

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
REPORT OF AUDIT
2014

NISIVOCCIA, LLP
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2014

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TOWNSHIP OF MENDHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2014



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Mt. Arlington, NJ 07856
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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, 2014 and 2013, 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 practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by 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 audits 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.

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

The Honorable Mayor and Members
of the Township Committee
Township of Mendham
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 accordance with accounting principles generally accepted in the United States of America the financial position of each fund of the Township as of December 31, 2014 and 2013, 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 practices prescribed or permitted by the Division. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, 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, 2014 and 2013 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township as of December 31, 2014 and 2013, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds 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, 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 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 various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund 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 June 22, 2015 on our consideration of the Township'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's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 22, 2015

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell

Certified Public Accountant

Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 1,640,465.81	\$ 1,707,857.11
Change Fund		320.00	320.00
		<u>1,640,785.81</u>	<u>1,708,177.11</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	225,151.29	260,833.75
Tax Title Liens Receivable	A-8	43,294.28	38,920.18
Revenue Accounts Receivable	A-9	7,563.68	12,077.58
Due from Animal Control Fund	B	949.46	2,327.63
Due from Other Trust Funds	B	26,399.88	
Due from General Capital Fund	C	963.08	29,319.84
Due from Payroll Accounts			558.62
Total Receivables and Other Assets		<u>304,321.67</u>	<u>344,037.60</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)			15,620.00
Total Deferred Charges			<u>15,620.00</u>
Total Regular Fund		<u>1,945,107.48</u>	<u>2,067,834.71</u>
Federal & State Grant Fund:			
Due from Current Fund	A	208,015.34	55,345.03
Grants Receivable	A-10	<u>17,935.39</u>	<u>12,935.39</u>
Total Federal and State Grant Fund		<u>225,950.73</u>	<u>68,280.42</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,171,058.21</u>	<u>\$ 2,136,115.13</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 99,957.55	\$ 102,060.93
Unencumbered	A-3;A-11	199,856.55	160,203.35
		<u>299,814.10</u>	<u>262,264.28</u>
Other Encumbrances Payable			5,720.54
Accounts Payable - Vendors			417.30
Prepaid Taxes		181,767.47	278,614.54
Local School Taxes Payable	A-12		103,069.00
Due to State of New Jersey:			
Marriage Licenses		50.00	
Department of Community Affairs Training Fees		2,788.00	2,805.00
Senior Citizens & Veterans Deductions		5,024.57	8,474.57
Due Federal & State Grant Fund	A	208,015.34	55,345.03
Due to Other Trust Funds	B		20,457.42
Tax Overpayments		5,219.23	18,911.60
Tax Sale Premiums		36,100.00	66,600.00
Reserve for:			
Special Events Donation		2,000.00	2,000.00
Pending Tax Appeals		75,000.00	73,017.41
Environmental Commission		120.53	120.53
Sale of Municipal Assets		33,949.36	
		<u>849,848.60</u>	<u>897,817.22</u>
Reserve for Receivables and Other Assets	A	304,321.67	344,037.60
Fund Balance	A-1	<u>790,937.21</u>	<u>825,979.89</u>
Total Regular Fund		<u>1,945,107.48</u>	<u>2,067,834.71</u>
Federal & State Grant Fund:			
Appropriated Reserves	A-14	208,163.21	51,863.71
Reserve for Encumbrances	A-14	5,386.76	4,318.40
Unappropriated Reserves	A-15	12,400.76	12,098.31
		<u>225,950.73</u>	<u>68,280.42</u>
Total Federal and State Grant Fund		<u>225,950.73</u>	<u>68,280.42</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,171,058.21</u>	<u>\$ 2,136,115.13</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 - REGULATORY BASIS

	Year Ended December 31,	
Ref.	2014	2013
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 810,359.00	\$ 798,631.00
Miscellaneous Revenue Anticipated	1,598,219.47	1,492,588.07
Receipts from:		
Delinquent Taxes	259,750.37	239,506.67
Current Taxes	36,983,045.92	36,209,794.27
Nonbudget Revenue	7,607.99	214,192.79
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	32,676.87	63,470.32
Tax Overpayments Canceled	1,403.79	
Cancellation of Accounts Payable	417.30	
Interfunds Returned	32,206.09	9.20
Total Income	39,725,686.80	39,018,192.32
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Municipal Purposes	8,389,435.91	8,053,020.42
County Taxes	4,836,377.87	4,917,812.59
Due County for Added and Omitted Taxes	10,732.28	5,479.43
Local School District Taxes	15,347,864.00	15,069,476.00
Regional High School Taxes	9,855,472.00	9,710,253.00
Municipal Open Space Trust Taxes	434,780.89	434,313.04
Prior Year Senior Citizens' and Veterans Deductions Disallowed		250.00
Increase in Reserve for Pending Tax Appeals	47,395.11	
Refund of Prior Year Taxes		38,647.23
Interfunds Advanced	28,312.42	32,206.09
Total Expenditures	38,950,370.48	38,261,457.80
Excess in Revenue/Statutory Excess to Fund Balance	775,316.32	756,734.52
<u>Fund Balance</u>		
Balance January 1	825,979.89	867,876.37
	1,601,296.21	1,624,610.89
Decreased by:		
Utilized as Anticipated Revenue	810,359.00	798,631.00
Balance December 31	A \$ 790,937.21	\$ 825,979.89

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

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 810,359.00		\$ 810,359.00	
Miscellaneous Revenue:				
Alcoholic Beverages	2,580.00		2,685.00	\$ 105.00
Fees and Permits	59,364.85		86,232.35	26,867.50
Municipal Court - Fines and Costs	112,419.76		128,993.24	16,573.48
Interest and Costs on Taxes	80,652.70		82,158.59	1,505.89
Interest on Investments and Deposits	7,858.78		7,211.92	646.86 *
Energy Receipts Tax	459,000.00		459,000.00	
Watershed Aid	28,059.00		28,059.00	
Uniform Construction Code Fees	161,671.20		240,221.80	78,550.60
Recycling Tonnage Grant	5,000.00		5,000.00	
Alcohol Education Rehabilitation Fund - 2014		\$ 2,835.85	2,835.85	
Body Armor Replacement Fund - 2013	2,098.31		2,098.31	
Body Armor Replacement Fund - 2014		1,596.57	1,596.57	
Over the Limit Under Arrest	4,326.35		4,326.25	0.10 *
Reserve - Sustainable Jersey Grant	10,000.00		10,000.00	
Clean Communities Grant		18,191.43	18,191.43	
NJ DOT Municipal Aid Program - East Main St.		150,000.00	150,000.00	
Reserve for Natural Area Maintenance	10,000.00		10,000.00	
Uniform Fire Safety Act	1,962.68		1,670.83	291.85 *
Rents on Municipal Properties	39,600.00		50,760.00	11,160.00
Recycling Rebates on Prior Year Collections	4,686.00			4,686.00 *
Annual CATV Gross Receipts	91,056.50		91,056.50	
Reserve to Pay Debt Service	50,000.00		50,000.00	
Reserve for Municipal Building	50,000.00		50,000.00	
FEMA Emergency Protective Measures	251,567.05		116,121.83	135,445.22 *
	1,431,903.18	172,623.85	1,598,219.47	6,307.56 *
Receipts from Delinquent Taxes	260,833.75		259,750.37	1,083.38 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,735,047.39		7,507,818.88	772,771.49
Budget Totals	9,238,143.32	172,623.85	10,176,147.72	765,380.55
Nonbudget Revenue			7,607.99	7,607.99
	\$ 9,238,143.32	\$ 172,623.85	\$ 10,183,755.71	\$ 772,988.54

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 36,983,045.92
Allocated to:		
Local School District Taxes	\$ 15,347,864.00	
Regional High School Taxes	9,855,472.00	
Municipal Open Space Taxes	434,780.89	
County Taxes	4,836,377.87	
Due County for Added and Omitted Taxes	<u>10,732.28</u>	
		<u>30,485,227.04</u>
Balance for Support of Municipal Budget		6,497,818.88
 Add: Appropriated Reserve for Uncollected Taxes		 <u>1,010,000.00</u>
 Realized for Support of Municipal Budget		 <u><u>\$ 7,507,818.88</u></u>

Fees and Permits

Clerk	\$ 1,472.35
Board of Health	46,230.70
Police	15,276.00
Planning and Zoning	3,695.00
Fire Inspection	5,471.00
Department of Public Works	9,000.30
Other	<u>5,087.00</u>
	<u><u>\$ 86,232.35</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Analysis of Interest on Investments:

Treasurer	\$	5,428.68
Due from Other Trust Funds		820.16
Due from General Capital Fund		963.08
		<hr/>
	\$	7,211.92
		<hr/> <hr/>

Analysis of Nonbudget Revenue:

Treasurer:			
Senior Citizens' and Veterans Deductions Administrative Fee	\$	500.00	
Other Miscellaneous		5,794.91	
		<hr/>	
	\$		6,294.91
Tax Collector			363.62
Due from Animal Control Fund:			
Statutory Excess in Reserve for Animal Control Expenditures			949.46
			<hr/>
	\$		7,607.99
			<hr/> <hr/>

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

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 164,500.00	\$ 174,500.00	\$ 172,011.97	\$ 2,488.03	
Other Expenses	39,950.00	43,450.00	43,090.50	359.50	
Mayor and Council:					
Salaries & Wages	11,750.00	11,750.00	11,187.54	562.46	
Other Expenses	18,000.00	23,000.00	20,028.17	2,971.83	
Municipal Clerk:					
Salaries & Wages	54,200.00	52,700.00	52,128.02	571.98	
Other Expenses	2,500.00	2,500.00	1,326.32	1,173.68	
Financial Administration:					
Salaries & Wages	105,060.00	90,060.00	89,791.99	268.01	
Other Expenses	9,500.00	20,500.00	17,995.18	2,504.82	
Annual Audit	37,250.00	37,250.00	37,250.00		
Management Information Services:					
Other Expenses	52,600.00	56,600.00	55,449.65	1,150.35	
Revenue Administration (Tax Collection):					
Salaries & Wages	52,300.00	53,300.00	53,154.96	145.04	
Other Expenses	3,400.00	3,400.00	3,038.54	361.46	
Tax Assessment Administration:					
Salaries & Wages	44,050.00	44,050.00	44,037.71	12.29	
Other Expenses	7,400.00	7,400.00	6,245.30	1,154.70	
Legal Services and Costs:					
Other Expenses - General	37,000.00	45,200.00	39,977.58	5,222.42	
Other Expenses - Labor/Personnel	2,500.00	2,500.00	1,530.00	970.00	
Other Expenses - Tax Appeals	9,000.00	14,000.00	13,144.42	855.58	
Environmental Commission (R.S. 40:56A-1 et seq.):					
Other Expenses	500.00	500.00	500.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
Engineering Services and Costs:					
Other Expenses	\$ 26,000.00	\$ 22,200.00	\$ 19,855.35	\$ 2,344.65	
Historic Preservation:					
Other Expenses	500.00	500.00		500.00	
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	12,750.00	12,750.00	12,749.94	0.06	
Other Expenses	18,500.00	16,500.00	15,336.26	1,163.74	
Board of Adjustment:					
Salaries & Wages	12,750.00	12,750.00	12,749.94	0.06	
Other Expenses	2,700.00	4,700.00	3,719.61	980.39	
General Liability Insurance	124,666.98	122,666.98	122,126.83	540.15	
Workers Compensation Insurance	130,345.10	130,345.10	130,345.10		
Group Insurance Plan for Employees	578,240.00	562,240.00	544,767.47	17,472.53	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,500,500.00	1,537,500.00	1,534,871.01	2,628.99	
Other Expenses	65,250.00	70,950.00	69,951.74	998.26	
Other Expenses - Purchase of Vehicles	36,000.00	37,000.00	36,286.95	713.05	
Municipal Court:					
Salaries & Wages	91,500.00	93,500.00	92,507.78	992.22	
Other Expenses	6,750.00	8,750.00	8,541.15	208.85	
Public Defender (P.L. 1997, Chapter 256):					
Other Expenses	2,000.00	2,000.00		2,000.00	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY (Cont'd):					
Municipal Prosecutor:					
Other Expenses	\$ 15,000.00	\$ 15,000.00	\$ 14,779.80	\$ 220.20	
Contractual Radio Dispatch	140,500.00	137,500.00	137,413.79	86.21	
Emergency Management Services:					
Salaries & Wages	14,885.00	14,885.00	14,885.00		
Other Expenses	500.00	500.00	175.00	325.00	
Aid to Volunteer Fire Company	89,893.97	93,893.97	47,907.17	45,986.80	
Fire:					
Salaries & Wages	8,025.00	8,025.00	7,750.46	274.54	
Other Expenses	500.00	500.00	108.55	391.45	
Fire Hydrant Service	62,000.00	65,000.00	59,612.67	5,387.33	
PUBLIC WORKS:					
Street Road Repairs and Maintenance:					
Salaries & Wages	831,000.00	790,500.00	774,848.64	15,651.36	
Other Expenses	251,150.00	266,150.00	251,651.77	14,498.23	
Sanitation:					
Trash Removal	213,300.00	213,300.00	206,259.50	7,040.50	
Public Building and Grounds:					
Other Expenses	57,200.00	59,600.00	54,750.51	4,849.49	
Tree Protection:					
Other Expenses	500.00	500.00		500.00	
Snow Removal:					
Other Expenses	192,500.00	198,500.00	196,781.26	1,718.74	
Storm Water Management:					
Other Expenses	7,000.00	7,000.00	7,000.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	\$ 21,350.00	\$ 21,350.00	\$ 21,301.21	\$ 48.79	
Other Expenses	7,000.00	7,000.00	6,296.42	703.58	
Health Services Contract	101,000.00	101,000.00	100,841.00	159.00	
Animal Control:					
Other Expenses	15,500.00	15,500.00	14,519.50	980.50	
Senior Citizen Programs:					
Other Expenses	22,181.00	22,181.00	21,717.24	463.76	
Other Expenses - From Donations	1,000.00	1,000.00		1,000.00	
PARKS AND RECREATION:					
Board of Recreation Commissioners:					
Salaries & Wages	41,820.00	37,820.00	36,014.79	1,805.21	
Celebration of Public Events:					
Other Expenses	2,000.00	2,000.00	2,000.00		
Maintenance of Parks:					
Other Expenses	19,500.00	17,100.00	17,014.29	85.71	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	85,500.00	89,000.00	88,147.15	852.85	
Other Expenses	19,980.00	13,880.00	10,301.49	3,578.51	
Other Code Enforcement:					
Salaries & Wages	42,750.00	43,250.00	42,635.44	614.56	
UNCLASSIFIED:					
Reserve for Sick Leave Benefits	10,000.00	10,000.00	4,451.00	5,549.00	
Utilities	308,500.00	308,500.00	287,892.96	20,607.04	
Total Operations Within "CAPS"	5,842,447.05	5,877,947.05	5,692,753.59	185,193.46	

