

*TOWNSHIP OF MENDHAM*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2015*

*NISIVOCCIA, LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF MENDHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2015

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TOWNSHIP OF MENDHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015



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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, 2015 and 2014, 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 and account group of the Township as of December 31, 2015 and 2014, 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. 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, 2015 and 2014 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, 2015 and 2014, 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.

***Emphasis of Matter***

As discussed in Note 5 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.



The Honorable Mayor and Members  
of the Township Committee  
Township of Mendham  
Page 3

### ***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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 May 23, 2016 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  
May 23, 2016

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell

Certified Public Accountant

Registered Municipal Accountant No. 447

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
CURRENT FUND

TOWNSHIP OF MENDHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 1,641,720.06	\$ 1,640,465.81
Change Fund		320.00	320.00
		<u>1,642,040.06</u>	<u>1,640,785.81</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	225,472.17	225,151.29
Tax Title Liens Receivable	A-8	48,037.46	43,294.28
Revenue Accounts Receivable	A-9	8,417.08	7,563.68
Due from Animal Control Fund	B		949.46
Due from Other Trust Funds	B	14,920.79	26,399.88
Due from General Capital Fund	C		963.08
Total Receivables and Other Assets		<u>296,847.50</u>	<u>304,321.67</u>
Total Regular Fund		<u>1,938,887.56</u>	<u>1,945,107.48</u>
Federal & State Grant Fund:			
Due from Current Fund	A	48,690.51	208,015.34
Grants Receivable	A-10	<u>15,380.95</u>	<u>17,935.39</u>
Total Federal and State Grant Fund		<u>64,071.46</u>	<u>225,950.73</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,002,959.02</u>	<u>\$ 2,171,058.21</u>

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

		December 31,	
	Ref.	2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 74,986.29	\$ 99,957.55
Unencumbered	A-3;A-11	268,902.82	199,856.55
		<u>343,889.11</u>	<u>299,814.10</u>
Prepaid Taxes		226,792.77	181,767.47
County Taxes Payable		7,084.28	
Due to State of New Jersey:			
Marriage Licenses		100.00	50.00
Department of Community Affairs Training Fees		3,103.00	2,788.00
Senior Citizens & Veterans Deductions		5,014.98	5,024.57
Due Federal & State Grant Fund	A	48,690.51	208,015.34
Tax Overpayments			5,219.23
Tax Sale Premiums		80,200.00	36,100.00
Reserve for:			
Special Events Donation		2,000.00	2,000.00
Pending Tax Appeals		75,000.00	75,000.00
Environmental Commission		120.53	120.53
Sale of Municipal Assets		33,949.36	33,949.36
		<u>825,944.54</u>	<u>849,848.60</u>
Reserve for Receivables and Other Assets	A	296,847.50	304,321.67
Fund Balance	A-1	816,095.52	790,937.21
		<u>1,938,887.56</u>	<u>1,945,107.48</u>
Total Regular Fund			
Federal & State Grant Fund:			
Appropriated Reserves	A-14	64,071.46	208,163.21
Reserve for Encumbrances	A-14		5,386.76
Unappropriated Reserves	A-15		12,400.76
		<u>64,071.46</u>	<u>225,950.73</u>
Total Federal and State Grant Fund			
		<u>\$ 2,002,959.02</u>	<u>\$ 2,171,058.21</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</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.	2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 790,000.00	\$ 810,359.00
Miscellaneous Revenue Anticipated		1,245,454.59	1,598,219.47
Receipts from:			
Delinquent Taxes		222,334.70	259,750.37
Current Taxes		37,809,817.10	36,983,045.92
Nonbudget Revenue		44,517.56	7,607.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		98,520.48	32,676.87
Tax Overpayments Canceled			1,403.79
Appropriated Grant Reserve Canceled		2,500.00	
Cancellation of Accounts Payable			417.30
Interfunds Returned		28,312.42	32,206.09
Total Income		40,241,456.85	39,725,686.80
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		8,218,045.81	8,389,435.91
County Taxes		4,917,980.21	4,836,377.87
Due County for Added and Omitted Taxes		7,084.28	10,732.28
Local School District Taxes		15,561,040.00	15,347,864.00
Regional High School Taxes		10,221,853.00	9,855,472.00
Municipal Open Space Trust Taxes		432,244.72	434,780.89
Prior Year Senior Citizens' and Veterans Deductions Disallowed		250.00	
Reserve for Pending Tax Appeals		39,278.55	47,395.11
Refund of Prior Year Revenue		77.58	
Cancellation of Grants Receivable		13,523.60	
Interfunds Advanced		14,920.79	28,312.42
Total Expenditures		39,426,298.54	38,950,370.48
Excess in Revenue/Statutory Excess to Fund Balance		815,158.31	775,316.32
<u>Fund Balance</u>			
Balance January 1		790,937.21	825,979.89
		1,606,095.52	1,601,296.21
Decreased by:			
Utilized as Anticipated Revenue		790,000.00	810,359.00
Balance December 31	A	\$ 816,095.52	\$ 790,937.21

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, 2015

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 790,000.00		\$ 790,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages	2,600.00		2,680.00	\$ 80.00
Fees and Permits	86,000.00		74,718.02	11,281.98 *
Municipal Court - Fines and Costs	129,000.00		103,900.61	25,099.39 *
Interest and Costs on Taxes	82,000.00		73,387.33	8,612.67 *
Interest on Investments and Deposits	7,000.00		6,480.89	519.11 *
Energy Receipts Tax	459,000.00		459,000.00	
Watershed Aid	28,059.00		28,059.00	
Uniform Construction Code Fees	240,000.00		191,159.20	48,840.80 *
Recycling Tonnage Grant	4,035.90		4,035.90	
Alcohol Education Rehabilitation Fund - 2015		\$ 1,355.46	1,355.46	
Body Armor Replacement Fund - 2015		1,762.91	1,762.91	
Reserve - Drunk Driving Enforcement Fund	7,024.08		7,024.08	
Sustainable Jersey Grant	9,850.00		9,850.00	
Clean Communities Grant		22,096.35	22,096.35	
Drive Sober or Get Pulled Over:				
2014 - Year End Holiday Crackdown	7,500.00		7,500.00	
2015		5,000.00	5,000.00	
Bulletproof Vest Partnership Grant:				
2012	497.65		497.65	
2013	843.13		843.13	
2015		893.85	893.85	
Reserve for Natural Area Maintenance	5,600.00		5,618.71	18.71
Uniform Fire Safety Act	1,600.00		1,670.83	70.83
Rents on Municipal Properties	40,000.00		48,505.00	8,505.00
Annual CATV Gross Receipts	91,000.00		96,415.67	5,415.67
Reserve to Pay Debt Service	50,000.00		50,000.00	
Reserve for Municipal Building	43,000.00		43,000.00	
	1,294,609.76	31,108.57	1,245,454.59	80,263.74 *
Receipts from Delinquent Taxes	233,000.00		222,334.70	10,665.30 *
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	6,904,024.99		7,704,194.89	800,169.90
Budget Totals	9,221,634.75	31,108.57	9,961,984.18	709,240.86
Nonbudget Revenue			44,517.56	44,517.56
	\$ 9,221,634.75	\$ 31,108.57	\$ 10,006,501.74	\$ 753,758.42

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes		\$ 37,809,817.10
Allocated to:		
Local School District Taxes	\$ 15,561,040.00	
Regional High School Taxes	10,221,853.00	
Municipal Open Space Taxes	432,244.72	
County Taxes	4,917,980.21	
Due County for Added and Omitted Taxes	7,084.28	
		<u>31,140,202.21</u>
Balance for Support of Municipal Budget		6,669,614.89
Add: Appropriated Reserve for Uncollected Taxes		<u>1,034,580.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 7,704,194.89</u></u>

Fees and Permits

Clerk	\$ 1,002.55
Board of Health	44,630.00
Police	9,534.97
Planning and Zoning	6,780.00
Fire Inspection	6,370.00
Department of Public Works	4,040.00
Other	2,360.50
	<u>\$ 74,718.02</u>

Analysis of Nonbudget Revenue:

Treasurer:		
Senior Citizens' and Veterans Deductions Administrative Fee	\$ 490.00	
Division of Motor Vehicles - Fines	1,690.00	
FEMA Reimbursements for Super Storm Sandy	8,869.89	
Sale of Fire Truck	1,500.00	
Insurance Reimbursement	18,496.21	
Refund of Prior Year Expenses	10,444.80	
Statutory Excess in Reserve for Animal Control Expenditures	1,123.40	
Other Miscellaneous	1,467.32	
		<u>\$ 44,081.62</u>
Tax Collector		<u>435.94</u>
		<u><u>\$ 44,517.56</u></u>

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, 2015

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 143,990.00	\$ 96,365.41	\$ 96,365.41		
Other Expenses	33,350.00	72,350.00	70,508.99	\$ 1,841.01	
Mayor and Council:					
Salaries & Wages	5,500.00	5,500.00	5,458.35	41.65	
Other Expenses	4,000.00	5,500.00	5,402.93	97.07	
Municipal Clerk:					
Salaries & Wages	46,500.00	57,500.00	57,394.57	105.43	
Other Expenses	500.00	500.00	490.05	9.95	
Financial Administration:					
Salaries & Wages	65,000.00	45,000.00	45,000.00		
Other Expenses	64,000.00	104,000.00	95,117.11	8,882.89	
Annual Audit	38,100.00	38,100.00	38,100.00		
Management Information Services:					
Other Expenses	55,100.00	70,600.00	69,372.95	1,227.05	
Revenue Administration (Tax Collection):					
Salaries & Wages	56,431.00	42,431.00	42,366.87	64.13	
Other Expenses	3,230.00	3,230.00	1,218.88	2,011.12	
Tax Assessment Administration:					
Salaries & Wages	44,989.19	44,989.19	44,037.84	951.35	
Other Expenses	7,030.00	8,330.00	8,033.14	296.86	
Legal Services and Costs:					
Other Expenses - General	40,250.00	52,250.00	47,911.39	4,338.61	
Other Expenses - Labor/Personnel	1,000.00	1,000.00	587.92	412.08	
Other Expenses - Tax Appeals	12,000.00	12,000.00	11,712.23	287.77	
Environmental Commission (R.S. 40:56A-1 et seq.):					
Other Expenses	22,700.00	32,700.00	27,239.36	5,460.64	



TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
GENERAL GOVERNMENT:					
Engineering Services and Costs:					
Other Expenses	\$ 500.00	\$ 750.00	\$ 735.00	\$ 15.00	
Historic Preservation:					
Other Expenses	500.00	400.00	44.06	355.94	
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	15,000.00	15,200.00	15,125.00	75.00	
Other Expenses	16,500.00	16,500.00	13,407.45	3,092.55	
Board of Adjustment:					
Salaries & Wages	15,000.00	15,000.00	15,000.00		
Other Expenses	3,100.00	3,100.00	1,448.75	1,651.25	
General Liability Insurance	140,600.00	137,600.00	137,449.47	150.53	
Workers Compensation Insurance	139,000.00	139,000.00	139,000.00		
Group Insurance Plan for Employees	590,884.00	533,163.59	484,155.36	49,008.23	
PUBLIC SAFETY:					
Police:					
Salaries & Wages	1,581,175.00	1,606,510.00	1,583,297.73	23,212.27	
Other Expenses	70,200.00	74,865.00	66,990.33	7,874.67	
Other Expenses - Purchase of Vehicles	28,500.00	44,500.00	44,500.00		
Contractual Radio Dispatch	140,000.00	140,000.00	139,313.96	686.04	
Municipal Court:					
Salaries & Wages	95,374.80	95,374.80	90,700.08	4,674.72	
Other Expenses	6,350.00	6,350.00	4,538.09	1,811.91	
Emergency Management Services:					
Salaries & Wages	3,000.00	3,000.00	3,000.00		
Other Expenses	500.00	500.00		500.00	
Aid to Volunteer Fire Company	44,750.00	52,375.00	51,974.37	400.63	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PUBLIC SAFETY (Cont'd):					
Fire:					
Salaries & Wages	\$ 7,900.00	\$ 7,900.00	\$ 7,494.61	\$ 405.39	
Other Expenses	340.00	340.00		340.00	
Fire Hydrant Service	65,000.00	65,000.00	59,409.28	5,590.72	
Fire Cistern Maintenance	2,000.00	2,000.00		2,000.00	
Municipal Prosecutor:					
Other Expenses	15,000.00	15,000.00	14,779.80	220.20	
PUBLIC WORKS:					
Street Road Repairs and Maintenance:					
Salaries & Wages	824,079.00	785,079.00	762,284.21	22,794.79	
Other Expenses	296,000.00	296,000.00	288,613.91	7,386.09	
Snow Removal:					
Other Expenses	257,900.00	257,900.00	251,696.69	6,203.31	
Sanitation:					
Trash Removal	237,500.00	237,500.00	229,938.31	7,561.69	
Public Building and Grounds:					
Other Expenses	59,400.00	59,400.00	54,971.78	4,428.22	
HEALTH AND WELFARE:					
Board of Health:					
Salaries & Wages	21,370.00	21,370.00	21,301.44	68.56	
Other Expenses	6,800.00	6,800.00	6,187.15	612.85	
Health Services Contract	103,000.00	103,000.00	102,760.42	239.58	
Animal Control:					
Other Expenses	15,500.00	15,500.00	14,584.00	916.00	
Senior Citizen Programs:					
Other Expenses	22,918.00	22,918.00	18,144.02	4,773.98	

