 692,600.00	\$ 692,600.00	\$ 410,028.79



TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Improvement Authorizations	Notes Paid By Budget Appropriation	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012		
						Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
01-09/								
16-02	Various Capital Improvements	\$ 21,839.96			\$ 21,839.96	\$ 5,933.30		\$ 15,906.66
01-08	Various Capital Improvements	228,649.42		\$ 20,506.00	208,143.42	2,254.00	\$ 204,893.42	996.00
03-08	Acquire Property - 22 St. Johns Drive	1,097,341.00		12,659.00	1,084,682.00	110,000.00	974,682.00	
03-09	Various Improvements	200,582.69		15,153.00	185,429.69		184,954.69	475.00
08-09	Improve Land/Facilities/Acquire Equip.	112,515.48		7,707.00	104,808.48		104,808.48	
13-09	Various Capital Improvements	230,047.97		19,236.00	210,811.97		210,811.97	
15-09	Various Capital Improvements	301,790.79		12,380.00	289,410.79		289,410.79	
20-09	Various Capital Improvements	337,900.00		6,809.00	331,091.00		331,091.00	
01-10	Various Equipment	383,677.19			383,677.19		383,677.19	
07-10	Various Capital Improvements	29,520.46			29,520.46		29,520.46	
02-11	Various Capital Improvements	246,600.00			246,600.00		246,600.00	
03-12/	Various Capital							
06-12	Improvements		\$ 755,550.00		755,550.00		755,550.00	
		<u>\$ 3,190,464.96</u>	<u>\$ 755,550.00</u>	<u>\$ 94,450.00</u>	<u>\$ 3,851,564.96</u>	<u>\$ 118,187.30</u>	<u>\$3,716,000.00</u>	<u>\$ 17,377.66</u>
<u>Ref.</u>	C				C			

Improvement Authorizations - Unfunded

\$ 608,128.19

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #13-09 (Various Improvements)	\$ 187.69
Ordinance #07-10 (Various Improvements)	46.50
Ordinance #02-11 (Various Improvements)	88,619.77
Ordinance #03-12 (Various Improvements)	501,896.57

590,750.53

\$ 17,377.66

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations		Paid or Charged	Reclassify Expenditures	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded	Deferred Charges Future Taxation - Unfunded	Other Sources			Funded	Unfunded
01-99/ 16-02	Various Improvements	11/12/02	\$ 319,000.00	\$ 292.35	\$ 21,839.96			\$ 6,225.65			\$ 15,906.66
19-06	Construct Fire Station	09/11/06 01/23/07	3,300,000.00	2,038.21				2,663.12	\$ 624.91		
06-07	Environmental Commission	03/16/07	22,000.00	5,210.35				5,210.35			
07-07	Various Improvements	05/22/07	1,085,500.00	194,423.73				20,239.64	4,575.09	\$ 178,759.18	
13-07	Various Improvements	12/21/07	455,000.00	4,330.08				3,712.42		617.66	
01-08	Various Improvements	02/11/08	285,000.00		7,611.56			6,615.56			996.00
09-08/ 11-08	Various Improvements	07/22/08 09/08/08	1,535,574.00 1,586,685.55	28,752.76				26,865.75		1,887.01	
12-08	Acquire Pitney Property	12/23/08	4,075,000.00	14,457.50					(5,200.00)	9,257.50	
03-09	Various Improvements	02/09/09	260,500.00		515.00			40.00			475.00
08-09	Improve Land/Facilities and Acquire Equipment	03/24/09	146,000.00		7,025.20			7,025.20			
13-09	Various Improvements	05/11/09	258,000.00		187.69						187.69
07-10	Various Capital Improvements	07/12/10	308,700.00		2,074.70			2,028.20			46.50
02-11	Various Capital Improvements	03/29/11	448,900.00		151,452.17			62,832.40			88,619.77

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2011		2012 Authorizations		Paid or Charged	Reclassify Expenditures	Balance Dec. 31, 2012	
		Date	Amount	Funded	Unfunded	Deferred Charges Future Taxation - Unfunded	Other Sources			Funded	Unfunded
03-12/ 06-12	Various Capital Improvements	04/24/12 07/24/12	#####			\$ 755,550.00	\$ 328,450.00	\$ 582,103.43			\$ 501,896.57
				\$ 249,504.98	\$ 190,706.28	\$ 755,550.00	\$ 328,450.00	\$ 725,561.72	\$ -0-	\$ 190,521.35	\$ 608,128.19
		<u>Ref.</u>		C	C					C	C
				Capital Improvement Fund			\$ 162,950.00				
				New Jersey Department of Transportation Grant			125,000.00				
				New Jersey Clean Energy Grant			40,500.00				
							<u>\$ 328,450.00</u>				
						Cash Disbursed		\$ 737,573.77			
						Less: Refunds		<u>(12,012.05)</u>			
								<u>\$ 725,561.72</u>			

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 6,197.65
Increased by:		
2012 Budget Appropriation - Due from Current Fund		<u>164,000.00</u>
		170,197.65
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>162,950.00</u>
Balance December 31, 2012	C	<u><u>\$ 7,247.65</u></u>