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Contingent	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00		
Total Operations Including Contingent Within "CAPS"	5,844,447.05	5,879,947.05	5,694,753.59	\$ 185,193.46	
Detail:					
Salaries & Wages	3,104,690.00	3,097,690.00	3,065,224.55	32,465.45	
Other Expenses	2,739,757.05	2,782,257.05	2,629,529.04	152,728.01	
Statutory Expenditures - Municipal Within "CAPS"					
Contribution to Public Employees Retirement System (ERIP)	13,932.45	13,932.45	13,783.00	149.45	
Public Employees' Retirement System	168,508.00	151,508.00	151,346.71	161.29	
Social Security System (O.A.S.I.)	235,000.00	235,500.00	233,346.26	2,153.74	
Police & Fireman's Retirement System of NJ	297,715.00	278,715.00	278,467.00	248.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	715,155.45	679,655.45	676,942.97	2,712.48	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,559,602.50	6,559,602.50	6,371,696.56	187,905.94	
Operations Excluded from "CAPS":					
Aid to Privately Owned Library (R.S. 40A:54-35):					
Other Expenses	220,000.00	220,000.00	220,000.00		
Contribution to :					
Length of Service Award	53,000.00	53,000.00	41,049.39	11,950.61	
Group Insurance Plan for Employees	5,760.00	5,760.00	5,760.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS": (Cont'd)					
State and Federal Programs Offset by Revenue:					
Over the Limit Under Arrest - 2013	\$ 4,326.25	\$ 4,326.25	\$ 4,326.25		
Body Armor Replacement Fund - 2013	2,098.31	2,098.31	2,098.31		
Body Armor Replacement Fund - 2014 (N.J.S.A. 40A:4-87 + \$1,596.57)		1,596.57	1,596.57		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$18,191.43)		18,191.43	18,191.43		
Recycling Tonnage Grant	5,000.00	5,000.00	5,000.00		
Alcohol Rehabilitation Education Fund - 2014 (N.J.S.A. 40A:4-87 + \$2,835.85)		2,835.85	2,835.85		
Municipal Alliance Grant - Matching Funds	2,100.00	2,100.00	2,100.00		
Sustainable Jersey Grant	10,000.00	10,000.00	10,000.00		
Total Operations Excluded from "CAPS"	302,284.56	324,908.41	312,957.80	\$ 11,950.61	
Detail:					
Other Expenses	302,284.56	324,908.41	312,957.80	11,950.61	
Capital Improvements - Excluded form "CAPS"					
Capital Improvement Fund	95,000.00	95,000.00	95,000.00		
NJ Department of Transportation - Municipal Aid: East Main St (N.J.S.A. 40A:4-87 + \$150,000.00)		150,000.00	150,000.00		
Total Capital Improvements - Excluded from "CAPS"	95,000.00	245,000.00	245,000.00		

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	\$ 698,000.00	\$ 698,000.00	\$ 698,000.00		
Payment of Bond Anticipation Notes and Capital Notes	205,750.00	205,750.00	205,750.00		
Interest on Bonds	309,716.26	309,716.26	309,716.26		
Interest on Notes	42,170.00	42,170.00	30,838.74		\$ 11,331.26
Total Municipal Debt Service - Excluded from "CAPS"	1,255,636.26	1,255,636.26	1,244,305.00		11,331.26
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorization - 5 Years (N.J.S.A 40A:4-55)	15,620.00	15,620.00	15,620.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	15,620.00	15,620.00	15,620.00		
Total General Appropriations - Excluded from "CAPS"	1,668,540.82	1,841,164.67	1,817,882.80	\$ 11,950.61	\$ 11,331.26
Subtotal General Appropriations	8,228,143.32	8,400,767.17	8,189,579.36	199,856.55	11,331.26
Reserve for Uncollected Taxes	1,010,000.00	1,010,000.00	1,010,000.00		
Total General Appropriations	\$ 9,238,143.32	\$ 9,410,767.17	\$ 9,199,579.36	\$ 199,856.55	\$ 11,331.26

Ref.

A

TOWNSHIP OF MENDHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		\$ 9,238,143.32	
Added by N.J.S.A. 40A:4-87		172,623.85	
		<u>\$ 9,410,767.17</u>	
Cash Disbursed			\$ 8,069,169.15
Encumbrances Payable	A		99,957.55
Deferred Charges			15,620.00
Reserve for Uncollected Taxes			1,010,000.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			194,048.41
Local Matching Funds			2,100.00
			<u>9,390,895.11</u>
Less: Appropriation Refunds			<u>191,315.75</u>
			<u>\$ 9,199,579.36</u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
TRUST FUNDS

TOWNSHIP OF MENDHAM
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31</u>	
		<u>2014</u>	<u>2013</u>
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 8,681.66	\$ 7,600.83
Change Fund		20.00	20.00
		<u>8,701.66</u>	<u>7,620.83</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,148,305.16	1,244,968.09
Cash - Petty Cash - Recreation			500.00
Investments - Zero Coupon Bonds		53,716.91	80,381.68
Due from Current Fund	A		20,457.42
Due from Payroll Agency Fund		2,160.72	
Municipal Alliance Grant Receivable:			
Due from County of Morris		20,190.00	
Due from Other Municipalities		4,140.00	
		<u>1,228,512.79</u>	<u>1,346,307.19</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,237,214.45</u>	<u>\$ 1,353,928.02</u>

TOWNSHIP OF MENDHAM
COMPARATIVE BALANCE SHEET - TRUST FUNDS - REGULATORY BASIS
(Continued)

		December 31	
	Ref.	2014	2013
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Prepaid Municipal Licenses		\$ 1,988.40	\$ 248.40
Due to Current Fund	A	949.46	2,327.63
Due to State of New Jersey		158.40	17.40
Reserve for Animal Control Fund Expenditures	B-5	5,605.40	5,027.40
		<u>8,701.66</u>	<u>7,620.83</u>
Other Trust Funds:			
Due to Current Fund	A	26,399.88	
Due to General Capital Fund	C		182,309.72
Reserve for:			
Developers' Deposits		354,438.35	319,376.48
State Unemployment Insurance		5,378.11	22,959.03
Recreation		119,499.01	114,362.75
Parking Offenses Adjudication Act		384.01	379.16
Open Space Preservation		496,332.76	501,695.90
Trail Maintenance		260.75	260.75
Road Detail		96,164.02	80,333.99
Public Defender		17,062.30	20,115.11
Snow Removal		12.54	12.54
Dodge Grant		490.05	490.05
Fishing Contest		442.76	4,008.77
Forfeited Assets		148.96	432.85
Municipal Alliance		26,457.69	4,537.67
Natural Area Maintenance		5,618.71	15,618.71
Police Donations		7,499.96	8,818.57
TV Operations/Programs		71,922.93	70,595.14
		<u>1,228,512.79</u>	<u>1,346,307.19</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,237,214.45</u>	<u>\$ 1,353,928.02</u>

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

TOWNSHIP OF MENDHAM
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

TOWNSHIP OF MENDHAM
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

TOWNSHIP OF MENDHAM
ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 380,389.38	\$ 737,473.10
Accounts Receivable:			
New Jersey Department of Transportation		110,000.00	451,000.00
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)		50,148.12	50,148.12
Mendham Township First Aid Squad		47,000.00	47,000.00
Due from Other Trust Funds - Open Space	B		182,309.72
Deferred Charges to Future Taxation:			
Funded		10,941,682.37	11,957,223.41
Unfunded	C-4	4,693,318.96	4,351,568.96
<u>TOTAL ASSETS</u>		<u>\$ 16,324,038.83</u>	<u>\$ 17,878,223.31</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 4,212,000.00	4,217,000.00
Serial Bonds Payable	C-8	9,889,000.00	10,669,000.00
Green Acres Loan Payable	C-9	1,052,682.37	1,288,223.41
Improvement Authorizations:			
Funded	C-5	5,489.31	180,520.47
Unfunded	C-5	757,195.05	942,096.22
Due to Current Fund	A	963.08	29,319.84
Capital Improvement Fund	C-6	7,247.65	7,247.65
Reserve for:			
Encumbrances Payable	C-5	15,912.75	88,647.10
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		43,000.00	93,000.00
Municipal Facilities		190,000.00	190,000.00
Payment of Debt Service		57,682.73	107,682.73
Fund Balance	C-1	76,530.89	49,150.89
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 16,324,038.83</u>	<u>\$ 17,878,223.31</u>

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

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 49,150.89
Increased by:		
Premium on Bond Anticipation Notes		<u>27,380.00</u>
Balance December 31, 2014	C	<u><u>\$ 76,530.89</u></u>