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
PARKS AND RECREATION:					
Board of Recreation Commissioners:					
Salaries & Wages	\$ 23,500.00	\$ 23,500.00	\$ 18,893.61	\$ 4,606.39	
Maintenance of Parks:					
Other Expenses	16,700.00	16,700.00	16,442.98	257.02	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	82,942.00	82,942.00	82,942.00		
Other Expenses	9,600.00	9,600.00	8,979.89	620.11	
Other Code Enforcement:					
Salaries & Wages	42,357.00	42,357.00	41,039.33	1,317.67	
UNCLASSIFIED:					
Reserve for Sick Leave Benefits	5,000.00	5,000.00		5,000.00	
Utilities	291,675.00	271,675.00	231,704.88	39,970.12	
Total Operations Within "CAPS"	5,941,084.99	5,924,014.99	5,689,165.95	234,849.04	
Contingent	2,000.00	2,000.00		2,000.00	
Total Operations Including Contingent Within "CAPS"	5,943,084.99	5,926,014.99	5,689,165.95	236,849.04	
Detail:					
Salaries & Wages	3,079,107.99	2,995,018.40	2,931,701.05	63,317.35	
Other Expenses	2,863,977.00	2,930,996.59	2,757,464.90	173,531.69	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Deferred Charges:					
Anticipated Deficit - Sewer Utility (Mendham West)	14,000.00	14,000.00	14,000.00		

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
(Cont'd)					
Statutory Expenditures:					
Contribution to Public Employees Retirement System (ERIP)	\$ 14,197.00	\$ 14,197.00	\$ 14,197.00		
Public Employees' Retirement System	157,929.00	157,929.00	157,929.00		
Social Security System (O.A.S.I.)	246,000.00	245,800.00	227,815.76	\$ 17,984.24	
Defined Contribution Retirement System	500.00	700.00	630.46	69.54	
Police & Fireman's Retirement System of NJ	321,628.00	321,628.00	321,628.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	754,254.00	754,254.00	736,200.22	18,053.78	
Total General Appropriations for Municipal Purposes Within "CAPS"	6,697,338.99	6,680,268.99	6,425,366.17	254,902.82	
Operations Excluded from "CAPS":					
Aid to Privately Owned Library (R.S. 40A:54-35):					
Other Expenses	200,000.00	200,000.00	200,000.00		
Contribution to :					
Length of Service Award	45,000.00	60,000.00	46,000.00	14,000.00	
Group Insurance Plan for Employees	19,116.00	19,116.00	19,116.00		
State and Federal Programs Offset by Revenue:					
Body Armor Replacement Fund - 2015 (N.J.S.A. 40A:4-87 + \$1,762.91)		1,762.91	1,762.91		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$22,096.35)		22,096.35	22,096.35		
Recycling Tonnage Grant	4,035.90	4,035.90	4,035.90		
Drunk Driving Enforcement Fund - 2014	7,024.08	7,024.08	7,024.08		
Alcohol Rehabilitation Education Fund - 2015 (N.J.S.A. 40A:4-87 + \$1,355.46)		1,355.46	1,355.46		

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Excluded from "CAPS": (Cont'd)					
State and Federal Programs Offset by Revenue (Cont'd):					
Municipal Alliance Grant - Matching Funds		\$ 2,070.00	\$ 2,070.00		
Sustainable Jersey Grant	\$ 9,850.00	9,850.00	9,850.00		
Drive Sober or Get Pulled Over:					
2014 - Year End Holiday Crackdown	7,500.00	7,500.00	7,500.00		
2015 (N.J.S.A. 40A:4-87 + \$5,000.00)		5,000.00	5,000.00		
Bulletproof Vest Partnership Grant:					
2012	497.65	497.65	497.65		
2013	843.13	843.13	843.13		
2015 (N.J.S.A. 40A:4-87 + \$893.85)		893.85	893.85		
Total Operations Excluded from "CAPS"	293,866.76	342,045.33	328,045.33	\$ 14,000.00	
Detail:					
Other Expenses	293,866.76	342,045.33	328,045.33	14,000.00	
Capital Improvements - Excluded form "CAPS"					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Total Capital Improvements - Excluded from "CAPS"	50,000.00	50,000.00	50,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	723,000.00	723,000.00	723,000.00		
Payment of Bond Anticipation Notes and Capital Notes	103,681.00	103,681.00	103,681.00		
Interest on Bonds	286,654.00	286,654.00	286,653.76		\$ 0.24
Interest on Notes	32,514.00	32,514.00	32,396.73		117.27
Total Municipal Debt Service - Excluded from "CAPS"	1,145,849.00	1,145,849.00	1,145,731.49		117.51

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations - Excluded from "CAPS"	\$ 1,489,715.76	\$ 1,537,894.33	\$ 1,523,776.82	\$ 14,000.00	\$ 117.51
Subtotal General Appropriations	8,187,054.75	8,218,163.32	7,949,142.99	268,902.82	117.51
Reserve for Uncollected Taxes	1,034,580.00	1,034,580.00	1,034,580.00		
Total General Appropriations	<u>\$ 9,221,634.75</u>	<u>\$ 9,252,743.32</u>	<u>\$ 8,983,722.99</u>	<u>\$ 268,902.82</u>	<u>\$ 117.51</u>

Ref.

A

TOWNSHIP OF MENDHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 9,221,634.75	
Added by N.J.S.A. 40A:4-87		<u>31,108.57</u>	
		<u>\$ 9,252,743.32</u>	
Cash Disbursed			\$ 7,978,593.38
Encumbrances Payable	A		74,986.29
Reserve for Uncollected Taxes			1,034,580.00
Transfer to Appropriated Grant Reserves:			
Federal, State and Local Grants			60,859.33
Local Matching Funds			<u>2,070.00</u>
			9,151,089.00
Less: Appropriation Refunds			<u>167,366.01</u>
			<u>\$ 8,983,722.99</u>

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

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
TRUST FUNDS



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

	Ref.	December 31	
		2015	2014
Animal Control Fund:			
Cash and Cash Equivalents:			
Treasurer	B-4	\$ 7,349.60	\$ 8,681.66
Change Fund		20.00	20.00
		<u>7,369.60</u>	<u>8,701.66</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	711,267.66	1,148,305.16
Investments - Zero Coupon Bonds		26,889.25	53,716.91
Due from General Capital Fund	C	275,000.00	
Due from Payroll Agency Fund			2,160.72
Municipal Alliance Grant Receivable:			
Due from County of Morris		19,510.80	20,190.00
Due from Other Municipalities		4,140.00	4,140.00
		<u>1,036,807.71</u>	<u>1,228,512.79</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,044,177.31</u>	<u>\$ 1,237,214.45</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Prepaid Municipal Licenses			\$ 1,988.40
Due to Current Fund	A		949.46
Due to State of New Jersey		\$ 16.80	158.40
Reserve for Animal Control Fund Expenditures	B-5	7,352.80	5,605.40
		<u>7,369.60</u>	<u>8,701.66</u>
Other Trust Funds:			
Due to Current Fund	A	14,920.79	26,399.88
Reserve for:			
Developers' Deposits		361,492.75	354,438.35
State Unemployment Insurance		34.32	5,378.11
Recreation		115,349.02	119,499.01
Parking Offenses Adjudication Act		386.93	384.01
Open Space Preservation		358,270.63	496,332.76
Trail Maintenance		260.75	260.75
Road Detail		69,058.27	96,164.02
Public Defender		18,209.90	17,062.30
Snow Removal		12.54	12.54
Dodge Grant		490.05	490.05
Fishing Contest		442.76	442.76
Forfeited Assets		149.32	148.96
Municipal Alliance		27,666.55	26,457.69
Natural Area Maintenance			5,618.71
Police Donations		6,931.92	7,499.96
TV Operations/Programs		63,131.21	71,922.93
		<u>1,036,807.71</u>	<u>1,228,512.79</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,044,177.31</u>	<u>\$ 1,237,214.45</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, 2015

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, 2015

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 133,218.73	\$ 380,389.38
Accounts Receivable:			
New Jersey Department of Transportation		65,000.00	110,000.00
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
Deferred Charges to Future Taxation:			
Funded		9,732,406.95	10,941,682.37
Unfunded	C-4	5,425,527.86	4,693,318.96
<u>TOTAL ASSETS</u>		<u>\$ 15,554,801.66</u>	<u>\$ 16,324,038.83</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 3,935,000.00	4,212,000.00
Serial Bonds Payable	C-8	8,920,000.00	9,889,000.00
Green Acres Loan Payable	C-9	812,406.95	1,052,682.37
Improvement Authorizations:			
Funded	C-5	29,171.38	5,489.31
Unfunded	C-5	1,101,071.96	757,195.05
Due to Current Fund	A		963.08
Due to Open Space Trust Fund	B	275,000.00	
Capital Improvement Fund	C-6	7,247.65	7,247.65
Reserve for:			
Encumbrances Payable			15,912.75
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
Municipal Facilities		190,000.00	190,000.00
Payment of Debt Service		232,682.73	57,682.73
Fund Balance	C-1	35,885.99	76,530.89
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 15,554,801.66</u>	<u>\$ 16,324,038.83</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, 2014	C	\$ 76,530.89
Increased by:		
Premium on Bond Anticipation Notes		29,355.10
		<u>105,885.99</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		70,000.00
		<u>70,000.00</u>
Balance December 31, 2015	C	<u>\$ 35,885.99</u>

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

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
WATER UTILITY FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS

2015

MENDHAM EAST SEWER UTILITY FUND



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

		December 31,	
	Ref.	2015	2014
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 55,445.75	\$ 35,243.57
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	D-6	9,619.13	10,466.76
Due from Mendham West Sewer Utility Operating Fund	E		41,259.73
Total Operating Fund		65,064.88	86,970.06
Capital Fund:			
Cash and Cash Equivalents	D-4	55,463.07	9,363.00
Due from Mendham East Sewer Utility Operating Fund	D		39,100.07
Fixed Capital	D-7	3,528,515.34	3,516,049.72
Fixed Capital Authorized & Uncompleted	D-8	50,000.00	
Total Capital Fund		3,633,978.41	3,564,512.79
<u>TOTAL ASSETS</u>		<u>\$ 3,699,043.29</u>	<u>\$ 3,651,482.85</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 7,037.06	\$ 12,410.39
Encumbered	D-3;D-9	16,299.75	4,189.53
		23,336.81	16,599.92
Prepaid/Overpaid Sewer Rents		50.16	966.90
Accrued Interest on Loans/Bonds		4,098.81	12,525.39
Due to Mendham East Sewer Utility Capital Fund	D		39,100.07
		27,485.78	69,192.28
Reserve for Receivables	D	9,619.13	10,466.76
Fund Balance	D-1	27,959.97	7,311.02
Total Operating Fund		65,064.88	86,970.06
Capital Fund:			
United States Department of Agriculture Loans Payable	D-14		1,102,538.36
Serial Bonds Payable	D-15	1,110,000.00	
Improvement Authorizations:			
Funded	D-10	50,000.00	
Capital Improvement Fund	D-11	5,143.00	48,143.00
Reserve for Amortization	D-12	2,418,515.34	2,413,511.36
Deferred Reserve for Amortization	D-13	50,000.00	
Fund Balance	D-1A	320.07	320.07
Total Capital Fund		3,633,978.41	3,564,512.79
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,699,043.29</u>	<u>\$ 3,651,482.85</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>	2015	2014
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated		\$ 1,000.00	\$ 7,913.00
Rents		255,724.18	253,461.11
Miscellaneous Revenue		1,202.45	2,393.07
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		9,671.74	5,116.44
Total Income		267,598.37	268,883.62
<u>Expenditures</u>			
Budget Expenditures:			
Operating		173,000.00	180,110.00
Capital Improvements		17,000.00	23,500.00
Debt Service		55,949.42	64,198.49
Total Expenditures		245,949.42	267,808.49
Excess in Revenue/Statutory Excess to Fund Balance		21,648.95	1,075.13
<u>Fund Balance</u>			
Balance January 1		7,311.02	14,148.89
		28,959.97	15,224.02
Decreased by:			
Utilized as Anticipated Revenue		1,000.00	7,913.00
Balance December 31	D	\$ 27,959.97	\$ 7,311.02