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
		Original Issue	Issue	Maturity					
01-08	Various Capital Improvements	05/29/08	05/26/11	05/25/12	1.25%	\$ 225,399.42		\$ 225,399.42	
			05/25/12	05/24/13	0.74%		\$ 204,893.42		\$ 204,893.42
03-08	Acquisition of Property - 22 St. Johns Drive	05/29/08	05/26/11	05/25/12	1.25%	1,096,941.00		1,096,941.00	
			05/25/12	05/24/13	0.74%		974,682.00		974,682.00
03-09	Various Capital Improvements	05/28/09	05/26/11	05/25/12	1.25%	200,107.69		200,107.69	
			05/25/12	05/24/13	0.74%		184,954.69		184,954.69
08-09	Improvement of Land and Facilities and Acquisition of Equipment	05/28/09	05/26/11	05/25/12	1.25%	112,515.48		112,515.48	
			05/25/12	05/24/13	0.74%		104,808.48		104,808.48
13-09	Various Capital Improvements	12/09/09	05/26/11	05/25/12	1.25%	230,047.97		230,047.97	
			05/25/12	05/24/13	0.74%		210,811.97		210,811.97
15-09	Various Capital Improvements	12/09/09	05/26/11	05/25/12	1.25%	301,790.79		301,790.79	
			05/25/12	05/24/13	0.74%		289,410.79		289,410.79
20-09	Various Capital Improvements	12/09/09	05/26/11	05/25/12	1.25%	337,900.00		337,900.00	
			05/25/12	05/24/13	0.74%		331,091.00		331,091.00

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
		Original Issue	Issue	Maturity					
01-10	Various Equipment	05/26/10	05/26/11	05/25/12	1.25%	\$ 383,677.19		\$ 383,677.19	
			05/25/12	05/24/13	0.74%		\$ 383,677.19		\$ 383,677.19
07-10	Various Capital Improvements	05/26/11	05/26/11	05/25/12	1.25%	29,520.46		29,520.46	
			05/25/12	05/24/13	0.74%		29,520.46		29,520.46
02-11	Various Capital Improvements	05/26/11	05/26/11	05/25/12	1.25%	246,600.00		246,600.00	
			05/25/12	05/24/13	0.74%		246,600.00		246,600.00
03-12	Various Capital Improvements	05/25/12	05/25/12	05/24/13	0.74%		755,550.00		755,550.00
						<u>\$ 3,164,500.00</u>	<u>\$ 3,716,000.00</u>	<u>\$ 3,164,500.00</u>	<u>\$ 3,716,000.00</u>
						Ref.	C		C
						Renewed	\$ 2,960,450.00	\$ 2,960,450.00	
						Issued	755,550.00		
						Paid from Budget Appropriation		94,450.00	
						Redeemed		109,600.00	
							<u>\$ 3,716,000.00</u>	<u>\$ 3,164,500.00</u>	

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
			Date	Amount				
Open Space	09/01/02	\$ 1,285,000.00	09/01/13	\$ 65,000.00	3.750%			
			09/01/14	65,000.00	3.875%			
			09/01/15	65,000.00	4.000%			
			09/01/16	65,000.00	4.100%			
			09/01/17	65,000.00	4.200%			
			09/01/18	65,000.00	4.375%			
			09/01/19	65,000.00	4.400%			
			09/01/20	65,000.00	4.500%			
			09/01/21	65,000.00	4.600%			
			09/01/22	50,000.00	4.700%	\$ 700,000.00	\$ 65,000.00	\$ 635,000.00
General Improvements	06/08/05	3,874,000.00	04/01/13	375,000.00	3.50%			
			04/01/14	375,000.00	3.50%			
			04/01/15	324,000.00	3.50%	1,449,000.00	375,000.00	1,074,000.00
General Improvements	06/04/09	9,500,000.00	02/01/13	294,000.00	3.00%			
			02/01/14	323,000.00	3.00%			
			02/01/15	399,000.00	3.00%			
			02/01/16	741,000.00	3.00%			
			02/01/17	779,000.00	3.00%			
			02/01/18	822,000.00	3.13%			
			02/01/19	865,000.00	3.25%			

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2012		Interest Rate	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
			Date	Amount				
General Improvements	06/04/09	\$ 9,500,000.00	02/01/20	\$ 907,000.00	3.25%			
			02/01/21	955,000.00	3.38%			
			02/01/22	1,002,000.00	3.50%			
			02/01/23	1,054,000.00	3.63%			
			02/01/24	1,083,000.00	3.75%	\$ 9,490,000.00	\$ 266,000.00	\$ 9,224,000.00
Open Space	06/04/09	500,000.00	02/01/13	16,000.00	3.00%			
			02/01/14	17,000.00	3.00%			
			02/01/15	21,000.00	3.00%			
			02/01/16	39,000.00	3.00%			
			02/01/17	41,000.00	3.00%			
			02/01/18	43,000.00	3.13%			
			02/01/19	45,000.00	3.25%			
			02/01/20	48,000.00	3.25%			
			02/01/21	50,000.00	3.38%			
			02/01/22	53,000.00	3.50%			
			02/01/23	56,000.00	3.63%			
			02/01/24	57,000.00	3.75%			
						500,000.00	14,000.00	486,000.00
						\$ 12,139,000.00	\$ 720,000.00	\$ 11,419,000.00
						Ref.	C	C
			General Improvement Bonds	\$ 10,939,000.00	\$ 565,000.00	\$ 10,298,000.00		
			Open Space Bonds	1,200,000.00	155,000.00	1,121,000.00		
				\$ 12,139,000.00	\$ 720,000.00	\$ 11,419,000.00		



TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

Balance December 31, 2011	<u>Ref.</u> C	\$ 1,745,473.68
Decreased by:		
Loan Payments - Open Space Trust Fund		<u>226,350.31</u>
Balance December 31, 2012	C	<u>\$ 1,519,123.37</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #1 PAYABLE  
OUTSTANDING DECEMBER 31, 2012

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 134,002.65
31	03/06/13	2.0%	\$ 1,340.03	\$ 14,303.49	119,699.16
32	09/06/13	2.0%	1,196.99	14,446.53	105,252.63
33	03/06/14	2.0%	1,052.53	14,590.99	90,661.64
34	09/06/14	2.0%	906.62	14,736.90	75,924.74
35	03/06/15	2.0%	759.25	14,884.27	61,040.47
36	09/06/15	2.0%	610.40	15,033.11	46,007.36
37	03/06/16	2.0%	460.07	15,183.44	30,823.92
38	09/06/16	2.0%	308.24	15,335.28	15,488.64
39	03/06/17	2.0%	154.88	15,488.64	-0-
			<u>\$ 6,789.01</u>	<u>\$ 134,002.65</u>	

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #2 PAYABLE  
OUTSTANDING DECEMBER 31, 2012

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 715,640.61
21	01/22/13	2.00%	\$ 7,156.41	\$ 68,402.41	647,238.20
22	07/22/13	2.00%	6,472.38	69,086.44	578,151.76
23	01/22/14	2.00%	5,781.52	69,777.30	508,374.46
24	07/22/14	2.00%	5,083.74	70,475.08	437,899.38
25	01/22/15	2.00%	4,378.99	71,179.83	366,719.55
26	07/22/15	2.00%	3,667.19	71,891.63	294,827.92
27	01/22/16	2.00%	2,948.28	72,610.54	222,217.38
28	07/21/16	2.00%	2,222.17	73,336.65	148,880.73
29	01/21/17	2.00%	1,488.81	74,070.01	74,810.72
30	07/21/17	2.00%	748.10	74,810.72	-0-
			<u>\$ 39,947.59</u>	<u>\$ 715,640.61</u>	

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #3 PAYABLE  
OUTSTANDING DECEMBER 31, 2012

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 401,688.07
21	01/24/13	2.00%	\$ 4,016.88	\$ 19,301.82	382,386.25
22	07/24/13	2.00%	3,823.86	19,494.83	362,891.42
23	01/24/14	2.00%	3,628.91	19,689.78	343,201.64
24	07/24/14	2.00%	3,432.02	19,886.68	323,314.96
25	01/24/15	2.00%	3,233.15	20,085.55	303,229.41
26	07/24/15	2.00%	3,032.29	20,286.40	282,943.01
27	01/24/16	2.00%	2,829.43	20,489.27	262,453.74
28	07/24/16	2.00%	2,624.54	20,694.16	241,759.58
29	01/24/17	2.00%	2,417.60	20,901.10	220,858.48
30	07/24/17	2.00%	2,208.58	21,110.11	199,748.37
31	01/24/18	2.00%	1,997.49	21,321.21	178,427.16
32	07/24/18	2.00%	1,784.28	21,534.42	156,892.74
33	01/24/19	2.00%	1,568.93	21,749.77	135,142.97
34	07/24/19	2.00%	1,351.43	21,967.27	113,175.70
35	01/24/20	2.00%	1,131.76	22,186.94	90,988.76
36	07/24/20	2.00%	909.89	22,408.81	68,579.95
37	01/24/21	2.00%	685.80	22,632.90	45,947.05
38	07/24/21	2.00%	459.47	22,859.23	23,087.82
39	01/24/22	2.00%	230.88	23,087.82	-0-
			<u>\$ 41,367.19</u>	<u>\$ 401,688.07</u>	

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES LOANS PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #4 PAYABLE  
OUTSTANDING DECEMBER 31, 2012

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 267,792.04
21	01/24/13	2.00%	\$ 2,677.92	\$ 12,867.88	254,924.16
22	07/24/13	2.00%	2,549.24	12,996.56	241,927.60
23	01/24/14	2.00%	2,419.28	13,126.52	228,801.08
24	07/24/14	2.00%	2,288.01	13,257.79	215,543.29
25	01/24/15	2.00%	2,155.43	13,390.36	202,152.93
26	07/24/15	2.00%	2,021.53	13,524.27	188,628.66
27	01/24/16	2.00%	1,886.29	13,659.51	174,969.15
28	07/24/16	2.00%	1,749.69	13,796.11	161,173.04
29	01/24/17	2.00%	1,611.73	13,934.07	147,238.97
30	07/24/17	2.00%	1,472.39	14,073.41	133,165.56
31	01/24/18	2.00%	1,331.66	14,214.14	118,951.42
32	07/24/18	2.00%	1,189.51	14,356.28	104,595.14
33	01/24/19	2.00%	1,045.95	14,499.85	90,095.29
34	07/24/19	2.00%	900.95	14,644.84	75,450.45
35	01/24/20	2.00%	754.50	14,791.29	60,659.16
36	07/24/20	2.00%	606.59	14,939.21	45,719.95
37	01/24/21	2.00%	457.20	15,088.60	30,631.35
38	07/24/21	2.00%	306.31	15,239.48	15,391.87
39	01/24/22	2.00%	153.92	15,391.87	-0-
			<u>\$ 27,578.10</u>	<u>\$ 267,792.04</u>	