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
MENDHAM EAST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2014	2013
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 35,243.57	\$ 83,716.30
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	10,466.76	9,239.74
Due from Mendham West Sewer Utility Operating Fund	E	41,259.73	6,124.60
Total Operating Fund		86,970.06	99,080.64
Capital Fund:			
Cash and Cash Equivalents	D-4	9,363.00	2,304.57
Due from Mendham East Sewer Utility Operating Fund	D	39,100.07	39,158.50
Fixed Capital	D-7	3,516,049.72	3,507,993.12
Total Capital Fund		3,564,512.79	3,549,456.19
<u>TOTAL ASSETS</u>		<u>\$ 3,651,482.85</u>	<u>\$ 3,648,536.83</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-8	\$ 12,410.39	\$ 5,116.44
Encumbered	D-3;D-8	4,189.53	18,695.53
		16,599.92	23,811.97
Prepaid/Overpaid Sewer Rents		966.90	18.64
Accrued Interest on Loans		12,525.39	12,702.90
Due to Mendham East Sewer Utility Capital Fund	D	39,100.07	39,158.50
		69,192.28	75,692.01
Reserve for Receivables	D	10,466.76	9,239.74
Fund Balance	D-1	7,311.02	14,148.89
Total Operating Fund		86,970.06	99,080.64
Capital Fund:			
United States Department of Agriculture Loans Payable	D-11	1,102,538.36	1,118,163.75
Capital Improvement Fund	D-9	48,143.00	41,143.00
Reserve for Amortization	D-10	2,413,511.36	2,389,829.37
Fund Balance	D-1A	320.07	320.07
Total Capital Fund		3,564,512.79	3,549,456.19
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,651,482.85</u>	<u>\$ 3,648,536.83</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 - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 7,913.00	\$ 10,147.00
Rents		253,461.11	257,790.13
Miscellaneous Revenue		2,393.07	2,297.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		<u>5,116.44</u>	<u>3,402.24</u>
Total Income		<u>268,883.62</u>	<u>273,636.54</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		180,110.00	180,110.00
Capital Improvements		23,500.00	23,500.00
Debt Service		<u>64,198.49</u>	<u>63,820.12</u>
Total Expenditures		<u>267,808.49</u>	<u>267,430.12</u>
Excess in Revenue/Statutory Excess to Fund Balance		1,075.13	6,206.42
<u>Fund Balance</u>			
Balance January 1		<u>14,148.89</u>	<u>18,089.47</u>
		15,224.02	24,295.89
Decreased by:			
Utilized as Anticipated Revenue		<u>7,913.00</u>	<u>10,147.00</u>
Balance December 31	D	\$ 7,311.02	\$ 14,148.89

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 - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ <u>320.07</u>
Balance December 31, 2014	D	\$ <u><u>320.07</u></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 REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 7,913.00	\$ 7,913.00	
Rents	257,790.00	253,461.11	\$ 4,328.89 *
Miscellaneous Revenue	2,297.00	2,393.07	96.07
	<u>\$ 268,000.00</u>	<u>\$ 263,767.18</u>	<u>\$ 4,232.82 *</u>

Analysis of Sewer Rents Realized:

Collections	\$ 253,442.47
Overpayments Applied	18.64
	<u>\$ 253,461.11</u>

Analysis of Miscellaneous Revenue

Interest on Sewer Rents	\$ 1,894.33
Interest on Deposits:	
Cash Received by Treasurer	181.07
Due from Mendham East Sewer Utility Capital Fund	58.43
Other Miscellaneous	259.24
	<u>\$ 2,393.07</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 - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	<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	\$ 180,110.00	\$ 180,110.00	\$ 180,016.26	\$ 93.74	
Capital Improvements:					
Capital Improvement Fund	7,000.00	7,000.00	7,000.00		
Capital Outlay	16,500.00	16,500.00	4,183.35	12,316.65	
Debt Service:					
USDA Loan - Principal and Interest	64,390.00	64,390.00	64,198.49		\$ 191.51
	<u>\$ 268,000.00</u>	<u>\$ 268,000.00</u>	<u>\$ 255,398.10</u>	<u>\$ 12,410.39</u>	<u>\$ 191.51</u>
		<u>Ref.</u>		D	
Cash Disbursed			\$ 202,635.47		
Accrued Interest on Loans			48,573.10		
Encumbrances Payable		D	<u>4,189.53</u>		
			<u>\$ 255,398.10</u>		

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
MENDHAM WEST SEWER UTILITY FUND

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2014	2013
Operating Fund:			
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-6	\$ 1,678.96	\$ 3,490.07
Due Mendham West Sewer Utility Capital Fund	E	49,000.00	24,500.00
Total Operating Fund		50,678.96	27,990.07
Capital Fund:			
Cash and Cash Equivalents	E-4	49,000.00	24,500.00
Fixed Capital	E-7	2,056,873.32	2,050,726.32
Total Capital Fund		2,105,873.32	2,075,226.32
<u>TOTAL ASSETS</u>		<u>\$ 2,156,552.28</u>	<u>\$ 2,103,216.39</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-8	\$ 301.64	\$ 4,712.43
Encumbered	E-3;E-8		6,832.00
		301.64	11,544.43
Prepaid/Overpaid Sewer Rents		560.82	11.32
Due Mendham East Sewer Utility Operating Fund	D	41,259.73	6,124.60
		42,122.19	17,680.35
Reserve for Receivables	E	1,678.96	3,490.07
Fund Balance	E-1	6,877.81	6,819.65
Total Operating Fund		50,678.96	27,990.07
Capital Fund:			
Due Mendham West Sewer Utility Operating Fund	E	49,000.00	24,500.00
Reserve for Amortization	E-9	2,056,873.32	2,050,726.32
Total Capital Fund		2,105,873.32	2,075,226.32
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,156,552.28</u>	<u>\$ 2,103,216.39</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 - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 6,819.00	\$ 9,661.00
Rents		104,404.43	102,506.46
Reserve for Future Sewer Improvements			24,500.00
Miscellaneous Revenue		266.30	548.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		4,712.43	1,503.85
Total Income		<u>116,202.16</u>	<u>138,719.91</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		103,000.00	103,000.00
Capital Outlay		6,325.00	28,901.00
Deferred Charges			5,135.08
Total Expenditures		<u>109,325.00</u>	<u>137,036.08</u>
Excess in Revenue		6,877.16	1,683.83
<u>Fund Balance</u>			
Balance January 1		<u>6,819.65</u>	<u>14,796.82</u>
		13,696.81	16,480.65
Decreased by:			
Utilized as Anticipated Revenue		<u>6,819.00</u>	<u>9,661.00</u>
Balance December 31	E	<u>\$ 6,877.81</u>	<u>\$ 6,819.65</u>

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 - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

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 - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Budget Anticipated	Realized	Excess/ Deficit*
Operating Surplus Anticipated	\$ 6,819.00	\$ 6,819.00	
Sewer Rents	102,506.00	104,404.43	\$ 1,898.43
	109,325.00	111,223.43	1,898.43
Miscellaneous Revenue Not Anticipated		266.30	266.30
	<u>\$ 109,325.00</u>	<u>\$ 111,489.73</u>	<u>\$ 2,164.73</u>
<u>Analysis of Sewer Rents Realized:</u>			
Collections		\$ 104,393.11	
Prepaid/Overpaid Sewer Rents Applied		<u>11.32</u>	
		<u>\$ 104,404.43</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 - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2014

	Appropriations		Expended		
		Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
	Budget				
Operating:					
Other Expenses	\$ 103,000.00	\$ 103,000.00	\$ 102,876.36	\$ 123.64	
Capital Improvements:					
Capital Outlay	6,325.00	6,325.00	6,147.00	178.00	
	<u>\$ 109,325.00</u>	<u>\$ 109,325.00</u>	<u>\$ 109,023.36</u>	<u>\$ 301.64</u>	<u>\$ -0-</u>

Ref.

E

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

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

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

	December 31,	
	2014	2013
<u>ASSETS</u>		
Land	\$ 27,290,692.00	\$ 27,290,692.00
Buildings and Improvements	1,798,860.05	1,798,860.05
Equipment	7,348,677.13	7,357,274.13
<u>TOTAL ASSETS</u>	<u>\$ 36,438,229.18</u>	<u>\$ 36,446,826.18</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 36,438,229.18</u>	<u>\$ 36,446,826.18</u>
 <u>TOTAL RESERVES</u>	<u>\$ 36,438,229.18</u>	<u>\$ 36,446,826.18</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, 2014

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 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 and a resulting financial benefit or burden relationship, 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 GASB Codification 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 conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 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.

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".

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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 more significant accounting policies in New Jersey follow.

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.

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 Sewer Utility Capital Funds.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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.

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

E. Other significant accounting policies include:

General Fixed Assets (Unaudited) - In accordance with N.J.A.C. accounting requirements, 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 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. Fixed 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.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for Current and Sewer Utilities Operating Funds 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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,		
	2014	2013	2012
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 15,153,682.37	\$ 16,174,223.41	\$ 16,654,123.37
Mendham East Sewer Utility:			
Bonds, Notes and Loans	<u>1,102,538.36</u>	<u>1,118,163.75</u>	<u>1,133,127.32</u>
Net Debt Issued	<u>16,256,220.73</u>	<u>17,292,387.16</u>	<u>17,787,250.69</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Open Space Trust Fund	496,332.76	501,695.90	632,438.82
Reserve to Pay Debt Service -			
General Capital Fund	<u>57,682.73</u>	<u>107,682.73</u>	<u>182,682.73</u>
	<u>15,702,205.24</u>	<u>16,683,008.53</u>	<u>16,972,129.14</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>481,318.96</u>	<u>134,568.96</u>	<u>135,564.96</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 16,183,524.20</u>	<u>\$ 16,817,577.49</u>	<u>\$ 17,107,694.10</u>

Summary of Statutory Debt Condition –Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .77%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 8,230,000.00	\$ 8,230,000.00	
Regional High School District Debt	4,094,186.21	4,094,186.21	
Mendham East Sewer Utility Debt	1,102,538.36	1,102,538.36	
General Debt	<u>15,635,001.33</u>	<u>554,015.49</u>	<u>\$ 15,080,985.84</u>
	<u>\$ 29,061,725.90</u>	<u>\$ 13,980,740.06</u>	<u>\$ 15,080,985.84</u>

Net Debt: \$15,080,985.84 divided by Average Equalized Valuations of \$1,939,296,950.33 of Real Property = .77%.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

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

3-1/2% Average Equalized Valuation of Real Property	\$ 67,875,393.26
Net Debt	<u>15,080,985.84</u>
Remaining Borrowing Power	<u><u>\$ 52,794,407.42</u></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	\$ 263,767.18
Deductions:	
Operating and Maintenance Costs	\$ 180,110.00
Debt Service	<u>64,198.49</u>
	<u>244,308.49</u>
Excess in Revenue	<u><u>\$ 19,458.69</u></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 Annual Debt Statement filed by the Acting Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/12	Additions	Retirements	Balance 12/31/13
Serial Bonds:				
General Capital Fund	\$ 10,298,000.00		\$ 669,000.00	\$ 9,629,000.00
Open Space Trust Fund	1,121,000.00		81,000.00	1,040,000.00
Bond Anticipation Notes:				
General Capital Fund	3,716,000.00	\$ 4,217,000.00	3,716,000.00	4,217,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	1,519,123.37		230,899.96	1,288,223.41
Sewer Utility Capital Fund:				
USDA Loans	<u>1,133,127.32</u>		<u>14,963.57</u>	<u>1,118,163.75</u>
	<u><u>\$ 17,787,250.69</u></u>	<u><u>\$ 4,217,000.00</u></u>	<u><u>\$ 4,711,863.53</u></u>	<u><u>\$ 17,292,387.16</u></u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/13	Additions	Retirements	Balance 12/31/14
Serial Bonds:				
General Capital Fund	\$ 9,629,000.00		\$ 698,000.00	\$ 8,931,000.00
Open Space Trust Fund	1,040,000.00		82,000.00	958,000.00
Bond Anticipation Notes:				
General Capital Fund	4,217,000.00	\$ 4,212,000.00	4,217,000.00	4,212,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	1,288,223.41		235,541.04	1,052,682.37
Sewer Utility Capital Fund:				
USDA Loans	1,118,163.75		15,625.39	1,102,538.36
	<u>\$ 17,292,387.16</u>	<u>\$ 4,212,000.00</u>	<u>\$ 5,248,166.43</u>	<u>\$ 16,256,220.73</u>

The Township's debt issued and outstanding on December 31, 2014 is described as follows:

General Capital Serial Bonds

Final Maturity	Rate	Amount
04/01/15	3.50%	\$ 324,000.00
02/01/24	3.00-3.75%	8,607,000.00
		<u>\$ 8,931,000.00</u>

Open Space Serial Bonds

Final Maturity	Rate	Amount
09/01/22	4.00-4.70%	\$ 505,000.00
02/01/24	3.00-3.75%	453,000.00
		<u>\$ 958,000.00</u>

General Capital Green Acres Loans Payable

Final Maturity	Rate	Amount
03/16/17	2.00%	\$ 75,924.74
07/21/17	2.00%	437,899.38
01/24/22	2.00%	323,314.96
01/24/22	2.00%	215,543.29
		<u>\$ 1,052,682.37</u>

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

<u>General Capital Bond Anticipation Notes Payable</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
05/21/15	1.00%	<u>\$ 4,212,000.00</u>
<u>Mendham East - Sewer Utility Capital Fund</u> <u>United States Department of Agriculture Loan Payable</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
09/28/46	4.375%	<u>\$ 1,102,538.36</u>
Total Debt Issued and Outstanding		<u>\$ 16,256,220.73</u>

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

<u>Calendar</u> <u>Year</u>	<u>General Capital*</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 809,000.00	\$ 323,408.78	\$ 1,132,408.78
2016	845,000.00	297,138.78	1,142,138.78
2017	885,000.00	270,473.78	1,155,473.78
2018	930,000.00	241,928.15	1,171,928.15
2019	975,000.00	210,781.26	1,185,781.26
2020-2024	<u>5,445,000.00</u>	<u>507,870.64</u>	<u>5,952,870.64</u>
Total	<u>\$ 9,889,000.00</u>	<u>\$ 1,851,601.39</u>	<u>\$ 11,740,601.39</u>

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

Green Acres Loans Payable

On September 19, 1997, the Township 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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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

Green Acres Loans Payable (Cont'd)

On April 19, 2002, the Township 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.