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, 2014	D	\$ <u>320.07</u>
Balance December 31, 2015	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, 2015

	Budget Anticipated	Realized	Excess/ Deficit*
Fund Balance Anticipated	\$ 1,000.00	\$ 1,000.00	
Rents	252,000.00	255,724.18	\$ 3,724.18
Miscellaneous Revenue	2,000.00	1,202.45	797.55 *
	<u>\$ 255,000.00</u>	<u>\$ 257,926.63</u>	<u>\$ 2,926.63</u>
<u>Analysis of Sewer Rents Realized:</u>			
Collections		\$ 254,757.28	
Overpayments Applied		966.90	
		<u>\$ 255,724.18</u>	
<u>Analysis of Miscellaneous Revenue</u>			
Interest on Sewer Rents		\$ 971.36	
Interest on Deposits:			
Cash Received by Treasurer		231.09	
		<u>\$ 1,202.45</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, 2015

	<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	\$ 173,000.00	\$ 173,000.00	\$ 170,419.32	\$ 2,580.68	
Capital Improvements:					
Capital Improvement Fund	7,000.00	7,000.00	7,000.00		
Capital Outlay	10,000.00	10,000.00	5,543.62	4,456.38	
Debt Service:					
USDA Loan - Principal and Interest	65,000.00	65,000.00	55,949.42		\$ 9,050.58
	<u>\$ 255,000.00</u>	<u>\$ 255,000.00</u>	<u>\$ 238,912.36</u>	<u>\$ 7,037.06</u>	<u>\$ 9,050.58</u>

Ref.

D

Cash Disbursed		\$ 183,252.08
Accrued Interest on Loans		39,360.53
Encumbrances Payable	D	<u>16,299.75</u>
		<u>\$ 238,912.36</u>

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

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
MENDHAM WEST SEWER UTILITY FUND

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

<u>ASSETS</u>	<u>Ref.</u>	December 31,	
		<u>2015</u>	<u>2014</u>
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 14,771.48	
Receivable with Full Reserve:			
Consumer Accounts Receivable and Liens	E-6	1,579.96	\$ 1,678.96
Due Mendham West Sewer Utility Capital Fund	E		49,000.00
Deferred Charges:			
Over-Expenditures of Appropriations	E-3	1,826.52	
Operating Deficit	E-1	75.34	
Total Operating Fund		<u>18,253.30</u>	<u>50,678.96</u>
Capital Fund:			
Cash and Cash Equivalents	E-4		49,000.00
Fixed Capital	E-7	<u>2,062,573.32</u>	<u>2,056,873.32</u>
Total Capital Fund		<u>2,062,573.32</u>	<u>2,105,873.32</u>
<u>TOTAL ASSETS</u>		<u>\$ 2,080,826.62</u>	<u>\$ 2,156,552.28</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-8		\$ 301.64
Encumbered	E-3;E-8	<u>\$ 8,961.73</u>	<u>301.64</u>
Prepaid/Overpaid Sewer Rents		833.80	560.82
Due Mendham East Sewer Utility Operating Fund	D	<u>9,795.53</u>	<u>41,259.73</u>
Reserve for Receivables	E	1,579.96	1,678.96
Fund Balance	E-1	<u>6,877.81</u>	<u>6,877.81</u>
Total Operating Fund		<u>18,253.30</u>	<u>50,678.96</u>
Capital Fund:			
Due Mendham West Sewer Utility Operating Fund	E		49,000.00
Reserve for Amortization	E-9	<u>2,062,573.32</u>	<u>2,056,873.32</u>
Total Capital Fund		<u>2,062,573.32</u>	<u>2,105,873.32</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,080,826.62</u>	<u>\$ 2,156,552.28</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,	
	Ref.	2015	2014
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated			\$ 6,819.00
Rents		\$ 102,951.16	104,404.43
Miscellaneous Revenue		671.86	266.30
Deficit (General Budget)		14,000.00	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		301.64	4,712.43
Total Income		117,924.66	116,202.16
<u>Expenditures</u>			
Budget Expenditures:			
Operating		112,300.00	103,000.00
Capital Outlay		5,700.00	6,325.00
Total Expenditures		118,000.00	109,325.00
Excess/(Deficit) in Revenue		(75.34)	6,877.16
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	E	75.34	
Statutory Excess to Fund Balance			6,877.16
<u>Fund Balance</u>			
Balance January 1		6,877.81	6,819.65
		6,877.81	13,696.81
Decreased by:			
Utilized as Anticipated Revenue			6,819.00
Balance December 31	E	\$ 6,877.81	\$ 6,877.81

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, 2015

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, 2015

	Budget Anticipated	Realized	Excess/ Deficit*
Sewer Rents	\$ 104,000.00	\$ 102,951.16	\$ 1,048.84 *
Deficit (General Budget)	14,000.00	14,000.00	
	118,000.00	116,951.16	1,048.84
Miscellaneous Revenue Not Anticipated		671.86	671.86
	<u>\$ 118,000.00</u>	<u>\$ 117,623.02</u>	<u>\$ 376.98</u>

Analysis of Sewer Rents Realized:

Collections	\$ 102,390.34
Prepaid/Overpaid Sewer Rents Applied	560.82
	<u>\$ 102,951.16</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, 2015

	<u>Appropriations</u>		<u>Expended</u>		<u>Over- Expenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Other Expenses	\$ 111,000.00	\$ 112,300.00	\$ 114,126.52		\$ 1,826.52
Capital Improvements:					
Capital Outlay	<u>7,000.00</u>	<u>5,700.00</u>	<u>5,700.00</u>		
	<u>\$ 118,000.00</u>	<u>\$ 118,000.00</u>	<u>\$ 119,826.52</u>	<u>\$ -0-</u>	<u>\$ 1,826.52</u>
<u>Ref.</u>				E	E
Cash Disbursed			\$ 110,864.79		
Encumbrances	E		<u>8,961.73</u>		
			<u>\$ 119,826.52</u>		

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

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
GENERAL FIXED ASSETS ACCOUNT GROUP

UNAUDITED

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

	December 31,	
	2015	2014
<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	7,348,677.13
<u>TOTAL ASSETS</u>	<u>\$ 36,438,229.18</u>	<u>\$ 36,438,229.18</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 36,438,229.18	\$ 36,438,229.18
<u>TOTAL RESERVES</u>	<u>\$ 36,438,229.18</u>	<u>\$ 36,438,229.18</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, 2015

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, 2015  
(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 and the Township's net pension liability and related deferred inflows and outflows would be recorded.

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, 2015  
(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, 2015  
(Continued)

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

E. Other significant accounting policies include (Cont'd):

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, 2015  
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds 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,		
	2015	2014	2013
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 13,667,406.95	\$ 15,153,682.37	\$ 16,174,223.41
Mendham East Sewer Utility:			
Bonds, Notes and Loans	1,110,000.00	1,102,538.36	1,118,163.75
Net Debt Issued	<u>14,777,406.95</u>	<u>16,256,220.73</u>	<u>17,292,387.16</u>
<u>Less:</u>			
Funds Temporarily Held to Pay			
Bonds and Notes:			
Open Space Trust Fund	358,270.63	496,332.76	501,695.90
Reserve to Pay Debt Service -			
General Capital Fund	232,682.73	57,682.73	107,682.73
	<u>14,186,453.59</u>	<u>15,702,205.24</u>	<u>16,683,008.53</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	<u>1,490,527.86</u>	<u>481,318.96</u>	<u>134,568.96</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 15,676,981.45</u>	<u>\$ 16,183,524.20</u>	<u>\$ 16,817,577.49</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 .75%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 7,360,000.00	\$ 7,360,000.00	
Regional High School District Debt	3,757,836.00	3,757,836.00	
Mendham East Sewer Utility Debt	1,110,000.00	1,110,000.00	
General Debt	<u>15,157,934.81</u>	<u>590,953.36</u>	<u>\$ 14,566,981.45</u>
	<u>\$ 27,385,770.81</u>	<u>\$ 12,818,789.36</u>	<u>\$ 14,566,981.45</u>

Net Debt: \$14,566,981.45 divided by Average Equalized Valuations of \$1,935,582,063.67 of Real Property = .75%.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(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	\$ 67,745,372.23
Net Debt	<u>14,566,981.45</u>
Remaining Borrowing Power	<u><u>\$ 53,178,390.78</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	\$ 257,926.63
Deductions:	
Operating and Maintenance Costs	\$ 173,000.00
Debt Service	<u>55,949.42</u>
	<u>228,949.42</u>
Excess in Revenue	<u><u>\$ 28,977.21</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 12/31/13	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 East Capital Fund:				
USDA Loans	<u>1,118,163.75</u>		<u>15,625.39</u>	<u>1,102,538.36</u>
	<u>\$ 17,292,387.16</u>	<u>\$ 4,212,000.00</u>	<u>\$ 5,248,166.43</u>	<u>\$ 16,256,220.73</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/14	Additions	Retirements	Balance 12/31/15
Serial Bonds:				
General Capital Fund	\$ 8,931,000.00	\$ 5,719,000.00	\$ 6,589,000.00	\$ 8,061,000.00
Open Space Trust Fund	958,000.00	736,000.00	835,000.00	859,000.00
Sewer East Capital Fund		1,110,000.00		1,110,000.00
Bond Anticipation Notes:				
General Capital Fund	4,212,000.00	3,935,000.00	4,212,000.00	3,935,000.00
Loans Payable:				
General Capital Fund:				
Green Acres Loans	1,052,682.37		240,275.42	812,406.95
Sewer East Capital Fund:				
USDA Loans	1,102,538.36		1,102,538.36	
	<u>\$ 16,256,220.73</u>	<u>\$ 11,500,000.00</u>	<u>\$ 12,978,813.78</u>	<u>\$ 14,777,406.95</u>

The Township's debt issued and outstanding on December 31, 2015 is described as follows:

General Capital Serial Bonds

Final Maturity	Rate	Amount
02/01/18	3.00-3.125%	\$ 2,342,000.00
09/01/24	2.00-4.00%	5,719,000.00
		<u>\$ 8,061,000.00</u>

Open Space Serial Bonds

Final Maturity	Rate	Amount
02/01/18	3.00-3.125%	\$ 123,000.00
02/01/24	2.00-4.00%	736,000.00
		<u>\$ 859,000.00</u>

General Capital Green Acres Loans Payable

Final Maturity	Rate	Amount
03/06/17	2.00%	\$ 46,007.36
07/21/17	2.00%	294,827.92
01/24/22	2.00%	282,943.01
01/24/22	2.00%	188,628.66
		<u>\$ 812,406.95</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

General Capital Bond Anticipation Notes Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
05/20/16	1.25%	<u>\$ 3,935,000.00</u>

Mendham East - Sewer Utility Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
09/01/24	2.00-3.50%	<u>\$ 1,110,000.00</u>

Total Debt Issued and Outstanding	<u>\$ 14,777,406.95</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>Mendham East</u> <u>Sewer Utility Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 905,000.00	\$ 210,615.70	\$ 35,000.00	\$ 24,649.31	\$ 1,175,265.01
2017	885,000.00	250,631.26	25,000.00	35,081.26	1,195,712.52
2018	930,000.00	223,515.63	25,000.00	34,581.26	1,213,096.89
2019	955,000.00	208,700.00	25,000.00	34,081.26	1,222,781.26
2020	990,000.00	189,600.00	30,000.00	33,581.26	1,243,181.26
2021-2025	4,255,000.00	419,700.00	155,000.00	152,606.30	4,982,306.30
2026-2030			185,000.00	124,343.78	309,343.78
2031-2035			210,000.00	93,762.54	303,762.54
2036-2040			250,000.00	56,331.26	306,331.26
2041-2043			170,000.00	12,075.00	182,075.00
Total	<u>\$8,920,000.00</u>	<u>\$1,502,762.59</u>	<u>\$1,110,000.00</u>	<u>\$ 601,093.23</u>	<u>\$ 12,133,855.82</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, 2015  
(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 ("U.S.D.A."), 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.