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2011	2012 Improvement Authorizations	Notes Paid by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2012
01-99/							
16-02	Various Capital Improvements	\$ 21,839.96					\$ 21,839.96
01-08	Various Capital Improvements	3,250.00		\$ 20,506.00	\$ 204,893.42	\$ 225,399.42	3,250.00
03-08	Acquisition of Real Property at 22 St. Johns Drive	400.00		12,659.00	974,682.00	1,096,941.00	110,000.00
03-09	Various Improvements	475.00		15,153.00	184,954.69	200,107.69	475.00
08-09	Improve Land/Facilities and Acquire Equipment			7,707.00	104,808.48	112,515.48	
13-09	Various Capital Improvements			19,236.00	210,811.97	230,047.97	
15-09	Various Capital Improvements			12,380.00	289,410.79	301,790.79	
20-09	Various Capital Improvements			6,809.00	331,091.00	337,900.00	
01-10	Various Equipment				383,677.19	383,677.19	
07-10	Various Capital Improvements				29,520.46	29,520.46	
02-11	Various Capital Improvements				246,600.00	246,600.00	
03-12/	Various Capital						
06-12	Improvements		\$ 755,550.00		755,550.00		
		<u>\$ 25,964.96</u>	<u>\$ 755,550.00</u>	<u>\$ 94,450.00</u>	<u>\$ 3,716,000.00</u>	<u>\$ 3,164,500.00</u>	<u>\$ 135,564.96</u>

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
MENDHAM EAST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	D	\$ 14,953.36	\$ 28,707.26
Increased by Receipts:			
Sewer Rents		\$ 257,247.64	
Interest on Delinquent Sewer Rents		2,045.26	
Prepaid/Overpaid Sewer Rents		61.05	
Due Current Fund - Interfund Returned		28,321.50	
Interest on Deposits		95.48	
Due Mendham West Sewer Utility Operating Fund:			
Prior Year Interfund Returned		5,845.82	
Due Mendham East Sewer Utility Capital Fund:			
Interfund Advanced		30,568.30	
Due Mendham East Sewer Utility Operating Fund:			
Interest on Deposits			\$ 104.90
Due Mendham West Sewer Utility Capital Fund:			
Interfund Advanced			1,756.14
		<u>324,185.05</u>	<u>1,861.04</u>
		339,138.41	30,568.30
Decreased by Disbursements:			
2012 Budget Appropriations		187,472.05	
2011 Appropriation Reserves		13,999.15	
Accrued Interest on Bonds & Loans		50,299.96	
Due Mendham East Sewer Utility Operating Fund:			
Interfund Advanced			30,568.30
		<u>251,771.16</u>	<u>30,568.30</u>
Balance December 31, 2012	D	<u>\$ 87,367.25</u>	<u>\$ -0-</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE



TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER ASSESSMENT TRUST FUND  
ANALYSIS OF SEWER ASSESSMENT TRUST CASH  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

		Balance/ (Deficit) Dec. 31, 2011	Receipts Miscellaneous	Disbursements Miscellaneous	Transfers		Balance/ (Deficit) Dec. 31, 2012
					From	To	
Capital Improvement Fund		\$ 28,383.00				\$ 5,760.00	\$ 34,143.00
Fund Balance						320.07	320.07
Due Mendham East Sewer Utility Operating Fund		4.19	\$ 104.90	\$ 30,568.30	\$ 5,760.00		(36,219.21)
Due Mendham West Sewer Utility Capital Fund			1,756.14				1,756.14
Ord. No.	Improvement Description						
9-04	Sewer Plant Improvements	320.07			320.07		
		<u>\$ 28,707.26</u>	<u>\$ 1,861.04</u>	<u>\$ 30,568.30</u>	<u>\$ 6,080.07</u>	<u>\$ 6,080.07</u>	<u>\$ -0-</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 14,036.74
Increased by:		
Sewer Rents		\$ 255,608.00
Interest on Delinquent Sewer Rents		2,045.26
		<u>257,653.26</u>
		271,690.00
Decreased by:		
Collections:		
Sewer Rents		257,247.64
Interest on Delinquent Sewer Rents		2,045.26
Prepaid/Overpaid Sewer Rents Applied		975.23
		<u>260,268.13</u>
Balance December 31, 2012	D	<u>\$ 11,421.87</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF SEWER ASSESSMENTS AND LIENS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2011	Additions by Budget	Transferred from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2012
Sewer Plant	<u>\$ 1,887,337.14</u>	<u>\$ 19,378.75</u>	<u>\$ 1,585,000.00</u>	<u>\$ 3,491,715.89</u>
<u>Ref.</u>	D			D

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
YEAR ENDED DECEMBER 31, 2012

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2011</u>	<u>Costs to Fixed Capital</u>
9-04	Sewer Plant Improvements	<u>\$ 1,585,000.00</u>	<u>\$ 1,585,000.00</u>
		<u><u>\$ 1,585,000.00</u></u>	<u><u>\$ 1,585,000.00</u></u>

Ref.