United States Department of Agriculture Loan Payable

On September 28, 2006, the Township 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 40 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	
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	47,337.86	324,509.66
2017	234,388.06	10,102.09	17,791.71	46,584.29	308,866.15
2018	71,426.05	6,302.94	18,578.60	45,797.40	142,104.99
2019	72,861.73	4,867.26	19,400.31	44,975.69	142,104.99
2020-2024	188,626.15	5,696.32	110,656.87	211,223.13	516,202.47
2025-2029			137,390.32	184,489.68	321,880.00
2030-2034			170,582.27	151,297.73	321,880.00
2035-2039			211,793.01	110,086.99	321,880.00
2040-2044			262,959.80	58,920.20	321,880.00
2045-2046			120,030.86	6,565.76	126,596.62
Total	\$1,052,682.37	\$ 61,855.55	\$1,102,538.36	\$ 955,338.26	\$3,172,414.54

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2014 which was included in the Current Fund and the Sewer Utility Operating Funds' introduced budgets for the year ending December 31, 2015 is as follows:

Current Fund	\$ 790,000.00
Mendham East Sewer Utility Fund	1,000.00
Mendham West Sewer Utility Fund	-0-

Note 4: Local and Regional 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 has not elected to defer school taxes.

Note 5: 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.

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 6.78% effective July 1, 2013 and increased to 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st 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 \$278,467.00, \$315,702.00 and \$332,540.00 for 2014, 2013 and 2012, respectively. The Township's contributions to PERS amounted to \$151,346.71, \$164,077.51 and \$207,576.51 for 2014, 2013 and 2012, respectively.

The Township also made contributions of \$13,783.00, \$13,269.00 and \$12,549.00 in 2014, 2013 and 2012, respectively, to PERS related to the Early Retirement Incentive Program elected by the Township.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 6: 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 \$107,441 at December 31, 2014. 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 7: 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.

	2014	2013	2012
<u>Tax Rate</u>	\$ 1.981	\$ 1.938	\$ 1.918
<u>Apportionment of Tax Rate</u>			
Municipal	0.381	0.362	0.357
County	0.259	0.262	0.262
Local School	0.817	0.799	0.797
Regional High School	0.524	0.515	0.502
<u>Assessed Valuations</u>			
2014	\$ 1,878,805,350		
2013		\$ 1,886,227,802	
2012			\$ 1,890,259,447

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>
2014	\$ 37,300,192.65	\$ 36,983,045.92	99.14%
2013	36,595,611.88	36,209,794.27	98.94%
2012	36,312,255.27	35,967,260.71	99.04%

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 8: 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.

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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
 (Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

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;
- (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.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

As of December 31, 2014, cash and cash equivalents of the Township consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>Totals</u>
Current	\$ 320.00	\$ 1,640,465.81	\$ 1,640,785.81
Animal Control	20.00	8,681.66	8,701.66
Other Trust		1,148,305.16	1,148,305.16
General Capital		380,389.38	380,389.38
Sewer Utility:			
Operating - East		35,243.57	35,243.57
Capital - East		9,363.00	9,363.00
Capital - West		49,000.00	49,000.00
	<u>\$ 340.00</u>	<u>\$ 3,271,448.58</u>	<u>\$ 3,271,788.58</u>

During the period ended December 31, 2014, the Township held one investment. The carrying amount of the Township's cash and cash equivalents at December 31, 2014, was \$3,271,788.58 and the bank balance was \$3,329,120.97.

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 \$53,716.91 at December 31, 2014 and \$80,381.68 at December 31, 2013.

Note 9: 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 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

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 9: Risk Management (Cont'd)

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 Banking and 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 Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The December 31, 2014 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, 2013 is as follows:

Total Assets	\$ 25,334,768
Net Position	\$ 9,645,581
Total Revenue	\$ 15,621,282
Total Expenses	\$ 15,549,524
Change in Net Position	\$ 71,758
Members Dividends	\$ -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
(201) 881-7632

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
2014	\$ -0-	\$ 4,411.48	\$ 32.10	\$ 22,024.50	\$ 5,378.11
2013	-0-	4,374.42	54.54	14,505.05	22,959.03
2012	-0-	4,165.08	66.85	9,408.36	33,035.12

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 10: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2014:

Fund	Interfund Receivable	Interfund Payable
Current	\$ 28,312.42	\$ 208,015.34
Federal and State Grant	208,015.34	
Other Trust		26,399.88
Animal Control		949.46
General Capital		963.08
Sewer Utility Operating - Mendham East	41,259.73	39,100.07
Sewer Utility Capital - Mendham East	39,100.07	
Sewer Utility Operating - Mendham West	49,000.00	41,259.73
Sewer Utility Capital - Mendham West		49,000.00
	\$ 365,687.56	\$ 365,687.56

The interfund receivable in the Federal and State Grant Fund represents the net of Federal and State grant expenditures paid and grant receipts collected by the Current Fund.

The interfund payable in the Other Trust Funds represents open space expenditures paid by the Current Fund, offset by the 2014 open space tax levy due from the Current Fund. The interfund payable in the Animal Control Fund is the statutory excess in the Reserve for Animal Control Fund Expenditures due to the Current Fund. The interfund payable in the General Capital Fund represents current year interest due to the Current Fund.

The interfund receivable in the Mendham East Sewer Utility Operating Fund is an interfund advanced to the Mendham West Sewer Utility Operating Fund in the current year and prior year.

The interfund payable in the Mendham East Sewer Utility Operating Fund represents the appropriation in the Mendham East Sewer Utility Operating Fund budget for the Capital Improvement Fund due to the Mendham East Sewer Utility Capital Fund and Mendham East Sewer Utility Operating Fund expenditures paid by the Mendham East Sewer Utility Capital Fund in the prior year; net of 2013 and 2014 interest earned in the Mendham East Sewer Utility Capital Fund due to the Mendham East Sewer Utility Operating Fund.

The interfund receivable in the Mendham West Sewer Utility Operating Fund is the Reserve for Future Sewer Improvements in the Mendham West Sewer Utility Capital Fund anticipated as revenue in the Mendham East Sewer Utility Operating Fund in 2013 and an interfund advanced to the Mendham West Sewer Utility Capital Fund in the current year.

Note 11: 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, 2014, the balance in the Open Space Trust Fund was \$496,332.76 which consists of \$442,615.85 of cash and \$53,716.91 of zero coupon bonds received from the NJ Conservation Foundation.

TOWNSHIP OF MENDHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

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 vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

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, 2014 in the amount of \$75,000.00 and feels that amount is adequate to fund any potential reductions in assessments and taxes.

Note 13: 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 14: 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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014
(Continued)

Note 15: Fixed Assets (Unaudited)

The following is a summarization of general fixed assets for the years ended December 31, 2013 and 2014:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13
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	\$ 396,802.00	\$ 38,291.00	7,357,274.13
	<u>\$ 36,088,315.18</u>	<u>\$ 396,802.00</u>	<u>\$ 38,291.00</u>	<u>\$ 36,446,826.18</u>
	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Land	\$ 27,290,692.00			\$ 27,290,692.00
Buildings and Improvements	1,798,860.05			1,798,860.05
Equipment	7,357,274.13		\$ 8,597.00	7,348,677.13
	<u>\$ 36,446,826.18</u>	<u>\$ -0-</u>	<u>\$ 8,597.00</u>	<u>\$ 36,438,229.18</u>

TOWNSHIP OF MENDHAM

SUPPLEMENTARY DATA

TOWNSHIP OF MENDHAM
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2014

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Maribeth Thomas	Mayor		
Robert O. Strobel	Deputy Mayor		
Frank Cioppettini, Jr.	Committee Member		
Chris Baumann	Committee Member		
Samuel K. Tolley	Committee Member		
Stephen P. Mountain	Township Administrator (To 4/11/14)	**	**
Amey Upchurch	Interim Township Administrator (4/12/14 to 5/31/14)		
	Township Administrator (From 6/1/14)		
	Acting Chief Financial Officer (From 10/16/14)		
Timothy B. Day	Chief Financial Officer (To 10/15/14)	**	**
Terris Garbarini	Tax Collector, Utility Collector and Tax Search Officer	**	**
Kathleen Potter	Township Clerk, Assessment/Subdivision Searcher, Registrar of Vital Statistics (To 11/30/14)	**	**
Elizabeth Rego	Acting Township Clerk, Assessment/Subdivision Searcher, Registrar of Vital Statistics (From 12/8/14)		
David H. Read, Sr.	Superintendent of Public Works	**	**
John M. Mills, III	Township Attorney		
Peter Fico	Township Prosecutor		
Gary F. Troxell	Magistrate/Court Judge	**	**
Lisa Conover	Court Administrator/Violations Clerk	**	**
Susan Piscitello	Deputy Court Administrator	**	**
Russ Heiney	Construction Code Official	**	**
Sal Marino	Fire Official	**	**
Scott Holzhauer	Township Tax Assessor	**	**
Paul Ferriero & John Hansen	Township Engineers		
Steve Crawford	Police Chief	**	**
Peter Staples & Tom Montgomery	Fire Chiefs	**	**
Lori Dent	Recreation Director	**	**

All bonds were examined and were properly executed.

** 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
2014
CURRENT FUND

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2013	<u>Ref.</u> A		\$ 1,707,857.11
Increased by Receipts:			
Tax Collector		\$ 37,267,398.34	
Revenue Accounts Receivable		1,314,800.55	
Interest on Investments		5,428.68	
Miscellaneous Revenue Not Anticipated		6,294.91	
Due Federal and State Grant Fund:			
Grant Receivable		176,950.10	
Unappropriated Reserves		12,400.76	
Appropriated Grant Reserves Refunds		915.11	
Due Animal Control Fund:			
Prior Year Interfunds Returned		2,327.63	
Due Other Trust Funds:			
Prior Year Interfunds Returned:			
Road Detail		12,846.12	
Due General Capital Fund:			
Prior Year Interfunds Returned		29,319.84	
Due from Payroll:			
Prior Year Interfunds Returned		558.62	
Due to the State of New Jersey:			
Marriage License Fees		300.00	
DCA Training Fees		15,341.00	
Veterans and Senior Citizens' Deductions		21,300.00	
Appropriation Refunds		191,315.75	
Appropriation Reserve Refunds		128,528.11	
Reserve for Sale of Municipal Assets		33,949.36	
			<u>39,219,974.88</u>
			40,927,831.99

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2014 Appropriation Expenditures	\$ 8,069,169.15	
2013 Appropriation Reserves	358,115.52	
Regional High School Taxes	9,855,472.00	
Local School Taxes	15,450,933.00	
County Taxes	4,847,110.15	
Due Other Trust Funds:		
Open Space Trust Fund:		
Payment on Behalf of Open Space Trust	11,331.26	
Prior Year Interfunds Returned	48,298.89	
Open Space Tax Levy	433,832.00	
Road Detail - Payment on Behalf of Road Detail Trust	202.00	
Tax Overpayments	46,116.90	
Tax Overpayments - Prior Year Encumbrances Payable	5,595.54	
Due to the State of New Jersey:		
Marriage License Fees	250.00	
Marriage License Fees - Prior Year Encumbrances Payable	125.00	
DCA Training Fees	15,358.00	
Third Party Tax Title Liens	35,927.28	
Tax Sale Premiums	30,500.00	
Reserve for Pending Tax Appeals	39,333.83	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	35,877.26	
Reserve for Encumbrances	3,818.40	
		<u>\$ 39,287,366.18</u>
Balance December 31, 2014	A	<u><u>\$ 1,640,465.81</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2014