On December 23, 2015, the Township issued refunding bonds of \$1,110,000 to refund \$1,085,949 of the outstanding U.S.D.A. loan payable. As a result of the refunding, the Township will realize a total of \$282,573 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$174,453, or 16% of the loans refunded.

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 Green Acres Loans		Total
	Principal	Interest	
2016	\$ 245,104.96	\$ 15,028.71	\$ 260,133.67
2017	234,388.06	10,102.09	244,490.15
2018	71,426.05	6,302.94	77,728.99
2019	72,861.73	4,867.26	77,728.99
2020	74,326.25	3,402.74	77,728.99
2021-2025	114,299.90	2,293.58	116,593.48
Total	<u>\$ 812,406.95</u>	<u>\$ 41,997.32</u>	<u>\$ 854,404.27</u>

Net Pension Liability

The Township's share of the State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$3,833,016 at June 30, 2015. The Township's share of the State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$6,687,947 at June 30, 2015. See Note 5 for further information on the PERS and PFRS.



TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2015 which was included in the Current Fund and the Sewer Utility Operating Funds' introduced budgets for the year ending December 31, 2016 is as follows:

Current Fund	\$ 790,000.00
Mendham East Sewer Utility Fund	18,107.00
Mendham West Sewer Utility Fund	2,602.00

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 participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$157,929 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability was \$3,833,016 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.017%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township recognized actual pension expense in the amount of \$157,929.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's proportionate share of the Net Pension Liability	\$ 4,763,970	\$ 3,833,016	\$ 3,052,511

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service. The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Township contributions to PFRS amounted to \$321,628 for the year ended December 31, 2015. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$30,531 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contribution of \$73,159.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability for its proportionate share of the net pension liability was \$6,687,947. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.040%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$586,510 as of June 30, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.040%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014 which is the same proportion as the Township's.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Township's Proportionate Share of the Net Pension Liability	\$ 6,687,947
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>586,510</u>
Total Net Pension Liability	<u><u>\$ 7,274,457</u></u>

For the year ended December 31, 2015, the Township recognized total pension expense of \$321,628.

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60% - 9.48% based on age
Thereafter	3.60% - 10.48% based on age
Investment Rate of Return	7.90%

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

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

Long Term Expected Rate of Return

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

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate – PFRS

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



TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Township) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Township) as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Township	\$ 9,590,044	\$ 7,274,457	\$ 5,386,303

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$630.46 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$1,193.66 for the year ended December 31, 2015.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Accrued Sick Benefits

The Township permits employees to accrue a limited amount of unused sick pay and compensatory time, 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 \$349,106 at December 31, 2015. 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.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	\$ 2.027	\$ 1.981	\$ 1.938
<u>Apportionment of Tax Rate</u>			
Municipal	0.390	0.381	0.362
County	0.263	0.259	0.262
Local School	0.830	0.817	0.799
Regional High School	0.544	0.524	0.515
<u>Assessed Valuations</u>			
2015	<u>\$ 1,876,739,393</u>		
2014		<u>\$ 1,878,805,350</u>	
2013			<u>\$ 1,886,227,802</u>

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>
2015	\$ 38,096,083.13	\$ 37,809,817.10	99.24%
2014	37,300,192.65	36,983,045.92	99.14%
2013	36,595,611.88	36,209,794.27	98.94%

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, 2015  
(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.

Deposits:

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

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

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

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

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

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

Investments (Cont'd)

- (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.

As of December 31, 2015, cash and cash equivalents of the Township consisted of the following:

Fund	Cash on Hand	Checking Accounts	Totals
Current	\$ 320.00	\$ 1,641,720.06	\$ 1,642,040.06
Animal Control	20.00	7,349.60	7,369.60
Other Trust		711,267.66	711,267.66
General Capital		133,218.73	133,218.73
Sewer Utility:			
Operating - East		55,445.75	55,445.75
Capital - East		55,463.07	55,463.07
Operating - West		14,771.48	14,771.48
	<u>\$ 340.00</u>	<u>\$ 2,619,236.35</u>	<u>\$ 2,619,576.35</u>

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

During the period ended December 31, 2015, the Township held one investment. The carrying amount of the Township's cash and cash equivalents at December 31, 2015, was \$2,619,576.35 and the bank balance was \$2,516,673.67.

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 \$26,889.25 at December 31, 2015 and \$53,716.91 at December 31, 2014.

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

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.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Risk Management (Cont'd)

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 216  
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:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ -0-	\$ 3,252.66	\$ 7.26	\$ 8,603.71	\$ 34.32
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

Note 10: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 14,920.79	\$ 48,690.51
Federal and State Grant	48,690.51	
Other Trust	275,000.00	14,920.79
General Capital		275,000.00
	<u>\$ 338,611.30</u>	<u>\$ 338,611.30</u>

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 a prior year interfund with Developers Escrow, offset by the 2015 added open space taxes due from the Current Fund.

TOWNSHIP OF MENDHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

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, 2015, the balance in the Open Space Trust Fund was \$358,270.63 which consists of \$331,381.38 of cash and \$26,889.25 of zero coupon bonds received from the NJ Conservation Foundation.

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, 2015 in the amount of \$100,000.00 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, 2015  
 (Continued)

Note 15: Fixed Assets (Unaudited)

The following is a summarization of general fixed assets for the years ended December 31, 2014 and 2015:

	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>
	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
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			7,348,677.13
	<u>\$ 36,438,229.18</u>	<u>\$ -0-</u>	<u>\$ -0-</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, 2015

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Chris Baumann	Mayor		
Frank Cioppettini, Jr.	Deputy Mayor		
Diana Orban Brown	Committee Member		
Maribeth Thomas	Committee Member		
Samuel K. Tolley	Committee Member		
Amey Upchurch	Township Administrator (To 07/13/15)		
	Acting Chief Financial Officer (To 07/13/15)		
Debbie Bonanno	Township Administrator (From 12/07/15)	**	**
Karen Fornaro	Chief Financial Officer (From 12/07/15)	**	**
Terris Garbarini	Tax Collector, Utility Collector and Tax Search Officer (To 07/13/15)	**	**
Rebecca Roth	Tax Collector, Utility Collector and Tax Search Officer (From 07/27/15)	**	**
Mary Beth Zichelli	Township Clerk, Assessment/Subdivision Searcher, Registrar of Vital Statistics (From 04/20/15)	**	**
Elizabeth Rego	Acting Township Clerk (From 03/18/15 to 04/20/15) Assessment/Subdivision Searcher, Registrar of Vital Statistics		
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 (To 12/31/15)	**	**
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  
2015  
CURRENT FUND

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

Balance December 31, 2014	<u>Ref.</u> A	\$ 1,640,465.81
Increased by Receipts:		
Tax Collector	\$ 38,144,447.15	
Revenue Accounts Receivable	1,104,727.04	
Interest on Investments	6,480.89	
Miscellaneous Revenue Not Anticipated	44,081.62	
Due Federal and State Grant Fund:		
Grant Receivable	37,489.41	
Due Animal Control Fund:		
Prior Year Interfunds Returned	949.46	
Due Other Trust Funds:		
Prior Year Interfunds Returned:		
Recreation	450.00	
Open Space	10,382.37	
Interfunds Advanced:		
Public Defender Receipts Collected in Current Fund	100.00	
Due General Capital Fund:		
Prior Year Interfunds Returned	963.08	
Due to the State of New Jersey:		
Marriage License Fees	450.00	
DCA Training Fees	13,123.00	
Veterans and Senior Citizens' Deductions	24,500.00	
Tax Sale Premium	44,100.00	
Appropriation Refunds	167,366.01	
		<u>39,599,610.03</u>
		41,240,075.84

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

	<u>Ref.</u>	
Decreased by Disbursements:		
2015 Appropriation Expenditures	\$ 7,978,593.38	
2014 Appropriation Reserves	201,293.62	
Regional High School Taxes	10,221,853.00	
Local School Taxes	15,561,040.00	
County Taxes	4,917,980.21	
Due Other Trust Funds:		
Open Space Trust Fund:		
Open Space Tax Levy	431,650.00	
Prior Year Interfunds Returned	48.00	
Tax Overpayments	23,425.60	
Due to the State of New Jersey:		
Marriage License Fees	400.00	
DCA Training Fees	12,808.00	
Refund of Prior Year Revenue	77.58	
Reserve for Pending Tax Appeals	39,278.55	
Due Federal and State Grant Fund:		
Appropriated Grant Reserves	204,521.08	
Reserve for Encumbrances	5,386.76	
		<u>\$ 39,598,355.78</u>
Balance December 31, 2015	A	<u><u>\$ 1,641,720.06</u></u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

Increased by Receipts:

Taxes Receivable	\$ 37,825,212.51
2016 Prepaid Taxes	226,792.77
Interest and Costs on Taxes	73,387.33
Tax Overpayments	18,618.60
Other Miscellaneous	435.94
	<hr/> 38,144,447.15

Decreased by:

Paid to Treasurer	<u><u>\$ 38,144,447.15</u></u>
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TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

Year	Balance	2015 Levy	Collections		Overpayments Applied	NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2014		2014	2015					Dec. 31, 2015
2014	\$ 225,151.29			\$ 222,334.70		\$ (250.00)	\$ 3,066.59		
2015		\$ 38,096,083.13	\$ 181,767.47	37,602,877.81	\$ 412.23	24,759.59	56,050.68	\$ 4,743.18	\$ 225,472.17
	<u>\$ 225,151.29</u>	<u>\$ 38,096,083.13</u>	<u>\$ 181,767.47</u>	<u>\$37,825,212.51</u>	<u>\$ 412.23</u>	<u>\$ 24,509.59</u>	<u>\$ 59,117.27</u>	<u>\$ 4,743.18</u>	<u>\$ 225,472.17</u>

Ref. A

A

Analysis of 2015 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 38,041,507.49
Added, Omitted & Rollback Taxes	<u>54,575.64</u>
	<u>\$38,096,083.13</u>

Tax Levy:

Local School District Taxes	\$15,561,040.00
Regional High School District Taxes	10,221,853.00
County Taxes	\$ 4,917,980.21
Due County for Added and Omitted Taxes	<u>7,084.28</u>
	4,925,064.49
Due Other Trust Funds:	
Local Tax for Open Space	431,650.00
Additional Taxes Levied	<u>594.72</u>
	432,244.72
	<u>31,140,202.21</u>
Local Tax for Municipal Purposes Levied	6,904,024.99
Additional Taxes Levied	<u>51,855.93</u>
	6,955,880.92
	<u>\$38,096,083.13</u>

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 43,294.28
Increased by:		
Transfer from Taxes Receivable		<u>4,743.18</u>
Balance December 31, 2015	A	<u>\$ 48,037.46</u>



TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2014	Accrued	Collected	Balance Dec. 31, 2015
Licenses:				
Alcoholic Beverage Licenses		\$ 2,680.00	\$ 2,680.00	
Fees and Permits		74,718.02	74,718.02	
Municipal Court:				
Fines and Costs	\$ 7,563.68	104,754.01	103,900.61	\$ 8,417.08
Energy Tax Receipts		459,000.00	459,000.00	
Watershed Aid		28,059.00	28,059.00	
Uniform Construction Code Fees		191,159.20	191,159.20	
Reserve for Natural Area Maintenance		5,618.71	5,618.71	
Uniform Fire Safety Act		1,670.83	1,670.83	
Rents on Municipal Properties		48,505.00	48,505.00	
Annual CATV Gross Receipts		96,415.67	96,415.67	
Reserve to Pay Debt Service		50,000.00	50,000.00	
Reserve for Municipal Building		43,000.00	43,000.00	
	<u>\$ 7,563.68</u>	<u>\$ 1,105,580.44</u>	<u>\$ 1,104,727.04</u>	<u>\$ 8,417.08</u>
<u>Ref.</u>	A			A