D

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 14,027.11	\$ 14,027.11	\$ 13,974.45	\$ 52.66
Capital Improvements:				
Capital Outlay	4,615.66	4,615.66	24.70	4,590.96
Statutory Expenditures:				
Social Security System (OASD)	4,881.00	4,881.00		4,881.00
	<u>\$ 23,523.77</u>	<u>\$ 23,523.77</u>	<u>\$ 13,999.15</u>	<u>\$ 9,524.62</u>

Ref.

Balance December 31, 2011

Encumbered	D	\$ 13,999.15
Unencumbered	D	<u>9,524.62</u>
		<u>\$ 23,523.77</u>



TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

D-14

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 28,383.00
Increased by:		
Budget Appropriation		<u>5,760.00</u>
Balance December 31, 2012	D	<u>\$ 34,143.00</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2011	D	\$ 1,767,880.03
Increased by:		
Transfer from Deferred Reserve for Amortization		\$ 550,000.00
Paid by Operating Budget:		
Serial Bonds		7,000.00
Department of Agriculture Loan		14,329.79
Capital Outlay:		
Operating Budget		19,378.75
		<u>590,708.54</u>
Balance December 31, 2012	D	<u>\$ 2,358,588.57</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2012

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Date of</u> <u>Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>To Reserve for</u> <u>Amortization</u> <u>Fixed Capital</u>
09-04	Sewer Plant Improvements	04/27/04	\$ 550,000.00	\$ 550,000.00
			<u>\$ 550,000.00</u>	<u>\$ 550,000.00</u>
		<u>Ref.</u>	D	

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE LOAN PAYABLE

Improvement Description	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
Sewer Plant	\$ 1,147,457.11	\$ 14,329.79	\$ 1,133,127.32

Ref.

D

D

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2012

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 1,133,127.32
03/28/13	\$ 24,787.16	\$ 7,400.84	1,125,726.48
09/28/13	24,625.27	7,562.73	1,118,163.75
03/28/14	24,459.83	7,728.17	1,110,435.58
09/28/14	24,290.78	7,897.22	1,102,538.36
03/28/15	24,118.03	8,069.97	1,094,468.39
09/28/15	23,941.50	8,246.50	1,086,221.89
03/28/16	23,761.10	8,426.90	1,077,794.99
09/28/16	23,576.77	8,611.24	1,069,183.75
03/28/17	23,388.39	8,799.61	1,060,384.14
09/28/17	23,195.90	8,992.10	1,051,392.04
03/28/18	22,999.20	9,188.80	1,042,203.24
09/28/18	22,798.20	9,389.80	1,032,813.44
03/28/19	22,592.79	9,595.21	1,023,218.23
09/28/19	22,382.90	9,805.10	1,013,413.13
03/28/20	22,168.41	10,019.59	1,003,393.54
09/28/20	21,949.23	10,238.77	993,154.77
03/28/21	21,725.26	10,462.74	982,692.03
09/28/21	21,496.39	10,691.61	972,000.42
03/28/22	21,262.51	10,925.49	961,074.93
09/28/22	21,023.51	11,164.49	949,910.44
03/28/23	20,779.29	11,408.71	938,501.73
09/28/23	20,529.73	11,658.27	926,843.46
03/28/24	20,274.70	11,913.30	914,930.16
09/28/24	20,014.10	12,173.90	902,756.26
03/28/25	19,747.79	12,440.21	890,316.05
09/28/25	19,475.66	12,712.34	877,603.71

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE LOAN PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS

OUTSTANDING DECEMBER 31, 2012

(Continued)

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 877,603.71
03/28/26	\$ 19,197.58	\$ 12,990.42	864,613.29
09/28/26	18,913.42	13,274.58	851,338.71
03/28/27	18,623.03	13,564.97	837,773.74
09/28/27	18,326.30	13,861.70	823,912.04
03/28/28	18,023.08	14,164.92	809,747.12
09/28/28	17,713.22	14,474.78	795,272.34
03/28/29	17,396.58	14,791.42	780,480.92
09/28/29	17,073.02	15,114.98	765,365.94
03/28/30	16,742.38	15,445.62	749,920.32
09/28/30	16,404.51	15,783.49	734,136.83
03/28/31	16,059.24	16,128.76	718,008.07
09/28/31	15,706.43	16,481.57	701,526.50
03/28/32	15,345.89	16,842.11	684,684.39
09/28/32	14,977.47	17,210.53	667,473.86
03/28/33	14,600.99	17,587.01	649,886.85
09/28/33	14,216.27	17,971.73	631,915.12
03/28/34	13,823.14	18,364.86	613,550.26
09/28/34	13,421.41	18,766.59	594,783.67
03/28/35	13,010.89	19,177.11	575,606.56
09/28/35	12,591.39	19,596.61	556,009.95
03/28/36	12,162.72	20,025.28	535,984.67
09/28/36	11,724.66	20,463.34	515,521.33
03/28/37	11,277.03	20,910.97	494,610.36
09/28/37	10,819.60	21,368.40	473,241.96
03/28/38	10,352.17	21,835.83	451,406.13
09/28/38	9,874.51	22,313.49	429,092.64
03/28/39	9,386.40	22,801.60	406,291.04
09/28/39	8,887.62	23,300.38	382,990.66
03/28/40	8,377.92	23,810.08	359,180.58
09/28/40	7,857.07	24,330.93	334,849.65
03/28/41	7,324.84	24,863.16	309,986.49
09/28/41	6,780.95	25,407.05	284,579.44



TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF UNITED STATES DEPARTMENT OF AGRICULTURE LOAN PAYABLE

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
OUTSTANDING DECEMBER 31, 2012  
 (Continued)

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 284,579.44
03/28/42	\$ 6,225.18	\$ 25,962.82	258,616.62
09/28/42	5,657.24	26,530.76	232,085.86
03/28/43	5,076.88	27,111.12	204,974.74
09/28/43	4,483.82	27,704.18	177,270.56
03/28/44	3,877.79	28,310.21	148,960.35
09/28/44	3,258.51	28,929.49	120,030.86
03/28/45	2,625.67	29,562.33	90,468.53
09/28/45	1,979.00	30,209.00	60,259.53
03/28/46	1,318.18	30,869.82	29,389.71
09/28/46	642.90	29,389.71	- 0 -
	<u>\$ 1,103,547.51</u>	<u>\$ 1,133,127.32</u>	

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Balance Dec. 31, 2011</u>	<u>Matured</u>
Improvements to Sewer Plant	09/01/02	\$ 52,000.00	\$ 7,000.00	\$ 7,000.00
			<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>
		<u>Ref.</u>	<u>D</u>	

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
MENDHAM WEST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2011	E	\$ -0-	\$ 56,599.00
Increased by Receipts:			
Sewer Rents		\$ 103,467.03	
Interest on Delinquent Sewer Rents		355.52	
Prepaid/Overpaid Sewer Rents		2.44	
Due Mendham West Sewer Utility Capital Fund:			
Prior Year Interfund Returned		16,099.00	
		<u>119,923.99</u>	
		119,923.99	<u>56,599.00</u>
Decreased by Disbursements:			
2012 Budget Appropriations		97,469.32	
2011 Appropriation Reserves		7,679.91	
Expenditures Without an Appropriation		5,135.08	
Due Mendham East Sewer Utility Operating Fund:			
Prior Year Interfund Returned		5,845.82	
Due Mendham West Sewer Utility Operating Fund:			
Prior Year Interfund Returned			\$ 16,099.00
Due Mendham East Sewer Utility Capital Fund:			
Interfund Advanced			1,756.14
		<u>116,130.13</u>	<u>17,855.14</u>
Balance December 31, 2012	E	<u>\$ 3,793.86</u>	<u>\$ 38,743.86</u>

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
ANALYSIS OF SEWER ASSESSMENT TRUST CASH  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance Dec. 31, 2011	Cash Receipts Miscellaneous	Cash Disbursements Miscellaneous	Transfers		Balance Dec. 31, 2012
				From	To	
Due to Mendham West Sewer Utility Operating Fund	\$ 16,099.00		\$ 16,099.00		\$ 16,000.00	\$ 16,000.00
Due to Mendham East Sewer Utility Capital Fund			1,756.14			(1,756.14)
Reserve for Future Sewer Improvements	40,500.00			\$ 16,000.00		24,500.00
	<u>\$ 56,599.00</u>	<u>\$ -0-</u>	<u>\$ 17,855.14</u>	<u>\$ 16,000.00</u>	<u>\$ 16,000.00</u>	<u>\$ 38,743.86</u>



TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 3,788.53
Increased by:		
Sewer Rents		\$ 102,876.00
Interest on Delinquent Sewer Rents		355.52
		<u>103,231.52</u>
		107,020.05
Decreased by:		
Collections:		
Sewer Rents		103,467.03
Interest on Delinquent Sewer Rents		355.52
Prepaid/Overpaid Sewer Rents Applied		35.90
		<u>103,858.45</u>
Balance December 31, 2012	E	<u>\$ 3,161.60</u>

TOWNSHIP OF MENDHAM  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF INVENTORY  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF UTILITY SHARE OF SEWER ASSESSMENT BONDS ISSUED  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF SEWER ASSESSMENTS AND LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2011	Additions by Budget	Balance Dec. 31, 2012
Sewer Plant	<u>\$ 2,022,495.59</u>	<u>\$ 2,500.00</u>	<u>\$ 2,024,995.59</u>
<u>Ref.</u>	E		E

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2011 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 7,679.91	\$ 7,679.91	\$ 7,679.91	
Capital Improvements:				
Capital Outlay	<u>890.25</u>	<u>890.25</u>		<u>\$ 890.25</u>
	<u>\$ 8,570.16</u>	<u>\$ 8,570.16</u>	<u>\$ 7,679.91</u>	<u>\$ 890.25</u>

	<u>Ref.</u>	
<u>Balance December 31, 2011:</u>		
Encumbered	E	\$ 7,679.91
Unencumbered	E	<u>890.25</u>
		<u>\$ 8,570.16</u>

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE



TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2011	E	\$ 2,022,495.59
Increased by:		
Capital Outlay:		
2012 Budget Appropriations		<u>2,500.00</u>
Balance December 31, 2012	E	<u>\$ 2,024,995.59</u>

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER ASSESSMENT TRUST FUND  
SCHEDULE OF SEWER ASSESSMENT SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2012  
PUBLIC ASSISTANCE FUND



TOWNSHIP OF MENDHAM  
PUBLIC ASSISTANCE FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>P.A.T.F. I</u>
Balance December 31, 2011	F	\$ 771.71
Increased by Cash Receipts:		
Interest Earned		4.41
		<u>776.12</u>
Decreased by Cash Disbursements:		
Account Closed to Current Fund		776.12
		<u>776.12</u>
Balance December 31, 2012	F	\$ <u><u>-0-</u></u>