Increased by Receipts:

Taxes Receivable	\$ 36,916,210.85
2015 Prepaid Taxes	181,767.47
Interest and Costs on Taxes	82,158.59
Tax Overpayments	50,970.53
Third Party Tax Liens	35,927.28
Other Miscellaneous	363.62
	<u>37,267,398.34</u>

Decreased by:

Paid to Treasurer	<u><u>\$ 37,267,398.34</u></u>
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TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2014

NOT APPLICABLE

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

Year	Balance	2014 Levy	Collections		Overpayments Applied	NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2013		2013	2014					Dec. 31, 2014
2012	\$ 508.27						\$ 508.27		
2013	260,325.48			\$ 259,750.37			575.11		
	260,833.75			259,750.37			1,083.38		
2014		\$ 37,300,192.65	\$ 278,614.54	36,656,460.48	\$ 23,220.90	\$ 24,750.00	87,621.34	\$ 4,374.10	\$ 225,151.29
	<u>\$ 260,833.75</u>	<u>\$ 37,300,192.65</u>	<u>\$ 278,614.54</u>	<u>\$36,916,210.85</u>	<u>\$ 23,220.90</u>	<u>\$ 24,750.00</u>	<u>\$ 88,704.72</u>	<u>\$ 4,374.10</u>	<u>\$ 225,151.29</u>

Ref. A

A

Analysis of 2014 Property Tax Levy

Tax Yield:

General Purpose Tax \$ 37,219,135.04
 Added, Omitted & Rollback Taxes 81,057.61

\$37,300,192.65

Tax Levy:

Local School District Taxes \$15,347,864.00
 Regional High School District Taxes 9,855,472.00
 County Taxes \$ 4,836,377.87
 Due County for Added and Omitted Taxes 10,732.28

4,847,110.15

Due Other Trust Funds:

Local Tax for Open Space 433,832.00
 Additional Taxes Levied 948.89

434,780.89

30,485,227.04

Local Tax for Municipal Purposes Levied 6,735,047.39
 Additional Taxes Levied 79,918.22

6,814,965.61

\$37,300,192.65

\$ 17,142.21 Prior Year Overpayments Applied
 6,078.69 Reserve for Tax Appeals
\$ 23,220.90

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2013	A	\$ 38,920.18
Increased by:		
Transfer from Taxes Receivable		<u>4,374.10</u>
Balance December 31, 2014	A	<u><u>\$ 43,294.28</u></u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Licenses:				
Alcoholic Beverage Licenses		\$ 2,685.00	\$ 2,685.00	
Fees and Permits		86,232.35	86,232.35	
Municipal Court:				
Fines and Costs	\$ 12,077.58	124,479.34	128,993.24	\$ 7,563.68
Energy Tax Receipts		459,000.00	459,000.00	
Watershed Aid		28,059.00	28,059.00	
Uniform Construction Code Fees		240,221.80	240,221.80	
Reserve for Natural Area Maintenance		10,000.00	10,000.00	
Uniform Fire Safety Act		1,670.83	1,670.83	
Rents on Municipal Properties		50,760.00	50,760.00	
Annual CATV Gross Receipts		91,056.50	91,056.50	
Reserve to Pay Debt Service		50,000.00	50,000.00	
Reserve for Municipal Building		50,000.00	50,000.00	
FEMA Emergency Protective Measures		116,121.83	116,121.83	
	<u>\$ 12,077.58</u>	<u>\$ 1,310,286.65</u>	<u>\$ 1,314,800.55</u>	<u>\$ 7,563.68</u>

Ref.

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

	Balance Dec. 31, 2013	Budget Revenue Realized	Cash Received	Transferred From Unappropriated Reserves	Balance Dec. 31, 2014
Clean Communities Grant - 2014		\$ 18,191.43	\$ 18,191.43		
Body Armor Replacement Fund:					
2013		2,098.31		\$ 2,098.31	
2014		1,596.57	1,596.57		
Federal Highway Administration Trail Grant	\$ 2,600.00				\$ 2,600.00
Alcohol Education Rehabilitation Fund:					
2014		2,835.85	2,835.85		
Recycling Tonnage Grant:					
2012	105.72				105.72
2013	5,000.00				5,000.00
2014		5,000.00			5,000.00
NJ Division of Highway Traffic Safety:					
Over the Limit Under Arrest Grant:					
2011	817.88				817.88
2014		4,326.25	4,326.25		
NJ Highlands Water Protection & Planning Council:					
Initial Assessment Grant	4,411.79				4,411.79
New Jersey Sustainable Energy - 2013		10,000.00		10,000.00	
NJ DOT Municipal Aid Program - East Main St.		150,000.00	150,000.00		
	<u>\$ 12,935.39</u>	<u>\$ 194,048.41</u>	<u>\$ 176,950.10</u>	<u>\$ 12,098.31</u>	<u>\$ 17,935.39</u>

Ref.

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TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Administration:				
Other Expenses	\$ 540.91	\$ 540.91	\$ 475.58	\$ 65.33
Mayor and Council:				
Other Expenses	9,556.22	9,556.22	6,674.17	2,882.05
Financial Administration:				
Salaries & Wages	125.49	125.49		125.49
Other Expenses	693.86	693.86	690.13	3.73
Management Information Services:				
Other Expenses	1,844.25	1,844.25	1,819.92	24.33
Revenue Administration (Tax Collection):				
Salaries & Wages	2,737.92	37.92		37.92
Other Expenses	199.46	199.46	199.46	
Tax Assessment Administration:				
Salaries & Wages	1.58	1.58		1.58
Other Expenses	1,656.16	2,156.16	1,917.37	238.79
Legal Services and Costs:				
Other Expenses - General	3,551.88	3,551.88	837.75	2,714.13
Other Expenses - Labor/Personnel	3,279.00	279.00		279.00
Other Expenses - Tax Appeals	321.97	321.97	319.50	2.47
Engineering Services and Costs:				
Other Expenses	4,052.15	9,052.15	9,052.15	
Environmental Commission:				
Other Expenses	100.00	100.00	100.00	
Historical Preservation:				
Other Expenses	161.20	161.20		161.20
Municipal Land Use Law:				
Planning Board:				
Other Expenses	1,217.16	1,217.16	1,195.00	22.16
Board of Adjustment:				
Other Expenses	3,003.64	3,003.64	1,486.00	1,517.64
General Liability Insurance	26.92	26.92		26.92
Group Insurance Plan for Employees	4.40	4.40		4.40
Fire:				
Salaries & Wages	102.16	102.16		102.16
Fire Hydrant Services	989.34	989.34		989.34
Prosecutor:				
Other Expenses	220.20	220.20		220.20
Contractual Radio Dispatch	3,513.50	3,513.50	3,513.50	
Municipal Court:				
Other Expenses	1,742.96	1,742.96	1,524.00	218.96
Police:				
Salaries & Wages	593.60	593.60		593.60
Other Expenses	7,135.36	7,135.36	6,771.20	364.16
Aid to Volunteer Fire Company	4,912.64	4,912.64	4,260.50	652.14
Emergency Management Services:				
Other Expenses	365.00	365.00	365.00	

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

(Continued)

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Street and Road Repairs and Maintenance:				
Salaries & Wages	\$ 148.56	\$ 148.56		\$ 148.56
Other Expenses	49,677.77	49,677.77	\$ 41,068.58	8,609.19
Sanitation - Trash Removal:				
Other Expenses	16,875.00	16,875.00	16,875.00	
Public Building and Grounds:				
Other Expenses	43,210.96	43,210.96	43,131.93	79.03
Tree Protection:				
Other Expenses	500.00	500.00	112.50	387.50
Snow Removal:				
Other Expenses	16,680.38	16,680.38	16,228.06	452.32
Board of Health:				
Salaries & Wages	1,458.77	258.77		258.77
Other Expenses	1,160.76	1,160.76	123.48	1,037.28
Health Services Contract	246.00	246.00		246.00
Animal Control				
Other Expenses	64.50	64.50	64.50	
Senior Citizen Programs:				
Other Expenses	1,612.26	3,012.26	3,012.14	0.12
Board of Recreation Commissioners:				
Salaries & Wages	4,483.84	4,483.84	4,483.00	0.84
Maintenance of Parks:				
Other Expenses	2,274.42	2,274.42		2,274.42
Construction Code Official:				
Salaries & Wages	1,269.46	69.46		69.46
Other Expenses	3,992.86	3,992.86	3,992.86	
Unclassified:				
Reserve for Sick Leave Benefits	14,000.00	14,000.00	14,000.00	
Length of Service Award Program	7,250.00	7,250.00	3,808.64	3,441.36
Utilities	30,637.32	31,837.32	29,022.98	2,814.34
Contributions to:				
Social Security System (O.A.S.I.)	670.02	670.02		670.02
Shared Service Agreement:				
Municipal Court - O&E Borough Share	13,402.47	13,402.47	12,462.51	939.96
	<u>\$ 262,264.28</u>	<u>\$ 262,264.28</u>	<u>\$ 229,587.41</u>	<u>\$ 32,676.87</u>
<u>Balance December 31, 2013:</u>	<u>Ref.</u>			
Unencumbered	A	\$ 160,203.35		
Encumbered	A	102,060.93		
		<u>\$ 262,264.28</u>		
Cash Disbursed			\$ 358,115.52	
Less: Refunds			<u>(128,528.11)</u>	
			<u>\$ 229,587.41</u>	

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Balance at December 31, 2013	A	\$ 103,069.00
Increased by:		
Levy - Calendar Year 2014		15,347,864.00
		<u>15,450,933.00</u>
Decreased by:		
Payments to Local School District		<u>15,450,933.00</u>

TOWNSHIP OF MENDHAM
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2014

	<u>Ref.</u>	
Increased by:		
Levy - Calendar Year 2014		\$ 9,855,472.00
Decreased by:		
Payments to Regional School District		<u>\$ 9,855,472.00</u>

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

	Balance Dec. 31, 2013	Transferred from 2014 Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2014
Clean Communities Grant - 2014		\$ 18,191.43	\$ 8,304.74	\$ 5,386.76		\$ 4,499.93
Recycling Tonnage Grant:						
2012	\$ 4,136.78		4,000.00			136.78
2013	5,000.00					5,000.00
2014		5,000.00				5,000.00
Body Armor Replacement Fund:						
2012	535.34		535.34			
2013		2,098.31	1,183.20			915.11
2014		1,596.57				1,596.57
Alcohol Rehabilitation Fund:						
2011	1,353.96		600.00			753.96
2012	1,834.74					1,834.74
2013	358.10				\$ 500.00	858.10
2014		2,835.85				2,835.85
Drunk Driving Enforcement Grant:						
2010	860.25		860.25			
2011	5,224.91		5,224.91			
2012	8,678.12		3,456.14			5,221.98
2013	5,400.19					5,400.19
NJ Division of Highway Traffic Safety:						
Drive Sober or Get Pulled Over - 2013	4,371.32		4,371.32			
Over the Limit Under Arrest Grant - 2014		4,326.25	4,326.25			
Municipal Alliance Grant - Matching Funds:						
2012	2,500.00					2,500.00
2014		2,100.00	2,100.00			

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

	Balance Dec. 31, 2013	Transferred from 2014 Budget Appropriations	Expended	Encumbrances Payable	Prior Year Encumbrances Cancelled	Balance Dec. 31, 2014
New Jersey Sustainable Energy:						
2012	\$ 2,000.00					\$ 2,000.00
2013		\$ 10,000.00				10,000.00
Federal Emergency Management Agency	9,610.00					9,610.00
NJ DOT Municipal Aid Program - East Main St.		150,000.00				150,000.00
	<u>\$ 51,863.71</u>	<u>\$ 196,148.41</u>	<u>\$ 34,962.15</u>	<u>\$ 5,386.76</u>	<u>\$ 500.00</u>	<u>\$ 208,163.21</u>
<u>Ref.</u>	A			A	A	A
Federal Grants		\$ 154,326.25	\$ 8,697.57			
State Grants		29,722.16	24,164.58	\$ 5,386.76	\$ 500.00	
		184,048.41	32,862.15	5,386.76	500.00	
Local Grants/Local Match		12,100.00	2,100.00			
		<u>\$ 196,148.41</u>	<u>\$ 34,962.15</u>	<u>\$ 5,386.76</u>	<u>\$ 500.00</u>	
Cash Disbursed			\$ 35,877.26			
Refunds			(915.11)			
			<u>\$ 34,962.15</u>			

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

	<u>Balance Dec. 31, 2013</u>	<u>Cash Received</u>	<u>Transferred to Grants Receivable</u>	<u>Balance Dec. 31, 2014</u>
Recycling Tonnage Grant		\$ 4,035.90		\$ 4,035.90
Body Armor Replacement Fund:				
2013	\$ 2,098.31		\$ 2,098.31	
Bulletproof Vest Partnership Program:				
2012		497.65		497.65
2013		843.13		843.13
Drunk Driving Enforcement Fund:				
2014		7,024.08		7,024.08
New Jersey Sustainable Energy:				
2013	<u>10,000.00</u>		<u>10,000.00</u>	
	<u>\$ 12,098.31</u>	<u>\$ 12,400.76</u>	<u>\$ 12,098.31</u>	<u>\$ 12,400.76</u>

Ref.