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

	Balance Dec. 31, 2014	Budget Revenue Realized	Cash Received	Transferred From Unappropriated Reserves	Balance Cancelled	Balance Dec. 31, 2015
Clean Communities Grant - 2015		\$ 22,096.35	\$ 22,096.35			
Body Armor Replacement Fund - 2015		1,762.91	1,762.91			
Bulletproof Vest Partnership:						
2012		497.65		\$ 497.65		
2013		843.13		843.13		
2015		893.85	893.85			
Federal Highway Administration Trail Grant	\$ 2,600.00				\$ 2,600.00	
Alcohol Education Rehabilitation Fund - 2015		1,355.46	1,355.46			
Recycling Tonnage Grant:						
2012	105.72				105.72	
2013	5,000.00				5,000.00	
2014	5,000.00				5,000.00	
2015		4,035.90		4,035.90		
Drunk Driving Enforcement Fund Grant - 2014		7,024.08		7,024.08		
NJ Division of Highway Traffic Safety:						
Over the Limit Under Arrest Grant - 2011	817.88				817.88	
Drive Sober or Get Pulled Over:						
2014 - Year End Holiday Crackdown		7,500.00	7,500.00			
2015		5,000.00	3,880.84			\$ 1,119.16
NJ Highlands Water Protection & Planning Council:						
Initial Assessment Grant	4,411.79					4,411.79
New Jersey Sustainable Energy - 2015		9,850.00				9,850.00
	<u>\$ 17,935.39</u>	<u>\$ 60,859.33</u>	<u>\$ 37,489.41</u>	<u>\$ 12,400.76</u>	<u>\$ 13,523.60</u>	<u>\$ 15,380.95</u>
Ref.	A					A
Federal Grants			\$ 12,274.69			
State Grants			25,214.72			
			<u>\$ 37,489.41</u>			

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
General Administration:				
Salaries & Wages	\$ 2,488.03	\$ 488.03		\$ 488.03
Other Expenses	5,913.22	8,213.22	\$ 7,329.25	883.97
Mayor and Council:				
Salaries & Wages	562.46	562.46	550.00	12.46
Other Expenses	15,901.01	13,401.01	10,784.18	2,616.83
Municipal Clerk:				
Salaries & Wages	571.98	671.98	520.28	151.70
Other Expenses	1,173.68	2,673.68	2,442.25	231.43
Financial Administration:				
Salaries & Wages	268.01	268.01		268.01
Other Expenses	8,447.81	8,447.81	7,038.98	1,408.83
Management Information Services:				
Other Expenses	1,291.25	3,791.25	3,070.77	720.48
Revenue Administration (Tax Collection):				
Salaries & Wages	145.04	145.04		145.04
Other Expenses	465.66	465.66	104.20	361.46
Tax Assessment Administration:				
Salaries & Wages	12.29	12.29		12.29
Other Expenses	1,154.70	554.70	268.80	285.90
Legal Services and Costs:				
Other Expenses - General	5,222.42	4,422.42	4,342.14	80.28
Other Expenses - Labor/Personnel	970.00	970.00	43.50	926.50
Other Expenses - Tax Appeals	855.58	855.58	774.04	81.54
Engineering Services and Costs:				
Other Expenses	2,344.65	6,344.65	6,315.75	28.90
Environmental Commission:				
Other Expenses	155.00	155.00	155.00	
Historical 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:				
Planning Board:				
Salaries & Wages	0.06	0.06		0.06
Other Expenses	1,333.82	1,333.82	1,120.00	213.82
Board of Adjustment:				
Salaries & Wages	0.06	0.06		0.06
Other Expenses	1,280.39	1,280.39	485.36	795.03
General Liability Insurance	540.15	540.15		540.15
Group Insurance Plan for Employees	17,472.53	11,072.53		11,072.53
Police:				
Salaries & Wages	2,628.99	1,828.99	1,785.60	43.39
Other Expenses	7,806.74	12,306.74	11,356.30	950.44
Other Expenses - Purchase of Vehicles	713.05	713.05		713.05

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Municipal Court:				
Salaries & Wages	\$ 992.22	\$ 992.22		\$ 992.22
Other Expenses	470.54	470.54	\$ 297.18	173.36
Public Defender:				
Other Expenses	2,000.00	2,000.00		2,000.00
Municipal Prosecutor:				
Other Expenses	220.20	220.20		220.20
Contractual Radio Dispatch	86.21	86.21		86.21
Emergency Management Services:				
Other Expenses	425.00	425.00	100.00	325.00
Aid to Volunteer Fire Company	46,675.48	45,475.48	40,442.12	5,033.36
Fire:				
Salaries & Wages	274.54	274.54	118.72	155.82
Other Expenses	391.45	391.45		391.45
Fire Hydrant Services	5,387.33	4,587.33	4,534.40	52.93
Street and Road Repairs and Maintenance:				
Salaries & Wages	15,651.36	2,851.36		2,851.36
Other Expenses	27,467.68	23,467.68	18,416.35	5,051.33
Sanitation - Trash Removal:				
Other Expenses	7,040.50	8,540.50	8,514.50	26.00
Public Building and Grounds:				
Other Expenses	7,709.53	6,209.53	3,268.07	2,941.46
Tree Protection:				
Other Expenses	500.00	500.00		500.00
Snow Removal:				
Other Expenses	32,004.23	32,004.23	30,543.85	1,460.38
Board of Health:				
Salaries & Wages	48.79	48.79		48.79
Other Expenses	703.58	703.58	535.41	168.17
Health Services Contract	159.00	159.00		159.00
Animal Control:				
Other Expenses	980.50	980.50	480.00	500.50
Senior Citizen Programs:				
Other Expenses	2,050.75	4,550.75	2,848.60	1,702.15
Other Expenses - From Donations	1,000.00	1,000.00	1,000.00	
Board of Recreation Commissioners:				
Salaries & Wages	1,805.21	1,805.21		1,805.21
Maintenance of Parks:				
Other Expenses	85.71	85.71		85.71
Construction Code Official:				
Salaries & Wages	852.85	852.85		852.85
Other Expenses	3,578.51	3,578.51	194.88	3,383.63
Other Code Enforcement:				
Salaries & Wages	614.56	614.56		614.56

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Unclassified:				
Reserve for Sick Leave Benefits	\$ 5,549.00	\$ 5,549.00		\$ 5,549.00
Utilities	39,707.70	54,207.70	\$ 31,513.14	22,694.56
Contributions to:				
Public Employee's Retirement System (ERIP)	149.45	149.45		149.45
Public Employee's Retirement System	161.29	161.29		161.29
Social Security System (O.A.S.I.)	2,153.74	2,153.74		2,153.74
Police and Firemen's Retirement System	248.00	248.00		248.00
Length of Service Award Program	11,950.61	11,950.61		11,950.61
	<u>\$ 299,814.10</u>	<u>\$ 299,814.10</u>	<u>\$ 201,293.62</u>	<u>\$ 98,520.48</u>
<u>Balance December 31, 2014:</u>				
Unencumbered	A \$ 199,856.55			
Encumbered	A 99,957.55			
	<u>\$ 299,814.10</u>			

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Ref.

Increased by:

Levy - Calendar Year 2015

\$ 15,561,040.00

Decreased by:

Payments to Local School District

\$ 15,561,040.00

TOWNSHIP OF MENDHAM  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Ref.

Increased by:

Levy - Calendar Year 2015

\$ 10,221,853.00

Decreased by:

Payments to Regional School District

\$ 10,221,853.00

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

	Balance Dec. 31, 2014	Transferred from 2015 Budget Appropriations	Expended	Balance Cancelled	Balance Dec. 31, 2015
Clean Communities Grant:					
2014	\$ 4,499.93		\$ 4,499.93		
2015		\$ 22,096.35	13,324.04		\$ 8,772.31
Recycling Tonnage Grant:					
2012	136.78		136.78		
2013	5,000.00		5,000.00		
2014	5,000.00		101.60		4,898.40
2015		4,035.90			4,035.90
Body Armor Replacement Fund:					
2013	915.11		915.11		
2014	1,596.57		804.74		791.83
2015		1,762.91			1,762.91
Alcohol Education and Rehabilitation Fund:					
2011	753.96				753.96
2012	1,834.74				1,834.74
2013	858.10				858.10
2014	2,835.85				2,835.85
2015		1,355.46			1,355.46
Drunk Driving Enforcement Grant:					
2012	5,221.98		5,221.98		
2013	5,400.19		2,866.06		2,534.13
2014		7,024.08			7,024.08
Federal Emergency Management Agency	9,610.00				9,610.00
NJ DOT Municipal Aid Program - East Main St.	150,000.00		150,000.00		

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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transferred from</u> <u>2015 Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Balance</u> <u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
NJ Division of Highway Traffic Safety:					
Drive Sober or Get Pulled Over:					
2014 - Year End Holiday Crackdown		\$ 7,500.00	\$ 7,500.00		
2015		5,000.00	3,880.84		\$ 1,119.16
Municipal Alliance - Matching Funds:					
2012	\$ 2,500.00			\$ 2,500.00	
2015		2,070.00	2,070.00		
New Jersey Sustainable Energy:					
2012	2,000.00		2,000.00		
2013	10,000.00		6,200.00		3,800.00
2015		9,850.00			9,850.00
Bulletproof Vest Partnership:					
2012		497.65			497.65
2013		843.13			843.13
2015		893.85			893.85
	<u>\$ 208,163.21</u>	<u>\$ 62,929.33</u>	<u>\$ 204,521.08</u>	<u>\$ 2,500.00</u>	<u>\$ 64,071.46</u>
	Ref.      A				A
Federal Grants		\$ 14,734.63	\$ 161,380.84		
State Grants		36,274.70	32,870.24		
Local Grants/Local Match		11,920.00	10,270.00		
		<u>\$ 62,929.33</u>	<u>\$ 204,521.08</u>		



TOWNSHIP OF MENDHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES - FEDERAL AND STATE GRANTS  
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Transferred to Grants Receivable
Recycling Tonnage Grant	\$ 4,035.90	\$ 4,035.90
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
	<u>\$ 12,400.76</u>	<u>\$ 12,400.76</u>

Ref.

A

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
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, 2014	B	\$ 8,681.66	\$1,148,305.16
Increased by Receipts:			
Township Dog License Fees		\$ 2,440.80	
Penalties on Dog License Fees		185.00	
Cat License Fees		240.00	
State Dog License Fees		361.20	
Due Payroll Agency:			
Prior Year Interfund Returned			\$ 2,160.72
Due Current Fund:			
Prior Year Interfund Returned			48.00
Reserve for:			
Developers' Deposits			187,725.10
State Unemployment Insurance			3,259.92
Recreation			73,496.21
Parking Offenses Adjudication Act			2.92
Open Space Trust Fund:			
Open Space Tax Levy			431,650.00
Interest Earned			510.20
Zero Coupon Bonds Matured			27,000.00
Road Detail			223,489.00
Public Defender			5,697.60
Forfeited Assets			0.36
Municipal Alliance			23,504.73
Police Donations			40,000.00
TV Operations/Programs			28,901.64
		<u>3,227.00</u>	<u>1,047,446.40</u>
		11,908.66	2,195,751.56

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	\$	1,983.40	
Due to State of New Jersey		502.80	
Due Current Fund:			
Prior Year Interfund Returned		949.46	\$ 10,832.37
Statutory Excess in Reserve for Animal Control Expenditures		1,123.40	
Anticipated Revenue:			
Reserve for Natural Area Maintenance			5,618.71
Reserve for:			
Developers' Deposits Refunds			180,670.70
State Unemployment Insurance			8,603.71
Recreation			77,646.20
Open Space Trust Fund			845,989.39
Road Detail			250,594.75
Public Defender			4,650.00
Municipal Alliance			21,616.67
Police Donations			40,568.04
TV Operations/Programs			37,693.36
		<u>\$ 4,559.06</u>	<u>\$1,484,483.90</u>
Balance December 31, 2015	B	<u>\$ 7,349.60</u>	<u>\$ 711,267.66</u>

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

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	5,605.40
Increased by:			
Dog License Fees		\$	2,440.80
Penalties			185.00
Cat License Fees			240.00
2014 Prepaid Licenses Realized:			
Dog License Fees			1,988.40
			<u>4,854.20</u>
			10,459.60
Decreased by:			
Expenditures Under R.S. 4:19-15.11			1,983.40
Statutory Excess Turned Over to Current Fund			1,123.40
			<u>3,106.80</u>
Balance December 31, 2015	B	\$	<u>7,352.80</u>
 <u>License Fees Collected</u>			
2013		\$	3,032.40
2014			4,320.40
			<u>7,352.80</u>
Maximum Allowable Reserve		\$	<u>7,352.80</u>