TOWNSHIP OF MENDHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF MENDHAM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department	Name of Program	C.F.D.A Account Number	Pass Through Entity ID	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
U.S. Department of Energy: (Passed through New Jersey Board of Public Utilities)	Energy Efficiency & Conservation Block Grant	81.128	N/A	07/01/12	08/01/13	\$ 40,500.00		\$ 40,500.00	\$ 40,500.00
Total Department of Agriculture								40,500.00	40,500.00
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law & Public Safety)	Disaster Grants - Public Assistance - F.E.M.A.	97.036	N/A	01/01/11	12/13/11	89,086.40	\$ 89,086.40	89,086.40 *	89,086.40
Total U.S. Department of Homeland Security							89,086.40	89,086.40	89,086.40
U.S. Department of Transportation (Passed through New Jersey Department of Law & Public Safety)	Over the Limit, Under Arrest	20.609	100-066-1160- 142-YHTS-6010	01/01/11	12/31/12	5,000.00		5,000.00	5,000.00
Total Department of Transportation								5,000.00	5,000.00
Total Federal Awards							\$ 89,086.40	\$ 134,586.40	\$ 134,586.40

N/A - Not Available

\* - Expended in 2011.

TOWNSHIP OF MENDHAM  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2012

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900- 004-V42Y-6020	01/01/12	12/31/13	\$ 16,516.64	\$ 16,516.64	\$ 16,516.64	\$ 16,516.64
	Total Clean Communities					16,516.64	16,516.64	16,516.64
	Recycling Tonnage Grant	452-042-4900 001-V427Y	01/01/11 01/01/12	12/31/12 12/31/13	5,143.68 5,417.32	5,311.60	5,143.68 530.54	5,143.68 530.54
	Total Recycling Tonnage Grant					5,311.60	5,674.22	5,674.22
	Total Department of Environmental Protection					21,828.24	22,190.86	22,190.86
Department of Law and Public Safety	Body Armor Grant	1120-718-066-1020 -001-YCSS-6120	01/01/10 01/01/11 01/01/11	12/31/12 12/31/13 12/31/13	866.27 1,607.70 1,725.92	1,725.92	380.92 1,010.58	866.27 1,010.58
	Total Body Armor Grant					1,725.92	1,391.50	1,876.85
	Drunk Driving Enforcement Fund	100-078-6400- YYYY	01/01/12	12/31/13	8,678.12	8,678.12		
	Total Drunk Driving Enforcement					8,678.12		
	Total Department of Law and Public Safety					10,404.04	1,391.50	1,876.85
Department of Health and Senior Services	Municipal Alcohol Education and Rehabilitation Fund	760-098-9735 789-6010	01/01/10	12/31/12	3,468.84		1,889.00	3,468.84
			01/01/11	12/31/13	1,618.04		264.08	264.08
			01/01/12	12/31/13	1,834.74	1,834.74		
Total Department of Health and Senior Services						1,834.74	2,153.08	3,732.92
Total State Awards						\$ 34,067.02	\$ 25,735.44	\$ 27,800.63

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF MENDHAM  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2012

Note 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state awards of the Township of Mendham. The Township of Mendham is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

Note 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Township of Mendham has the following loans outstanding in the General Capital Fund and Sewer East Capital Fund as of December 31, 2012:

Green Acres Loan Payable #1	\$ 134,002.65
Green Acres Loan Payable #2	715,640.61
Green Acres Loan Payable #3	401,688.07
Green Acres Loan Payable #4	<u>267,792.04</u>
	<u>\$ 1,519,123.37</u>

United States Department of Agriculture Loan	<u>\$ 1,133,127.32</u>
--	------------------------

The projects which relate to these loans are complete, and the Township is repaying the loan balances. There were no loan receipts or expenditures in the current year.

Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
Mendham, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements - *regulatory basis* - of the various funds of the Township of Mendham, in the County of Morris (the "Township") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated March 1, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal

The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
Page 2

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2012-01, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of 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*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

### **The Township's Response to the Finding**

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Township'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
March 1, 2013

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Certified Public Accountant  
Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements, prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as the general fixed assets account group was not audited.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* for 2011 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as noted below:

Finding 2012-1: Segregation of Duties

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The various departments of the Township are responsible for the issuance and collection of permits, licenses and court fines and costs. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Administration has taken several measures in recent years to improve internal controls. Collection duties are shared among three employees in the Finance Department and prenumbered documents and monthly reports to the Chief Financial Officer are required by the other departments. Because the Municipal Court is governed by the Administrative Office of the Courts ("AOC"), the Township has little control over its control policies and procedures.

Management's Response

The Township will continue to evaluate possible measures to improve internal controls over collections in other departments and over collections and disbursements in the Municipal Court.

Findings and Responses for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Responses for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.



TOWNSHIP OF MENDHAM  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2012-1.

TOWNSHIP OF MENDHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF MENDHAM  
OTHER COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection B. of Section 9 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of Subsection (1) of Section 5 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C. 440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in Section 2 of P.L. 1971, C. 198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to Subsections B. and C. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:1-4 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

The governing body of the Township of Mendham has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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.

TOWNSHIP OF MENDHAM  
OTHER COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted 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 of 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. None were noted.