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A

Federal Grants	\$ 1,340.78
State Grants	<u>11,059.98</u>
	<u>\$ 12,400.76</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
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, 2013	B	\$ 7,600.83	\$1,244,968.09
Increased by Receipts:			
Township Dog License Fees		\$ 3,974.40	
Penalties on Dog License Fees		228.00	
Cat License Fees		346.00	
State Dog License Fees		778.20	
Prepaid Municipal Licenses		1,988.40	
Interest Earned		21.31	
Petty Cash			\$ 500.00
Due Current Fund:			
Interest Earned			820.16
Prior Year Interfund Returned			48,298.89
Reserve for:			
Developers' Deposits			201,652.96
State Unemployment Insurance			32.10
Recreation			93,957.93
Parking Offenses Adjudication Act			4.85
Open Space Trust Fund:			
Open Space Tax Levy			433,832.00
Interest Earned			417.76
Zero Coupon Bonds Matured			27,000.00
Donations/Reimbursements			125,000.00
Road Detail			181,323.26
Public Defender			5,697.19
Fishing Contest			1,800.00
Forfeited Assets			1,197.01
Municipal Alliance			17,076.02
Police Donations			57,030.00
TV Operations/Programs			24,656.55
		<u>7,336.31</u>	<u>1,220,296.68</u>
		14,937.14	2,465,264.77

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	\$	3,290.65	
Due to State of New Jersey		637.20	
Due Current Fund:			
Prior Year Interfund Returned		2,327.63	\$ 12,846.12
Anticipated Revenue:			
Reserve for Natural Area Maintenance			10,000.00
Due General Capital Fund			
Prior Year Interfund Returned			182,309.72
Reserve for:			
Developers' Deposits Refunds			166,591.09
State Unemployment Insurance			22,024.50
Recreation			88,821.67
Open Space Trust Fund			554,565.76
Road Detail			163,040.47
Public Defender			8,750.00
Fishing Contest			5,366.01
Forfeited Assets			1,480.90
Municipal Alliance			19,486.00
Police Donations			58,348.61
TV Operations/Programs			23,328.76
		<u>\$ 6,255.48</u>	<u>\$1,316,959.61</u>
Balance December 31, 2014	B	<u>\$ 8,681.66</u>	<u>\$1,148,305.16</u>

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

	<u>Ref.</u>		
Balance December 31, 2013	B	\$	5,027.40
Increased by:			
Dog License Fees		\$	3,974.40
Penalties			228.00
Cat License Fees			346.00
2014 Prepaid Licenses Realized:			
Dog License Fees			248.40
Interest Earnings			21.31
			<u>4,818.11</u>
			9,845.51
Decreased by:			
Expenditures Under R.S. 4:19-15.11			3,290.65
Due to Current Fund:			
Statutory Excess			949.46
			<u>4,240.11</u>
Balance December 31, 2014	B		
		\$	<u><u>5,605.40</u></u>
 <u>License Fees Collected</u>			
2012		\$	2,573.00
2013			3,032.40
			<u>5,605.40</u>
Maximum Allowable Reserve		\$	<u><u>5,605.40</u></u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 737,473.10
Increased by:		
Due from/to Current Fund:		
Budget Appropriations:		
Capital Improvement Fund	\$ 95,000.00	
Interest Earned	963.08	
Due from Open Space Trust Fund:		
Prior Year Interfund Returned	182,309.72	
Due from Other Trust Funds:		
Recreation Donations	2,000.00	
Premium on Bond Anticipation Notes	27,380.00	
NJ Department of Transportation Grant	150,000.00	
Capital Contributions	20,000.00	
Bond Anticipation Notes Issued	373,250.00	
Improvement Authorization Refunds	7,993.00	
		<u>858,895.80</u>
		1,596,368.90
Decreased by:		
Due to Current Fund:		
Anticipated Revenue:		
Reserve for Municipal Building Improvements	50,000.00	
Reserve for Payment of Debt Service	50,000.00	
Prior Year Interfund Returned	29,319.84	
Prior Year Encumbrances Liquidated	88,647.10	
Improvement Authorization Expenditures	998,012.58	
		<u>1,215,979.52</u>
Balance December 31, 2014	C	<u>\$ 380,389.38</u>

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2014
		Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Capital Fund Balance	\$ 49,150.89		\$ 27,380.00					\$ 76,530.89
Capital Improvement Fund	7,247.65		95,000.00			\$ 95,000.00		7,247.65
Reserve for:								
Preliminary Expenses - Appraisals	35.00							35.00
Payment of Debt Service	107,682.73				\$ 50,000.00			57,682.73
Recreation Improvements	7,000.00							7,000.00
Road Maintenance Fund	300.00							300.00
Municipal Bldg. Improvements	93,000.00				50,000.00			43,000.00
Municipal Facility	190,000.00							190,000.00
Recreation Center	9,000.00							9,000.00
Encumbrances Payable	88,647.10				88,647.10		\$ 15,912.75	15,912.75
Homeland Security Grants Receivable	(31,500.00)							(31,500.00)
New Jersey Department of:								
Transportation Grants Receivable	(451,000.00)		150,000.00				191,000.00	(110,000.00)
Environmental Protection Grant Receivable	(50,148.12)							(50,148.12)
Mendham Soccer & Lacrosse Club Receivable	(70,000.00)							(70,000.00)
First Aid Squad Receivable	(47,000.00)							(47,000.00)
Capital Contribution			20,000.00			20,000.00		
Due Current Fund	29,319.84		963.08		29,319.84			963.08
Due Open Space Trust Fund	(182,309.72)		182,309.72					
Due Recreation Trust Fund			2,000.00			2,000.00		
Ord. No.	Improvement Description							
01-99;								
16-02	Various Improvements	(6,498.90)	7,993.00	\$ 7,542.96				(6,048.86)
06-07	Various Improvements	2,863.66						2,863.66
07-07	Various Improvements	176,760.05		1,500.00		191,000.00	18,365.60	2,625.65
01-08	Various Improvements	(2,254.00)						(2,254.00)
03-08	Acquisition of Property -							
	22 St. Johns Drive	(110,000.00)						(110,000.00)
09-08; 11-08	Various Improvements	896.76		896.76				

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2013	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2014
			Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
03-09	Various Improvements				\$ 475.00				\$ (475.00)
02-11	Various Capital Improvements	\$ 8,093.89			1,000.00				7,093.89
03-12;									
06-12; 02-13	Various Capital Improvements	241,469.40			68,801.06				172,668.34
04-13; 11-13	Various Capital Improvements	676,716.87			503,120.61		\$ 22,145.75		151,450.51
03-14	Various Capital Improvements		\$ 373,250.00		414,676.19		12,132.60	\$ 117,000.00	63,441.21
		<u>\$ 737,473.10</u>	<u>\$ 373,250.00</u>	<u>\$ 485,645.80</u>	<u>\$ 998,012.58</u>	<u>\$ 217,966.94</u>	<u>\$ 342,278.35</u>	<u>\$ 342,278.35</u>	<u>\$ 380,389.38</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Improvement Authorizations	Notes Paid By Budget Appropriation	Notes Paid by Reserve for Open Space Trust Fund	Balance Dec. 31, 2014	Analysis of Balance December 31, 2014		
							Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
01-99; 16-02	Various Capital Improvements	\$ 21,839.96				\$ 21,839.96	\$ 6,048.86		\$ 15,791.10
01-08	Various Capital Improvements	207,147.42		\$ 120,027.00		87,120.42	2,254.00	\$ 84,866.42	
03-08	Acquire Property - 22 St. Johns Drive	945,441.71			\$ 139,240.29	806,201.42	110,000.00	696,201.42	
03-09	Various Improvements	170,276.69		15,153.00		155,123.69	475.00	154,648.69	
08-09	Improve Land/Facilities/Acquire Equip.	97,101.48		7,707.00		89,394.48		89,394.48	
13-09	Various Capital Improvements	191,575.97		19,236.00		172,339.97		172,339.97	
15-09	Various Capital Improvements	277,030.79		12,380.00		264,650.79		264,650.79	
20-09	Various Capital Improvements	297,684.29			33,259.71	264,424.58		264,424.58	
01-10	Various Equipment	363,150.19		20,527.00		342,623.19		342,623.19	
07-10	Various Capital Improvements	29,520.46		1,402.00		28,118.46		28,118.46	
02-11	Various Capital Improvements	246,600.00		9,318.00		237,282.00		237,282.00	
03-12;									
06-12; 02-13	Various Capital Improvements	755,550.00				755,550.00		755,550.00	
04-13; 11-13	Various Capital Improvements	748,650.00				748,650.00		748,650.00	
03-14	Various Capital Improvements		\$ 720,000.00			720,000.00		373,250.00	346,750.00
		<u>\$ 4,351,568.96</u>	<u>\$ 720,000.00</u>	<u>\$ 205,750.00</u>	<u>\$ 172,500.00</u>	<u>\$ 4,693,318.96</u>	<u>\$ 118,777.86</u>	<u>\$ 4,212,000.00</u>	<u>\$ 362,541.10</u>

Ref.

C

C

Improvement Authorizations - Unfunded

\$ 757,195.05

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #02-11 (Various Improvements)	\$ 7,093.89
Ordinance #03-12 (Various Improvements)	172,668.34
Ordinance #04-13 (Various Improvements)	151,450.51
Ordinance #03-14 (Various Improvements)	63,441.21

394,653.95\$ 362,541.10

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2013		2014 Authorizations		Paid or Charged	Prior Year Adjustment	Authorizations Cancelled	Balance Dec. 31, 2014	
		Date	Amount	Funded	Unfunded	Other Sources	Deferred Charges Future Taxation - Unfunded				Funded	Unfunded
01-99; 16-02	Various Improvements	11/12/02	\$ 319,000.00		\$ 15,341.06			\$ (450.04)				\$ 15,791.10
06-07	Environmental Commission	03/16/07	22,000.00	\$ 2,863.66							\$ 2,863.66	
07-07	Various Improvements	05/22/07	1,085,500.00	176,760.05				1,500.00	\$ (18,365.60)	\$ 191,000.00	2,625.65	
09-08; 11-08	Various Improvements	07/22/08 09/08/08	1,535,574.00 1,586,685.55	896.76				896.76				
03-09	Various Improvements	02/09/09	260,500.00		475.00			475.00				
02-11	Various Capital Improvements	03/29/11	448,900.00		8,093.89			1,000.00				7,093.89
03-12; 06-12; 02-13 08-13	Various Capital Improvements	04/24/12; 07/24/12; 02/11/13; 08/27/13	1,084,000.00		241,469.40			68,801.06				172,668.34
04-13; 11-13	Various Capital Improvements	04/23/13	1,246,620.00		676,716.87			506,900.76	18,365.60			151,450.51
03-14	Various Capital Improvements	04/14/14	837,000.00			\$ 117,000.00	\$ 720,000.00	426,808.79				410,191.21
				<u>\$ 180,520.47</u>	<u>\$ 942,096.22</u>	<u>\$ 117,000.00</u>	<u>\$ 720,000.00</u>	<u>\$ 1,005,932.33</u>	<u>\$ -0-</u>	<u>\$ 191,000.00</u>	<u>\$ 5,489.31</u>	<u>\$ 757,195.05</u>
		<u>Ref.</u>	<u>C</u>	<u>C</u>							<u>C</u>	<u>C</u>
	Capital Improvement Fund					\$ 95,000.00						
	Contribution from Recreation Trust Fund					2,000.00						
	Capital Contributions					20,000.00				\$ 191,000.00		
						<u>\$ 117,000.00</u>				<u>\$ 191,000.00</u>		
								Cash Disbursed	\$ 998,012.58			
								Encumbrances Payable	15,912.75			
								Less: Refunds	(7,993.00)			
									<u>\$ 1,005,932.33</u>			