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
GENERAL CAPITAL FUND

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 380,389.38
Increased by:		
Due from/to Current Fund:		
Budget Appropriations:		
Capital Improvement Fund	\$ 50,000.00	
Due from Open Space Trust Fund:		
Interfund Advanced	275,000.00	
Due from Other Trust Funds:		
Recreation Donations	4,000.00	
Premium on Bond Anticipation Notes	29,355.10	
NJ Department of Transportation Grant	265,000.00	
Serial Bonds Issued:		
General Improvement	5,719,000.00	
Open Space	736,000.00	
Sewer Utility	1,110,000.00	
Improvement Authorization Refunds	239.91	
Reserve for Payment of Debt Service	225,000.00	
		<u>8,413,595.01</u>
		8,793,984.39
Decreased by:		
Due to Current Fund:		
Anticipated Revenue:		
Reserve for Municipal Building Improvements	43,000.00	
Reserve for Payment of Debt Service	50,000.00	
Prior Year Interfund Returned	963.08	
Prior Year Encumbrances Liquidated	13,802.75	
Refunding of 2002 and 2009 Bonds:		
General Improvement	5,719,000.00	
Open Space	736,000.00	
Refunding of U.S.D.A. Loans:		
Sewer Utility	1,110,000.00	
Improvement Authorization Expenditures	987,999.83	
		<u>8,660,765.66</u>
Balance December 31, 2015	C	<u>\$ 133,218.73</u>

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

		Receipts			Disbursements				
	Balance (Deficit) Dec. 31, 2014	Serial Bonds	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		Balance (Deficit) Dec. 31, 2015
							From	To	
Capital Fund Balance	\$ 76,530.89			\$ 29,355.10			\$ 70,000.00		\$ 35,885.99
Capital Improvement Fund	7,247.65		\$ 50,000.00				50,000.00		7,247.65
Reserve for:									
Preliminary Expenses - Appraisals	35.00								35.00
Payment of Debt Service	57,682.73			225,000.00		\$ 50,000.00			232,682.73
Recreation Improvements	7,000.00								7,000.00
Road Maintenance Fund	300.00								300.00
Municipal Bldg. Improvements	43,000.00					43,000.00			
Municipal Facility	190,000.00								190,000.00
Recreation Center	9,000.00								9,000.00
Encumbrances Payable	15,912.75					13,802.75	2,110.00		
Homeland Security Grants Receivable	(31,500.00)								(31,500.00)
New Jersey Department of:									
Transportation Grants Receivable	(110,000.00)			265,000.00			220,000.00		(65,000.00)
Environmental Protection Grant Receivable	(50,148.12)								(50,148.12)
Mendham Soccer & Lacrosse Clubs Receivable	(70,000.00)								(70,000.00)
Mendham Township First Aid Squad Receivable	(47,000.00)								(47,000.00)
Due Current Fund	963.08					963.08			
Due Open Space Trust Fund				275,000.00					275,000.00
Due Recreation Trust Fund				4,000.00			4,000.00		

Ord. No.	Improvement Description								
01-99;									
16-02	Various Improvements	(6,048.86)							(6,048.86)
06-07	Various Improvements	2,863.66							2,863.66
07-07	Various Improvements	2,625.65							
01-08	Various Improvements	(2,254.00)			\$ 2,625.65				(2,254.00)
03-08	Acquisition of Property - 22 St. Johns Drive	(110,000.00)							(110,000.00)
03-09	Various Improvements	(475.00)							(475.00)
02-11	Various Capital Improvements	7,093.89			942.21				6,151.68
06-12; 02-13	Various Capital Improvements	172,668.34		239.91	117,000.00				55,908.25
04-13; 11-13	Various Capital Improvements	151,450.51			42,555.14		\$ 2,110.00		111,005.37
03-14	Various Capital Improvements	63,441.21			18,728.32				44,712.89



TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2014	Receipts			Disbursements		Transfers		Balance (Deficit) Dec. 31, 2015
			Serial Bonds	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
02-15	Supplemental East Main Street Drainage				\$ 75,000.00				\$ (75,000.00)	
03-15	Milling and Paving of Corey Lane				263,692.28			\$ 290,000.00	26,307.72	
08-15	Refunding Bond Ordinance		\$ 7,565,000.00		7,565,000.00					
09-15	Various Capital Improvements				467,456.23			54,000.00	(413,456.23)	
		<u>\$ 380,389.38</u>	<u>\$ 7,565,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 798,595.01</u>	<u>\$ 8,552,999.83</u>	<u>\$ 107,765.83</u>	<u>\$ 346,110.00</u>	<u>\$ 346,110.00</u>	<u>\$ 133,218.73</u>

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

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Improvement Authorizations	Notes Paid By Budget Appropriation	Notes Paid by Reserve for Open Space Trust Fund	Serial Bonds Issued	Improvement Authorizations Cancelled	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015		
									Expenditures	Bond Anticipation Notes	Unexpended Improvement Authorizations
01-99;											
16-02	Various Capital Improvements	\$ 21,839.96					\$ 15,791.10	\$ 6,048.86	\$ 6,048.86		
01-08	Various Capital Improvements	87,120.42						87,120.42	2,254.00	\$ 84,866.42	
03-08	Acquire Property - 22 St. Johns Drive	806,201.42			\$ 138,319.00			667,882.42	110,000.00	557,882.42	
03-09	Various Improvements	155,123.69		\$ 15,153.00				139,970.69	475.00	139,495.69	
08-09	Improve Land/Facilities/Acquire Equip.	89,394.48		7,707.00				81,687.48		81,687.48	
13-09	Various Capital Improvements	172,339.97		19,236.00				153,103.97		153,103.97	
15-09	Various Capital Improvements	264,650.79		12,380.00				252,270.79		252,270.79	
20-09	Various Capital Improvements	264,424.58			35,000.00			229,424.58		229,424.58	
01-10	Various Equipment	342,623.19		20,527.00				322,096.19		322,096.19	
07-10	Various Capital Improvements	28,118.46		1,402.00				26,716.46		26,716.46	
02-11	Various Capital Improvements	237,282.00		8,592.00				228,690.00		228,690.00	
03-12;											
06-12;											
02-13	Various Capital Improvements	755,550.00		18,684.00				736,866.00		736,866.00	
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
02-15	Supplemental East Main Street Drainage		\$ 75,000.00					75,000.00	75,000.00		
08-15	Refunding Bond Ordinance		8,750,000.00			\$ 7,565,000.00	1,185,000.00				
09-15	Various Capital Improvements		950,000.00					950,000.00	413,456.23		536,543.77
		<u>\$ 4,693,318.96</u>	<u>\$ 9,775,000.00</u>	<u>\$ 103,681.00</u>	<u>\$ 173,319.00</u>	<u>\$ 7,565,000.00</u>	<u>\$ 1,200,791.10</u>	<u>\$ 5,425,527.86</u>	<u>\$ 607,234.09</u>	<u>\$ 3,935,000.00</u>	<u>\$ 883,293.77</u>

Ref.

C

C

Improvement Authorizations - Unfunded

\$1,101,071.96

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance #02-11 (Various Improvements)

\$ 6,151.68

Ordinance #03-12 (Various Improvements)

55,908.25

Ordinance #04-13 (Various Improvements)

111,005.37

Ordinance #03-14 (Various Improvements)

44,712.89

217,778.19\$ 883,293.77

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2014		Other Sources	2015 Authorizations	Paid or Charged	Encumbrances Payable Cancelled	Authorizations Cancelled	Balance Dec. 31, 2015	
		Date	Amount	Funded	Unfunded		Deferred Charges to Future Taxation - Unfunded				Funded	Unfunded
01-99; 16-02	Various Improvements	11/12/02	\$ 319,000.00		\$ 15,791.10					\$ 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	2,625.65				\$ 2,625.65				
02-11	Various Capital Improvements	03/29/11	448,900.00		7,093.89			942.21				\$ 6,151.68
03-12; 06-12; 02-13	Various Capital Improvements	04/24/12; 07/24/12; 02/11/13;	1,084,000.00		172,668.34			116,760.09	\$ 2,110.00			55,908.25
08-13		08/27/13										
04-13; 11-13	Various Capital Improvements	04/23/13	1,246,620.00		151,450.51			42,555.14				111,005.37
03-14	Various Capital Improvements	04/14/14	837,000.00		410,191.21			18,728.32				391,462.89
02-15	East Main Street Drainage (Supplemental to Ord 04-13)	05/11/15	75,000.00				\$ 75,000.00	75,000.00				
03-15	Milling and Paving of Corey Lane	05/11/15	290,000.00			\$ 290,000.00		263,692.28			26,307.72	
08-15	Refunding Bond Ordinance	07/28/15	8,750,000.00				8,750,000.00	7,565,000.00		1,185,000.00		
09-15	Various Capital Improvements	08/25/15	1,004,000.00			54,000.00	950,000.00	467,456.23				536,543.77
				<u>\$ 5,489.31</u>	<u>\$ 757,195.05</u>	<u>\$ 344,000.00</u>	<u>\$ 9,775,000.00</u>	<u>\$ 8,552,759.92</u>	<u>\$ 2,110.00</u>	<u>\$ 1,200,791.10</u>	<u>\$ 29,171.38</u>	<u>\$ 1,101,071.96</u>
Ref.			C		C						C	C

Capital Improvement Fund  
Capital Fund Balance  
New Jersey Department of Transportation Grant  
Contribution from Recreation Trust Fund

\$ 50,000.00  
70,000.00  
220,000.00  
4,000.00  
\$ 344,000.00

Cash Disbursed \$ 987,999.83  
Refunding Bonds Issued:  
General Improvement 5,719,000.00  
Open Space 736,000.00  
Sewer Utility 1,110,000.00  
8,552,999.83  
Less: Refunds (239.91)  
\$ 8,552,759.92

TOWNSHIP OF MENDHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 7,247.65
Increased by:		
2015 Budget Appropriation		50,000.00
		<u>57,247.65</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		50,000.00
		<u>50,000.00</u>
Balance December 31, 2015	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, 2014	Issued	Matured	Balance Dec. 31, 2015
		Original Issue	Issue	Maturity					
01-08	Various Capital Improvements	05/29/08	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	\$ 84,866.42	\$ 84,866.42	\$ 84,866.42	\$ 84,866.42
03-08	Acquisition of Property - 22 St. Johns Drive	05/29/08	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	696,201.42	557,882.42	696,201.42	557,882.42
03-09	Various Capital Improvements	05/28/09	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	154,648.69	139,495.69	154,648.69	139,495.69
08-09	Improvement of Land and Facilities and Acquisition of Equipment	05/28/09	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	89,394.48	81,687.48	89,394.48	81,687.48
13-09	Various Capital Improvements	12/09/09	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	172,339.97	153,103.97	172,339.97	153,103.97
15-09	Various Capital Improvements	12/09/09	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	264,650.79	252,270.79	264,650.79	252,270.79
20-09	Various Capital Improvements	12/09/09	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	264,424.58	229,424.58	264,424.58	229,424.58
01-10	Various Equipment	05/26/10	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	342,623.19	322,096.19	342,623.19	322,096.19
07-10	Various Capital Improvements	05/26/11	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	28,118.46	26,716.46	28,118.46	26,716.46
02-11	Various Capital Improvements	05/26/11	05/22/14 05/20/15	05/21/15 05/20/16	1.00% 1.25%	237,282.00	228,690.00	237,282.00	228,690.00

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance	Issued	Matured	Balance
		Original Issue	Issue	Maturity		Dec. 31, 2014			Dec. 31, 2015
03-12	Various Capital Improvements	05/25/12	05/22/14	05/21/15	1.00%	\$ 755,550.00		\$ 755,550.00	
			05/20/15	05/20/16	1.25%		\$ 736,866.00	\$ 736,866.00	
04-13	Various Capital Improvements	05/22/13	05/22/14	05/21/15	1.00%	748,650.00		748,650.00	
			05/20/15	05/20/16	1.25%		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	
			05/20/15	05/20/16	1.25%		373,250.00	373,250.00	
						<u>\$ 4,212,000.00</u>	<u>\$ 3,935,000.00</u>	<u>\$ 4,212,000.00</u>	<u>\$ 3,935,000.00</u>
						Ref.	C		C
						</			