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

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

On January 3, 2012, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

Interest to be charged at the rate of 18% on all delinquent taxes and utility charges in excess of \$1,500 as per N.J.S. 54:4-67 and Chap. 435-1979 and at the rate of 8% on all delinquent taxes and utility charges under \$1,500. Interest to be waived on current taxes paid within the first 10 days after due dates. An additional penalty of 6% will be assessed on delinquencies in excess of \$10,000 at year end.

It appears from an examination on a test basis of the Tax and Sewer Collectors' records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in October 3, 2012 and included all items which were eligible for sale.

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

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

<u>Year</u>	<u>Number of Liens</u>
2012	3
2011	3
2010	2

TOWNSHIP OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2012 Taxes	20
Payment of 2013 Taxes	20
Delinquent Taxes	20
Payment of 2012 Sewer Charges	10
Delinquent Sewer Charges	10

Verification notices were mailed to confirm balances as of December 31, 2012. The items that were returned were compared to and are in agreement with the Borough's records. For receivable items not returned, the receivable balance was agreed to the subsequent receipt. For other items not returned, alternative procedures were performed.

Technical Accounting Directives

The Division of Local Government Services has established three (3) technical accounting directives which are prescribed by the draft "Requirements of Audit and Accounting". They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting and record system.
3. Fixed asset accounting and reporting system.

The Township is currently in compliance with all of these technical accounting directives.

Municipal Court

The financial records of the Municipal Court were tested and a summary of the transactions for the year 2012 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State of New Jersey	\$ 5,897.85	\$ 96,851.99	\$ 93,831.72	\$ 8,918.12
County of Morris	3,394.50	50,816.00	49,889.50	4,321.00
Municipality	6,859.65	107,826.46	104,904.23	9,781.88
Public Defender		9,532.50	9,042.50	490.00
Conditional Discharge	100.00	3,697.00	3,632.00	165.00
	<u>\$ 16,252.00</u>	<u>\$ 268,723.95</u>	<u>\$ 261,299.95</u>	<u>\$ 23,676.00</u>

TOWNSHIP OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Animal Control

During our review of the Animal Control Fund, we noted that the State portion of animal control licenses was not turned over to the State of New Jersey.

It is recommended that the State portion of animal control licenses be turned over to the State of New Jersey on a monthly basis.

Management's Response

The State portion of animal control licenses will be turned over to the State of New Jersey on a monthly basis.

Finance Department

Our audit revealed that:

- a.) The classification of cash receipts and disbursements in the cash logs was not in complete agreement with the general ledger postings. The cash logs are the original source records, and reclassifications are identified when posting to the general ledger at month-end. Therefore, it is necessary to update the cash logs for the subsequent reclassifications.
- b.) There were several interfund balances as of December 31, particularly between the Current Fund and Other Trust and General Capital Funds.
- c.) There are receivables in the General Capital Fund due from NJ Homeland Security and the Mendham Soccer & Lacrosse Club which need to be investigated and resolved.
- d.) A resolution to anticipate additional revenue and an offsetting appropriation was inadvertently not passed which resulted in \$5,135.08 of Sewer Utility West operating expenditures without an appropriation.
- e.) The prior year unexpended budget balances did not properly roll forward and required correcting transfer entries to several line items.

It is recommend that:

- a.) The classification of cash receipts and disbursements in the cash logs are consistent with the general ledger postings.
- b.) Interfund balances are liquidated by December 31.
- c.) Capital grants and other receivables which remain open are collected or canceled.
- d.) Resolutions are adopted whenever additional revenue is anticipated with offsetting appropriations in order to avoid expenditures without an appropriation.
- e.) The carryover of prior year unexpended budget balances are verified in order to avoid correcting entries.

TOWNSHIP OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Finance Department (Cont'd)

Management's Response

The Finance Department will review the classification of cash receipts and disbursements in the cash logs and ensure their consistency with general ledger postings. Interfund balances will be liquidated, capital grants and receivables will be investigated and greater care will be exercised to ensure that resolutions to anticipate additional revenue and offsetting appropriations are approved prior to expenditures of funds and the carryover of prior year unexpended budget balances are verified to the audit balances.

Police Department

During our review of the Police Department, we noted that cash receipts were not always deposited within forty-eight hours.

It is recommended that all cash receipts in the Police Department are deposited within forty-eight hours.

Management's Response

All cash receipts in the Police Department will be deposited within forty-eight hours.

Status of Prior Year Recommendations

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2011 audit report. Corrective action was taken with respect to the recommendation regarding the Animal Control records, some improvements have been made with respect to recommendation regarding the Finance department records, and the recommendation regarding the segregation of duties is being considered, to the extent possible, for implementation.

TOWNSHIP OF MENDHAM  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. The State portion of animal control licenses are turned over to the State of New Jersey on a monthly basis.
3. Finance Department:
  - a.) The classification of cash receipts and disbursements in the cash logs are updated to reflect reclassifications that are consistent with the general ledger postings.
  - b.) Interfund balances are liquidated by December 31.
  - c.) Capital grants and other receivables which remain open are collected or canceled.
  - d.) Resolutions are adopted whenever additional revenue is anticipated with offsetting appropriations in order to avoid expenditures without an appropriation.
  - e.) The carryover of prior year unexpended budget balances are verified in order to avoid correcting entries.
4. All cash receipts in the Police Department are deposited within forty-eight hours.

\*\*\*\*\*