TOWNSHIP OF MENDHAM
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2013	C	\$ 7,247.65
Increased by:		
2014 Budget Appropriation - Due from Current Fund		95,000.00
		<u>102,247.65</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		95,000.00
		<u>95,000.00</u>
Balance December 31, 2014	C	<u>\$ 7,247.65</u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
		Original Issue	Issue	Maturity					
01-08	Various Capital Improvements	05/29/08	05/22/13	05/22/14	1.00%	\$ 204,893.42		\$ 204,893.42	
			05/22/14	05/21/15	1.00%		\$ 84,866.42		\$ 84,866.42
03-08	Acquisition of Property - 22 St. Johns Drive	05/29/08	05/22/13	05/22/14	1.00%	835,441.71		835,441.71	
			05/22/14	05/21/15	1.00%		696,201.42		696,201.42
03-09	Various Capital Improvements	05/28/09	05/22/13	05/22/14	1.00%	169,801.69		169,801.69	
			05/22/14	05/21/15	1.00%		154,648.69		154,648.69
08-09	Improvement of Land and Facilities and Acquisition of Equipment	05/28/09	05/22/13	05/22/14	1.00%	97,101.48		97,101.48	
			05/22/14	05/21/15	1.00%		89,394.48		89,394.48
13-09	Various Capital Improvements	12/09/09	05/22/13	05/22/14	1.00%	191,575.97		191,575.97	
			05/22/14	05/21/15	1.00%		172,339.97		172,339.97
15-09	Various Capital Improvements	12/09/09	05/22/13	05/22/14	1.00%	277,030.79		277,030.79	
			05/22/14	05/21/15	1.00%		264,650.79		264,650.79
20-09	Various Capital Improvements	12/09/09	05/22/13	05/22/14	1.00%	297,684.29		297,684.29	
			05/22/14	05/21/15	1.00%		264,424.58		264,424.58
01-10	Various Equipment	05/26/10	05/22/13	05/22/14	1.00%	363,150.19		363,150.19	
			05/22/14	05/21/15	1.00%		342,623.19		342,623.19
07-10	Various Capital Improvements	05/26/11	05/22/13	05/22/14	1.00%	29,520.46		29,520.46	
			05/22/14	05/21/15	1.00%		28,118.46		28,118.46
02-11	Various Capital Improvements	05/26/11	05/22/13	05/22/14	1.00%	246,600.00		246,600.00	
			05/22/14	05/21/15	1.00%		237,282.00		237,282.00

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2013	Issued	Matured	Balance Dec. 31, 2014
		Original Issue	Issue	Maturity					
03-12	Various Capital Improvements	05/25/12	05/22/13	05/22/14	1.00%	\$ 755,550.00		\$ 755,550.00	
			05/22/14	05/21/15	1.00%		\$ 755,550.00		\$ 755,550.00
04-13	Various Capital Improvements	05/22/13	05/22/13	05/22/14	1.00%	748,650.00		748,650.00	
			05/22/14	05/21/15	1.00%		748,650.00		748,650.00
03-14	Various Capital Improvements	05/22/14	05/22/14	05/21/15	1.00%		373,250.00		373,250.00
						<u>\$ 4,217,000.00</u>	<u>\$ 4,212,000.00</u>	<u>\$ 4,217,000.00</u>	<u>\$ 4,212,000.00</u>
						<u>Ref.</u>	<u>C</u>		<u>C</u>
						Renewals	\$ 3,838,750.00	\$ 3,838,750.00	
						New Issues	373,250.00		
						Paid by Budget Appropriation		205,750.00	
						Paid by Open Space Trust Fund		172,500.00	
							<u>\$ 4,212,000.00</u>	<u>\$ 4,217,000.00</u>	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
			Outstanding Dec. 31, 2014	Date				
Open Space	09/01/02	\$ 1,285,000.00		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%	\$ 570,000.00	\$ 65,000.00
								\$ 505,000.00
General Improvements	06/08/05	3,874,000.00		04/01/15	324,000.00	3.50%	699,000.00	375,000.00
General Improvements	06/04/09	9,500,000.00		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%		
				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%	8,930,000.00	323,000.00
								8,607,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
			Date	Amount				
Open Space	06/04/09	\$ 500,000.00	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%	\$ 470,000.00	\$ 17,000.00	\$ 453,000.00
						<u>\$ 10,669,000.00</u>	<u>\$ 780,000.00</u>	<u>\$ 9,889,000.00</u>
					Ref.	C		C
			General Improvement Bonds			\$ 9,629,000.00	\$ 698,000.00	\$ 8,931,000.00
			Open Space Bonds			<u>1,040,000.00</u>	<u>82,000.00</u>	<u>958,000.00</u>
						<u>\$ 10,669,000.00</u>	<u>\$ 780,000.00</u>	<u>\$ 9,889,000.00</u>

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

Balance December 31, 2013	Ref. C	\$ 1,288,223.41
Decreased by:		
Loan Payments - Open Space Trust Fund		235,541.04
Balance December 31, 2014	C	<u>\$ 1,052,682.37</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #1 PAYABLE
OUTSTANDING DECEMBER 31, 2014

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 2,292.84</u>	<u>\$ 75,924.74</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
GREEN ACRES LOAN #2 PAYABLE
OUTSTANDING DECEMBER 31, 2014

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 15,453.54</u>	<u>\$ 437,899.38</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, 2014

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 26,465.52</u>	<u>\$ 323,314.96</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, 2014

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 17,643.65</u>	<u>\$ 215,543.29</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2013	2014 Improvement Authorizations	Notes Paid by Budget Appropriation	Notes Paid by Open Space Trust Fund	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2014
01-99/								
16-02	Various Capital Improvements	\$ 21,839.96						\$ 21,839.96
01-08	Various Capital Improvements	2,254.00		\$ 120,027.00		\$ 84,866.42	\$ 204,893.42	2,254.00
03-08	Acquisition of Real Property at 22 St. Johns Drive	110,000.00			\$ 139,240.29	696,201.42	835,441.71	110,000.00
03-09	Various Improvements	475.00		15,153.00		154,648.69	169,801.69	475.00
08-09	Improve Land/Facilities and Acquire Equipment			7,707.00		89,394.48	97,101.48	
13-09	Various Capital Improvements			19,236.00		172,339.97	191,575.97	
15-09	Various Capital Improvements			12,380.00		264,650.79	277,030.79	
20-09	Various Capital Improvements				33,259.71	264,424.58	297,684.29	
01-10	Various Equipment			20,527.00		342,623.19	363,150.19	
07-10	Various Capital Improvements			1,402.00		28,118.46	29,520.46	
02-11	Various Capital Improvements			9,318.00		237,282.00	246,600.00	
03-12;								
06-12; 02-13	Various Capital Improvements					755,550.00	755,550.00	
04-13; 11-13	Various Capital Improvements					748,650.00	748,650.00	
03-14	Various Capital Improvements		\$ 720,000.00			373,250.00		346,750.00
		<u>\$ 134,568.96</u>	<u>\$ 720,000.00</u>	<u>\$ 205,750.00</u>	<u>\$ 172,500.00</u>	<u>\$ 4,212,000.00</u>	<u>\$ 4,217,000.00</u>	<u>\$ 481,318.96</u>

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
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, 2013	D	\$ 83,716.30	\$ 2,304.57
Increased by Receipts:			
Sewer Rents		\$ 253,442.47	
Budget Appropriation:			
Capital Improvement Fund			\$ 7,000.00
Interest on Delinquent Sewer Rents		1,894.33	
Prepaid/Overpaid Sewer Rents		966.90	
Interest on Deposits		181.07	
Miscellaneous Revenue		259.24	
Due Mendham East Sewer Utility Operating Fund:			
Interest on Deposits			58.43
		<u>256,744.01</u>	<u>7,058.43</u>
		340,460.31	9,363.00
Decreased by Disbursements:			
2014 Budget Appropriations		202,635.47	
2013 Appropriation Reserves		18,695.53	
Accrued Interest on Loans		48,750.61	
Due Mendham West Sewer Utility Operating Fund:			
Interfund Advanced		<u>35,135.13</u>	
		<u>305,216.74</u>	
Balance December 31, 2014	D	<u>\$ 35,243.57</u>	<u>\$ 9,363.00</u>

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

	Balance/ (Deficit) Dec. 31, 2013	Receipts Miscellaneous	Balance/ (Deficit) Dec. 31, 2014
Capital Improvement Fund	\$ 41,143.00	\$ 7,000.00	\$ 48,143.00
Fund Balance	320.07		320.07
Due Mendham East Sewer Utility Operating Fund	<u>(39,158.50)</u>	<u>58.43</u>	<u>(39,100.07)</u>
	<u>\$ 2,304.57</u>	<u>\$ 7,058.43</u>	<u>\$ 9,363.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 9,239.74
Increased by:		
Sewer Rents	\$ 254,698.30	
Interest on Delinquent Sewer Rents	<u>1,894.33</u>	
		<u>256,592.63</u>
		265,832.37
Decreased by:		
Collections:		
Sewer Rents	253,442.47	
Interest on Delinquent Sewer Rents	1,894.33	
Prepaid/Overpaid Sewer Rents Applied	18.64	
Cancelled by Resolution	<u>10.17</u>	
		<u>255,365.61</u>
Balance December 31, 2014	D	<u>\$ 10,466.76</u>

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

	Balance Dec. 31, 2013	Additions by Budget	Balance Dec. 31, 2014
Sewer Plant	\$ 3,507,993.12	\$ 8,056.60	\$ 3,516,049.72
	Ref. D		D
Operating Budget		\$ 4,183.35	
Appropriation Reserves		3,873.25	
		\$ 8,056.60	

TOWNSHIP OF MENDHAM
MENDHAM EAST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	\$ 16,965.95	\$ 16,965.95	\$ 14,822.28	\$ 2,143.67
Capital Improvements:				
Capital Outlay	6,846.02	6,846.02	3,873.25	2,972.77
	<u>\$ 23,811.97</u>	<u>\$ 23,811.97</u>	<u>\$ 18,695.53</u>	<u>\$ 5,116.44</u>

Ref.