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance Dec. 31, 2014	Issued	Defeased or Matured	Balance Dec. 31, 2015
			Date	Amount					
Open Space	09/01/02	\$ 1,285,000.00				\$ 505,000.00		\$ 505,000.00	
General Improvements	06/08/05	3,874,000.00				324,000.00		324,000.00	
General Improvements	06/04/09	9,500,000.00	02/01/16	\$ 741,000.00	3.000%				
			02/01/17	779,000.00	3.000%				
			02/01/18	822,000.00	3.125%	8,607,000.00		6,265,000.00	\$ 2,342,000.00
Open Space	06/04/09	500,000.00	02/01/16	39,000.00	3.000%				
			02/01/17	41,000.00	3.000%				
			02/01/18	43,000.00	3.125%	453,000.00		330,000.00	123,000.00
2015 Refunding Bonds	12/23/15	5,719,000.00	09/01/16	52,250.00	2.000%				
			09/01/19	845,500.00	2.000%				
			09/01/20	878,750.00	3.000%				
			09/01/21	921,500.00	3.000%				
			09/01/22	959,500.00	4.000%				
			09/01/23	1,016,500.00	4.000%				
			09/01/24	1,045,000.00	4.000%		\$ 5,719,000.00		5,719,000.00
2015 Refunding Bonds (Open Space)	12/23/15	435,000.00	09/01/16	72,750.00	2.000%				
			09/01/17	65,000.00	2.000%				
			09/01/18	65,000.00	2.000%				
			09/01/19	109,500.00	2.000%				
			09/01/20	111,250.00	3.000%				
			09/01/21	108,500.00	3.000%				
			09/01/22	95,500.00	4.000%				

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Balance	Issued	Defeased or	Balance
			Date	Amount		Dec. 31, 2014		Matured	Dec. 31, 2015
2015 Refunding Bonds (Open Space)	12/23/15	\$ 435,000.00	09/01/23	53,500.00	4.000%				
			09/01/24	55,000.00	4.000%		\$ 736,000.00		\$ 736,000.00
						<u>\$ 9,889,000.00</u>	<u>\$ 6,455,000.00</u>	<u>\$ 7,424,000.00</u>	<u>\$ 8,920,000.00</u>
					<u>Ref.</u>	C			C



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

Balance December 31, 2014	Ref. C	\$ 1,052,682.37
Decreased by:		
Loan Payments - Open Space Trust Fund		240,275.42
Balance December 31, 2015	C	<u>\$ 812,406.95</u>

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #1 PAYABLE  
OUTSTANDING DECEMBER 31, 2015

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 923.19</u>	<u>\$ 46,007.36</u>	

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS  
GREEN ACRES LOAN #2 PAYABLE  
OUTSTANDING DECEMBER 31, 2015

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 7,407.36</u>	<u>\$ 294,827.92</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, 2015

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 20,200.08</u>	<u>\$ 282,943.01</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, 2015

Payment Number	Maturity Date	Interest Rate	Payment of		Balance of Loan
			Interest	Principal	
					\$ 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>\$ 13,466.69</u>	<u>\$ 188,628.66</u>	

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

Ord. No.	Improvement Description	Balance Dec. 31, 2014	2015 Improvement Authorizations	Notes Paid by Budget Appropriation	Notes Paid by Open Space Trust Fund	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Serial Bonds Issued	Improvement Authorizations Cancelled	Balance Dec. 31, 2015
01-99; 16-02	Various Capital Improvements	\$ 21,839.96							\$ 15,791.10	\$ 6,048.86
01-08	Various Capital Improvements	2,254.00				\$ 84,866.42	\$ 84,866.42			2,254.00
03-08	Acquisition of Real Property at 22 St. Johns Drive	110,000.00			\$ 138,319.00	557,882.42	696,201.42			110,000.00
03-09	Various Improvements	475.00		\$ 15,153.00		139,495.69	154,648.69			475.00
08-09	Improve Land/Facilities and Acquire Equipment			7,707.00		81,687.48	89,394.48			
13-09	Various Capital Improvements			19,236.00		153,103.97	172,339.97			
15-09	Various Capital Improvements			12,380.00		252,270.79	264,650.79			
20-09	Various Capital Improvements				35,000.00	229,424.58	264,424.58			
01-10	Various Equipment			20,527.00		322,096.19	342,623.19			
07-10	Various Capital Improvements			1,402.00		26,716.46	28,118.46			
02-11	Various Capital Improvements			8,592.00		228,690.00	237,282.00			
03-12;										
06-12; 02-13	Various Capital Improvements			18,684.00		736,866.00	755,550.00			
04-13; 11-13	Various Capital Improvements					748,650.00	748,650.00			
03-14	Various Capital Improvements	346,750.00				373,250.00	373,250.00			346,750.00
02-15	Supplemental East Main Street Drainage		\$ 75,000.00							75,000.00
08-15	Refunding Bond Ordinance		8,750,000.00					\$ 7,565,000.00	1,185,000.00	
09-15	Various Capital Improvements		950,000.00							950,000.00
		<u>\$ 481,318.96</u>	<u>\$ 9,775,000.00</u>	<u>\$ 103,681.00</u>	<u>\$ 173,319.00</u>	<u>\$ 3,935,000.00</u>	<u>\$ 4,212,000.00</u>	<u>\$ 7,565,000.00</u>	<u>\$ 1,200,791.10</u>	<u>\$ 1,490,527.86</u>
						General Improvement		\$ 5,719,000.00		
						Open Space		736,000.00		
						Sewer Utility		1,110,000.00		
								<u>\$ 7,565,000.00</u>		

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
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, 2014	D	\$ 35,243.57	\$ 9,363.00
Increased by Receipts:			
Sewer Rents		\$ 254,757.28	
Budget Appropriation:			
Capital Improvement Fund			\$ 7,000.00
Interest on Delinquent Sewer Rents		971.36	
Prepaid/Overpaid Sewer Rents		50.16	
Interest on Deposits		231.09	
Due Mendham West Sewer Utility Operating Fund:			
Prior Year Interfund Returned		41,259.73	
Due Mendham East Sewer Utility Operating Fund:			
Prior Year Interfund Returned			39,100.07
		<u>297,269.62</u>	<u>46,100.07</u>
		332,513.19	55,463.07
Decreased by Disbursements:			
2015 Budget Appropriations		183,252.08	
2014 Appropriation Reserves		6,928.18	
Accrued Interest on Loans		47,787.11	
Due Mendham East Sewer Utility Capital Fund:			
Prior Year Interfund Returned		39,100.07	
		<u>277,067.44</u>	
Balance December 31, 2015	D	<u>\$ 55,445.75</u>	<u>\$ 55,463.07</u>

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

		Balance/ (Deficit) Dec. 31, 2014	Receipts Miscellaneous	Transfers		Balance Dec. 31, 2015
				From	To	
Capital Improvement Fund		\$ 48,143.00	\$ 7,000.00	\$ 50,000.00		\$ 5,143.00
Fund Balance		320.07				320.07
Due Mendham East Sewer Utility Operating Fund		(39,100.07)	39,100.07			
Ord. No.	Improvement Description					
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant				\$ 50,000.00	50,000.00
		\$ 9,363.00	\$ 46,100.07	\$ 50,000.00	\$ 50,000.00	\$ 55,463.07

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

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 10,466.76
Increased by:		
Sewer Rents		\$ 254,896.00
Interest on Delinquent Sewer Rents		971.36
		<u>255,867.36</u>
		266,334.12
Decreased by:		
Collections:		
Sewer Rents		254,757.28
Interest on Delinquent Sewer Rents		971.36
Prepaid/Overpaid Sewer Rents Applied		966.90
Cancelled by Resolution		19.45
		<u>256,714.99</u>
Balance December 31, 2015	D	<u>\$ 9,619.13</u>



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

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions by</u> <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Sewer Plant	<u>\$ 3,516,049.72</u>	<u>\$ 12,465.62</u>	<u>\$ 3,528,515.34</u>

<u>Ref.</u>	D	D
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Operating Budget	\$ 5,543.62
Appropriation Reserves	<u>6,922.00</u>
	<u>\$ 12,465.62</u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
YEAR ENDED DECEMBER 31, 2015

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>2015</u> <u>Authorizations</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	\$ 50,000.00	50,000.00
		<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>
	<u>Ref.</u>		D

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Other Expenses	\$ 99.92	\$ 99.92	\$ 6.18	\$ 93.74
Capital Improvements:				
Capital Outlay	<u>16,500.00</u>	<u>16,500.00</u>	<u>6,922.00</u>	<u>9,578.00</u>
	<u><u>\$ 16,599.92</u></u>	<u><u>\$ 16,599.92</u></u>	<u><u>\$ 6,928.18</u></u>	<u><u>\$ 9,671.74</u></u>

Ref.

Balance December 31, 2014

Encumbered	D	4,189.53
Unencumbered	D	<u>12,410.39</u>
		<u><u>\$ 16,599.92</u></u>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2015

Ord. No.	Improvement Description	Ordinance		2015 Authorizations	Balance
		Date	Amount	Capital Improvement Fund	Dec. 31, 2015 Funded
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	12/14/15	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00
				<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>
				<u>Ref.</u>	D

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

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 48,143.00
Increased by:		
Budget Appropriation		<u>7,000.00</u>
		55,143.00
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>50,000.00</u>
Balance December 31, 2015	D	<u>\$ 5,143.00</u>

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

	<u>Ref.</u>	
Balance December 31, 2014	D	\$ 2,413,511.36
Increased by:		
Paid by Operating Budget:		
U.S. Department of Agriculture Loan	\$ 16,588.89	
Capital Outlay:		
Operating Budget	5,543.62	
Appropriation Reserves	6,922.00	
U.S. Department of Agriculture Loan Defeased	1,085,949.47	
		<hr/> 1,115,003.98
		<hr/> 3,528,515.34
Decreased by:		
Serial Bonds Issued		<hr/> 1,110,000.00
Balance December 31, 2015	D	<hr/> \$ 2,418,515.34 <hr/>

TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2015

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Fixed Capital Authorized</u>	<u>Balance Dec. 31, 2015</u>
14-15	Improvements to Three Leaching Fields at Sewer Treatment Plant	12/14/15	\$ 50,000.00	\$ 50,000.00
			<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>
		<u>Ref.</u>		D

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

<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Matured</u>	<u>Defeased</u>	<u>Balance Dec. 31, 2015</u>
Sewer Plant	\$ 1,102,538.36	\$ 16,588.89	\$ 1,085,949.47	\$ -0-
<u>Ref.</u>	D			D



TOWNSHIP OF MENDHAM  
MENDHAM EAST  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF SEWER CAPITAL SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2015		Interest Rate	Issued	Balance Dec. 31, 2015
			Date	Amount			
2015 Refunding Bonds	12/23/15	\$ 1,110,000.00	09/01/16	\$ 35,000.00	2.000%		
			09/01/17	25,000.00	2.000%		
			09/01/18	25,000.00	2.000%		
			09/01/19	25,000.00	2.000%		
			09/01/20	30,000.00	3.000%		
			09/01/21	30,000.00	3.000%		
			09/01/22	30,000.00	4.000%		
			09/01/23	30,000.00	4.000%		
			09/01/24	30,000.00	4.000%		
			09/01/25	35,000.00	3.125%		
			09/01/26	35,000.00	3.125%		
			09/01/27	35,000.00	3.125%		
			09/01/28	35,000.00	3.125%		
			09/01/29	40,000.00	3.125%		
			09/01/30	40,000.00	3.125%		
			09/01/31	40,000.00	3.125%		
			09/01/32	40,000.00	3.125%		
			09/01/33	40,000.00	3.125%		
			09/01/34	45,000.00	3.375%		
			09/01/35	45,000.00	3.375%		
			09/01/36	45,000.00	3.375%		
			09/01/37	50,000.00	3.375%		
			09/01/38	50,000.00	3.375%		
			09/01/39	50,000.00	3.500%		
			09/01/40	55,000.00	3.500%		
			09/01/41	55,000.00	3.500%		
			09/01/42	55,000.00	3.500%		
			09/01/43	60,000.00	3.500%		
						\$ 1,110,000.00	\$ 1,110,000.00
						\$ 1,110,000.00	\$ 1,110,000.00

Ref.

D

TOWNSHIP OF MENDHAM  
COUNTY OF MORRIS  
2015  
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, 2014	E	\$ -0-	\$ 49,000.00
Increased by Receipts:			
Sewer Rents		\$ 102,390.34	
Interest on Delinquent Sewer Rents		671.86	
Prepaid/Overpaid Sewer Rents		833.80	
Due Mendham West Sewer Utility Capital Fund:			
Interfund Returned		49,000.00	
Due Current Fund:			
Anticipated Deficit		14,000.00	
		<u>166,896.00</u>	
		166,896.00	<u>49,000.00</u>
Decreased by Disbursements:			
2015 Budget Appropriations		110,864.79	
Due Mendham East Sewer Utility Operating Fund:			
Prior Year Interfund Returned		41,259.73	49,000.00
		<u>152,124.52</u>	<u>49,000.00</u>
Balance December 31, 2015	E	<u>\$ 14,771.48</u>	<u>\$ -0-</u>

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

	Balance Dec. 31, 2014	Cash Disbursements Miscellaneous	Balance Dec. 31, 2015
Due to Mendham West Sewer Utility Operating Fund	\$ 49,000.00	\$ 49,000.00	\$ -0-
	<u>\$ 49,000.00</u>	<u>\$ 49,000.00</u>	<u>\$ -0-</u>
<u>Ref.</u>	E		E

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

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 1,678.96
Increased by:		
Sewer Rents	\$ 102,876.00	
Interest on Delinquent Sewer Rents	671.86	
		103,547.86
		105,226.82
Decreased by:		
Collections:		
Sewer Rents	102,390.34	
Interest on Delinquent Sewer Rents	671.86	
Prepaid/Overpaid Sewer Rents Applied	560.82	
Cancelled by Resolution	23.84	
		103,646.86
Balance December 31, 2015	E	\$ 1,579.96

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

	Balance Dec. 31, 2014	Additions by Budget	Balance Dec. 31, 2015
Sewer Plant	\$ 2,056,873.32	\$ 5,700.00	\$ 2,062,573.32
<u>Ref.</u>	E		E

TOWNSHIP OF MENDHAM  
MENDHAM WEST  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	\$ 123.64	\$ 123.64		\$ 123.64
Capital Improvements:				
Capital Outlay	178.00	178.00		178.00
	<u>\$ 301.64</u>	<u>\$ 301.64</u>	<u>\$ -0-</u>	<u>\$ 301.64</u>

	<u>Ref.</u>	
<u>Balance December 31, 2014:</u>		
Encumbered	E	\$ -0-
Unencumbered	E	<u>301.64</u>
		<u>\$ 301.64</u>

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

	<u>Ref.</u>	
Balance December 31, 2014	E	\$ 2,056,873.32
Increased by:		
Capital Outlay:		
2015 Budget Appropriations		<u>5,700.00</u>
Balance December 31, 2015	E	<u><u>\$ 2,062,573.32</u></u>



TOWNSHIP OF MENDHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

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

Federal Department	Federal Program	C.F.D.A. Account Number	State Program Account Number	Grant Award	Grant Period		Grant Receipts	Grant Expenditures	MEMO	Provided to Subrecipients
					From	To			Cumulative Total Expenditures	
<u>U.S. Department of Justice:</u>										
(Passed through NJ Department of Law and Public Safety)	Bulletproof Vest Partnership Program	16.607	N/A	\$ 893.85	01/01/15	12/31/15	\$ 893.85			
Total U.S. Department of Justice							893.85			
<u>U.S. Department of Transportation:</u>										
(Passed through NJ Department of Transportation)	Highway Planning and Construction Cluster:									
	Municipal Aid Program - 2013		078-6320-480-							
	East Main St & Gordon Lane (Ord #04-13)	20.205	AK4-600082	250,000.00	01/01/13	12/31/15	62,500.00	\$ 62,500.00	\$ 250,000.00	
	Municipal Aid Program - 2014		078-6320-480-							
	Corey Lane (Ord #03-15)	20.205	ALW-609164	220,000.00	01/01/15	12/31/15	165,000.00	220,000.00	220,000.00	
	Local Aid Infrastructure Fund - 2012		078-6320-480-							
	East Main St & Gordon Lane	20.205	ALL-609163	150,000.00	01/01/12	12/31/15	37,500.00	87,500.00	150,000.00	
Total Highway Planning and Construction Cluster							265,000.00	370,000.00	620,000.00	
(Passed through NJ Department of Law and Public Safety)	Drive Sober or Get Pulled Over:									
	2014	20.601	066-1160-100-	7,500.00	01/01/14	12/31/15	7,500.00	7,500.00	7,500.00	
	2015		157-031020	5,000.00	01/01/15	12/31/16	3,880.84	3,880.84	3,880.84	
Total U.S. Department of Transportation							11,380.84	11,380.84	11,380.84	
<u>U.S. Department of Homeland Security:</u>										
(Passed through N.J. Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA:		066-1200-100-							
	Super Storm Sandy	97.036	A92-068280	373,185.85	01/01/12	12/31/13	8,869.89	8,869.89 *	373,185.85 *	
Total U.S. Department of Homeland Security							8,869.89	8,869.89	373,185.85	
TOTAL FEDERAL AWARDS							\$ 286,144.58	\$ 390,250.73	\$ 1,004,566.69	

\* Includes 2012 and 2013 expenditures.

N/A - Not Available

TOWNSHIP OF MENDHAM  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

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
<u>Department of Environmental Protection</u>	Clean Communities Grant	042-4900-765- 004-178910	\$ 18,191.43	01/01/14	12/31/15		\$ 4,499.93	\$ 18,191.43
			22,096.35	01/01/15	12/31/16	\$ 22,096.35	13,324.04	13,324.04
						22,096.35	17,823.97	31,515.47
	Recycling Tonnage Grant	042-4910-100- 224-238490	5,417.32	01/01/12	12/31/15		136.78	5,417.32
			5,000.00	01/01/13	12/31/15		5,000.00	5,000.00
			5,000.00	01/01/14	12/31/16		101.60	101.60
							5,238.38	10,518.92
	Green Acres Project #1419-00-038	042-4800-582- 002-956880	225,000.00	05/20/09	12/31/15	225,000.00	225,000.00	225,000.00
	Total Department of Environmental Protection						247,096.35	248,062.35
<u>Department of Health and Senior Services</u>	Alcohol Education, Rehabilitation and Enforcement Fund	098-9735-760- 001-060000	1,355.46	01/01/15	12/31/16	1,355.46		
						1,355.46		
Total Department of Health and Senior Services								
<u>Department of Law and Public Safety</u>	Drunk Driving Enforcement Fund	100-066-1110- 260-YYYY	8,678.12	01/01/12	12/31/15		5,221.98	8,678.12
			10,057.36	01/01/13	12/31/16		2,866.06	7,523.23
							8,088.04	16,201.35
	Body Armor Replacement Fund	066-1020-718- 001-090160	2,992.16	01/01/13	12/31/15		915.11	2,992.16
			1,596.57	01/01/14	12/31/16		804.74	804.74
			1,762.91	01/01/15	12/31/16	1,762.91		
						1,762.91	1,719.85	3,796.90
Total Department of Law and Public Safety						1,762.91	9,807.89	19,998.25
<u>Department of the Treasury:</u>								
(Passed through County of Morris)	Governor's Council on Alcoholism & Drug Abuse - Municipal Alliance Program (M.A.A.S.A.)	100-082-C001- 044-6010	20,190.00	07/01/14	06/30/15	18,315.53	14,858.27	18,315.53
			20,560.00	07/01/15	06/30/16	1,049.20	2,857.81	2,857.81
Total Department of the Treasury						19,364.73	17,716.08	21,173.34
TOTAL STATE AWARDS						\$ 269,579.45	\$ 275,586.32	\$ 308,205.98

TOWNSHIP OF MENDHAM  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

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, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *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 cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 as of December 31, 2015:

Green Acres Loan Payable #1	\$ 46,007.36
Green Acres Loan Payable #2	294,827.92
Green Acres Loan Payable #3	282,943.01
Green Acres Loan Payable #4	188,628.66
	<hr/>
	\$ 812,406.95

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



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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Township of Mendham, in the County of Morris (the "Township") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 23, 2016. 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 2015-01, 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  
May 23, 2016

*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, 2015

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 the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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 2015-01: 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, 2015

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, 2015

The Township's prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2015-01.

TOWNSHIP OF MENDHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF MENDHAM  
OTHER COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

Effective January 1, 2011 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:1-4 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000. Effective July 1, 2015 and thereafter, the bid threshold in accordance with N.J.S.A. 40A:11-3 has been increased to \$40,000 for a contracting unit with a qualified purchasing agent.

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, 2015, 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

The last tax sale was held on December 9, 2015 and was complete with respect to all items eligible for sale.

Inspection of tax sale certificates on file revealed that all tax sale certificates from 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>
2015	5
2014	5
2013	5

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 2015 Taxes	20
Payment of 2016 Taxes	20
Delinquent Taxes	20
Payment of 2015 Sewer Charges	10
Delinquent Sewer Charges	10

Verification notices were mailed to confirm balances as of December 31, 2015. 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.

Fixed Assets

The Township did not update its fixed assets records to include 2015 additions and deletions. It is recommended that fixed assets records be updated to include current year additions and deletions.

Management's Response

The fixed assets records will be updated to include all additions and deletions.

Municipal Court

The financial records of the Municipal Court were tested and a summary of the transactions for the year 2015 are as follows:

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Receipts	Disbursements	Balance Dec. 31, 2015
State of New Jersey	\$ 6,864.32	\$ 95,872.99	\$ 94,397.39	\$ 8,339.92
County of Morris	2,625.00	45,698.50	44,854.50	3,469.00
Municipality	7,563.68	104,754.01	103,900.61	8,417.08
Public Defender	220.00	6,226.50	5,751.50	695.00
Restitution	256.00		256.00	
P.O.A.A.		2.00	2.00	
Local Park Commission		75.00	75.00	
Conditional Discharge	135.00	3,075.00	2,738.00	472.00
	<u>\$ 17,664.00</u>	<u>\$ 255,704.00</u>	<u>\$ 251,975.00</u>	<u>\$ 21,393.00</u>

There were a large number of tickets on the tickets assigned to an officer but not issued report which had been issued over 6 months ago. It is recommended that the Court Administrator pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided.

Management's Response

The Court Administrator will make every effort to ensure that all older tickets are voided.

TOWNSHIP OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

General Capital Fund

Our audit revealed that:

- a.) 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 collected or funded.
- b.) There are four ordinances in excess of five years which have deficit cash balances at December 31, 2015. This situation arises when expenditures are made from an ordinance where permanent financing has not been fully provided. As three of these ordinances have been funded through budget appropriation in the 2016 budget and the remaining ordinance related to open space acquisition will be provided through the issuance of Open Space Trust Fund bond anticipation notes in 2016, a formal recommendation is not deemed necessary.

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

Management's Response

Older grant balances will be collected, cancelled or funded as deemed appropriate.

Finance Department

Our audit revealed that:

- a.) Monthly bank reconciliations were not prepared for the Developer's Escrow Trust account.
- b.) Employee health contributions were calculated using the 2014 rates. However, as the Township has corrected this for the 2016 year, a formal recommendation is not judged to be warranted.

It is recommended that monthly bank reconciliations be prepared for the Developer's Escrow Trust account.

Management's Response

The Township is in the process of reconciling the Developer's Escrow Trust account.

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. Even though the Township adopted ordinances in December of 2015 to increase sewer rates, it is uncertain if the approved sewer rates increases and the resulting sewer fees generated by the Mendham East and West Sewer Utility Funds are sufficient for future operations. It is recommended that the sewer rates for the Mendham East and West Sewer Utilities be further 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 further increases.

TOWNSHIP OF MENDHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions

State Unemployment Insurance

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.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Township consider options to test and protect the Township from cyber-crime.

Deferred Compensation Plans

The Township has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Town. The Township should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Township's fiduciary responsibilities.

Independent Contractors vs. Employees

The Township should consider reviewing the status of "Independent Contractors" utilized by the Township with Internal Revenue Service guidelines for determination of employment status. The IRS has been reviewing employers, including governments, to determine compliance. A proactive approach may help to minimize or eliminate potential penalties related to incorrect employment status determination.

Status of Prior Year Recommendations

The prior year recommendations regarding the cancellation of old Federal and State Grant Fund receivable and reserve balances and deficit cash balances on older capital ordinances have been resolved during 2015. The prior year recommendations regarding segregation of duties, possible cancellation of capital grant receivables, and sewer rates increases 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. Fixed assets records be updated to include current year additions and deletions.
3. The Court Administrator pursue collection of the older tickets on the tickets assigned to an officer but not issued report so that these tickets may be voided.
4. Older capital grant receivables are reviewed for possible collection, cancellation and alternate funding.
5. Monthly bank reconciliations be prepared for the Developer's Escrow Trust account.
6. The sewer rates for the Mendham East and West Sewer Utilities be further reviewed for possible increases in order to generate additional revenue to support future operations.

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