Balance December 31, 2013

Encumbered	D 18,695.53
Unencumbered	D <u>5,116.44</u>
	<u>\$ 23,811.97</u>

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 41,143.00
Increased by:		
Budget Appropriation		<u>7,000.00</u>
Balance December 31, 2014	D	<u><u>\$ 48,143.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2013	D	\$ 2,389,829.37
Increased by:		
Paid by Operating Budget:		
Department of Agriculture Loan	\$ 15,625.39	
Capital Outlay:		
Operating Budget	4,183.35	
Appropriation Reserves	3,873.25	
		<u>23,681.99</u>
Balance December 31, 2014	D	<u>\$ 2,413,511.36</u>

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

Improvement Description	Balance Dec. 31, 2013	Matured	Balance Dec. 31, 2014
Sewer Plant	\$ 1,118,163.75	\$ 15,625.39	\$ 1,102,538.36
Ref.	D		D

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
OUTSTANDING DECEMBER 31, 2014

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 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
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

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, 2014
(Continued)

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 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
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

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, 2014
(Continued)

Maturity Date	Payment of		Balance of Loan
	Interest	Principal	
			\$ 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>\$ 955,338.26</u>	<u>\$ 1,102,538.36</u>	

TOWNSHIP OF MENDHAM
COUNTY OF MORRIS
2014
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, 2013	E	\$ -0-	\$ 24,500.00
Increased by Receipts:			
Sewer Rents		\$ 104,393.11	
Interest on Delinquent Sewer Rents		266.30	
Prepaid/Overpaid Sewer Rents		560.82	
Due Mendham West Sewer Utility Capital Fund:			
Interfund Advanced			\$ 24,500.00
Due Mendham East Sewer Utility Operating Fund:			
Interfund Advanced		35,135.13	
		<u>140,355.36</u>	<u>24,500.00</u>
		140,355.36	49,000.00
Decreased by Disbursements:			
2014 Budget Appropriations		109,023.36	
2013 Appropriation Reserves		6,832.00	
Due Mendham West Sewer Utility Capital Fund:			
Interfund Advanced		24,500.00	
		<u>140,355.36</u>	
Balance December 31, 2014	E	<u>\$ -0-</u>	<u>\$ 49,000.00</u>

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

	Balance Dec. 31, 2013	Cash Receipts Miscellaneous	Balance Dec. 31, 2014
Due to Mendham West Sewer Utility Operating Fund	\$ 24,500.00	\$ 24,500.00	\$ 49,000.00
	<u>\$ 24,500.00</u>	<u>\$ 24,500.00</u>	<u>\$ 49,000.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 3,490.07
Increased by:		
Sewer Rents		\$ 102,596.18
Interest on Delinquent Sewer Rents		266.30
		<u>102,862.48</u>
		106,352.55
Decreased by:		
Collections:		
Sewer Rents		104,393.11
Interest on Delinquent Sewer Rents		266.30
Prepaid/Overpaid Sewer Rents Applied		11.32
Cancelled by Resolution		2.86
		<u>104,673.59</u>
Balance December 31, 2014	E	<u>\$ 1,678.96</u>

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

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u> <u>by Budget</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
Sewer Plant	<u>\$ 2,050,726.32</u>	<u>\$ 6,147.00</u>	<u>\$ 2,056,873.32</u>
<u>Ref.</u>	E		E

TOWNSHIP OF MENDHAM
MENDHAM WEST
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2013 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2014

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 8,374.16	\$ 8,374.16	\$ 6,832.00	\$ 1,542.16
Capital Improvements:				
Capital Outlay	<u>3,170.27</u>	<u>3,170.27</u>		<u>3,170.27</u>
	<u>\$ 11,544.43</u>	<u>\$ 11,544.43</u>	<u>\$ 6,832.00</u>	<u>\$ 4,712.43</u>

Ref.

Balance December 31, 2013:

Encumbered	E	\$ 6,832.00
Unencumbered	E	<u>4,712.43</u>
		<u>\$ 11,544.43</u>

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

	<u>Ref.</u>	
Balance December 31, 2013	E	\$ 2,050,726.32
Increased by:		
Capital Outlay:		
2014 Budget Appropriations		<u>6,147.00</u>
Balance December 31, 2014	E	<u>\$ 2,056,873.32</u>

TOWNSHIP OF MENDHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2014

TOWNSHIP OF MENDHAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

Federal Department	Federal Program	C.F.D.A. Account Number	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO Cumulative Total Expenditures
					From	To			
U.S. Department of Justice: (Passed through NJ Department of Law and Public Safety)	Bulletproof Vest Partnership Program	16.607	N/A N/A	\$ 497.65 843.13	01/01/12 01/01/13	12/31/15 12/31/15	\$ 497.65 843.13		
Total U.S. Department of Justice							1,340.78		
U.S. Department of Transportation: (Passed through NJ Department of Transportation)	Highway Planning and Construction Cluster: Municipal Aid Program - 2013 East Main St & Gordon Lane (Ord #04-13)	20.205	078-6320-480- AK4-600082	250,000.00	01/01/13	12/31/15	187,500.00	\$ 187,500.00	\$ 187,500.00
	Local Aid Infrastructure Fund - 2012 East Main St & Gordon Lane	20.205	078-6320-480- ALL-609163	150,000.00	01/01/12	12/31/15	112,500.00	62,500.00	62,500.00
Total Highway Planning and Construction Cluster							300,000.00	250,000.00	250,000.00
(Passed through NJ Department of Law and Public Safety)	Over the Limit Under Arrest: 2013	20.616	066-1160-100- 157-031020	4,326.25	01/01/14	12/31/14	4,326.25	4,326.25	4,326.25
	Drive Sober or Get Pulled Over: 2013	20.601	N/A	4,371.32	01/01/12	12/31/13		4,371.32	4,371.32
Total U.S. Department of Transportation							304,326.25	258,697.57	258,697.57
U.S. Department of Homeland Security: (Passed through N.J. Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA: Super Storm Sandy	97.036	066-1200-100- A92-068280	364,315.96	01/01/12	12/31/13	116,121.83	116,121.83 *	364,315.96
Total U.S. Department of Homeland Security							116,121.83	116,121.83	364,315.96
TOTAL FEDERAL AWARDS							\$ 421,788.86	\$ 374,819.40	\$ 623,013.53

* Includes 2012 and 2013 expenditures.

N/A - Not Available

TOWNSHIP OF MENDHAM
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2014

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO			
				From	To			Cumulative Total Expenditures			
Department of Environmental Protection	Clean Communities Grant	042-4900-765- 004-178910	\$ 18,191.43	01/01/14	12/31/15	\$ 18,191.43	\$ 13,691.50	\$ 13,691.50			
	Recycling Tonnage Grant	042-4910-100- 224-238490	5,417.32	01/01/12	12/31/15		4,000.00	5,280.54			
			4,035.90	01/01/15	12/31/15	4,035.90					
						4,035.90	4,000.00	5,280.54			
	Total Department of Environmental Protection						22,227.33	17,691.50	18,972.04		
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund	098-9735-760- 001-060000	1,618.04	01/01/11	12/31/15		600.00	864.08			
			2,835.85	01/01/14	12/31/15	2,835.85					
Total Department of Health and Senior Services						2,835.85	600.00	864.08			
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-066-1110- 260-YYYY	860.25	01/01/10	12/31/14		860.25	860.25			
			5,224.91	01/01/11	12/31/14		5,224.91	5,224.91			
			8,678.12	01/01/12	12/31/15		3,456.14	3,456.14			
			7,024.08	01/01/14	12/31/15	7,024.08					
	Body Armor Replacement Fund	066-1020-718- 001-090160	1,725.92	01/01/12	12/31/14		535.34	1,725.92			
			2,992.16	01/01/13	12/31/15		1,183.20	2,077.05			
			1,596.57	01/01/14	12/31/15	1,596.57					
						1,596.57	1,718.54	3,802.97			
			Total Department of Law and Public Safety						8,620.65	11,259.84	13,344.27
			TOTAL STATE AWARDS						\$ 33,683.83	\$ 29,551.34	\$ 33,180.39

SEE ACCOMPANYING 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, 2014

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of the Township of Mendham under programs of the federal and state governments for the year ended December 31, 2014. The information in these schedules is presented in accordance with the requirements of the Office of Management and Budget (OMB) 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*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 Utility East Capital Fund as of December 31, 2014:

Green Acres Loan Payable #1	\$ 75,924.74
Green Acres Loan Payable #2	437,899.38
Green Acres Loan Payable #3	323,314.96
Green Acres Loan Payable #4	215,543.29
	<u>\$ 1,052,682.37</u>
 United States Department of Agriculture Loan	 <u>\$ 1,102,538.36</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.



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Mt. Arlington, NJ 07856
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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, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 22, 2015. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, 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 an 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 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 2014-01, that we consider to be a significant deficiency.

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

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*.

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
June 22, 2015

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, 2014

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular 04-04 for the year ended December 31, 2014 as both state and federal 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 disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2014-01: 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; and recording of collections. The reconciliation of certain bank accounts, the preparation of the general ledger for the various funds as well as the preparation of certain aspects of payroll are performed by the Chief Financial Officer. Also, the Tax/Utilities Rent Collector is responsible for cash collections and posting process. 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 finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

TOWNSHIP OF MENDHAM
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2014

Findings and Responses for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Responses for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

TOWNSHIP OF MENDHAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2014-01.

TOWNSHIP OF MENDHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

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:11-4 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.

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.

TOWNSHIP OF MENDHAM
OTHER COMMENTS AND RECOMMENDATIONS
(Continued)

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

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 2, 2014, 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 not held in 2014 since all delinquent taxes were paid and no items were eligible for sale.

Inspection of tax sale certificates on file revealed that all tax sale certificates from prior years' tax sales 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>
2014	5
2013	5
2012	3

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 2014 Taxes	20
Payment of 2015 Taxes	20
Delinquent Taxes	20
Payment of 2014 Sewer Charges	10
Delinquent Sewer Charges	10

Verification notices were mailed to confirm balances as of December 31, 2014. 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.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

N.J.A.C. Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. 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 accounting requirements.

Municipal Court

The financial records of the Municipal Court were tested and a summary of the transactions for the year 2014 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance Dec. 31, 2013	Receipts	Disbursements	Balance Dec. 31, 2014
State of New Jersey	\$ 13,786.92	\$ 100,589.66	\$ 107,512.26	\$ 6,864.32
County of Morris	5,423.50	55,113.50	57,912.00	2,625.00
Municipality	12,077.58	124,479.34	128,993.24	7,563.68
Public Defender	700.00	9,172.00	9,652.00	220.00
Restitution		281.00	25.00	256.00
P.O.A.A.		4.00	4.00	
Conditional Discharge	545.00	3,793.00	4,203.00	135.00
	<u>\$ 32,533.00</u>	<u>\$ 293,432.50</u>	<u>\$ 308,301.50</u>	<u>\$ 17,664.00</u>

Federal and State Grant Balances

There are various appropriated reserves and receivable balances in the Federal and State Grant Fund which have been on the Township's records for several years. Also, there are older receivables in the General Capital Fund for the Homeland Security Grant, the New Jersey Department of Transportation Grants and the Mendham Soccer & Lacrosse Clubs which need to be investigated and resolved.

It is recommended that older capital grants and other grant receivables and appropriated reserves are reviewed for possible cancellation.

Management's Response

Older grants balances are still being investigated and will be collected or cancelled.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

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It is recommended that older capital grants and other grant receivables and appropriated reserves are reviewed for possible collection, cancellation and alternate funding.

Management's Response

Older grants balances are still being investigated and will be collected, cancelled or funded as deemed appropriate.

TOWNSHIP OF MENDHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

General Capital Fund

There are several ordinances in excess of five years which have deficit cash balances at December 31, 2014. This situation arises when expenditures are made from an ordinance where permanent financing has not been fully provided.

It is recommended that the remaining deficit cash balances on ordinances in excess of five years are funded by the issuance of bonds or by budget appropriation.

Management's Response

Ordinances in excess of five years with deficit cash balances will be reviewed and properly funded by the issuance of bonds or by budget appropriation.

Sewer Fees

The Mendham East and West Sewer Utility operating funds have not been able to generate any excesses from operations due to very tight budgets. Consequently, there is no flexibility should unexpected circumstances arise. The existing sewer fees generated by the Mendham East and West Sewer Utility Funds are not projected to be sufficient for future operations.

It is recommended that the sewer rates for the Mendham East and West Sewer Utilities be reviewed for possible increases in order to generate additional revenue to support future operations.

Management's Response

The Township has reviewed sewer rates for the Mendham East and West Sewer Utilities and is in the process of implementing increases.

Management Suggestion

The balance in the Reserve for State Unemployment Insurance has been decreasing for the past three years due to the payment of claims. It is suggested that Township review the status of State Unemployment Insurance claims and ensure that the reserve is sufficiently funded.

Status of Prior Year Recommendations

The prior year recommendations regarding the timely turn-over of the state share of animal license fees, monthly bank reconciliations, reconciliation of cash balances to the general ledger, proper maintenance of the general ledgers and subsidiary ledgers, classification of cash activities, liquidation of interfund balances, the carryover of prior year unexpended budget balances and preparation of an analysis of balance for the payroll agency account have been resolved during 2014. The prior year recommendations regarding segregation of duties and possible cancellation of capital grants and other receivables have not been resolved and are included in the current year report.

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. Older capital grants and other grant receivables and appropriated reserves are reviewed for possible collection, cancellation and alternate funding.
3. The remaining deficit cash balances on ordinances in excess of five years are funded by the issuance of bonds or by budget appropriation.
4. The sewer rates for the Mendham East and West Sewer Utilities be reviewed for possible increases in order to generate additional revenue to support future operations.
